NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEM
SCHOOL RETIREMENT SYSTEM

SEVENTY-THIRD ACTUARIAL REPORT FOR SYSTEM PLAN YEAR BEGINNING JULY 1, 2025 AND STATE FISCAL YEAR ENDING JUNE 30, 2027

SUBMITTED: NOVEMBER 12, 2025

CavMac
Actuarial Consulting Services

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November 12, 2025

Public Employees Retirement Board
Nebraska Public Employees Retirement System
Post Office Box 94816
Lincoln, NE 68509

Dear Members of the Board:

At your request, we have performed an actuarial valuation of the School Retirement System as of July 1, 2025 for the purpose of determining the actuarial required contribution rate for the plan year ending June 30, 2026 and the funded status of the System which determines the statutory contribution rates for the year beginning July 1, 2026. It is our understanding that any required additional State contribution for the current plan year will be made on July 1, 2026 (State fiscal year end 2027). The major findings of the valuation are contained in this report, which reflects the benefit and funding provisions in place on July 1, 2025. There has been one change to the benefit and funding provisions since the last valuation. The 2025 Legislature passed LB 645, which provides contribution rates for members, School Districts and the State that vary with the actuarial funded status of the System, effective July 1, 2025. There were also several changes to the actuarial assumptions as a result of the 2024 quadrennial experience study completed in early 2025. These changes, as well as their impact on the current valuation results, are discussed in further detail in the Executive Summary of this report.

In preparing our report, we relied, without audit, on information (some oral and some in writing) supplied by the System's staff. This information includes, but is not limited to, statutory provisions, member data and financial information. We found this information to be reasonably consistent and comparable with the information received in prior years. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete, our results may be different, and our calculations may need to be revised.

We further certify that all costs, liabilities, rates of interest and other factors for the School Retirement System have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the System and reasonable expectations); and which, in combination, offer the best estimate of anticipated experience affecting the System. Nevertheless, the emerging costs will vary from those presented in this report to the extent actual experience differs from that projected by the actuarial assumptions. The Public Employees Retirement Board has the final decision regarding the

appropriateness of the assumptions and adopted the set of assumptions indicated in Appendix C.

In order to prepare the results in this report, we have utilized actuarial models that were developed to measure liabilities and develop actuarial costs. These models include tools that we have produced and tested, along with commercially available valuation software that we have reviewed to confirm the appropriateness and accuracy of the output. In utilizing these models, we develop and use input parameters and assumptions about future contingent events along with recognized actuarial approaches to develop the needed results. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements.

The actuarial computations presented in this report are for purposes of determining the funding amounts for the System as specified in the Nebraska state statutes. The calculations in the enclosed report have been made on a basis consistent with our understanding of the System's funding requirements and goals. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes. For example, actuarial computations for purposes of fulfilling financial accounting requirements for the System under Governmental Accounting Standards No. 67 and No. 68 are provided in separate reports.

The consultants who worked on this assignment are pension actuaries. CavMac's advice is not intended to be a substitute for qualified legal or accounting counsel.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein. We are available to answer any questions on the material contained in the report or to provide explanations or further details as may be appropriate. We respectfully submit the following report and look forward to discussing it with you.

Sincerely,

Patrice A. Beckham, FSA, EA, FCA, MAAA
Consulting Actuary

Brent A. Banister Ph.D., FSA, EA, MAAA, FCA
Chief Actuary

SECTION 1 – BOARD SUMMARY

This report presents the results of the July 1, 2025 actuarial valuation of the School Retirement System. The primary purposes of performing this actuarial valuation are to:

- Determine whether the employer, member and State contribution rates for the current plan year are sufficient to fund the total Formula Annuity for the Nebraska School System, and if not, the additional State contribution required. In addition, the member, employer and State contribution rates for the following year are set based on the funded ratio on the valuation date. The calculation of the State contribution to fund the Omaha Service Annuity for the plan year ending June 30, 2026 is also determined;
- Disclose asset and liability measurements as well as the current funded status of the System as of the valuation date;
- Compare the actual and expected experience of the System during the plan year ended June 30, 2025;
- Assess and disclose the key risks associated with funding the System; and
- Analyze and report on trends in System contributions, assets and liabilities over the past several years.

The actuarial valuation results provide a "snapshot" view of the System's financial condition on July 1, 2025. The System's unfunded actuarial accrued liability (UAAL) decreased from $15 million last year to a surplus of $370 million this year, the funded ratio increased from 99.9% to 102.1%, and the actuarial required contribution rate decreased from 15.05% of payroll last year to 12.62% of payroll this year.

The Nebraska statutes require the State to make an additional contribution if the statutory payroll-related contributions by members, employers, and the State are insufficient to meet the actuarial required contribution for the plan year. **Based on the results of the July 1, 2025 actuarial valuation and the current statutory contribution rates for fiscal year 2026, no additional State contribution is necessary for this plan year.**

Based on the funded status of the System as of July 1, 2025, which is over 100%, the member contribution rate beginning July 1, 2026 will be 7.25% and the School District contribution rate will be 7.32%. The State payroll-related contribution, expected to be paid July 1, 2026, is 0.00%.

Changes Since the Prior Valuation

By statute, an experience study for the Nebraska Public Employees Retirement System, which includes the Nebraska School Retirement System, is performed every four years. As a result of the 2024 quadrennial experience study, several changes to the actuarial assumptions were recommended and adopted by the Board at their March 17, 2025 meeting. Please see the Experience Study report, dated February 19, 2025, for complete details and discussion on all of the assumption changes. The key assumption changes include:
- Investment return assumption was lowered from 7.00% to 6.75%.

- The productivity assumption for salary increases was increased by 0.10%.
- Retirement rates for active members were adjusted to partially reflect observed experience.
- Termination rates for active members were adjusted to partially reflect observed experience.

The change to the investment return assumption is being phased in over four years, beginning with the July 1, 2025 valuation (6.95% for July 1, 2025, 6.90% for July 1, 2026, 6.85% for July 1, 2027, and 6.75% thereafter).

As the investment return assumption decreases over the next three valuations, it will result in increases in the actuarial accrued liability, normal cost rate and actuarial contribution rate. To the extent those increases are not offset by favorable experience (actuarial gains), the funded ratio is expected to decrease and the actuarial contribution rate is expected to increase.

The net impact of the assumption changes was an increase of $204.7 million in the actuarial accrued liability, as well as an increase of 0.91% in the actuarial required contribution rate.

It is worth noting that if the PERB had not elected to phase-in the change to the investment return assumption and, instead, reflected the ultimate assumption of 6.75% in the current valuation, the actuarial accrued liability would have increased by an additional $446.2 million, the funded ratio would have decreased by an additional 2.57%, and the employer required contribution would have increased from the current level by 1.73% of payroll (see Table 16).

There has also been one change to the plan and funding provisions since the prior valuation. In the 2025 session, the Legislature passed Legislative Bill 645 (LB 645) which provides for varying contribution rates for members, School Districts and the State based on the actuarial funded status of the System, effective July 1, 2025. The table below shows the contribution rate for each group under different funding scenarios:

Funded Ratio:	Less Than 96%	Between 96% and 98%	Between 98% and 100%	100% and Above
Members	9.75%	8.75%	8.00%	7.25%
School Districts	9.85%	8.84%	8.08%	7.32%
State	2.00%	0.70%	0.70%	0.00%

Contribution rates are calculated as of July 1 each year and are based on the System's funded ratio in the previous year. The funded ratio as of July 1, 2025 determines the contribution rate for members and School Districts in effect for the year starting July 1, 2026 and the State appropriation expected to be paid July 1, 2026. Based on the funded status of the System as of July 1, 2025, which is over 100%, the member contribution rate beginning July 1, 2026 will be

7.25% and the School District contribution rate will be 7.32%. The State payroll-related contribution, expected to be paid July 1, 2026, is 0.00%.

Actual Experience Impacting the July 1, 2025 Valuation

The valuation results reflect net favorable experience for the past plan year as demonstrated by a UAAL that was lower than expected. As of July 1, 2025, the actuarial value of assets exceeds the actuarial accrued liability (surplus) by $370 million, compared to an expected UAAL of $51 million. The favorable experience was due to several factors including:

- The rate of return on the market value of assets for the year ending June 30, 2025 was 11.7%, as reported by the Nebraska Investment Council, compared to the assumed return of 7.0% for FY 2025. However, the asset smoothing method used in the valuation only recognizes 20% of the difference between the dollar amount of the assumed and actual return in the current valuation. The partial recognition of FY 2025 experience, coupled with the scheduled recognition of the deferred investment experience from the prior four years, resulted in a rate of return on the actuarial (smoothed) value of assets of 10.2%. Because this return is higher than the assumed rate of return (7.0% for FY 2025), there was an actuarial experience gain of $523 million on the actuarial value of assets.

- There was a net actuarial experience loss of $102 million on System liabilities. This was the net impact of various factors, of which the most significant larger than expected COLAs.

- The statutory contribution rate for the year ending June 30, 2025 was higher than the actuarial required contribution rate by 5.31%. As a result, actual contributions for FY 2025 exceeded the actuarial required contribution by around $136 million which served to reduce the UAAL.

- The System has reached 100% funded in the current valuation, which resulted in all prior amortization bases being considered fully funded (i.e., eliminated) and the current funding surplus being amortized as a single base over a 25-year period. As a result of "resetting" the amortization bases, the actuarial required contribution rate decreased by 1.87% of pay.

A summary of the key results from the July 1, 2025 actuarial valuation, excluding the Omaha Service Annuity, is shown in the following table. As the table indicates, **the statutory contribution rates for the current plan year ending June 30, 2026 are sufficient to meet the actuarial required contribution rate, and no additional State appropriation is required.** Further detail on the valuation results can be found in the following sections of this Board Summary.

	July 1, 2025 Valuation Results	July 1, 2024 Valuation Results	
Unfunded Actuarial Accrued Liability ($M)	($370)	$15	
Funded Ratio (Actuarial Assets)	102.14%	99.91%	
Actuarial Required Contribution	12.62%	15.05%	
Member Contribution Rate	(8.00%)	(9.78%)	
Employer Contribution Rate	(8.08%)	(9.88%)	
State Contribution Rate	0.00%	(0.70%)	*
Total Contribution Rate	(16.08%)	(20.36%)	
Shortfall/(Margin)	(3.46%)	(5.31%)	
Additional Required State Contribution	$0	$0	

* Revised from 2.00% by LB 645 after the July 1, 2024 valuation was prepared.

EXPERIENCE FOR THE LAST PLAN YEAR

Numerous factors contributed to the change in the System's assets, liabilities, and actuarial required contribution rate between July 1, 2024 and July 1, 2025. The components are examined in the following discussion.

MEMBERSHIP

There are 45,083 active members in the July 1, 2025 valuation compared with 44,613 in the 2024 valuation, a 1.1% increase. In general, when the number of active members increases it has a positive impact on the System's funding as it results in higher contributions. In addition, the UAAL/(surplus) contribution rate may also be favorably impacted if the increase in active members results in a larger covered payroll than expected. The UAAL/(surplus) in this valuation is amortized assuming future covered payroll will increase each year (current assumption is 2.85% per year). If total payroll growth is higher than expected the dollar amount of the UAAL/(surplus) payment is divided by higher payroll, resulting in a lower UAAL/(surplus) amortization rate. Conversely, a decrease in the number of active members or covered payroll increases that are less than the assumed rate will tend to result in a higher UAAL/(surplus) amortization rate.

Legislation passed in the 2013 session made changes to the benefit structure for members hired on or after July 1, 2013 (Tier Two), including changing final average salary to the highest 60 months rather than the highest 36 months of service and changing the maximum cost of living adjustment from 2.5% to 1.0%. Additional legislation was passed in the 2017 session, which granted the PERB the authority to set the actuarial assumptions used to determine the benefit amounts payable under optional forms of payment for members hired on or after July 1, 2017 (Tier Three). It also changed the minimum age required to qualify for unreduced retirement under

the Rule of 85 from age 55 to age 60 for members hired on or after July 1, 2018 (Tier Four). The covered payroll for these newer members is about 50% of the total covered payroll. Because they have fewer years of service and lower average pay than Tier 1 members, they tend to have lower liabilities. While members who were hired on or after July 1, 2013 represent a comparatively small part of the total liability, the new provisions are beginning to impact the valuation by resulting in lower costs.

The following graph shows the number of active and retired/beneficiaries in each valuation since 2011. While the number of active members has fluctuated at times over this period, the number of members receiving a benefit has steadily increased and is currently 30,163. This trend is not unusual or unexpected in a mature retirement system and is the key reason for advance funding of a retirement plan.
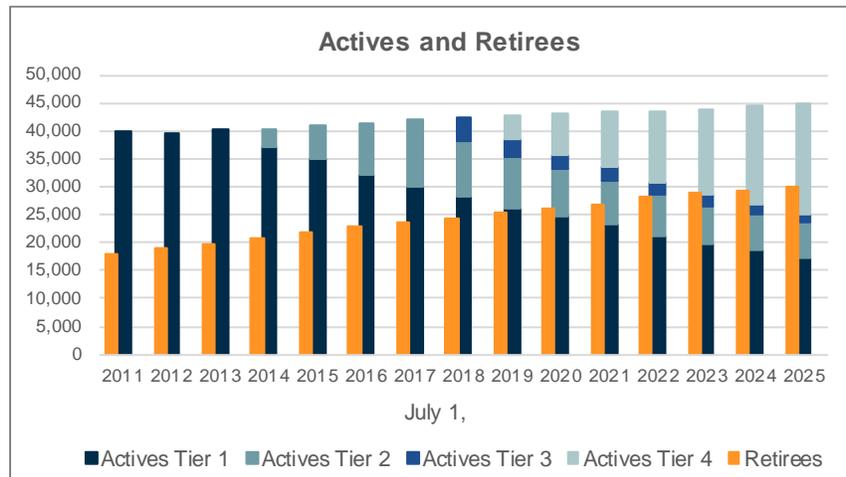
The graph above shows the portion of the total active members in the 2025 valuation that are covered by each of the benefit structures:
- 17,397 in Tier One (joined before July 1, 2013),
- 6,076 in Tier Two (joined between July 1, 2013 and June 30, 2017),
- 1,703 in Tier Three (joined between July 1, 2017 and June 30, 2018), and
- 19,907 in Tier Four (joined on or after July 1, 2018).

Of the total active membership, about 61% are affected by changes in the benefit structure passed in the 2013 and later legislative sessions. While the number of active members in the new tiers is significant, the actuarial accrued liability for active members is still heavily related to Tier 1 for the reasons mentioned earlier.

ASSETS

As of June 30, 2025, the System had net assets of $18.533 billion, when measured on a market value basis, an increase of $1.592 billion from the prior year value. The investment return on the market value of assets for FY 2025 was 11.7%, which is higher than the assumed return for FY 2025 of 7.0%.

The market value of assets is not used directly in the calculation of the unfunded actuarial accrued liability and the actuarial required contribution rate. An asset valuation method, which smoothes the effect of market fluctuations, is used to determine the value of assets used in the valuation, called the actuarial value of assets. In this year's valuation, the actuarial value of assets is $17.662 billion, an increase of $1.285 billion from the prior year. The components of change in the asset values are shown in the following table.

	Market Value ($M)	Actuarial Value ($M)
Net Assets, June 30, 2024	$ 16,940.21	$ 16,377.35
- Employer and Member Contributions	+ 507.12	+ 507.12
- Benefit Payments and Admin Expenses	- 880.08	- 880.08
- Net Investment Income	+ 1,965.44	+ 1,657.99
Net Assets, June 30, 2025	$ 18,532.69	$ 17,662.38
Rate of Return, Net of Expenses*	11.7%	10.2%

* Rate of return on the market value of assets was provided by the Nebraska Investment Council.

Due to the smoothing of actual investment experience over the last five years, the rate of return on the actuarial value of assets was 10.2%, which was higher than the investment return assumption of 7.0% in effect for FY 2025. As a result, there was an experience gain on assets of $523 million. The net impact of the favorable investment experience for FY 2025 and the scheduled recognition of deferred investment experience from the prior four years resulted in last year's net deferred investment gain of $563 million increasing to $870 million in the current valuation (market value exceeds actuarial value of assets). Please see Section 3 of this report for more detailed information on the market and actuarial value of assets.

Rate of Return on Assets
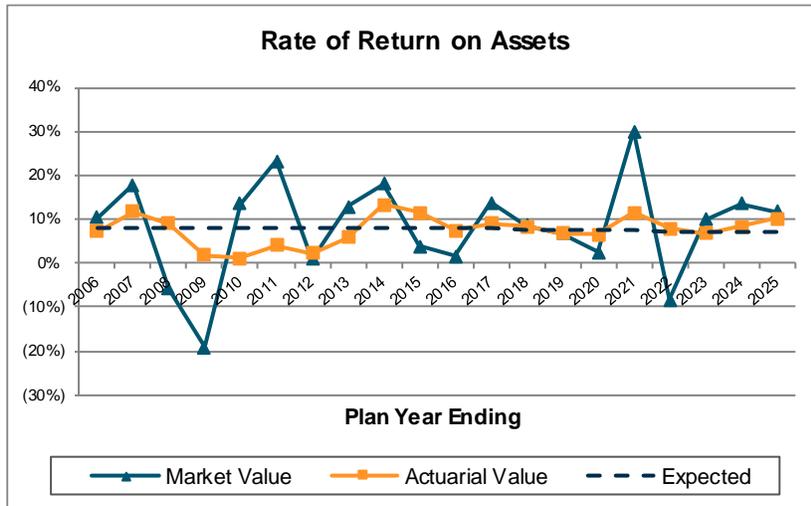
The rate of return of the actuarial value of assets has been less volatile than the market value return, illustrating the benefit of using an asset smoothing method.

LIABILITIES

The actuarial accrued liability is that portion of the present value of future benefits that will not be paid by future normal costs, i.e., the portion allocated to past years. The difference between this liability and the actuarial value of assets as of the valuation date is called the unfunded actuarial accrued liability (UAAL). When the actuarial value of assets exceeds the actuarial accrued liability, it is referred to as surplus. The dollar amount of unfunded actuarial accrued liability/(surplus) is reduced/(increased) if the contributions to the System exceed the normal cost for the year plus interest on the prior year's UAAL/(surplus).

The unfunded actuarial accrued liability/(surplus) as of July 1, 2025, using both the actuarial and market value of assets, is shown in the following table:

	Actuarial Value of Assets	Market Value of Assets
Actuarial Accrued Liability	$17,292,069,116	$17,292,069,116
Value of Assets	17,662,381,832	18,532,685,257
UAAL/(Surplus)	($370,312,716)	($1,240,616,141)
Funded Ratio	102.14%	107.17%

The net deferred investment gain means that, absent actual investment returns lower than expected (6.95% for FY 2026) or other unfavorable experience, the funded ratio is expected to increase over the next four years as the deferred investment experience is recognized. However, there will also be an expected decrease in the funded ratio as the lower investment return assumption is phased in. See Section 4 of the report for the detailed development of the unfunded actuarial accrued liability/(surplus).

The components of the net decrease of $385 million in the UAAL from July 1, 2024 to July 1, 2025 are shown in the following table.

|	($ Millions)
UAAL/(Surplus), July 1, 2024	$14.92
- Expected change from amortization method	(48.10)
- Contributions (above)/below the Actuarial Required Contribution	(136.01)
- Investment experience	(522.51)
- Liability experience	101.65
- Assumption changes	204.66
- Other experience	15.08
UAAL/(Surplus), July 1, 2025	($370.31)

As shown above, various factors impacted the amount of the UAAL/(surplus). Actuarial experience gains/(losses), which result from actual experience that is more (less) favorable than anticipated based on the actuarial assumptions, are reflected in the UAAL/(surplus) and are measured as the difference between the expected UAAL/(surplus) and the actual UAAL/(surplus), taking into account any changes due to actuarial assumptions and methods, or benefit provisions. Overall, the System experienced a net actuarial experience gain of $421 million. The actuarial gain may be explained by considering the separate experience of assets and liabilities. As noted earlier, there was an actuarial experience gain of $523 million on the actuarial value of assets. Unfavorable net experience on System liabilities, largely from COLAs that were larger than expected, resulted in an actuarial experience loss of $102 million. A breakdown of the components of experience gains and losses can be found in Table 8 of this report. In addition to the actuarial experience gain, the System also received contributions above the actuarial required contribution rate during FY 2025, which served to lower the UAAL by $136 million.

As the following graph of historical actuarial assets and actuarial accrued liabilities illustrates, the System's liabilities grew at a faster pace than the System's assets for the five-year period beginning after the FY 2009 market downturn. As a result, the funded ratio declined over that period. Recently, the System's assets have been growing at a faster rate than the System's liabilities and the funded ratio has been improving. Changes to actuarial assumptions in the July 1, 2017 valuation significantly increased the System's liabilities and lowered the funded ratio, while investment experience during FY 2021 significantly increased the System's assets and improved the funded ratio. As of July 1, 2025 the System is 102.14% funded.

Actuarial Value of Assets vs Actuarial Accrued Liability
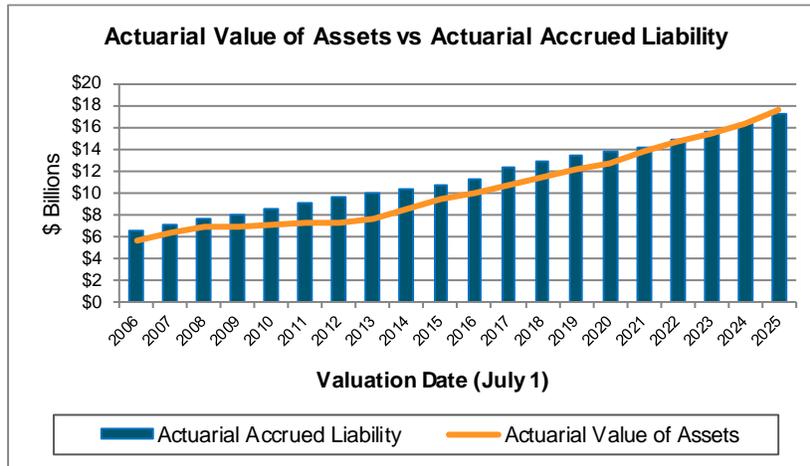
An evaluation of the UAAL on a pure dollar basis may not provide a complete analysis since only the difference between the assets and liabilities (which are both very large numbers) is reflected. Another way to evaluate the UAAL and the progress made in its funding is to track the funded ratio, the ratio of the actuarial value of assets to the actuarial accrued liability. The funded status information, using the actuarial value of assets, is shown below (in millions).

	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
Funded Ratio	97.4%	98.4%	98.6%	99.9%	102.1%
UAAL/(Surplus)	$369.7	$236.9	$224.1	$14.9	($370.3)

Note that the funded ratio does not indicate whether or not the System assets are sufficient to settle benefits earned to date. The funded ratio, by itself, also may not be indicative of future funding requirements. In addition, if the funded ratios were shown using the market value of assets, the results would differ.

The funded ratio over the past 20 valuations is shown in the following graph.

Funded Ratio
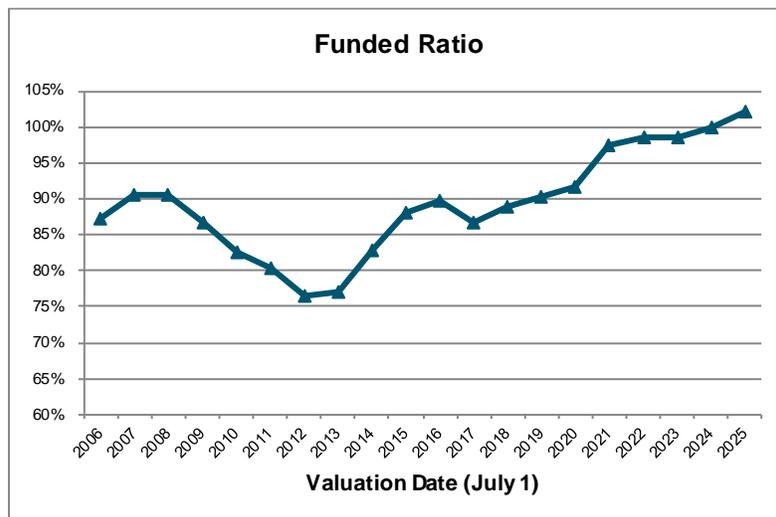
SECTION 1 – BOARD SUMMARY

ACTUARIAL REQUIRED CONTRIBUTION RATE

The System is funded by statutory contribution rates for members, employers (101% of the member rate) and the State. These rates will vary depending on future changes to the System's funded ratio. The table below shows the contribution rate for each group under each scenario:

Funded Ratio:	Less Than 96%	Between 96% and 98%	Between 98% and 100%	100% and Above
Members	9.75%	8.75%	8.00%	7.25%
School Districts	9.85%	8.84%	8.08%	7.32%
State	2.00%	0.70%	0.70%	0.00%

In addition, the statutes require the State to make an additional contribution if the regular, payroll-related contributions by employees, employers and the State are insufficient to meet the actuarial required contribution for the plan year. The additional State contributions for the plan year are made on the July 1 following the plan year end. **Based on the results of the July 1, 2025 actuarial valuation and the statutory contribution rates for the current plan year, no additional State contribution is necessary for the current plan year.**

Contribution rates are calculated as of July 1 each year and are based on the System's funded ratio in the previous year. The funded ratio as of July 1, 2025 determines the contribution rate for members and School Districts for the year starting July 1, 2026, and the State appropriation expected to be paid July 1, 2026. Based on the funded status of the System as of July 1, 2025, which is over 100%, the member contribution rate beginning July 1, 2026 will be 7.25% and the School District contribution rate will be 7.32%. The State payroll-related contribution, expected to be paid July 1, 2026, is 0.00%.

Under the Entry Age Normal cost method, the actuarial required contribution rate consists of three components:

- A "normal cost" for the portion of projected liabilities allocated by the actuarial cost method to service of members during the year following the valuation date.

- An "administrative expense" load for the expenses expected to be paid from the trust for the year.

- An "unfunded actuarial accrued liability contribution" for the excess of the portion of projected liabilities allocated to service to date over the actuarial value of assets.

The UAAL contribution rate is determined by calculating the amortization payments as a level-percent of payroll, assuming the number of active members remains constant, and salary increases occur as assumed. This methodology results in dollar amounts of payments that are

lower in the initial years of the 25-year amortization period but increase each year in the future with the assumed payroll growth assumption (2.85% in this valuation). Because the UAAL contribution rate is determined as a level-percent of payroll, the dollar amount of the UAAL contribution is scheduled to increase 2.85% each year in the future even if all actuarial assumptions are met. Therefore, if the increase in covered payroll is less than 2.85% per year, the UAAL contribution rate will increase. When a surplus situation exists, as it currently does, the amortization method recognizes a portion of the surplus assets, which reduces the amount of the actuarial required contribution.

See Section 5 of the report for the detailed development of the contribution rates for the plan years beginning July 1, which are summarized in the following table.

Contribution Rates	July 1, 2025	July 1, 2024
1. Normal Cost Rate	13.38%	13.02%
2. Administrative Expenses	0.16%	0.16%
3. UAAL Contribution Rate	(0.92%)	1.87%
4. Total Actuarial Required Contribution Rate	12.62%	15.05%
5. Member Contribution Rate	(8.00%)	(9.78%)
6. Employer Contribution Rate	(8.08%)	(9.88%)
7. State Contribution Rate	0.00%	(0.70%) *
8. Total Contribution Rate	(16.08%)	(20.36%)
9. Shortfall/(Margin) [4 + 8]	(3.46%)	(5.31%)
10. Estimated Payroll	$ 2,616,120,636	$ 2,505,948,138
11. Additional State Required Contribution [9 * 10 with interest, but not less than $0]	$ 0	$ 0

Note: Contribution rates exclude State funding of Omaha Service Annuity.
* Revised from 2.00% by LB 645 after the July 1, 2024 valuation was prepared.

The actuarial required contribution rate for the current plan year is 12.62%. The member contribution rate of 8.00% and School District contribution rate of 8.08% (101% of 8.00%) result in total statutory contributions for FY 2026 of 16.08% of pay. As a result, there is a contribution margin of 3.46%, which will help to offset future adverse experience. The actuarial required contribution, determined this year based on the snapshot of the System taken on the valuation date of July 1, 2025, will change each year as the deferred investment experience is recognized and other experience (both investment and demographic) impacts the System. Overall, there was a decrease of 2.43% in the actuarial required contribution rate from the July 1, 2024 valuation to the July 1, 2025 valuation. The primary components of the change in the actuarial required contribution rate are shown in the following table.

Total Actuarial Required Contribution Rate, July 1, 2024	15.05%
- Change in normal cost rate (before assumption changes)	(0.05%)
- Contributions (above)/below the Actuarial Required Contribution	(0.33%)
- Investment experience	(1.28%)
- Liability experience	0.25%
- Actual vs. expected payroll	0.00%
- Assumption changes	0.91%
- Reset amortization bases	(1.87%)
- Other experience	(0.06%)
Total Actuarial Required Contribution Rate, July 1, 2025	12.62%

As shown above, various factors impacted the actuarial required contribution rate. Favorable investment experience resulted in an actuarial experience gain on the actuarial value of assets, which lowered the actuarial required contribution rate by 1.28% of pay. Unfavorable net experience on System liabilities, primarily from larger than expected COLAs, increased the actuarial required contribution rate by 0.25% of pay. The System also received contributions above the actuarial required contribution rate during FY 2025, which served to lower the actuarial required contribution rate by 0.33% of pay. Finally, the System has reached 100% funded in the current valuation, which resulted in all prior amortization bases being considered fully funded (i.e., eliminated) and the current funding surplus being amortized as a single base over a 25-year period. As a result of "resetting" the amortization bases, the actuarial required contribution rate decreased by 1.87% of pay.

Due to the passage of LB 645 by the 2025 Nebraska Legislature, the State payroll-related contribution on July 1, 2025, as shown in the July 1, 2024 actuarial valuation, was lowered from 2.00% to 0.70% of pay. As a result, the total statutory contribution rate based on the July 1, 2024 actuarial valuation decreased from 21.66% to 20.36% of pay and the contribution surplus decreased from 6.61% to 5.31% of pay. Based on the current valuation, the total statutory contribution rate decreased by an additional 3.56% of pay to 16.08% of pay. This provides a contribution margin of 3.46% of pay for the upcoming year.

While the System is fully funded and there is a contribution margin for the current plan year, the difference between the statutory contribution rate and the actuarial required contribution rate should not be viewed as an unnecessary or excess contribution. In order for the financing of the System on a statutory contribution rate basis to succeed and to avoid the requirement for additional State contributions, contributions above the actuarial required contribution rate must be made when there is favorable actuarial experience to offset years when there is unfavorable actuarial experience. Based on the expected return and standard deviation of the portfolio, there is about a 1 in 6 chance that the actual portfolio return can fall 12% short of the expected return in a given year. This argues for keeping the current statutory contribution rates in order to be sufficiently funded over 100% to absorb at least part of such a loss.

A history of the actuarial required contribution rate and any resulting additional required State contributions, whether or not actually contributed, is shown in the following table.

History of Required Contribution Rates and Additional State Funding		
Fiscal Year	Required Contribution Rate	Additional State Contributions*
2026/2027	12.62%	$ 0
2025/2026	15.05%	0
2024/2025	15.44%	0
2023/2024	15.37%	0
2022/2023	15.65%	0
2021/2022	18.05%	0
2020/2021	18.42%	0
2019/2020	18.73%	0
2018/2019	19.31%	0
2017/2018	16.59%	0
2016/2017	17.03%	0
2015/2016	18.39%	0
2014/2015	19.94%	0
2013/2014	23.27%	48,092,426
2012/2013	20.45%	23,465,817
2011/2012	19.21%	18,871,705
2010/2011	17.24%	0
2009/2010	15.46%	0
2008/2009	15.64%	0
2007/2008	16.58%	0

* Excludes funding of Omaha Service Annuity.
Note: Information before Fiscal Year 2014/2015 was produced by prior actuary.

RISK ASSESSMENT AND DISCLOSURE

A typical retirement plan faces many different risks. The term "risk" is most commonly associated with an outcome with undesirable results. However, in the actuarial world risk can be translated as uncertainty. The actuarial valuation process uses many actuarial assumptions to project how future contributions and investment returns will meet the cash flow needs for future benefit payments. Of course, we know that actual experience will not unfold exactly as anticipated by the assumptions and that uncertainty, whether favorable or unfavorable, creates risk. Actuarial Standard of Practice Number 51 defines risk as the potential of actual future measurements to deviate from expected results due to actual experience that is different than the actuarial assumptions. Risk evaluation is an important part of managing a defined benefit plan. Please see Section 6 of this report for an in-depth discussion of the specific risks facing the Nebraska School Retirement System.

SUMMARY OF PRINCIPAL RESULTS

	7/1/2025 Valuation	7/1/2024 Valuation	% Change
1. PARTICIPANT DATA			
Number of:			
Active Members			
- Tier 1	17,397	18,623	(6.6%)
- Tier 2	6,076	6,382	(4.8%)
- Tier 3	1,703	1,838	(7.3%)
- Tier 4	19,907	17,770	12.0%
- Total	45,083	44,613	1.1%
Retired Members and Beneficiaries	29,888	29,116	2.7%
Disabled Members	275	292	(5.8%)
Inactive Members	31,444	30,309	3.7%
Total Members	106,690	104,330	2.3%
Projected Annual Salaries of Active Members	$ 2,616,120,636	$ 2,505,948,138	4.4%
Annual Retirement Payments for Retired Members, Disabled Members and Beneficiaries	$ 865,590,707	$ 820,557,760	5.5%
2. ASSETS AND LIABILITIES			
a. Market Value of Assets	$ 18,532,685,257	$ 16,940,205,391	9.4%
b. Actuarial Value of Assets	17,662,381,832	16,377,345,821	7.8%
c. Total Actuarial Accrued Liability	17,292,069,116	16,392,265,952	5.5%
d. Unfunded Actuarial Accrued Liability [c - b]	$ (370,312,716)	$ 14,920,131	(2582.0%)
e. Funded Ratio (Actuarial Value of Assets) [b / c]	102.14%	99.91%	2.2%
f. Funded Ratio (Market Value of Assets) [a / c]	107.17%	103.34%	3.7%
3. CONTRIBUTION RATES AS A PERCENT OF PAYROLL (excluding Omaha Service Annuity)			
Normal Cost	13.38%	13.02%	2.8%
Administrative Expenses	0.16%	0.16%	0.0%
Amortization of Unfunded Actuarial Accrued Liability	(0.92%)	1.87%	(149.2%)
Actuarial Required Contribution Rate	12.62%	15.05%	(16.1%)
Member Contribution Rate	(8.00%)	(9.78%)	(18.2%)
Employer Required Contribution Rate*	(8.08%)	(9.88%)	(18.2%)
State Contribution Rate**	0.00%	(0.70%)	(100.0%)
Shortfall/(Margin)	(3.46%)	(5.31%)	(34.8%)
Additional Required State Contribution Amount	$ 0	$ 0	0.0%

* 101% of employee contribution rate
** The 7/1/2024 rate changed after the valuation was prepared when LB 645 was passed.

SECTION 2 – SCOPE OF THE REPORT

This report presents the actuarial valuation results of the School Retirement System as of July 1, 2025. This valuation was prepared at the request of the Public Employees Retirement Board of the Nebraska Public Employees Retirement System.

Please pay particular attention to our actuarial certification letter, where the guidelines employed in the preparation of this report are outlined. We also comment on the sources and reliability of both the data and the actuarial assumptions upon which our findings are based. Those comments are the basis for our certification that this report is complete and accurate to the best of our knowledge and belief.

A summary of the findings which result from this valuation is presented in the previous section. Section 3 describes the assets and investment experience of the System. Sections 4 and 5 describe how the obligations of the System are to be met under the actuarial cost method in use. Section 6 includes risk considerations related to the Nebraska Schools Retirement System. Section 7 includes some historical funding and other information.

This report includes several appendices:

- Appendix A   Schedules of valuation data classified by various categories of members.

- Appendix B   A summary of the current benefit structure, as determined by the provisions of governing law on July 1, 2025.

- Appendix C   A summary of the actuarial methods and assumptions used to estimate liabilities and determine contribution rates.

- Appendix D   A glossary of actuarial terms.

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SECTION 3 – ASSETS

In many respects, an actuarial valuation can be thought of as an inventory process. The inventory is taken as of the actuarial valuation date, which for this valuation is July 1, 2025. On that date, the assets available for the payment of benefits are appraised. The assets are compared with the liabilities of the System, which are generally in excess of assets. The actuarial process then leads to a method of determining the contributions needed by members and the employer in the future to balance the System's assets and liabilities.

Market Value of Assets

The current market value represents the "snapshot" or "cash-out" value of System assets as of the valuation date. In addition, the market value of assets provides a basis for measuring investment performance from time to time. Table 1 is a comparison, at market values, of System assets as of July 1, 2025 and July 1, 2024, in total and by investment category. Table 2 summarizes the change in the market value of assets from July 1, 2024 to July 1, 2025.

Actuarial Value of Assets

Due to the extreme volatility in the market value of assets, which represents the "cash-out" value of System assets on a single day, it may not be the best measure of the System's ongoing ability to meet its obligations.

To arrive at a suitable value of assets for the actuarial valuation, a technique for determining the actuarial value of assets is used which dampens swings in the market value while still indirectly recognizing market values. Under the asset smoothing methodology, the difference between the actual and assumed investment return on the market value of assets is recognized evenly over a five-year period.

Table 3 shows the development of the actuarial value of assets (AVA) as of the valuation date.

TABLE 1

SCHOOL RETIREMENT SYSTEM

**MARKET VALUE OF ASSETS
BY INVESTMENT CATEGORY**

	June 30, 2025	June 30, 2024
1. Cash and Equivalents	$ 734,973	$ 14,170,344
2. Investments	18,767,145,729	17,295,420,499
3. Capital Assets	2,144	2,961
4. Receivables and Prepaids	1,410,797,716	1,104,012,417
5. Accounts Payable	(1,645,995,305)	(1,473,400,830)
6. Net Assets Available for Pension Benefits	$ 18,532,685,257	$ 16,940,205,391

TABLE 2

SCHOOL RETIREMENT SYSTEM

CHANGE IN MARKET VALUE OF ASSETS

	Nebraska School System	Omaha Service Annuity	Total
1. Market Value of Assets, July 1, 2024	$ 16,924,804,491	$ 15,400,973	$ 16,940,205,464
2. Contributions			
(a) Member (includes purchased service)	$ 243,385,706	$ 0	$ 243,385,706
(b) Employer	244,654,915	0	244,654,915
(c) State appropriations	17,541,637	1,534,144	19,075,781
(d) Total	$ 505,582,258	$ 1,534,144	$ 507,116,402
3. Expenditures			
(a) Benefit payments	$ 848,413,959	$ 1,338,017	$ 849,751,976
(b) Refunds	25,584,461	0	25,584,461
(c) Administrative expenses	4,740,557	0	4,740,557
(d) Total	$ 878,738,977	$ 1,338,017	$ 880,076,994
4. Investment Return, Net of Expenses			
(a) Investment income	$ 380,219,184	$ 343,193	$ 380,562,377
(b) Securities lending income	53,029,693	47,262	53,076,955
(c) Securities lending expense	(50,388,203)	(44,908)	(50,433,111)
(d) Net appreciation/(depreciation) in fair value of investments	1,580,790,258	1,418,777	1,582,209,035
(e) Other	25,129	0	25,129
(f) Net investment return	$ 1,963,676,061	$ 1,764,324	$ 1,965,440,385
5. Market Value of Assets, June 30, 2025 [1 + 2(d) - 3(d) + 4(f)]	$ 18,515,323,833	$ 17,361,424	$ 18,532,685,257
6. Rate of Return, Net of Expenses*			11.7%

* Annual money-weighted rate of return, net of investment expense, as reported by the Nebraska Investment Council.

TABLE 3

SCHOOL RETIREMENT SYSTEM

DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS

		Year End		
	6/30/2022	6/30/2023	6/30/2024	6/30/2025
1. Actuarial Value of Assets, Beginning of Year	$ 13,909,828,154	$ 14,721,451,378	$ 15,423,950,275	$ 16,377,345,821
2. Unrecognized Return Beginning of Year	$ 1,782,728,104	$ (578,691,668)	$ (194,257,711)	$ 562,859,570
3. Contributions During Year				
(a) Member	$ 216,125,582	$ 223,286,528	$ 233,602,611	$ 243,385,706
(b) Employer	216,059,310	224,030,311	234,343,126	244,654,915
(c) State appropriations	46,307,188	47,785,748	49,436,497	19,075,781
(d) Total	$ 478,492,080	$ 495,102,587	$ 517,382,234	$ 507,116,402
4. Benefit Payments and Admin Expenses During Year	$ 740,009,548	$ 789,425,526	$ 834,171,029	$ 880,076,994
5. Assumed Rate of Return	7.30%	7.20%	7.10%	7.00%
6. Expected Investment Income on (1), (2), (3) and (4)	$ 1,136,765,994	$ 1,008,541,207	$ 1,070,993,846	$ 1,174,887,960
7. Actual Return on Market Value, Net of Investment Expenses	$ (1,288,279,080)	$ 1,381,255,793	$ 2,027,301,622	$ 1,965,440,385
8. Return to be Spread, End of Year [7 - 6]	$ (2,425,045,074)	$ 372,714,586	$ 956,307,776	$ 790,552,425

TABLE 3
(continued)

SCHOOL RETIREMENT SYSTEM

DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS

9. Return to be Spread

Plan Year Ending	Return to be Spread	Unrecognized Percent	Unrecognized Return
2025	$790,552,425	80%	$632,441,940
2024	956,307,776	60%	573,784,666
2023	372,714,586	40%	149,085,834
2022	(2,425,045,074)	20%	(485,009,015)
			$870,303,425

10. Total Market Value of Assets as of July 1, 2025 $18,532,685,257

11. Total Actuarial Value of Assets as of July 1, 2025 $17,662,381,832
    [10 - 9]

12. Asset Ratios
    (a) Actuarial Value to Market Value [11 / 10]   95.30%
    (b) Market Value to Actuarial Value [10 / 11]   104.93%

Plan Year Ended	Gain/(Loss) Deferred to Future Years	Gain/(Loss) to be Recognized in Plan Year Ending			
		2026	2027	2028	2029
6/30/2022	($485,009,015)	(485,009,015)			
6/30/2023	149,085,834	74,542,917	74,542,917		
6/30/2024	573,784,666	191,261,555	191,261,555	191,261,556	
6/30/2025	632,441,940	158,110,485	158,110,485	158,110,485	158,110,485
Total	$870,303,425	($61,094,058)	$423,914,957	$349,372,041	$158,110,485

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In the previous section, an actuarial valuation was compared with an inventory process, and an analysis was given of the inventory of assets of the School Retirement System as of the valuation date, July 1, 2025. In this section, the discussion will focus on the commitments (future benefit payments) of the System, which are referred to as its liabilities.

Table 4 contains an analysis of the actuarial present value of all future benefits (PVFB) for contributing members, inactive members, retirees and their beneficiaries.

The liabilities summarized in Table 4 include the actuarial present value of all future benefits expected to be paid with respect to each member. For an active member, this value includes the measurement of both benefits already earned and future benefits to be earned. For all members, active and retired, the value extends over benefits earnable and payable for the rest of their lives and for the lives of the surviving beneficiaries.

All liabilities reflect the benefit provisions in place as of July 1, 2025.

Actuarial Accrued Liability

A fundamental principle in financing the liabilities of a retirement program is that the cost of its benefits should be related to the period in which benefits are earned, rather than to the period of benefit distribution. An actuarial cost method is a mathematical technique that allocates the present value of future benefits into annual costs. In order to do this allocation, it is necessary for the funding method to "breakdown" the present value of future benefits into two components:

(1) that which is attributable to the past and

(2) that which is attributable to the future.

Actuarial terminology calls the part attributable to the past the "past service liability" or the "actuarial accrued liability." The portion allocated to the future is known as the present value of future normal costs, with the specific piece of it allocated to the current year being called the "normal cost." Table 5 contains the calculation of actuarial accrued liability for the System. The Entry Age Normal actuarial cost method is used to develop the actuarial accrued liability.

TABLE 4

SCHOOL RETIREMENT SYSTEM

PRESENT VALUE OF FUTURE BENEFITS (PVFB)
AS OF JULY 1, 2025

	Nebraska School System	Omaha Service Annuity	Total
1. Active Employees			
(a) Retirement	$ 9,260,845,470	$ 21,266,297	$ 9,282,111,767
(b) Withdrawal	651,680,526	1,852,158	653,532,684
(c) Death	110,532,660	146,086	110,678,746
(d) Disability	66,879,379	219,882	67,099,261
(e) Total	$ 10,089,938,035	$ 23,484,423	$ 10,113,422,458
2. Inactive Vested Members	443,082,998	2,313,032	445,396,030
3. Inactive Nonvested Members	83,106,052	0	83,106,052
4. Disabled Members	50,564,779	0	50,564,779
5. Retirees	9,418,510,416	0	9,418,510,416
6. Beneficiaries	427,530,225	0	427,530,225
7. Total Present Value of Future Benefits [1(e) + 2 + 3 + 4 + 5 + 6]	$ 20,512,732,505	$ 25,797,455	$ 20,538,529,960

TABLE 5

SCHOOL RETIREMENT SYSTEM

**ACTUARIAL ACCRUED LIABILITY
AS OF JULY 1, 2025**

	Nebraska School System	Omaha Service Annuity	Total
1. Present Value of Future Benefits for Active Members	$ 10,089,938,035	$ 23,484,423	$ 10,113,422,458
2. Present Value of Future Normal Costs for Active Members			
(a) Retirement benefit	$ 2,447,023,543	$ 5,224,440	$ 2,452,247,983
(b) Termination benefit	724,408,880	1,501,866	725,910,746
(c) Pre-Retirement death benefit	42,220,904	47,493	42,268,397
(d) Disability benefit	25,945,741	87,977	26,033,718
(e) Total	$ 3,239,599,068	$ 6,861,776	$ 3,246,460,844
3. Actuarial Accrued Liability for Active Members [1 - 2(e)]	$ 6,850,338,967	$ 16,622,647	$ 6,866,961,614
4. Actuarial Accrued Liability for Inactive Members	10,422,794,470	2,313,032	10,425,107,502
5. Total Actuarial Accrued Liability [3 + 4]	17,273,133,437	18,935,679	17,292,069,116
6. Actuarial Value of Assets*	17,645,835,708	16,546,124	17,662,381,832
7. Unfunded Actuarial Accrued Liability [5- 6]	$ (372,702,271)	$ 2,389,555	$ (370,312,716)
8. Funded Ratio [6 / 5]			102.14%

*The actuarial value of assets is split between the Nebraska Schools System and the Omaha Service Annuity based on the respective proportions of the market value of assets.

TABLE 6

SCHOOL RETIREMENT SYSTEM

ACTUARIAL BALANCE SHEET
AS OF JULY 1, 2025

<u>ASSETS</u>

Actuarial Value of Assets	$ 17,662,381,832
Unfunded Actuarial Accrued Liability	(370,312,716)
Present Value of Future Normal Costs	3,246,460,844
Total Assets	$ 20,538,529,960

<u>LIABILITIES</u>

Present Value of Future Benefits		
Active members		
Retirement	$ 9,260,845,470	
Withdrawal	651,680,526	
Death	110,532,660	
Disability	66,879,379	
Total		$ 10,089,938,035
Inactive members		
Currently receiving benefits	9,896,605,420	
Not currently receiving benefits	526,189,050	
Total		$ 10,422,794,470
Omaha Service Annuity		
Active	23,484,423	
Inactive vested	2,313,032	
Total		$ 25,797,455
Total Liabilities		$ 20,538,529,960

TABLE 7

SCHOOL RETIREMENT SYSTEM

ACTUARIAL GAIN/(LOSS)

Liabilities

1. Actuarial Accrued Liability as of July 1, 2024	$ 16,392,265,952
2. Normal Cost for Plan Year Ending June 30, 2025, Including New Hires	326,113,226
3. Benefit Payments During Plan Year Ending June 30, 2025	(875,336,437)
4. Interest at 7.00%	1,142,716,912
5. Assumption Changes	204,661,291
6. Expected Actuarial Accrued Liability as of July 1, 2025	$ 17,190,420,944
7. Actuarial Accrued Liability as of July 1, 2025	$ 17,292,069,116

Assets

8. Actuarial Value of Assets as of July 1, 2024	$ 16,377,345,821
9. Contributions During Plan Year Ending June 30, 2025	507,116,402
10. Benefit Payments and Expenses During Plan Year Ending June 30, 2025	(880,076,994)
11. Interest at 7.00%	1,135,487,791
12. Expected Actuarial Value of Assets as of July 1, 2025	$ 17,139,873,020
13. Actuarial Value of Assets as of July 1, 2025	$ 17,662,381,832

Gain / (Loss)

14. Actuarial Gain / (Loss) on Liabilities [6 - 7]	$ (101,648,172)
15. Actuarial Gain / (Loss) on Assets [13 - 12]	$ 522,508,812
16. Total Actuarial Gain / (Loss) for Plan Year Ending June 30, 2025 [14 + 15]	$ 420,860,640

TABLE 8

SCHOOL RETIREMENT SYSTEM

GAIN/(LOSS) ANALYSIS BY SOURCE

Liability Sources		Gain/(Loss)
Retirement	$	(17,929,000)
Termination		(25,456,000)
Disability		(1,197,000)
Mortality		(1,116,000)
Salary		(16,751,000)
COLA		(43,312,000)
Miscellaneous		4,113,000
Total Liability Gain/(Loss)	$	(101,648,000)
Asset Gain/(Loss)	$	522,509,000
Net Actuarial Gain/(Loss)	$	420,861,000

Note: Numbers may not add due to rounding.

TABLE 9

SCHOOL RETIREMENT SYSTEM

PROJECTED BENEFIT PAYMENTS
AS OF JULY 1, 2025

Plan Year Ending June 30	Current Active Members	Current In-Pay Members	Total
2026	$ 65,251,000	$ 865,152,000	$ 930,403,000
2027	95,419,000	869,981,000	965,400,000
2028	127,901,000	873,827,000	1,001,728,000
2029	162,557,000	875,937,000	1,038,494,000
2030	199,584,000	876,787,000	1,076,371,000
2031	239,560,000	876,107,000	1,115,667,000
2032	281,794,000	873,760,000	1,155,554,000
2033	326,769,000	869,483,000	1,196,252,000
2034	374,473,000	863,384,000	1,237,857,000
2035	424,598,000	855,229,000	1,279,827,000
2036	477,284,000	844,769,000	1,322,053,000
2037	533,203,000	831,707,000	1,364,910,000
2038	592,553,000	815,983,000	1,408,536,000
2039	655,175,000	798,265,000	1,453,440,000
2040	720,240,000	778,185,000	1,498,425,000
2041	787,869,000	756,041,000	1,543,910,000
2042	858,174,000	731,900,000	1,590,074,000
2043	931,108,000	705,356,000	1,636,464,000
2044	1,006,387,000	677,495,000	1,683,882,000
2045	1,084,178,000	648,047,000	1,732,225,000
2046	1,163,310,000	617,238,000	1,780,548,000
2047	1,242,763,000	585,237,000	1,828,000,000
2048	1,320,741,000	552,469,000	1,873,210,000
2049	1,396,495,000	518,860,000	1,915,355,000
2050	1,468,440,000	485,149,000	1,953,589,000
2051	1,534,793,000	451,526,000	1,986,319,000
2052	1,594,070,000	418,309,000	2,012,379,000
2053	1,646,538,000	385,812,000	2,032,350,000
2054	1,692,582,000	353,932,000	2,046,514,000
2055	1,733,684,000	323,365,000	2,057,049,000

Note: Cash flows are the expected future non-discounted payments to current members. These numbers exclude refund payouts to any current vested or nonvested inactives and assume future retirees elect the normal form of payment. Also excludes Omaha appropriations.

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The previous two sections were devoted to a discussion of the assets and liabilities of the System. A comparison of Tables 3 and 4 indicates that current assets fall short of meeting the present value of future benefits (total liability). This is expected in all but a completely closed fund, where no further contributions are anticipated. In an active system, there will almost always be a difference between the actuarial value of assets and total liabilities. This deficiency has to be made up by future contributions and investment returns. An actuarial valuation sets out a schedule of future contributions that will deal with this deficiency in an orderly fashion.

The method used to determine the incidence of the contributions in various years is called the actuarial cost method. Under an actuarial cost method, the contributions required to meet the difference between current assets and current liabilities are allocated each year between two elements: (1) the normal cost rate and (2) the unfunded actuarial accrued liability contribution rate.

The term "fully funded" is often applied to a system in which contributions at the normal cost rate are sufficient to pay for the benefits of existing employees as well as for those of new employees. More often than not, systems are not fully funded, either because of past benefit improvements that have not been completely funded or because of actuarial deficiencies that have occurred because experience has not been as favorable as anticipated by the actuarial assumptions. Under these circumstances, an unfunded actuarial accrued liability (UAAL) exists. Likewise, when the actuarial value of assets is greater than the actuarial accrued liability, a surplus exists.

Description of Contribution Rate Components

The Entry Age Normal (EAN) actuarial cost method is used for the valuation. Under that method, the normal cost for each year from entry age to assumed exit age is a constant percentage of the member's year by year projected compensation. The portion of the present value of future benefits not provided by the present value of future normal costs is the actuarial accrued liability. The unfunded actuarial accrued liability/(surplus) represents the difference between the actuarial accrued liability and the actuarial value of assets as of the valuation date. The unfunded actuarial accrued liability is calculated each year and reflects experience gains and losses.

In general, contributions are computed in accordance with a level percent-of-payroll funding objective. The contribution rate based on the July 1, 2025 actuarial valuation will be used to determine the actuarial required employer contribution rate to the School Retirement System for the plan year ending June 30, 2026. Any additional State contributions are expected to be deposited on July 1, 2026 (State fiscal year 2027). In this context, the term "contribution rate" means the percentage, which is applied to a particular active member payroll to determine the actual employer contribution amount (i.e., in dollars) for the group.

This approach is intended to promote stable contributions, balance cost among generations of taxpayers and members, and ensure adequate prefunding of benefits.

Contribution Rate Summary

In Table 10 the amortization payment related to the unfunded actuarial accrued liability/(surplus), as of July 1, 2025, is developed. Table 11 develops the actuarial required contribution rate for the System and the amount of required State contributions.

The contribution rates shown in this report are based on the actuarial assumptions and cost methods described in Appendix C.

TABLE 10
SCHOOL RETIREMENT SYSTEM
SCHEDULE OF AMORTIZATION BASES

Amortization Bases	Original Amount	July 1, 2025 Remaining Payments	Date of Last Payment	Outstanding Balance as of July 1, 2025	Annual Contribution*
2025 Reset Base	$ (370,312,716)	25	7/1/2050	$ (370,312,716)	$ (23,540,658)
Total				**$ (370,312,716)**	**$ (23,540,658)**

* Contribution amount reflects mid-year timing.

1. Total UAAL Amortization Payments $ (23,540,658)

2. Projected Payroll for FY 2026 $ 2,616,120,636

3. UAAL Amortization Payment Rate   (0.90%)

Note: The payments on each UAAL base are determined as a level-percent of payroll using a 2.85% payroll growth assumption.

TABLE 11

SCHOOL RETIREMENT SYSTEM

ACTUARIAL REQUIRED CONTRIBUTION
FOR PLAN YEAR ENDING JUNE 30, 2026
and
DEVELOPMENT OF ADDITIONAL STATE CONTRIBUTION

1. Normal Cost Rate - Nebraska School System*	13.38%
2. Administrative Expenses	0.16%
3. UAAL Amortization Rate - Nebraska School System*	(0.92%)
4. Total Actuarial Required Contribution Rate - Nebraska School System [1 + 2 + 3]	12.62%
5. Statutory Contribution Rates - Nebraska School System	
(a) Member (Based on July 1, 2024 funded ratio)	8.00%
(b) Employer (101% of Member)	8.08%
(c) State (Based on July 1, 2025 funded ratio)	0.00%
(d) Total	16.08%
6. Shortfall/(Margin) - Nebraska School System [4 - 5(d)]	(3.46%)
7. Expected pay for all actives for FY 2026	$ 2,616,120,636
8. Additional Required State Contribution payable July 1, 2026 [6 * 7 * $1.0695^{1/2}$, but not less than 0]	$ 0
9. State Contribution due July 1, 2026	
(a) State Statutory Amount due July 1, 2026 [0% x Expected pay]	$ 0
(b) Omaha Service Annuity due July 1, 2026	
(i) Normal Cost amount	$ 942,596
(ii) Amortization amount	551,845
(iii) Total amount	1,494,441
(d) Additional Contribution	0
(e) Total	$ 1,494,441

* Excludes funding of Omaha Service Annuity

SECTION 6 – RISK CONSIDERATIONS

Actuarial Standards of Practice are issued by the Actuarial Standards Board and are binding on credentialed actuaries practicing in the United States. These standards generally identify what the actuary should consider, document and disclose when performing an actuarial assignment. In September 2017, Actuarial Standard of Practice Number 51, *Assessment and Disclosure of Risk in Measuring Pension Obligations*, (ASOP 51) was issued as final with application to measurement dates on or after November 1, 2018. This ASOP, which applies to funding valuations, actuarial projections, and actuarial cost studies of proposed plan changes, was first applicable for the July 1, 2019 actuarial valuation for the Nebraska School Retirement System (System).

A typical retirement plan faces many different risks, but the greatest risk is the inability to make benefit payments when due. If plan assets are depleted, benefits may not be paid which could create legal and litigation risk or the plan could become "pay as you go". The term "risk" is most commonly associated with an outcome with undesirable results. However, in the actuarial world, risk can be translated as uncertainty. ASOP 51 defines risk as the potential of actual future measurements to deviate from expected results due to actual experience that is different than the actuarial assumptions. The actuarial valuation process uses many actuarial assumptions to project how future contributions and investment returns will meet the cash flow needs for future benefit payments. Of course, we know that actual experience will not unfold exactly as anticipated by the assumptions and that uncertainty, whether favorable or unfavorable, creates risk.

The various risk factors for a given plan can have a significant impact – positive or negative – on the actuarial projection of liability and contribution rates.

There are a number of risks inherent in the funding of a defined benefit plan. These include:
- economic risks, such as investment return and price inflation;
- demographic risks such as mortality, payroll growth, aging population including impact of baby boomers, and retirement ages;
- contribution risk, i.e., the potential for contribution rates to be too high for the plan sponsor/employer to pay; and
- external risks such as the regulatory and political environment.

Although the external risks do exist, ASOP 51 does not require the actuary to opine on those risks, and so no discussion is included here.

Actual vs Actuarial required contributions

Prior to July 1, 2025, employees contributed a fixed contribution rate of 9.78% of pay and the School Districts contributed at a rate equal to 101% of the employees' rate. The State also contributed 2.00% of pay (1.00% of pay prior to July 1, 2014). The State is also required by Nebraska statutes to make additional contributions if the regular, payroll-related contributions are insufficient to meet the actuarial required contribution for the plan year. The additional State contribution for each plan year is made on the July 1 following the plan year-end. As the following

graph shows, contributions equal to or more than the full actuarial required contribution have been made in 17 of the last 20 years.
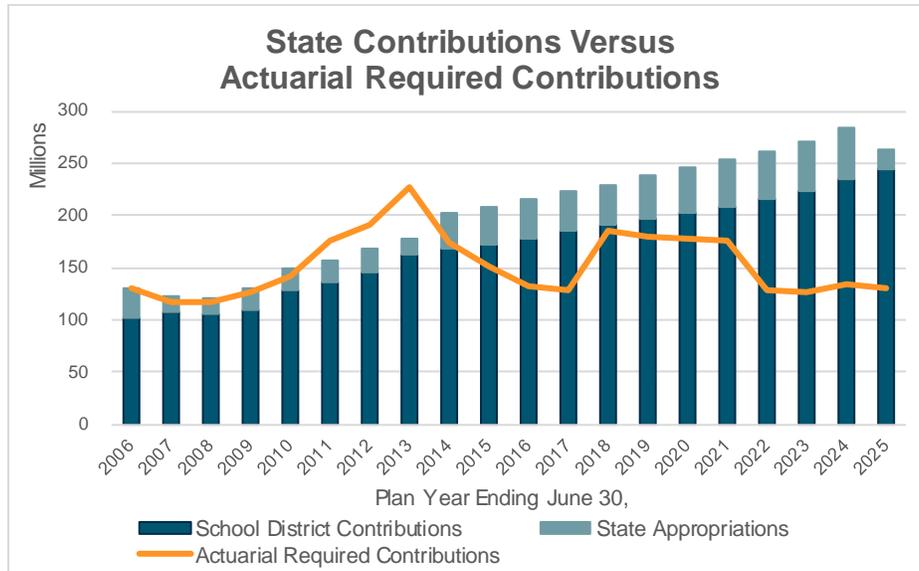
Due to the passage of LB 645 in the 2025 legislative session, contribution rates from the members, School Districts and the State will be calculated each year based on the System's funded ratio. Based on the funded status of the System in the current and the prior actuarial valuation reports, statutory contribution rates are currently 3.46% of pay above the actuarial required contribution rate (16.08% statutory versus 12.62% actuarial). There is a direct correlation between healthy, well-funded retirement plans and consistent contributions equal to or above the full actuarial required contribution rate each year. One of the positive factors regarding the funding of the School Retirement System is that contributions at least equal to the actuarial required contribution have been made in most years. As a result, the funded ratio of the System is strong and is expected to improve.

Investment Return Risk

The most significant risk factor for most public retirement systems, including the Nebraska School Retirement System, is investment return because of the volatility of returns and the size of plan assets compared to payroll (see Table 12). A perusal of historical returns over the last 20 years reveals that the actual returns each year are rarely close to the assumed return. This is to be expected, given the System's asset allocation, but it creates significant contribution risk (volatility). As Table 12 illustrates, a return that is lower than the 6.95% assumption by 10.00% (-3.05%) equates to 71% of payroll. Even with asset smoothing and amortization of the actuarial experience loss over 25 years, the impact on the actuarial required contribution rate is dramatic (4.50% once the experience is fully recognized).

Rate of Return on Assets
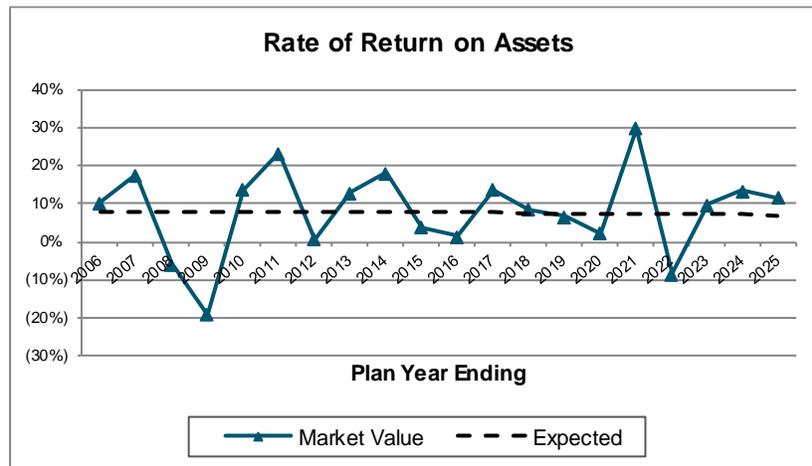
Under the revised Actuarial Standards of Practice (ASOP) No. 4 effective for valuations after February 15, 2023, we are required to include a low-default-risk obligation measure of the System's liability in our funding valuation report. This is an informational disclosure as described below and would not be appropriate for assessing the funding progress or health of the plan. This measure uses the unit credit cost method and reflects all the assumptions and provisions of the funding valuation except that the discount rate is derived from considering low-default-risk fixed income securities. We considered the FTSE Pension Discount Curve based on market bond rates published by the Society of Actuaries as of June 30, 2025 and with the 30-year spot rate used for all durations beyond 30. Using these assumptions, we calculate a liability of approximately $17.898 billion. This amount approximates the termination liability if the plan (or all covered employment) ended on the valuation date and all of the accrued benefits had to be paid with cash-flow matched bonds. This assurance of funded status and benefit security is typically more relevant for corporate plans than for governmental plans since governments rarely have the need or option to completely terminate a plan. However, this informational disclosure is required for all plans whether corporate or governmental and care should be taken to ensure the one size fits all metric is not misconstrued.

Contribution Risks

The July 1, 2025 valuation results indicate that the current statutory contribution rates are 3.46% above the actuarial required contribution rate, indicating a healthy contribution rate margin. The contribution margin assumes all actuarial assumptions will be met in the future, including the assumed investment return of 6.95% and phase-in over the next three years. To the extent the difference between the actual and expected investment experience is significant, the change in the actuarial required contribution rate is also expected to change significantly. The following table illustrates the unfavorable investment experience over various time periods that can be absorbed, if current contribution rates remain in place, without creating additional contributions by the State once the loss is fully recognized. All other assumptions are assumed to be met for purposes of this modeling.

Years	Return
1	-13.00%
2	-3.50%
3	-0.25%
4	1.50%
5	2.50%
10	4.50%

Demographic Risks

A key demographic risk for all retirement systems, including the Nebraska School Retirement System, is improvements in mortality (longevity) greater than anticipated. While the actuarial assumptions reflect small, continuous improvements in mortality experience over time and these assumptions are refined every experience study, the risk arises because there is a possibility of some sudden shift, perhaps from a significant medical breakthrough that could quickly increase liabilities. Likewise, there is some possibility of a significant public health crisis that could result in a significant number of additional deaths in a short time period, as experienced with Covid-19. This kind of event is significant, although more easily absorbed. While either of these events could happen, it represents a small probability and thus represents much less risk than the volatility associated with investment returns.

Finally, the unfunded actuarial accrued liability is amortized as a level percentage of payroll so the UAAL payment schedule reflects an increasing dollar amount of payments over time, in anticipation of increasing payroll. This creates demographic risk of the active membership decreasing or actual salary increases, and therefore payroll, not increasing as assumed. Because there are many different employers who participate in the School Retirement System, the risk of a significant decline in the active membership is likely small. However, some widespread outsourcing of jobs that are now covered by the System could have an adverse impact on the System's funding. In addition, lower salary increases than assumed will result in lower covered payroll. When that occurs, the UAAL contribution rate is higher than expected even if the dollar amount of the payment is the same as scheduled.

The following exhibits summarize some historical information that helps indicate how certain key risk metrics have changed over time. Many are due to the maturing of the retirement system.

TABLE 12

SCHOOL RETIREMENT SYSTEM

HISTORICAL ASSET VOLATILITY RATIOS

As a retirement system matures, the size of the market value of assets increases relative to the covered payroll of active members, on which the System is funded. The size of the plan assets relative to covered payroll, sometimes referred to as the asset volatility ratio, is an important indicator of the contribution risk for the System. The higher this ratio, the more sensitive a plan's contribution rate is to investment return volatility. In other words, it will be harder to recover from investment losses with increased contributions.

Actuarial Valuation Date	Market Value of Assets	Covered Payroll	Asset Volatility Ratio	Increase in ACR with a Return 10% Lower than Assumed*
July 1, 2006	$5,974,750,945	$1,247,684,378	4.79	3.04%
July 1, 2007	7,024,856,413	1,325,616,322	5.30	3.37%
July 1, 2008	6,578,300,402	1,389,124,819	4.74	3.01%
July 1, 2009	5,265,649,707	1,481,568,432	3.55	2.26%
July 1, 2010	5,940,401,645	1,543,930,532	3.85	2.45%
July 1, 2011	7,263,954,832	1,590,225,983	4.57	2.91%
July 1, 2012	7,246,311,781	1,593,184,929	4.55	2.89%
July 1, 2013	8,092,953,030	1,735,175,956	4.66	2.96%
July 1, 2014	9,450,981,723	1,774,679,549	5.33	3.39%
July 1, 2015	9,685,816,053	1,845,979,997	5.25	3.34%
July 1, 2016	9,698,584,810	1,901,967,362	5.10	3.24%
July 1, 2017	10,876,861,507	1,966,968,901	5.53	3.52%
July 1, 2018	11,636,298,903	2,027,180,460	5.74	3.65%
July 1, 2019	12,214,947,023	2,093,017,529	5.84	3.71%
July 1, 2020	12,285,736,650	2,151,720,793	5.71	3.63%
July 1, 2021	15,692,556,258	2,235,203,829	7.02	4.46%
July 1, 2022	14,142,759,710	2,291,057,398	6.17	3.92%
July 1, 2023	15,229,692,564	2,386,735,766	6.38	4.06%
July 1, 2024	16,940,205,391	2,505,948,138	6.76	4.30%
July 1, 2025	18,532,685,257	2,616,120,636	7.08	4.50%

Note: Years prior to July 1, 2013 were provided by the prior actuary.

*The impact of asset smoothing is not reflected in the impact on the Actuarial Contribution Rate (ACR). Current year assumptions are used for all years shown.

The assets at July 1, 2025 are about seven times payroll, so underperforming the investment return assumption by 10.00% (i.e., earn -3.05% for one year) creates an actuarial loss of about $1.85 billion, or 71% of payroll. While the actual impact in the first year is mitigated by the asset smoothing method and amortization of the UAAL, this illustrates the significant contribution risk associated with volatile investment returns.

TABLE 13

SCHOOL RETIREMENT SYSTEM

HISTORICAL CASH FLOWS

The net cash flow of a system (contributions minus benefit payments and expenses), as a percentage of the beginning of year asset value, indicates the sensitivity of the system to short-term investment returns. Mature plans can have large amounts of benefit payments compared to contributions, particularly if they are well funded. In fact, this is one reason for prefunding retirement benefits – so a portion of investment return can help to pay plan benefits. When there is negative cash flow, investment losses in the short-term are compounded by the net withdrawal from plan assets leaving a smaller asset base to try to recover from the investment losses. Large negative cash flow can also create liquidity needs for the system.

Year End	Market Value of Assets (MVA)	Contributions	Benefit Payments	Net Cash Flow	Net Cash Flow as a Percent of MVA
6/30/2006	$5,974,750,945	$234,369,665	$215,191,900	$19,177,765	0.32%
6/30/2007	7,024,856,413	232,011,299	242,625,499	(10,614,200)	(0.15%)
6/30/2008	6,578,300,402	229,163,204	273,432,511	(44,269,307)	(0.67%)
6/30/2009	5,265,649,707	241,497,984	300,771,337	(59,273,353)	(1.13%)
6/30/2010	5,940,401,645	280,280,640	320,509,700	(40,229,060)	(0.68%)
6/30/2011	7,263,954,832	295,505,322	351,083,806	(55,578,484)	(0.77%)
6/30/2012	7,246,311,781	316,058,643	391,133,707	(75,075,064)	(1.04%)
6/30/2013	8,092,953,030	343,844,729	427,885,060	(84,040,331)	(1.04%)
6/30/2014	9,450,981,723	372,524,092	466,161,224	(93,637,132)	(0.99%)
6/30/2015	9,685,816,053	384,302,638	502,190,816	(117,888,178)	(1.22%)
6/30/2016	9,698,584,810	395,138,678	528,499,067	(133,360,389)	(1.38%)
6/30/2017	10,876,861,507	410,111,907	554,369,720	(144,257,813)	(1.33%)
6/30/2018	11,636,298,903	422,723,237	587,984,401	(165,261,164)	(1.42%)
6/30/2019	12,214,947,023	435,737,807	626,500,723	(190,762,916)	(1.56%)
6/30/2020	12,285,736,650	449,965,787	660,565,238	(210,599,451)	(1.71%)
6/30/2021	15,692,556,258	463,280,489	692,620,210	(229,339,721)	(1.46%)
6/30/2022	14,142,759,710	478,492,080	736,680,306	(258,188,226)	(1.83%)
6/30/2023	15,229,692,564	495,102,587	785,743,620	(290,641,033)	(1.91%)
6/30/2024	16,940,205,391	517,382,234	830,169,641	(312,787,407)	(1.85%)
6/30/2025	18,532,685,257	507,116,402	875,336,437	(368,220,035)	(1.99%)

Note: Years prior to 6/30/2013 were provided by the prior actuary.

TABLE 14

SCHOOL RETIREMENT SYSTEM

LIABILITY MATURITY MEASUREMENTS

Most public sector retirement systems have been in operation for many years. As a result, they have aging plan populations, and in some cases declining active populations, resulting in an increasing ratio of retirees to active members (see Table 15) and a growing percentage of retiree liability (see table below). With more of the total liability residing with retirees, investment volatility has a greater impact on the funding of the system because it is more difficult to restore the system financially after losses occur when there is comparatively less payroll over which to spread costs.

Actuarial Valuation Date	Retiree Liability (a)	Total Actuarial Liability (b)	Retiree Percentage (a) / (b)
July 1, 2006	$2,476,199,326	$6,584,275,406	37.6%
July 1, 2007	2,721,307,439	7,070,308,583	38.5%
July 1, 2008	3,109,583,957	7,654,536,359	40.6%
July 1, 2009	3,265,413,786	8,092,339,318	40.4%
July 1, 2010	3,585,655,502	8,542,119,000	42.0%
July 1, 2011	3,947,029,052	9,039,744,995	43.7%
July 1, 2012	4,584,703,061	9,609,157,134	47.7%
July 1, 2013	4,878,220,586	9,984,898,998	48.9%
July 1, 2014	5,257,094,210	10,426,112,609	50.4%
July 1, 2015	5,518,660,659	10,778,303,637	51.2%
July 1, 2016	5,871,061,908	11,207,298,169	52.4%
July 1, 2017	6,471,922,158	12,466,139,649	51.9%
July 1, 2018	6,876,106,828	13,001,288,461	52.9%
July 1, 2019	7,197,476,633	13,435,710,270	53.6%
July 1, 2020	7,487,101,482	13,849,194,050	54.1%
July 1, 2021	7,969,759,950	14,279,493,188	55.8%
July 1, 2022	8,594,484,889	14,958,362,275	57.5%
July 1, 2023	9,038,547,855	15,648,095,303	57.8%
July 1, 2024	9,418,675,334	16,392,265,952	57.5%
July 1, 2025	9,896,605,420	17,292,069,116	57.2%

*Note: Years prior to July 1, 2013 were provided by the prior actuary.*

TABLE 15

SCHOOL RETIREMENT SYSTEM

ACTIVE AND RETIREE MEMBERSHIP

Valuation Date July 1,	Number of Active Members	Number of Retired Members	Active/ Retired
2006	36,414	13,727	2.65
2007	37,152	14,408	2.58
2008	37,832	15,339	2.47
2009	39,231	15,949	2.46
2010	39,764	16,912	2.35
2011	39,886	17,814	2.24
2012	39,477	19,097	2.07
2013	40,314	19,790	2.04
2014	40,462	20,889	1.94
2015	40,994	21,836	1.88
2016	41,443	22,857	1.81
2017	41,943	23,654	1.77
2018	42,349	24,486	1.73
2019	42,713	25,272	1.69
2020	43,177	26,184	1.65
2021	43,423	26,894	1.61
2022	43,586	28,094	1.55
2023	43,853	28,854	1.52
2024	44,613	29,408	1.52
2025	45,083	30,163	1.49

Note: Years prior to July 1, 2013 were provided by the prior actuary.

Number of Active Members per Benefit Recipients
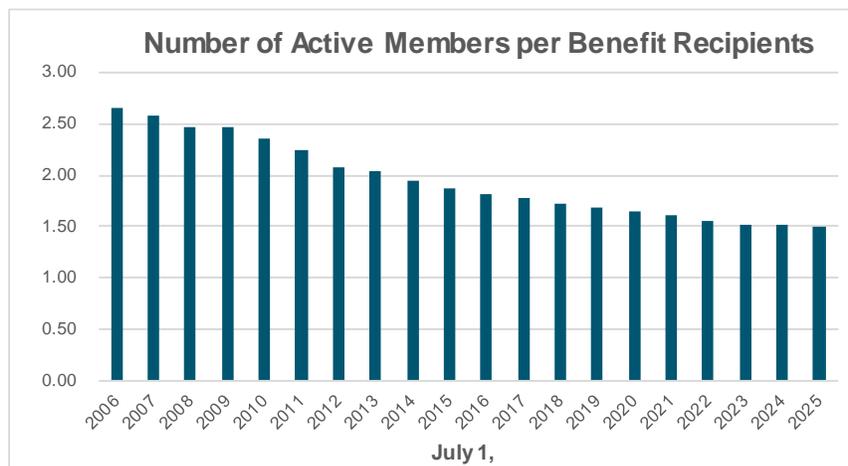
TABLE 16

SCHOOL RETIREMENT SYSTEM

COMPARISON OF VALUATION RESULTS UNDER ALTERNATE
INVESTMENT RETURN ASSUMPTIONS
($ in thousands)

This exhibit compares the key July 1, 2025 valuation results under five (5) different investment return assumptions to illustrate the impact of different assumptions on the funding of the System. Note that only the investment return assumption is changed, as identified in the heading below. All other assumptions are unchanged for purposes of this analysis.

Investment Return Assumption	6.50%	6.75%	6.95%	7.25%	7.50%
Actuarial Accrued Liability	$18,321,784	$17,738,273	$17,292,069	$16,655,081	$16,152,149
Actuarial Value of Assets	17,662,382	17,662,382	17,662,382	17,662,382	17,662,382
Unfunded Actuarial Accrued Liability*	$659,403	$75,891	($370,313)	($1,007,301)	($1,510,233)
Funded Ratio	96.40%	99.57%	102.14%	106.05%	109.35%
Contributions**					
Normal Cost Rate	14.87%	14.02%	13.38%	12.49%	11.81%
Administrative Expenses	0.16%	0.16%	0.16%	0.16%	0.16%
UAAL Amortization Rate	1.52%	0.17%	(0.92%)	(2.52%)	(3.87%)
Total Actuarial Required Contribution Rate	16.55%	14.35%	12.62%	10.13%	8.10%
Member Contribution Rate	(8.00%)	(8.00%)	(8.00%)	(8.00%)	(8.00%)
Employer Required Contribution Rate	(8.08%)	(8.08%)	(8.08%)	(8.08%)	(8.08%)
State Contribution Rate	0.70%	0.70%	0.00%	0.00%	0.00%
Contribution Shortfall/(Margin)	1.17%	(1.03%)	(3.46%)	(5.95%)	(7.98%)

Note: All other assumptions are unchanged for purposes of this sensitivity analysis.
*   May not add due to rounding.
** Contribution rates exclude State funding of Omaha Service Annuity.

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This section of the report provides a historical perspective on the System's funding and contribution practices, along with other information that may be of interest.

TABLE 17

SCHOOL RETIREMENT SYSTEM

HISTORICAL FUNDING INFORMATION

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a % of Covered Payroll [(b - a) / c]
June 30, 2006	$5,739,048,994	$6,584,275,406	$845,226,412	87.2%	$1,247,684,378	67.7%
June 30, 2007	6,396,336,863	7,070,308,583	673,971,720	90.5%	1,325,616,322	50.8%
June 30, 2008	6,932,918,638	7,654,536,359	721,617,721	90.6%	1,389,124,819	51.9%
June 30, 2009	7,007,581,825	8,092,339,318	1,084,757,493	86.6%	1,481,568,432	73.2%
June 30, 2010	7,040,908,599	8,542,119,000	1,501,210,401	82.4%	1,543,930,532	97.2%
June 30, 2011	7,267,497,259	9,039,744,995	1,772,247,736	80.4%	1,590,225,983	111.4%
June 30, 2012	7,358,964,135	9,609,157,134	2,250,192,999	76.6%	1,593,184,929	141.2%
June 30, 2013	7,703,084,507	9,984,898,998	2,281,814,491	77.1%	1,735,175,956	131.5%
June 30, 2014	8,622,023,999	10,426,112,609	1,804,088,610	82.7%	1,774,679,549	101.7%
June 30, 2015	9,485,594,650	10,778,303,637	1,292,708,987	88.0%	1,845,979,997	70.0%
June 30, 2016	10,045,925,478	11,207,298,169	1,161,372,691	89.6%	1,901,967,362	61.1%
June 30, 2017	10,810,539,558	12,466,139,649	1,655,600,091	86.7%	1,966,968,901	84.2%
June 30, 2018	11,545,658,962	13,001,288,461	1,455,629,499	88.8%	2,027,180,460	71.8%
June 30, 2019	12,130,496,836	13,435,710,270	1,305,213,434	90.3%	2,093,017,529	62.4%
June 30, 2020	12,692,545,458	13,849,194,050	1,156,648,592	91.6%	2,151,720,793	53.8%
June 30, 2021	13,909,828,154	14,279,493,188	369,665,034	97.4%	2,235,203,829	16.5%
June 30, 2022	14,721,451,378	14,958,362,275	236,910,897	98.4%	2,291,057,398	10.3%
June 30, 2023	15,423,950,275	15,648,095,303	224,145,028	98.6%	2,386,735,766	9.4%
June 30, 2024	16,377,345,821	16,392,265,952	14,920,131	99.9%	2,505,948,138	0.6%
June 30, 2025	17,662,381,832	17,292,069,116	(370,312,716)	102.1%	2,616,120,636	(14.2%)

Note: Information before 2013 was produced by the prior actuary.

TABLE 18

SCHOOL RETIREMENT SYSTEM

HISTORICAL FUNDING INFORMATION

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYERS
AND OTHER CONTRIBUTING ENTITIES

| Plan Year Ending | Actuarial Required Contributions* | | | Percent Contributed |
	School Districts	State	Total	
June 30, 2006	$102,089,105	$28,056,703	$130,145,808	100%
June 30, 2007	102,849,748	15,219,871	118,069,619	104%
June 30, 2008	101,368,968	15,832,941	117,201,909	104%
June 30, 2009	105,497,775	20,620,548	126,118,323	104%
June 30, 2010	121,277,758	21,380,352	142,658,110	105%
June 30, 2011	135,328,339	40,779,653	176,107,992	89%
June 30, 2012	145,582,040	45,866,350	191,448,390	88%
June 30, 2013	161,922,831	64,966,961	226,889,792	79%
June 30, 2014	138,544,708	34,703,519	173,248,227	117%
June 30, 2015	115,776,948	35,493,591	151,270,539	138%
June 30, 2016	94,929,605	36,919,600	131,849,205	163%
June 30, 2017	90,038,793	38,039,347	128,078,140	174%
June 30, 2018	145,340,830	39,339,378	184,680,208	125%
June 30, 2019	138,503,494	40,543,609	179,047,103	133%
June 30, 2020	136,474,726	41,860,351	178,335,077	137%
June 30, 2021	132,658,366	43,034,416	175,692,782	143%
June 30, 2022	84,649,368	44,704,077	129,353,445	202%
June 30, 2023	81,421,857	45,821,148	127,243,005	212%
June 30, 2024	86,830,655	47,734,715	134,565,370	210%
June 30, 2025	113,165,280	17,541,637	130,706,917	201%

* Excludes Omaha appropriations.

Note: Contribution information is consistent with that shown in the GASB 67 report prepared for the System.

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SCHOOL RETIREMENT SYSTEM

MEMBER DATA RECONCILIATION

	Active Members	Inactive Vested	Inactive Non-vested	Retirees and Beneficiaries	Disabled Members	Total
As of July 1, 2024	44,613	7,782	22,527	29,116	292	104,330
Changes in status						
a) Retirement	(1,081)	(320)	0	1,401	0	0
b) Death	(33)	(25)	(21)	(842)	(18)	(939)
c) Non-vested termination	(2,068)	0	2,068	0	0	0
d) Vested termination	(963)	963	0	0	0	0
e) Contribution refund	(710)	(300)	(941)	0	0	(1,951)
f) Beneficiary in receipt	0	0	0	281	(6)	275
g) Disability retirement	(1)	(5)	(1)	0	7	0
h) Return to active service	770	(230)	(540)	0	0	0
i) Expired benefit	0	0	0	(68)	0	(68)
j) Data adjustment	0	1	(1)	0	0	(3)
Total changes in status	(4,086)	84	564	772	(17)	(2,683)
New entrants	4,556	0	487	0	0	5,043
Net Change	470	84	1,051	772	(17)	2,360
As of July 1, 2025	45,083	7,866	23,578	29,888	275	106,690

SCHOOL RETIREMENT SYSTEM
SUMMARY OF MEMBERSHIP DATA

A. ACTIVE MEMBERS	July 1, 2025	July 1, 2024	% Change
1. Number of Active Members			
(a) Tier 1	17,397	18,623	(6.6%)
(b) Tier 2	6,076	6,382	(4.8%)
(c) Tier 3	1,703	1,838	(7.3%)
(d) Tier 4	19,907	17,770	12.0%
(e) Total	45,083	44,613	1.1%
2. Annual Reported Salary			
(a) Tier 1	$ 1,234,719,787	$ 1,262,105,001	(2.2%)
(b) Tier 2	344,530,673	339,114,749	1.6%
(c) Tier 3	87,183,955	87,835,282	(0.7%)
(d) Tier 4	806,394,883	681,578,983	18.3%
(e) Total	$ 2,472,829,298	$ 2,370,634,015	4.3%
3. Accumulated Contributions	$ 2,506,498,158	$ 2,334,821,742	7.4%
4. Active Member Averages			
(a) Age	44.2	44.3	(0.2%)
(b) Service	10.8	10.8	0.0%
(c) Annual Reported Salary	$ 54,851	$ 53,138	3.2%

B. INACTIVE MEMBERS			
1. Number of Inactive Members			
(a) System vested	7,866	7,782	1.1%
(b) System nonvested (refund only)	23,578	22,527	4.7%
(d) Total	31,444	30,309	3.7%
2. Accumulated Member Contributions (excluding Omaha)	$ 385,361,453	$ 352,446,257	9.3%
3. Inactive Member Averages (excluding Omaha)			
(a) Age (vesteds only)	50.8	50.9	(0.2%)
(b) Estimated Annual Benefits (vesteds only)	$ 8,676	$ 8,407	3.2%
(c) Accumulated member contributions	$ 12,255	$ 11,628	5.4%

C. RETIREES, DISABLEDS, AND BENEFICIARIES			
1. Number of Members			
(a) Retired	27,777	27,126	2.4%
(b) Disabled	275	292	(5.8%)
(c) Beneficiaries	2,111	1,990	6.1%
(d) Total	30,163	29,408	2.6%
2. Annual Benefits			
(a) Retired	$ 810,949,734	$ 770,162,986	5.3%
(b) Disabled	4,845,889	4,887,898	(0.9%)
(c) Beneficiaries	49,795,084	45,506,876	9.4%
(d) Total	$ 865,590,707	$ 820,557,760	5.5%

OMAHA SCHOOL EMPLOYEES
SUMMARY OF MEMBERSHIP DATA

A. ACTIVE MEMBERS	January 1, 2025	January 1, 2024	% Change
1. Number of Active Members	7,438	6,713	10.8%
2. Average Age	44.4	44.7	(0.7%)
3. Average Service	10.2	10.8	(5.6%)
B. INACTIVE VESTED MEMBERS			
1. Number of Inactive Members	1,587	1,622	(2.2%)
2. Average Age	47.1	46.4	1.5%
3. Average Service	9.8	9.8	0.0%

Note: Data was provided by the Omaha Schools Employee Retirement System (OSERS) for use in estimating the Service Annuity obligation. The data provided is from the most recent OSERS valuation.

ACTIVE MEMBERS
AS OF JULY 1, 2025

Total

	Count			Reported FY 2025 Earnings		
Age	Male	Female	Total	Male	Female	Total
24 & Under	449	1,605	2,054	$ 15,447,351	$ 50,602,042	$ 66,049,393
25-29	1,123	3,593	4,716	54,766,186	159,743,244	214,509,430
30-34	1,213	3,821	5,034	70,410,985	191,243,539	261,654,524
35-39	1,321	4,403	5,724	88,812,632	234,040,396	322,853,028
40-44	1,400	4,658	6,058	102,450,790	259,664,978	362,115,768
45-49	1,326	4,278	5,604	102,759,021	249,355,129	352,114,150
50-54	1,186	3,959	5,145	94,208,718	235,552,617	329,761,335
55-59	1,148	3,370	4,518	88,482,980	192,770,879	281,253,859
60-64	946	2,621	3,567	59,724,825	122,007,263	181,732,088
65 & Up	907	1,756	2,663	39,498,059	61,287,664	100,785,723
Total	11,019	34,064	45,083	$ 716,561,547	$ 1,756,267,751	$ 2,472,829,298

Count

Average Salary
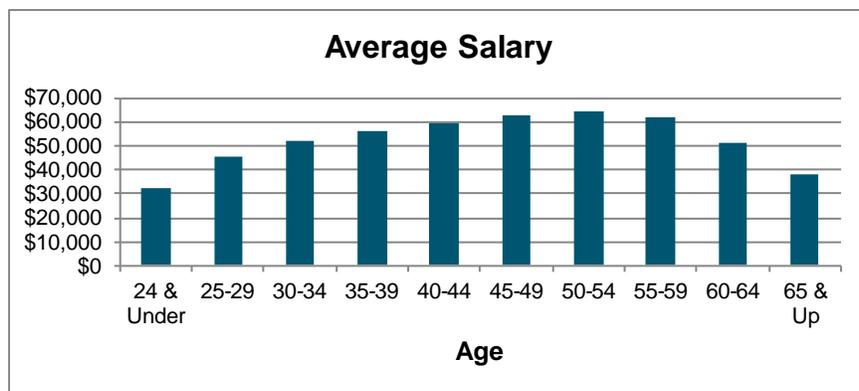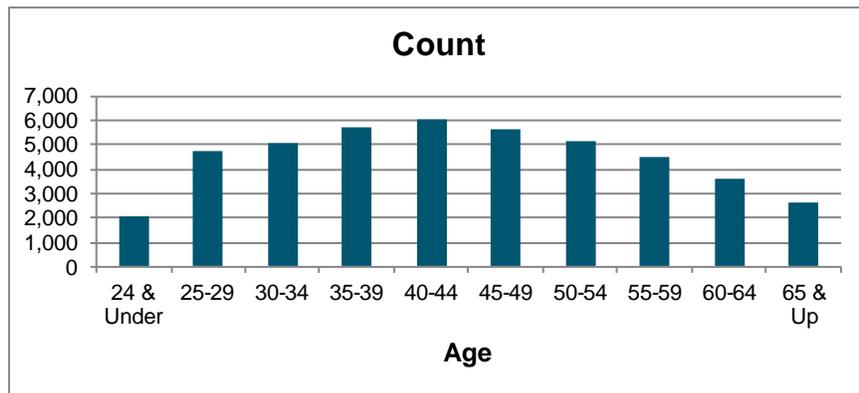
ACTIVE MEMBERS
AS OF JULY 1, 2025

Tier 1 Members

	Count			Reported FY 2025 Earnings		
Age	Male	Female	Total	Male	Female	Total
24 & Under	0	0	0	$ 0	$ 0	$ 0
25-29	0	0	0	0	0	0
30-34	7	36	43	478,740	1,750,663	2,229,403
35-39	418	1,351	1,769	32,729,855	92,667,026	125,396,881
40-44	794	2,217	3,011	66,853,485	160,218,004	227,071,489
45-49	821	2,302	3,123	72,720,690	169,521,555	242,242,245
50-54	782	2,442	3,224	71,566,699	173,542,592	245,109,291
55-59	734	2,235	2,969	66,344,995	148,781,947	215,126,942
60-64	475	1,628	2,103	36,040,016	86,845,947	122,885,963
65 & Up	313	842	1,155	18,008,359	36,649,214	54,657,573
Total	4,344	13,053	17,397	$ 364,742,839	$ 869,976,948	$ 1,234,719,787

Count

Average Salary
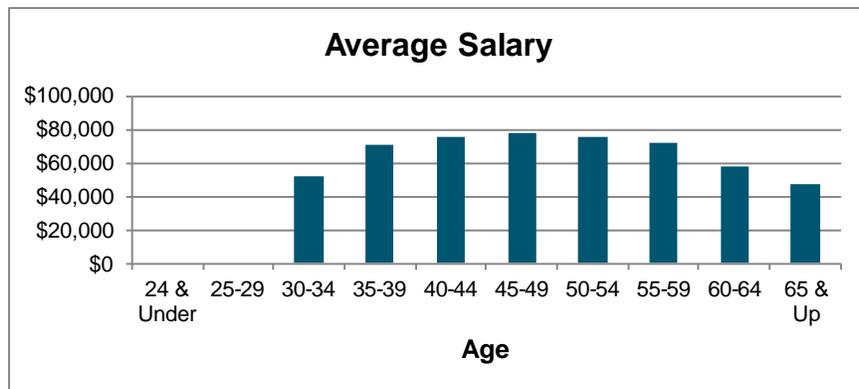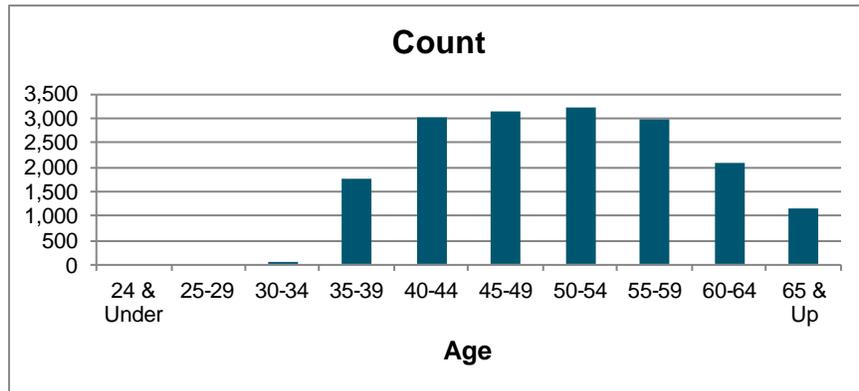
ACTIVE MEMBERS
AS OF JULY 1, 2025

Tier 2 Members

	Count			Reported FY 2025 Earnings		
Age	Male	Female	Total	Male	Female	Total
24 & Under	0	0	0	$ 0	$ 0	$ 0
25-29	5	32	37	209,318	1,364,661	1,573,979
30-34	361	1,199	1,560	24,274,751	71,920,334	96,195,085
35-39	438	1,078	1,516	31,177,385	66,482,624	97,660,009
40-44	182	550	732	12,845,644	29,596,325	42,441,969
45-49	121	530	651	8,660,533	25,506,832	34,167,365
50-54	105	461	566	7,207,451	21,759,941	28,967,392
55-59	88	306	394	5,690,894	13,605,507	19,296,401
60-64	94	245	339	4,874,443	9,304,227	14,178,670
65 & Up	104	177	281	4,651,309	5,398,494	10,049,803
Total	1,498	4,578	6,076	$ 99,591,728	$ 244,938,945	$ 344,530,673

Count

Average Salary
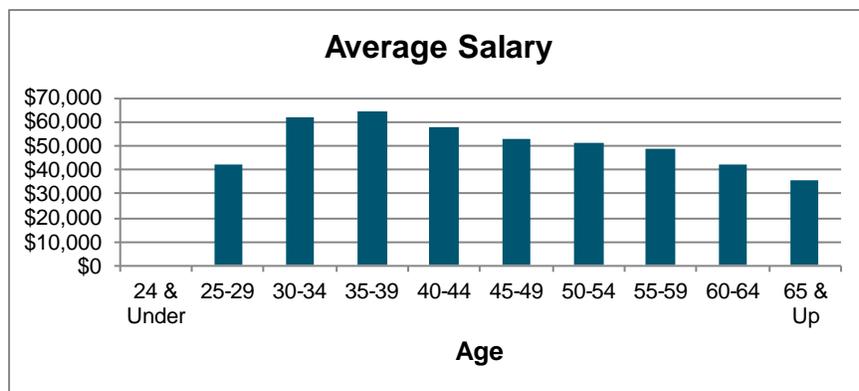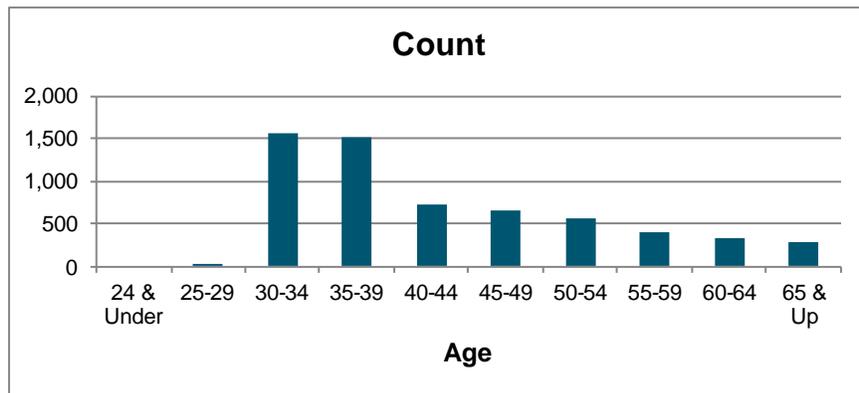
ACTIVE MEMBERS
AS OF JULY 1, 2025

Tier 3 Members

	Count			Reported FY 2025 Earnings		
Age	Male	Female	Total	Male	Female	Total
24 & Under	0	0	0	$ 0	$ 0	$ 0
25-29	16	38	54	675,457	1,705,008	2,380,465
30-34	147	497	644	9,351,759	27,772,514	37,124,273
35-39	54	157	211	3,298,870	8,626,200	11,925,070
40-44	38	144	182	2,479,917	6,910,124	9,390,041
45-49	37	129	166	2,306,440	5,569,157	7,875,597
50-54	24	123	147	1,397,974	5,188,089	6,586,063
55-59	23	82	105	1,266,082	3,380,250	4,646,332
60-64	31	57	88	1,791,685	2,302,847	4,094,532
65 & Up	42	64	106	1,394,856	1,766,726	3,161,582
Total	412	1,291	1,703	$ 23,963,040	$ 63,220,915	$ 87,183,955

Count

Average Salary
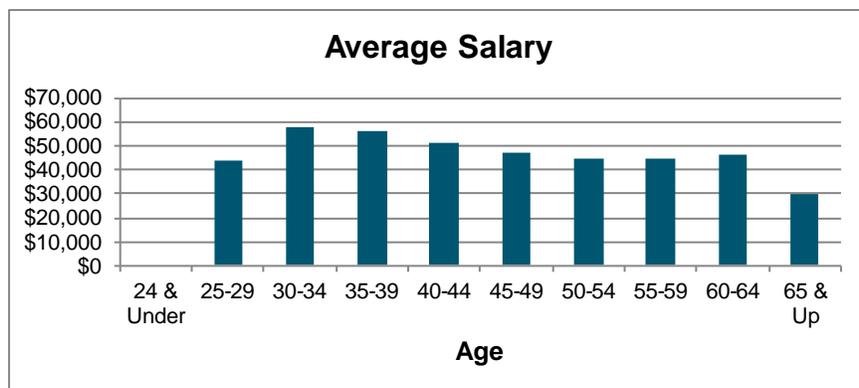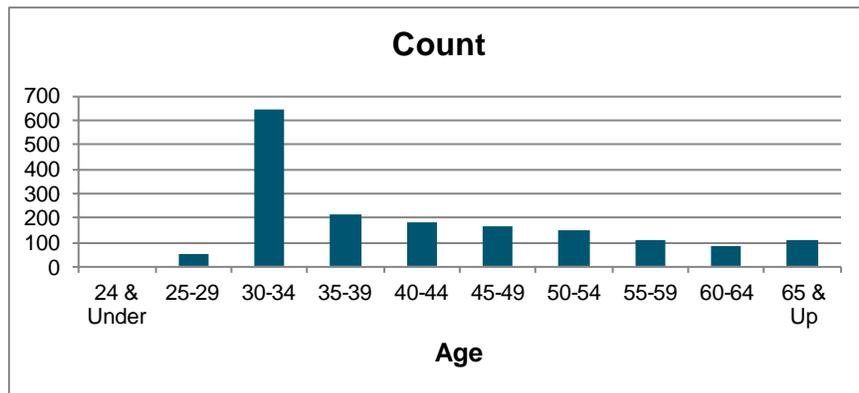
ACTIVE MEMBERS
AS OF JULY 1, 2025

Tier 4 Members

	Count			Reported FY 2025 Earnings		
Age	Male	Female	Total	Male	Female	Total
24 & Under	449	1,605	2,054	$ 15,447,351	$ 50,602,042	$ 66,049,393
25-29	1,102	3,523	4,625	53,881,411	156,673,575	210,554,986
30-34	698	2,089	2,787	36,305,735	89,800,028	126,105,763
35-39	411	1,817	2,228	21,606,522	66,264,546	87,871,068
40-44	386	1,747	2,133	20,271,744	62,940,525	83,212,269
45-49	347	1,317	1,664	19,071,358	48,757,585	67,828,943
50-54	275	933	1,208	14,036,594	35,061,995	49,098,589
55-59	303	747	1,050	15,181,009	27,003,175	42,184,184
60-64	346	691	1,037	17,018,681	23,554,242	40,572,923
65 & Up	448	673	1,121	15,443,535	17,473,230	32,916,765
Total	4,765	15,142	19,907	$ 228,263,940	$ 578,130,943	$ 806,394,883

Count

Average Salary
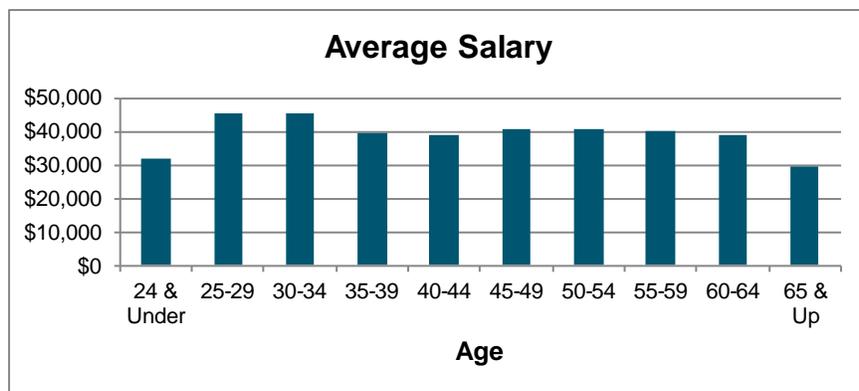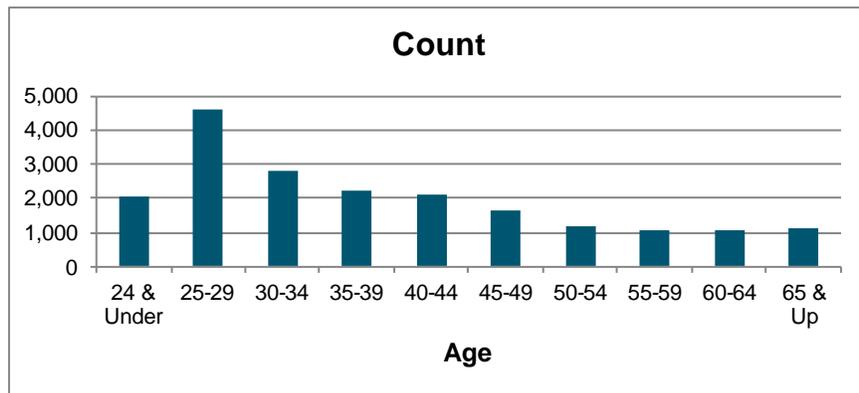
AGE AND SERVICE DISTRIBUTION
AS OF JULY 1, 2025

Age		0-4	5-9	10-14	15-19	20-24	25-29	30-34	Over 34	Total
24 & Under	Number	2,047	7	0	0	0	0	0	0	2,054
	Total Salary	$ 65,836,352	$ 213,041	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 66,049,393
	Average Sal.	$ 32,162	$ 30,434	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 32,156
25-29	Number	3,642	1,071	3	0	0	0	0	0	4,716
	Total Salary	$ 156,842,571	$ 57,587,959	$ 78,900	$ 0	$ 0	$ 0	$ 0	$ 0	$ 214,509,430
	Average Sal.	$ 43,065	$ 53,770	$ 26,300	$ 0	$ 0	$ 0	$ 0	$ 0	$ 45,485
30-34	Number	1,765	2,515	754	0	0	0	0	0	5,034
	Total Salary	$ 67,838,440	$ 144,744,476	$ 49,071,608	$ 0	$ 0	$ 0	$ 0	$ 0	$ 261,654,524
	Average Sal.	$ 38,435	$ 57,552	$ 65,082	$ 0	$ 0	$ 0	$ 0	$ 0	$ 51,977
35-39	Number	1,787	1,190	2,227	519	1	0	0	0	5,724
	Total Salary	$ 62,938,258	$ 65,893,291	$ 154,995,316	$ 38,980,571	$ 45,592	$ 0	$ 0	$ 0	$ 322,853,028
	Average Sal.	$ 35,220	$ 55,373	$ 69,598	$ 75,107	$ 45,592	$ 0	$ 0	$ 0	$ 56,403
40-44	Number	1,678	1,105	1,025	1,782	467	1	0	0	6,058
	Total Salary	$ 60,089,078	$ 55,905,523	$ 67,344,233	$ 139,958,622	$ 38,746,738	$ 71,574	$ 0	$ 0	$ 362,115,768
	Average Sal.	$ 35,810	$ 50,593	$ 65,702	$ 78,540	$ 82,969	$ 71,574	$ 0	$ 0	$ 59,775
45-49	Number	1,255	1,010	774	854	1,341	369	1	0	5,604
	Total Salary	$ 46,537,979	$ 49,756,583	$ 47,492,939	$ 63,771,662	$ 112,147,924	$ 32,329,220	$ 77,843	$ 0	$ 352,114,150
	Average Sal.	$ 37,082	$ 49,264	$ 61,360	$ 74,674	$ 83,630	$ 87,613	$ 77,843	$ 0	$ 62,833
50-54	Number	939	751	713	625	618	1,256	242	1	5,145
	Total Salary	$ 35,526,458	$ 34,563,479	$ 39,572,578	$ 41,125,990	$ 48,630,901	$ 107,641,772	$ 22,622,996	$ 77,161	$ 329,761,335
	Average Sal.	$ 37,834	$ 46,023	$ 55,502	$ 65,802	$ 78,691	$ 85,702	$ 93,483	$ 77,161	$ 64,094
55-59	Number	820	566	553	642	539	625	656	117	4,518
	Total Salary	$ 31,351,335	$ 25,392,061	$ 28,775,422	$ 38,232,097	$ 38,315,118	$ 49,913,412	$ 59,462,032	$ 9,812,382	$ 281,253,859
	Average Sal.	$ 38,233	$ 44,862	$ 52,035	$ 59,552	$ 71,086	$ 79,861	$ 90,643	$ 83,867	$ 62,252
60-64	Number	830	542	423	497	491	333	205	246	3,567
	Total Salary	$ 30,414,537	$ 23,372,074	$ 18,932,558	$ 24,935,560	$ 28,131,556	$ 20,935,575	$ 15,024,248	$ 19,985,980	$ 181,732,088
	Average Sal.	$ 36,644	$ 43,122	$ 44,758	$ 50,172	$ 57,294	$ 62,870	$ 73,289	$ 81,244	$ 50,948
65 & Up	Number	901	556	306	255	220	162	115	148	2,663
	Total Salary	$ 24,597,551	$ 18,016,458	$ 11,049,317	$ 10,766,981	$ 10,056,172	$ 8,468,319	$ 6,864,530	$ 10,966,395	$ 100,785,723
	Average Sal.	$ 27,300	$ 32,404	$ 36,109	$ 42,223	$ 45,710	$ 52,274	$ 59,692	$ 74,097	$ 37,847
Total	Number	15,664	9,313	6,778	5,174	3,677	2,746	1,219	512	45,083
	Total Salary	$ 581,972,559	$ 475,444,945	$ 417,312,871	$ 357,771,483	$ 276,074,001	$ 219,359,872	$ 104,051,649	$ 40,841,918	$ 2,472,829,298
	Average Sal.	$ 37,154	$ 51,052	$ 61,569	$ 69,148	$ 75,081	$ 79,883	$ 85,358	$ 79,769	$ 54,851

INACTIVE VESTED MEMBERS
AS OF JULY 1, 2025

	Count			Estimated Deferred Annual Benefits		
Age	Male	Female	Total	Male	Female	Total
24 & Under	0	0	0	$ 0	$ 0	$ 0
25-29	8	47	55	32,858	191,943	224,801
30-34	89	451	540	541,271	2,750,547	3,291,818
35-39	170	687	857	1,576,606	5,267,313	6,843,919
40-44	208	817	1,025	2,253,245	7,172,640	9,425,885
45-49	194	805	999	2,683,422	6,974,281	9,657,703
50-54	215	887	1,102	3,497,830	8,862,425	12,360,255
55-59	199	1,072	1,271	2,969,178	9,850,381	12,819,559
60-64	193	1,163	1,356	2,042,031	8,321,550	10,363,581
65 & Up	113	548	661	765,388	2,488,577	3,253,965
Total	1,389	6,477	7,866	$ 16,361,829	$ 51,879,657	$ 68,241,486

Count

Average Estimated Annual Benefit
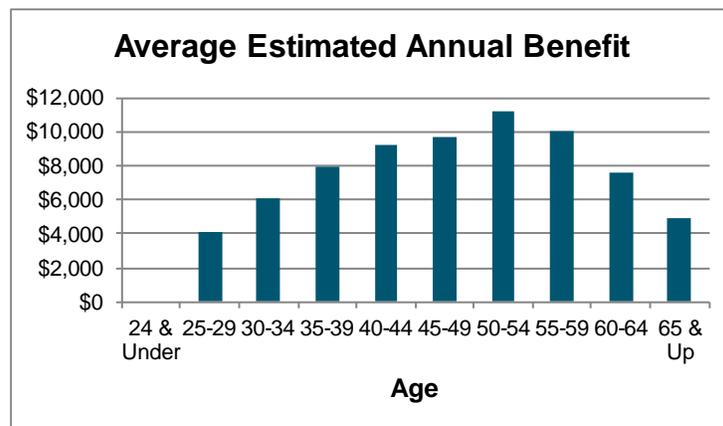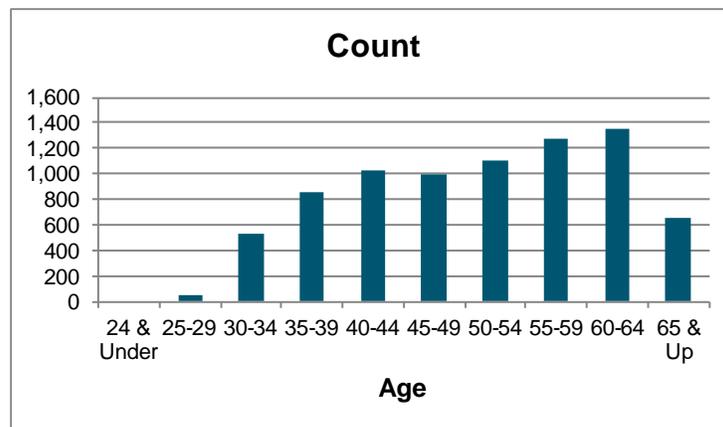
RETIRED MEMBERS
AS OF JULY 1, 2025

	Count				Annual Benefits		
Age	Male	Female	Total		Male	Female	Total
59 & Under	213	451	664		$ 11,995,301	$ 21,807,255	$ 33,802,556
60-64	625	1,685	2,310		29,623,835	62,490,147	92,113,982
65-69	1,302	4,229	5,531		46,894,566	116,525,869	163,420,435
70-74	1,714	5,214	6,928		60,408,905	142,348,792	202,757,697
75-79	1,831	4,293	6,124		65,098,403	112,543,191	177,641,594
80-84	1,130	2,368	3,498		37,123,980	48,713,547	85,837,527
85-89	508	1,269	1,777		15,285,881	23,280,736	38,566,617
90 & Over	216	729	945		5,337,308	11,472,018	16,809,326
Total	7,539	20,238	27,777		$ 271,768,179	$ 539,181,555	$ 810,949,734
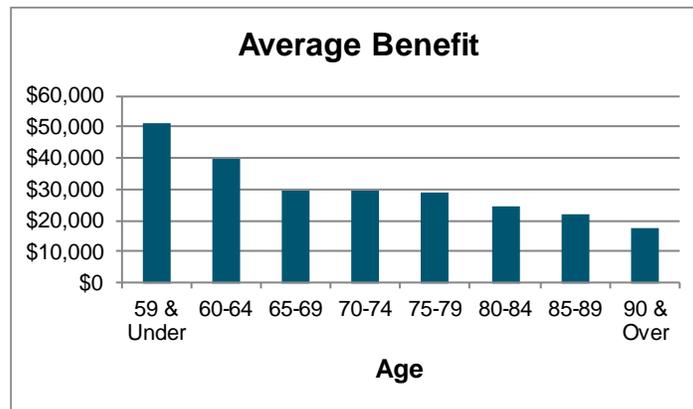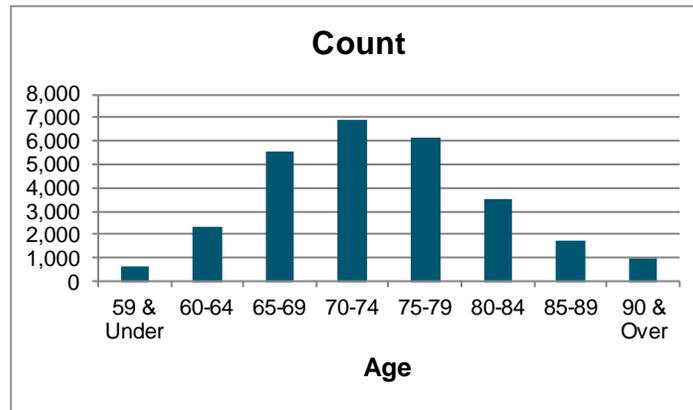
BENEFICIARIES RECEIVING BENEFITS
AS OF JULY 1, 2025

	Count			Annual Benefits		
Age	Male	Female	Total	Male	Female	Total
59 & Under	146	158	304	$ 1,734,697	$ 2,446,830	$ 4,181,527
60-64	52	81	133	1,007,215	1,760,880	2,768,095
65-69	96	89	185	1,692,511	2,245,094	3,937,605
70-74	127	199	326	2,758,253	5,273,901	8,032,154
75-79	161	253	414	3,536,086	7,192,145	10,728,231
80-84	134	238	372	2,831,157	7,308,986	10,140,143
85-89	61	184	245	1,221,632	5,594,379	6,816,011
90 & Over	27	105	132	472,706	2,718,612	3,191,318
Total	804	1,307	2,111	$ 15,254,257	$ 34,540,827	$ 49,795,084

Count

Average Benefit
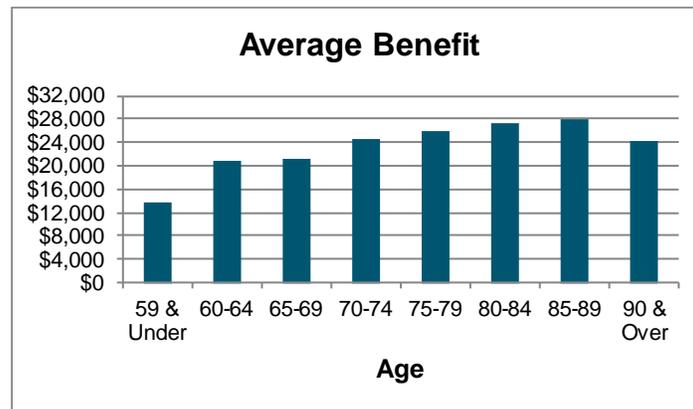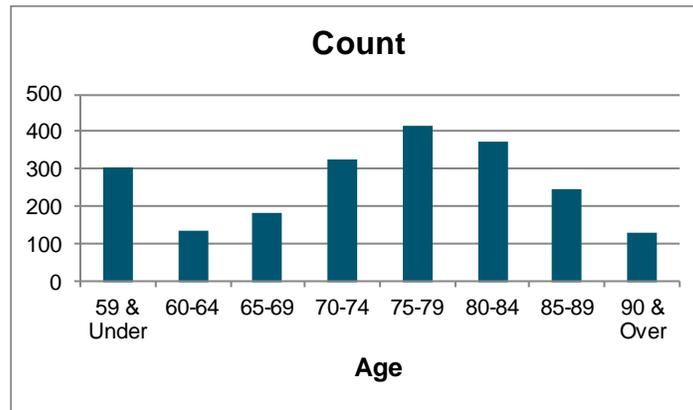
DISABLED MEMBERS
AS OF JULY 1, 2025

	Count				Annual Benefits		
Age	Male	Female	Total		Male	Female	Total
59 & Under	6	39	45	$	226,938	$ 686,464	$ 913,402
60-64	8	32	40		185,745	588,269	774,014
65-69	20	30	50		242,223	467,227	709,450
70-74	13	49	62		243,566	971,163	1,214,729
75-79	15	23	38		201,458	363,343	564,801
80-84	8	13	21		157,548	193,326	350,874
85-89	3	10	13		47,553	183,470	231,023
90 & Over	0	6	6		0	87,596	87,596
Total	73	202	275		$ 1,305,031	$ 3,540,858	$ 4,845,889
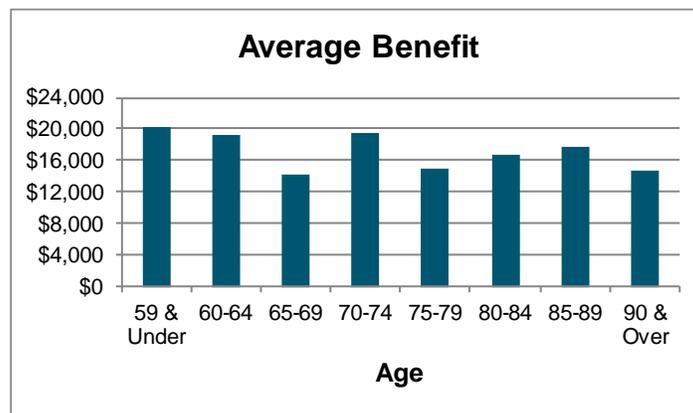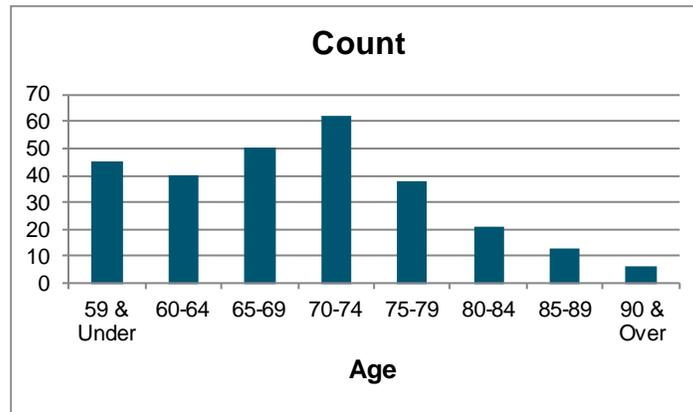
Count

Average Benefit

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Member	Any person employed by a public school 20 or more hours per week shall be a member of the system. Employees at the date of establishment could have elected not to participate, and those covered under another system do not participate. The Tier Two benefit structure covers members joining the System on or after July 1, 2013, but before July 1, 2017. The Tier Three benefit structure covers members joining the System on or after July 1, 2017, but before July 1, 2018. The Tier Four benefit structure covers members joining the System on or after July 1, 2018.
Participation Date	Date of becoming a member.
Definitions	
Final average earnings	The average of the three highest twelve-month periods of service during the period ending on the earlier of the participant's termination date or retirement date. For employees who become a member on or after July 1, 1996, earnings will be capped at the maximum earning defined in Code 401(a) (17). For Tier Two, Three and Four members, it is the average of the five highest twelve-month periods of service.
Fiscal year	Twelve-month period ending June 30.
Contributions	Prior to July 1, 2025, members contributed 9.78% of pay and the School Districts contributed at a rate equal to 101% of the members' rate. The State also contributed 2% of pay (1% of pay prior to July 1, 2014).
	Starting July 1, 2025, contributions rates are set each year in accordance with the System's funded ratio as of the most recent actuarial valuation. Please see the table below:

Funded Ratio:	Less Than 96%	Between 96% and 98%	Between 98% and 100%	100% and Above
Members	9.75%	8.75%	8.00%	7.25%
School Districts	9.85%	8.84%	8.08%	7.32%
State	2.00%	0.70%	0.70%	0.00%

Member contributions are credited with interest based on the 1-year Treasury yield curve on July 1 of each year, as determined by State Statutes.

Monthly pension benefit	The greater of (1) or (2).

(1) Amount: A monthly benefit equal to the sum of:

    (a) A savings annuity which is the actuarial equivalent of the member's accumulated contributions, and
    (b) A service annuity equal to $3.50 per year of service.

(2) Amount: Members employed by a class I, II, III, IV, VI School District may receive a formula annuity. The formula annuity is a monthly amount equal to the product of 2.00% of final average earnings times total years of service for those members who are employed on or after July 1, 2001.

To receive this benefit, retirement must occur after attaining age 65 or meeting the Rule of 85 requirements (minimum age is 55 for Tier One, Two and Three members and 60 for Tier Four members).

An automatic annual cost-of-living adjustment (COLA) equal to the change in the CPI-W index, with a maximum increase of 2.5% in any one year is provided for current and future retirees. Also provided is a minimum floor benefit equal to 75% of the purchasing power of the original benefit. For Tier Two, Three and Four members, who are hired on or after July 1, 2013, an automatic cost-of-living adjustment (COLA) equal to the change in the CPI-W index, not to exceed 1.0% in any one year. No purchasing power COLA applies.

Normal Retirement Date (NRD): First of month coinciding with or next following the attainment of age 65 and one-half year of service.

Service: Length of service includes all service as a school employee for which contributions have been made. This service only includes years for which the member was employed on at least a half-time basis, and includes declared emergency service in the armed forces, provided certain conditions are met. Special provisions allow credit for service prior to 1945 and for up to ten years of service in another State upon payment of the actuarial cost of the additional benefit granted.

Pensionable pay: Gross earnings subject to contributions.

Eligibility for Benefits

Deferred vested	Termination for reasons other than death or disability retirement after completing five years of service.
Disability retirement	Retirement by reason of disability.
Early retirement	Retirement before NRD, as well as one of the following criteria:

1. Attaining age 60 and completing 5 years of service,
2. Attaining 35 years of service regardless of age,
3. For members hired before July 1, 2018, attaining age 55 and age plus service equals at least 85 (Rule of 85).
4. For members hired on or after July 1, 2018, attaining age 60 and age plus service equals at least 85 (Rule of 85).

Normal retirement	Retire on NRD.
Postponed retirement	Retire after NRD.
Pre-retirement spouse benefit	Death prior to retirement.

Monthly Benefits Payable

Normal retirement	Monthly pension benefit determined as of NRD.
Early retirement	Monthly pension benefit determined as of early retirement date, reduced by 3% for each year that commencement of payment precedes age 65 (members must be age 60 with five years of service). Unreduced benefits are available to members who have met the applicable criteria for the Rule of 85. Benefits payable upon retirement prior to age 60 (based on the 35 year service rule) are actuarially reduced from age 65. The service annuity is a life annuity actuarially reduced before age 65. Actuarial reductions are based on the 1994 Group Annuity Mortality Table, 75% female, 25% male and 8% interest for members hired prior to July 1, 2017. For members hired on or after July 1, 2017, the Public Employees Retirement Board sets the actuarial assumptions used for actuarial reductions, with guidance from the System's actuary.
Postponed retirement	Monthly pension benefit determined as of actual retirement date.

Termination with deferred vested benefit	Monthly pension benefit determined as of termination date, reduced by 3% for each year that commencement of payment precedes age 65 (Early Commencement requires attainment of age 60).
Disability retirement	Monthly pension benefit determined as of disability retirement date.
Death with pre-retirement benefits	Survivor portion of 100% Joint and Survivor Annuity paid to spouse assuming retirement by member at death if the member is age 65 or has 20 years of service at death. If the member has met the 5-year vesting service requirement, has less than 20 years of service and is under age 65, the spouse may choose between the following two options:

(1) a lump sum equal to the member's contributions with interest plus 101% of the member's contributions with interest, and

(2) an annuity which equals the survivor portion of the 100% Joint and Survivor value of the member's accrued benefit, payable immediately, reduced for commencement before age 65 and the 100% joint and survivor form of payment.

Forms of payment	Pre-retirement death benefits are payable only as described above.

Monthly pension benefits are paid under the form of payment elected by the retiree at retirement. Payment forms include: life annuity, 50% joint and survivor annuity, 75% joint and survivor annuity (spouse only), 100% joint and survivor annuity (spouse only), 5-year certain and life annuity, 10-year certain and life annuity, 15-year certain and life annuity, or a modified cash refund annuity. The normal form of payment for the formula annuity is a 5-year certain and life annuity.

For members hired on or after July 1, 2017, the Public Employee Retirement Board sets the actuarial assumptions used to determine the benefit amounts payable under optional forms of payment, with guidance from the System's actuary.

Funding Arrangement

Legislation enacted in 2002 created the School Retirement Fund. Balances existing on June 30, 2002 in the School Employers Deposit Account, the School Employees Savings Account, the Service Annuity Account, the Annuity Reserve Account, and the School Employees Retirement System Reserve Fund (RSRF) shall be combined and transferred into the School Retirement Fund.

There are four funds established in the State Treasury, which receive monies and pay the expenses and benefits of the retirement system, as follows:

1. School Retirement Fund – receives required deposits of the employers, the State, and employees. Upon retirement, the fund pays all savings annuities, service annuities, and formula annuities.

2. Contingent Account – receives all interest, dividends, and miscellaneous income, pays all regular interest allocated to the other accounts or funds, and meets any deficiencies occurring in the other accounts or funds.

3. Expense Fund – pays all expenses connected with the operation and administration of the system, and receives annual contributions to cover anticipated expenses.

4. Omaha Service Annuity Fund – pays service annuity benefits to Omaha members.

Benefits Reflected in Valuation

All benefits were valued, including future cost-of-living increases granted by statute.

Plan Provisions Effective after July 1, 2025

No future changes in plan provisions were recognized in determining the funded status or in determining the sufficiency of statutory contribution levels.

Changes in Plan Provisions Since the Prior Year

The 2025 Legislature passed LB 645, which provides for contribution rates for members, School Districts and the State that vary based on the actuarial funded status of the System, effective July 1, 2025.

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A. ACTUARIAL METHODS

1. **Calculation of Normal Cost and Actuarial Accrued Liability:** The method used to determine the normal cost and actuarial accrued liability was the Entry Age Actuarial Cost Method described below.

Entry Age Actuarial Cost Method

The actuarial cost method is a procedure for allocating the actuarial present value of pension benefits and expenses to time periods. The method used for the valuation is known as the Entry Age Normal actuarial cost method and has the following characteristics:

(i)   The annual normal costs for each individual active participant are sufficient to accumulate the value of the participant's pension at the time of retirement.

(ii)   Each annual normal cost is a constant percentage of the participant's year-by-year projected covered compensation.

The Entry Age Normal actuarial cost method allocates the actuarial present value of each participant's projected benefits on a level basis over the participant's expected pensionable compensation between the participant's entry age and their assumed exit age (currently age 80).

The portion of the actuarial present value allocated to the valuation each year is called the normal cost. The portion of the actuarial present value in excess of the actuarial present value of future normal costs is called actuarial accrued liability.

The actuarial accrued liability under this method at any point in time is the theoretical amount of the fund that would have been accumulated had annual contributions equal to the normal cost been made in prior years (it does not represent the liability for benefits accrued to the valuation date). The unfunded actuarial accrued liability is the excess of the actuarial accrued liability over the actuarial value of plan assets measured on the valuation date. Under this Entry Age method, experience gains or losses, i.e., decreases or increases in accrued liabilities attributable to deviations in experience from the actuarial assumptions, adjust the unfunded actuarial accrued liability.

The unfunded actuarial accrued liability is amortized using the "layered" approach. Changes in the unfunded actuarial accrued liability due to assumption changes or actuarial experience gains/losses are amortized over separate 25-year amortization bases, each with their own individual payment schedules, beginning June 30, 2021 and after. If the UAAL is less than or equal to zero, then all prior bases shall be considered fully funded and the UAAL shall be amortized over a 25-year period as of the actuarial valuation date.

The UAAL amortization payment schedules are determined using the level percent of payroll methodology, where payments escalate annually with the assumed increase in payroll growth.

2. **Calculation of the Actuarial Value of Assets:** The actuarial value of assets is based on a five-year smoothing method and is determined by spreading the effect of each year's investment return in excess of or below the expected return. The market value of assets as the valuation date is reduced by the sum of the following:

   i.   80% of the return to be spread during the first year preceding the valuation date,
   ii. 60% of the return to be spread during the second year preceding the valuation date,
   iii. 40% of the return to be spread during the third year preceding the valuation date, and
   iv. 20% of the return to be spread during the fourth year preceding the valuation date.

The return to be spread is the difference between (1) the actual investment return on market value of assets and (2) the expected return of actuarial value of assets. Effective July 1, 2000, the expected return on actuarial value of assets includes interest on the previous year's unrecognized return.

B. **VALUATION PROCEDURES**

   Data Procedures

   Salaries for first year members are annualized by NPERS and reflected in the Calculated Salary field in the census data. This is used in the valuation process for new members. For continuing active members, the Accumulated Salary field from the data, representing the actual salary earned in the prior fiscal year, is used in the valuation process.

   Active members who are missing a date of birth on their record are assumed to have been hired at age 35.

   Members who are missing a gender are assumed to be female.

   Other Valuation Procedures

   The compensation amounts used in the projection of benefits and liabilities for active members were prior plan year compensations. Salary increases are assumed to apply to annual amounts.

Projected benefits were limited by the dollar limitation required by the Internal Revenue Code Section 415 as it applies to governmental plans and compensation limited by Section 401(a)(17).

Decrements are assumed to occur mid-year, except that immediate retirement is assumed for those who are at or above the age at which retirement rates are 100%. Standard adjustments are made for multiple decrements.

No actuarial accrued liability is included for participants who terminated without being vested prior to the valuation date, except those due a refund of contributions.

Changes in Methods and Procedures since the Prior Year

There have been no changes to the methods and procedures since the prior year.

APPENDIX C – SUMMARY OF ACTUARIAL ASSUMPTIONS

ACTUARIAL ASSUMPTIONS

Economic Assumptions

1. Investment Return

6.95% per annum, compounded annually, net of expenses.

Note: The assumption will decrease each year until reaching the ultimate rate of 6.75% in the 2028 valuation.

2. Inflation

2.35% per annum, compounded annually

3. Salary Increases

Rates vary by service. Sample rates are as follows:

| Years | Rates by Service | | | |
	Inflation	Productivity	Merit	Total
1	2.35%	0.60%	10.00%	12.95%
2	2.35	0.60	5.00	7.95
3	2.35	0.60	4.50	7.45
4	2.35	0.60	3.50	6.45
5	2.35	0.60	3.00	5.95
6	2.35	0.60	3.00	5.95
7	2.35	0.60	2.75	5.70
8	2.35	0.60	2.50	5.45
9	2.35	0.60	2.25	5.20
10	2.35	0.60	2.00	4.95
11	2.35	0.60	1.75	4.70
12	2.35	0.60	1.50	4.45
13	2.35	0.60	1.30	4.25
14	2.35	0.60	1.15	4.10
15	2.35	0.60	1.05	4.00
16	2.35	0.60	0.95	3.90
17	2.35	0.60	0.85	3.80
18	2.35	0.60	0.75	3.70
19	2.35	0.60	0.65	3.60
20	2.35	0.60	0.55	3.50
21	2.35	0.60	0.45	3.40
22	2.35	0.60	0.35	3.30
23	2.35	0.60	0.25	3.20
24-39	2.35	0.60	0.15	3.10
40+	2.35	0.60	0.00	2.95

4. Payroll Growth

2.85% per annum

5. Investment on Employee Contributions	2.50% per annum compounded annually.
6. Increase in Compensation And Benefit Limits	2.35% per annum on the 401(a)(17) compensation limit and 415 benefit limit

Demographic Assumptions

1. Mortality

a. Healthy lives - Active members	Pub-2010 General Members (Above Median) Employee Mortality Table (100% of male rates, 95% of female rates), both male and female rates set back one year, projected generationally using MP-2019 modified to 75% of the ultimate rates.
b. Healthy lives – Retired members	Pub-2010 General Members (Above Median) Retiree Mortality Table (100% of male rates, 95% of female rates), both male and female rates set back one year, projected generationally using MP-2019 modified to 75% of the ultimate rates.
c. Healthy lives – Beneficiaries	Pub-2010 General Members (Above Median) Contingent Survivor Mortality Table (100% of male rates, 95% of female rates), both male and female rates set back one year, projected generationally using MP-2019 modified to 75% of the ultimate rates.
d. Disabled lives	Pub-2010 Non-Safety Disabled Retiree Mortality Table (static table).

e. Healthy mortality rates and life expectancies are shown below at sample ages:

Sample Age	Pre-retirement Mortality Mortality Rate (Base Rates)	
	Males	Females
20	0.04%	0.01%
30	0.04	0.01
40	0.07	0.03
50	0.11	0.06
60	0.27	0.16

	Post-retirement Mortality	
	Mortality Rate (Base Rates)	
Sample Age	Males	Females
50	0.11%	0.06%
60	0.53	0.35
70	1.17	0.80
80	3.60	2.60
90	11.73	9.07

	Projection Scale – Post-retirement Mortality					
	Scale (2020)		Scale (2030)		Scale (2040)	
Sample Age	Males	Females	Males	Females	Males	Females
50	0.0004	0.0030	0.0026	0.0036	0.0075	0.0075
60	0.0004	-0.0041	0.0063	0.0069	0.0075	0.0075
70	0.0017	0.0052	0.0069	0.0063	0.0075	0.0075
80	0.0067	0.0061	0.0066	0.0070	0.0075	0.0075
90	0.0048	0.0032	0.0067	0.0067	0.0069	0.0069

f. Disabled mortality rates and life expectancies are shown below at sample ages:

Sample Age	Males	Females
30	0.35%	0.26%
40	0.65	0.63
50	1.61	1.48
60	2.50	1.96
70	3.90	2.86
80	7.35	6.01

2. Retirement

Rates vary by age and eligibility for benefits.
Rates are as follows:

Retirement Rates When Eligible for Unreduced Benefits	
Age	**Rate**
<56	15%
56	22
57-61	18
62-64	24
65	30
66-67	40
68-76	30
77-79	25
80	100

Retirement Rates When Eligible for Reduced Benefits	
Age	**Rate**
60	5%
61	6
62	8
63	10
64	12

3. Termination

Rates vary by service.
Sample rates are as follows:

Rates by Service		
Years	**Male**	**Female**
<1	27.5%	31.7%
1	17.0	16.0
5	6.0	7.5
10	3.5	4.5
15	2.3	3.0
20	1.0	1.8
25+	1.0	1.0

4. Disability

Rates vary by age.
Sample rates are as follows:

Age	Male	Female
Under 35	0.00%	0.00%
35	0.02	0.01
40	0.02	0.01
45	0.03	0.03
50	0.05	0.04
55	0.07	0.06
60	0.10	0.08

Other Assumptions

1. Form of Payment

Service annuity – Life annuity
Formula annuity – Five year certain and life annuity.

Members who terminated vested are assumed to take a refund of contributions if it is more valuable than their deferred benefit.

For members who die with between 5 and 20 years of service before reaching age 65, their surviving spouse is assumed to take the lump sum benefit if it is more valuable than the annuity.

For inactive vested members who die with between 5 and 20 years of service before reaching age 65, their surviving spouse is assumed to take the lump sum benefit.

2. Actuarial Equivalence Basis for Members Hired After July 1, 2017
   a. Interest
   b. Mortality

6.95%

Pub-2010 General members (Above Median) Retiree Mortality Table (100% of male rates, 95% of female rates), both male and female rates set back one year, projected to 2040 using MP-2019 modified to 75% of the ultimate rates using a 30% male, 70% female blend.

3. Marital Status
    a. Percent married   85% married
    b. Spouse's age   Females assumed to be two years younger than males.

4. Administrative Expense   0.16% of covered payroll

5. Commencement age for deferred   Age 64
    vested benefit

6. Cost of Living Adjustment   Service annuity – None

    Formula annuity – 2.00% per annum, compounded annually, for members hired before July 1, 2013.

    1.00% per annum, compounded annually, for members hired on or after July 1, 2013.

7. State Contribution   State contributions for the current plan year are assumed to be contributed in a lump sum on the July 1 following the plan year end. These amounts from the prior plan year are treated as a contribution receivable on the plan's financial statements.

8. Member Contributions   For purposes of estimating future refunds of contributions, members are assumed to contribute 8.00% of pay after July 1, 2025.

Changes in Assumptions since the Prior Year

At their meeting on March 17, 2025, the Public Employees Retirement Board adopted a new set of actuarial assumptions, based on the recommendations in the 2024 experience study. The change to the investment return assumption will be phased in over a four-year period, beginning with the July 1, 2025 valuation. Below is a summary of the key assumption changes in this valuation:

- Investment return assumption was lowered from 7.00% to 6.95% (6.75% ultimately).
- The productivity assumption for salary increases was increased by 0.10%.
- Retirement rates for active members were adjusted to partially reflect observed experience.
- Termination rates for active members were adjusted to partially reflect observed experience.

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Actuarial Accrued Liability   The difference between the actuarial present value of system benefits and the actuarial value of future normal costs. Also referred to as "accrued liability" or "actuarial accrued liability".

Actuarial Assumptions   Estimates of future experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.

Accrued Service   Service credited under the system which was rendered before the date of the actuarial valuation.

Actuarial Equivalent   A single amount or series of amounts of equal actuarial value to another single amount or series of amounts, computed on the basis of appropriate assumptions.

Actuarial Cost Method   A mathematical budgeting procedure for allocating the dollar amount of the actuarial present value of retirement system benefit between future normal cost and actuarial accrued liability. Sometimes referred to as the "actuarial funding method".

Experience Gain (Loss)   The difference between actual experience and actuarial assumptions anticipated experience during the period between two actuarial valuation dates.

Actuarial Present Value   The amount of funds currently required to provide a payment or series of payments in the future. It is determined by discounting future payments at predetermined rates of interest and by probabilities of payment.

Amortization   Paying off an interest-discounted amount with periodic payments of interest and principal, as opposed to paying off with lump sum payment.

Normal Cost   The actuarial present value of retirement system benefits allocated to the current year by the actuarial cost method.

Unfunded Actuarial Accrued Liability

The difference between actuarial accrued liability and the valuation assets. Sometimes referred to as "unfunded actuarial accrued liability" or "unfunded accrued liability.