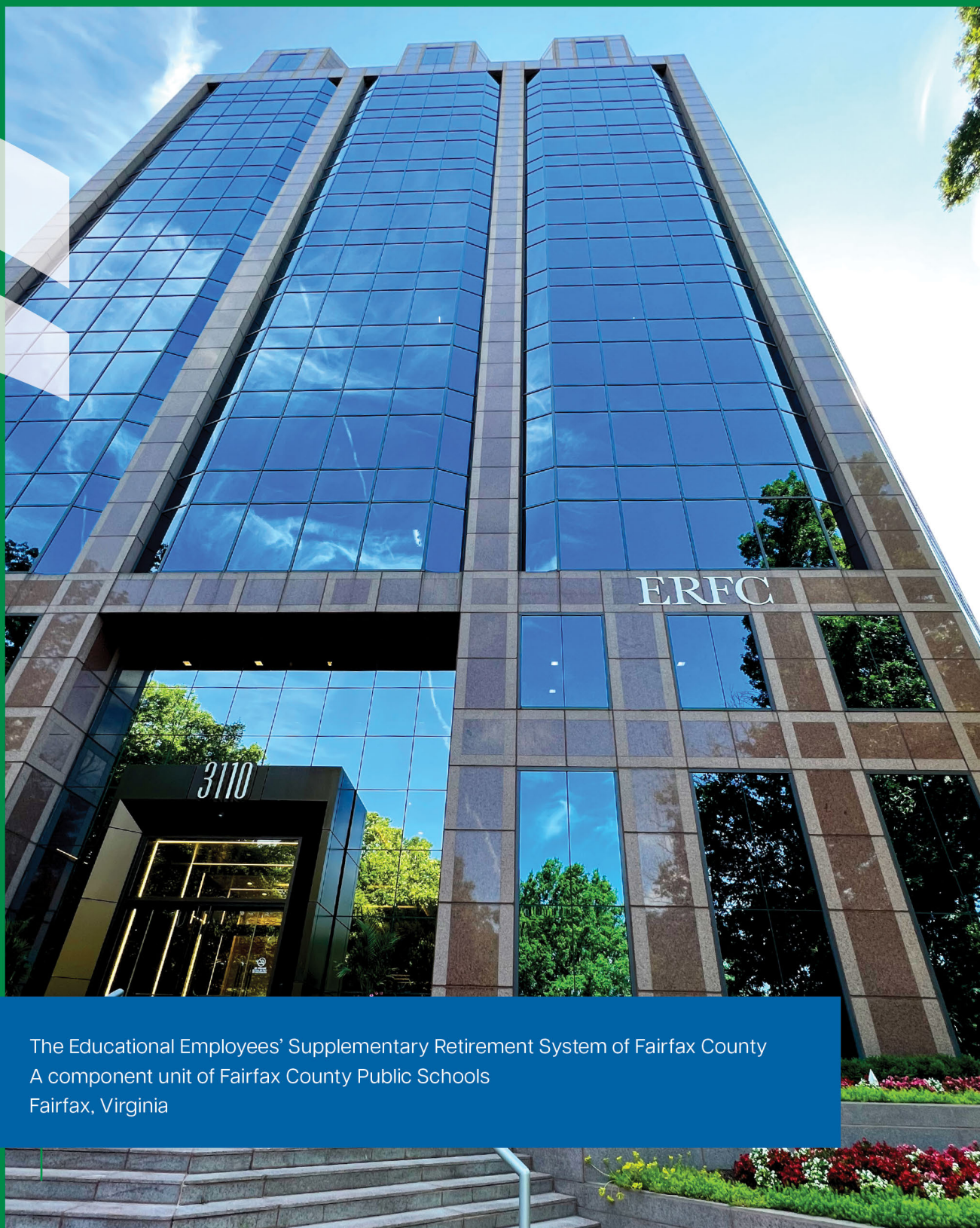
2026 Popular Annual Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2026



ERFC

The Educational Employees' Supplementary Retirement System of Fairfax County
A component unit of Fairfax County Public Schools
Fairfax, Virginia

ERFC MISSION AND PRINCIPLES

MISSION

To enhance the financial security of our members through prudent financial stewardship of a defined benefit plan while providing outstanding retirement services and education.

VISION

To be the leader among peers providing professional and personalized service to our members and beneficiaries to support their efforts to achieve financial independence.

VALUES

Accountability
Customer Service
Open Communication
Integrity
Continuous Education

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THE YEAR IN REVIEW

We are pleased to present the Popular Annual Financial Report (PAFR) for the Educational Employees' Supplementary Retirement System of Fairfax County (ERFC) for the fiscal year ended June 30, 2026. ERFC is a legally separate entity that provides pension benefits to full-time educational and administrative support employees of Fairfax County Public Schools (FCPS) who are not in other Fairfax County retirement plans. Because the FCPS School Board appoints most of ERFC's trustees and, along with employees, funds ERFC, ERFC is considered a fiduciary component unit of FCPS. The PAFR provides an overview of ERFC's Plans, services, and financial condition. The financial information contained in the report is derived from ERFC's Annual Comprehensive Financial Report (ACFR). The ACFR is a more detailed report prepared in accordance with U.S. generally accepted accounting principles (GAAP) and is available on the ERFC website at: https://erfcpension.org/resources/financials.

STRATEGIC PLAN AND OPERATIONAL UPDATES

ERFC is in the second year of the Board-adopted fiscal year 2025-2027 Strategic Plan, which emphasizes four key strategic objectives: excellent governance, impactful member experience, effective operations, and purposeful education. This fiscal year, ERFC implemented numerous improvements in pension processes and member services, enhancing efficiency for staff and providing clearer, more concise educational resources for members.

During fiscal year 2026, we continued to raise awareness and educate members through several initiatives. Our targeted ERFC Ambassador recruitment campaigns increased engagement across the county, with approximately 185 onsite Ambassadors serving our members. We continued efforts to simplify our communications and create targeted messaging and media content that's accessible 24/7. Our recorded retirement information sessions were viewed over 900 times during the fiscal year, and videos tailored to different stages of a member's retirement journey further improved our outreach efforts. ERFC continued to promote ERFCDirect, our secure web portal that allows members to access their retirement plan account. During the fiscal year, over 38,000 active and retired members used the portal to run estimates, update beneficiaries, access their annual member statement, and more. ERFC also integrated its phone system with the Pension Administration System (PAS), enhancing both security and operational efficiency. The integration enables incoming calls to be matched with the corresponding member record in the PAS, providing staff with timely access to member information while strengthening the verification process and supporting more efficient member service.

These initiatives have led to increased efficiencies, cost savings, and better member service. Continued quality and efficiency improvements over the next decade will enable us to focus on serving and educating all segments of our membership.

PENSION ADMINISTRATION SYSTEM (PAS) MODERNIZATION

During fiscal year 2026, ERFC also began a significant initiative to modernize its PAS, the first comprehensive upgrade of ERFC's core pension administration technology in more than 20 years. ERFC initiated a Request for Proposals (RFP) process to identify a modern solution that will enhance the administration of retirement benefits, improve operational efficiency, and strengthen the services and resources available to our members. This multi-year initiative will provide an opportunity to modernize business processes, reduce reliance on manual processes, strengthen data and reporting capabilities, and provide staff with more effective tools to support ERFC's operations. The modernization of the PAS represents an important investment in ERFC's technology infrastructure and will help the organization continue providing efficient, reliable, and responsive service to our members for years to come.

FINANCIAL CONDITION

ERFC's actuary reported that the System's funded ratio decreased from 77.5 percent to 76.1 percent for the valuation period ending December 31, 2025. This decrease was due to market volatility and an increase in retirees and beneficiaries collecting retirement benefits. The recommended employer contribution rate was 6.61 percent of payroll, which was an increase from fiscal year 2025.

THE YEAR IN REVIEW

AWARDS

The Public Pension Coordinating Council honored ERFC with the Public Pension Standards' Award for Funding and Administration 2026. Furthermore, the Government Finance Officers Association of the United States and Canada (GFOA) recognized ERFC with a prestigious Award of Outstanding Achievement in Popular Financial Reporting for the fiscal year ended June 30, 2025.

THANK YOU

We extend our sincere thanks to the Board of Trustees, the ERFC staff, and all ERFC members for their continued support.



Melissa O'Neal, CSM, NAF
Executive Director

BOARD MEMBERS



Kimberly Adams
Chairperson
Elected Member



Kathie Pfeffer-Hahn
Vice Chairperson
Elected Member



Leigh Burden
Treasurer
Appointed Member



Marty K. Smith
Trustee
Appointed Member



William Solomon
Trustee
Appointed Member



Ducchi Quan
Trustee
Elected Member

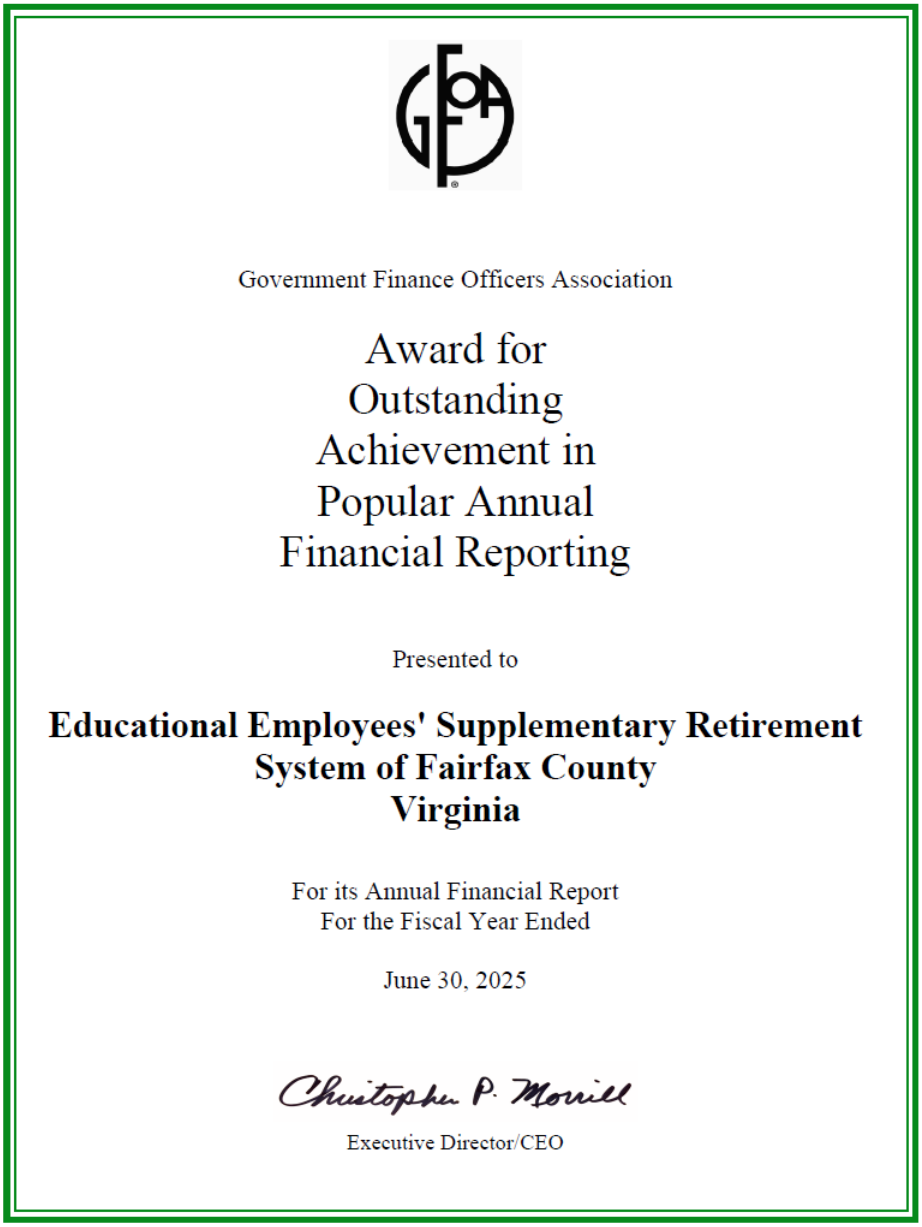


Adam McConagha
Trustee
Appointed Member

AWARD

AWARD FOR OUTSTANDING ACHIEVEMENT IN POPULAR ANNUAL FINANCIAL REPORTING

Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to ERFC for its Popular Annual Financial Report for the fiscal year ended June 30, 2025. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal. An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. ERFC has received a Popular Award for the last seven consecutive years.



Government Finance Officers Association

Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting

Presented to

Educational Employees' Supplementary Retirement System of Fairfax County Virginia

For its Annual Financial Report
For the Fiscal Year Ended

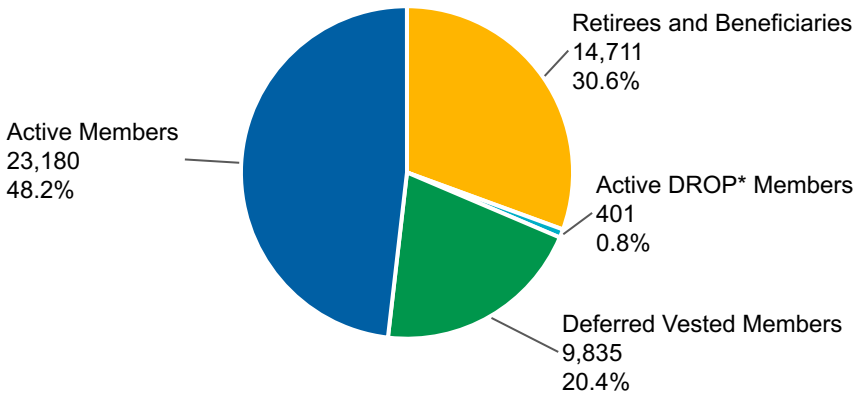
June 30, 2025

Christopher P. Morrill

Executive Director/CEO

MEMBERS AS OF DECEMBER 31, 2025

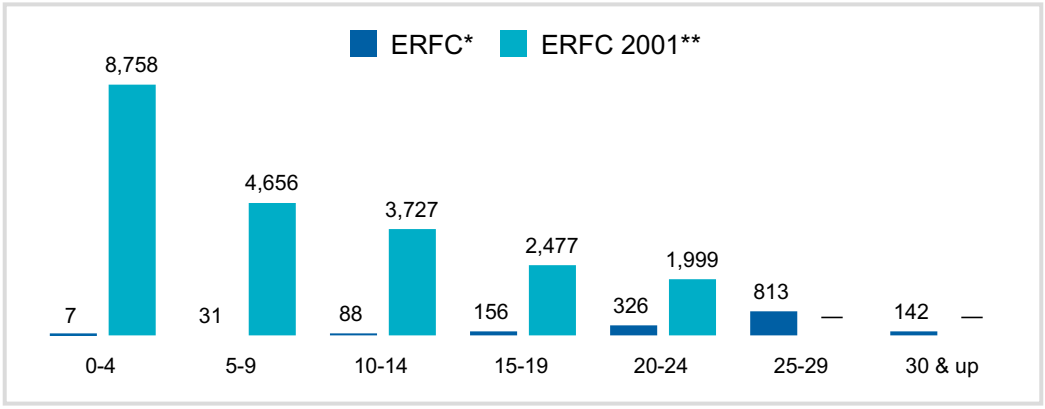
TOTAL ERFC MEMBERSHIP



* DROP: Deferred Retirement Option Program

ACTIVE MEMBER BY YEARS OF SERVICE

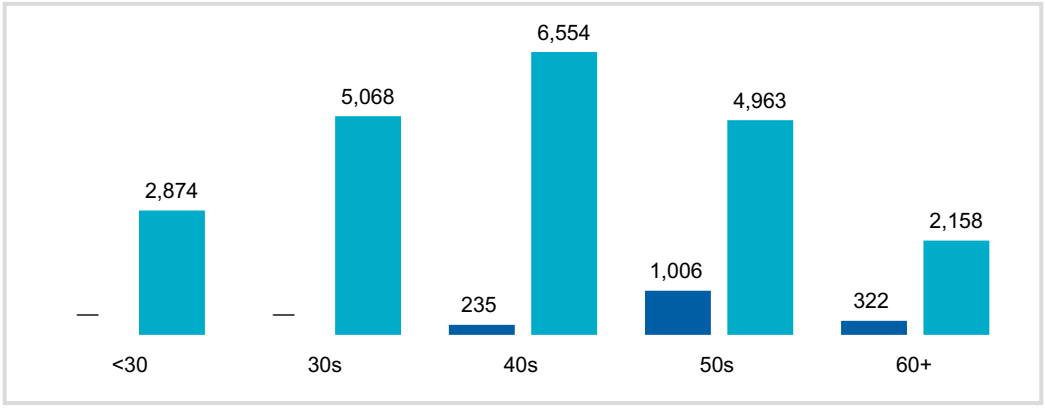
Average Service = 9.7 years



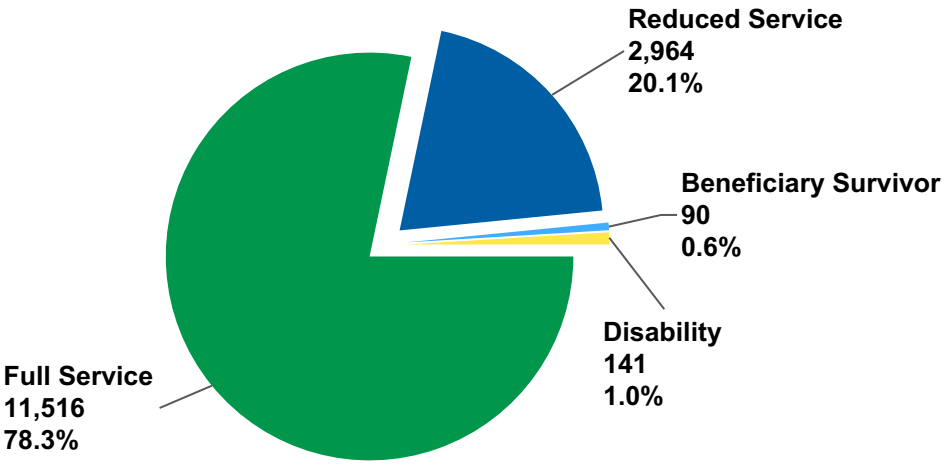
*ERFC: For a Person Becoming a Member after July 1, 1988 but Before July 1, 2001.
**For a Person Becoming a Member on or after July 1, 2001

ACTIVE MEMBER BY AGES

Average Age = 45.2 years | Total Active Members = 23,180



PENSION BENEFITS BY PAYMENT TYPES



PENSION BENEFITS PAID TO FAIRFAX COUNTY RESIDENTS



68.9% of retiree benefits payments were paid to Virginia residents

43.6% of retiree benefits payments were paid to Fairfax County residents

FINANCIAL HIGHLIGHTS

SUMMARY OF FIDUCIARY NET POSITION

The System net position value increased $435.2 million or 12.7% percent in fiscal year 2026. The change mainly consisted of an increase of $435.8 million in the value of cash and investments,reflecting strong investment performance, a decrease in receivables and other assets of $13.2 million,primarily due to the timing of investment-related receivables and settlements at year-end, a decrease of $13.8 million in securities lending collateral liabilities due to a lower volume of securities on loan at year-end and an increase of $1.6 million in securities purchased.

	JUNE 30, 2026	JUNE 30, 2025	VARIANCE
ASSETS			
Total cash and investments	$ 3,997,447,305	$ 3,561,653,968	$ 435,793,337
Total receivables	7,953,571	20,993,236	(13,039,665)
Right-to-use leased asset, net	1,939,203	2,141,753	(202,550)
TOTAL ASSETS	**4,007,340,079**	**3,584,788,957**	**422,551,122**
LIABILITIES			
Lease liability	2,505,239	2,696,227	(190,988)
Accounts payable	1,726,365	1,938,337	(211,972)
Securities purchased	23,363,328	21,812,930	1,550,398
Securities lending collateral	105,445,134	119,201,065	(13,755,931)
TOTAL LIABILITIES	**133,040,066**	**145,648,559**	**(12,608,493)**
NET POSITION RESTRICTED FOR PENSIONS	**$ 3,874,300,013**	**$ 3,439,140,398**	**$ 435,159,615**

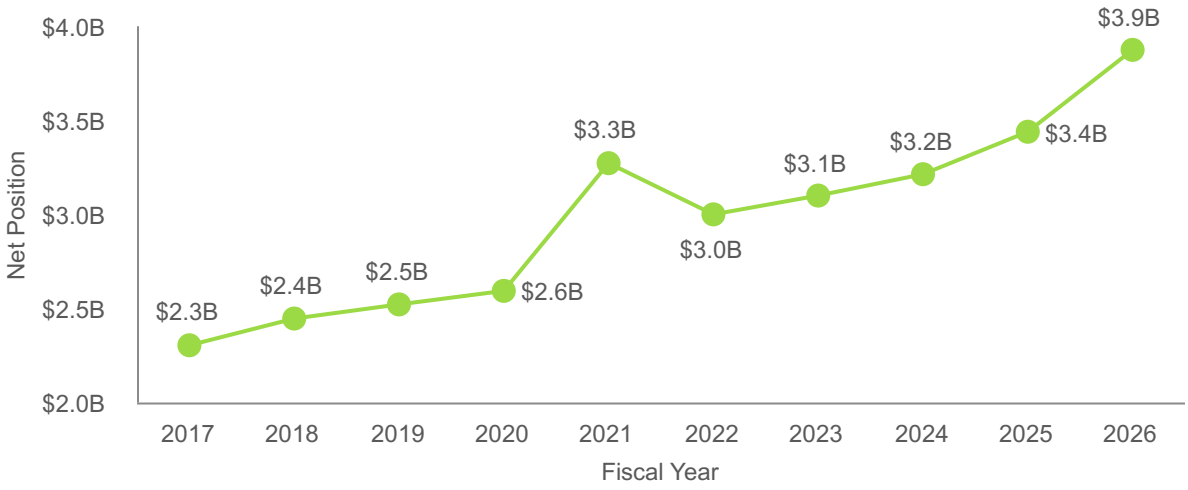
FINANCIAL HIGHLIGHTS

SUMMARY OF CHANGES IN FIDUCIARY NET POSITION

Fiduciary net position increased $209.4 million in fiscal year 2026. The employer and employee contributions increased by $11.6 million, or 11.2 percent, reflecting the rising of FCPS employer contribution rate to 6.61 percent and the growth in covered payroll. Net investment income increased by $207.5 million, or 77.2 percent, which was largely attributable to stronger performance in private markets. Pension benefits and refunds increased by $8.9 million, or 4.0 percent. Higher benefit payments reflected growth in the retiree population, cost of living adjustments, and the plan's ongoing maturation.

	JUNE 30, 2026	JUNE 30, 2025	VARIANCE
ADDITIONS			
Contributions			
Employer	$ 138,536,133	$ 129,278,658	$ 9,257,475
Member	61,359,539	59,011,733	2,347,806
Net investment income	476,149,059	268,646,641	207,502,418
TOTAL ADDITIONS	**676,044,731**	**456,937,032**	**219,107,699**
DEDUCTIONS			
Benefits	228,035,688	219,607,894	8,427,794
Refunds	5,522,247	5,070,399	451,848
Administrative expenses	7,106,324	6,326,994	779,330
Amortization expense	220,857	215,975	4,882
TOTAL DEDUCTIONS	**240,885,116**	**231,221,262**	**9,663,854**
NET INCREASE IN NET POSITION	**435,159,615**	**225,715,770**	**209,443,845**
NET POSITION RESTRICTED FOR PENSIONS BEGINNING OF YEAR	**3,439,140,398**	**3,213,424,628**	**225,715,770**
END OF YEAR	**$ 3,874,300,013**	**$ 3,439,140,398**	**$ 435,159,615**

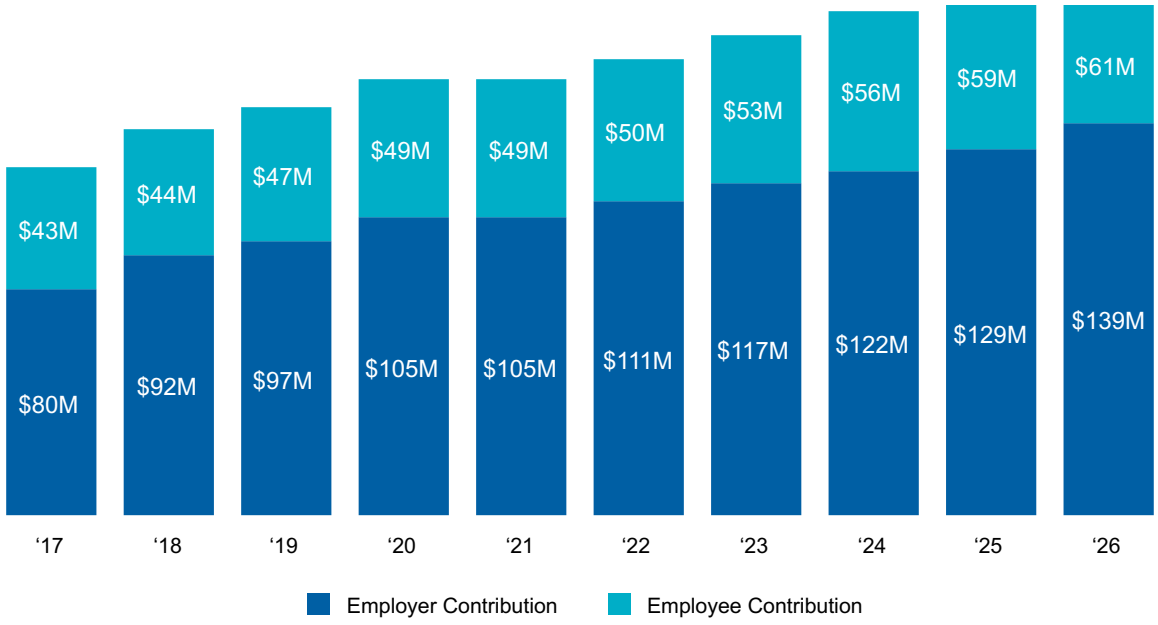
10-YEAR TREND OF ERFC NET POSITION



FUNDING

TOTAL CONTRIBUTIONS

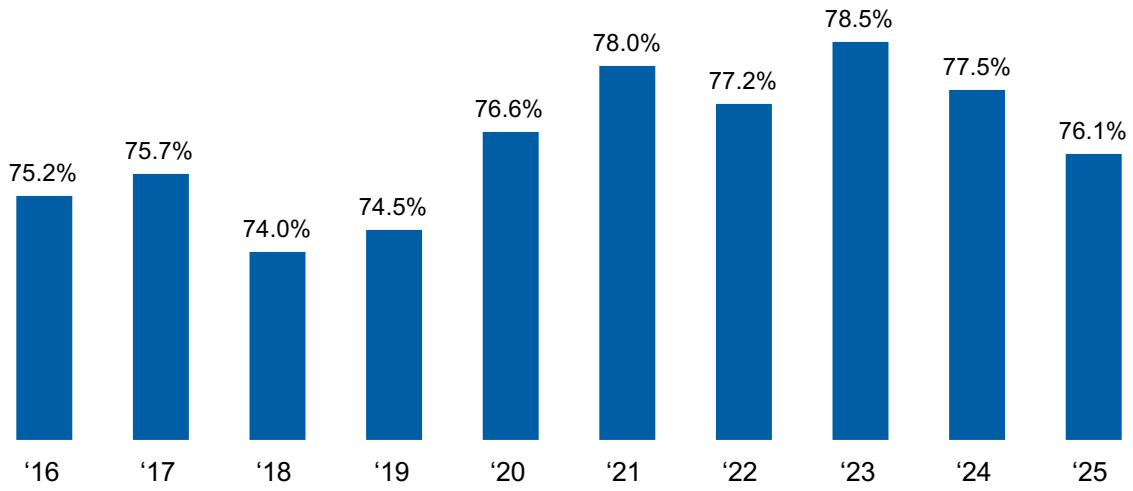
For the fiscal year ended June 30, 2026



FUNDED RATIO

For the calendar year ended December 31, 2025

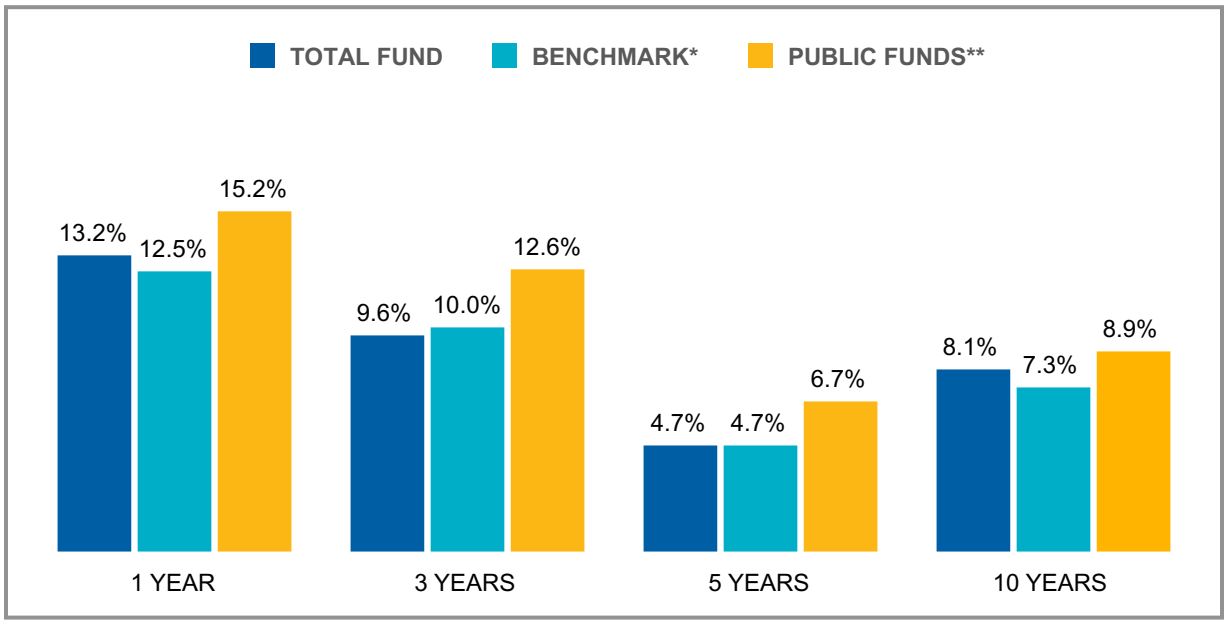
The funded ratio represents the value of assets divided by the accrued liabilities at a point in time. This percentage is an indication of the plan’s ability to pay future benefits. For the valuation period ending December 31, 2025, ERFC’s funded ratio decreased from 77.5 percent to 76.1 percent.



INVESTMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2026

TOTAL FUND RETURNS

(Net of Fees)

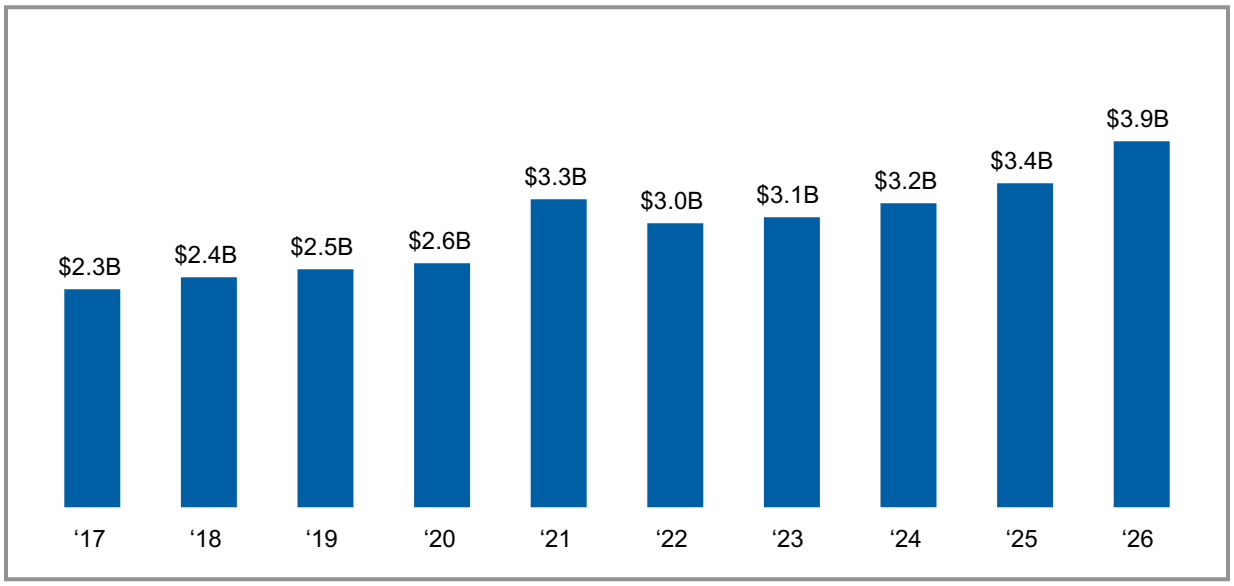


* 14.0% Russell 1000 Index, 2.0% Russell 2000 Growth Index, 2.0% Russell 2000 Value Index, 2.0% Russell 2000 Index, 6.0% International Equity Index, 3.0% MSCI EAFE Small Cap (Net), 3.0% MSCI Emerging Markets IMI (Net), 3.0% MSCI AC World Index (Net), 23.0% Blmbg. U.S. Aggregate, 9.0% Blmbg. U.S.Gov't/Credit, 7.0% HFRI Fund of Funds Composite Index, 3.0% FTSE 10 Year Treasury OTR, 7.0% NCREIF - ODCE NET, 9.0% ThomsonOne All Regions PE , 4.0% Morningstar LSTA US Leveraged Loan, 3.0% 90 Day U.S. Treasury Bill.

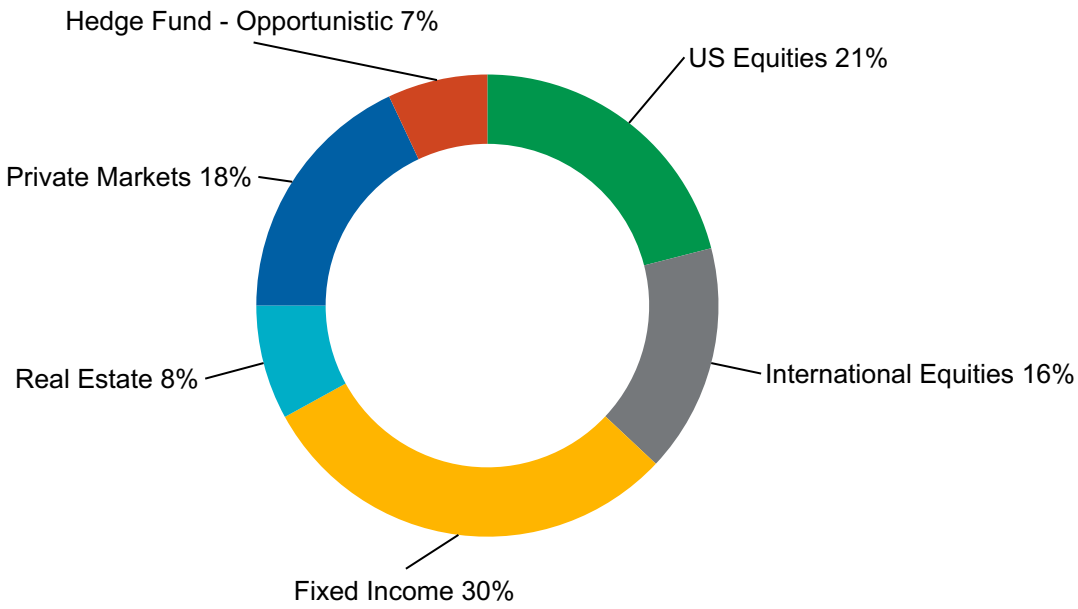
** All U.S. based public pension plans

TOTAL FUND GROWTH

Last 10 years



ACTUAL ASSET ALLOCATIONS



ASSET CLASS	CURRENT ALLOCATION	INTERIM TARGET*	LONG-TERM TARGET
US Equities	21%	20%	21%
International Equities	16%	15%	16%
Fixed Income	30%	32%	37%
Real Estate	8%	7%	7%
Private Markets	18%	18%	19%
Hedge Fund - Opportunistic	7%	7%	—%
Cash	—%	1%	—%
Total	100%	100%	100%

*Interim target will change to reflect the gradual implementation of the Private Markets investments.

OTHER RESOURCES

FCPS HUMAN RESOURCES

Search Human Resources on fcps.edu
571-423-3000

FCPS EMPLOYEE ASSISTANCE PROGRAM (EAP)

Financial Specialist Services
Search EAP on fcps.edu
855-355-9097

VRS

www.varetire.org
888-827-3847 | 804-649-8059

SOCIAL SECURITY

www.ssa.gov
800-772-1213

MEDICARE

www.medicare.gov
800-633-4227

CONNECT WITH ERFC

LOCATION

3110 Fairview Park Drive, Suite 300
Falls Church, VA 22042

Office Hours
M-F 8 AM–4:30 PM

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1-844-758-3793

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703-426-3984

EMAIL

erfcoffice@fcps.edu

WEB

erfcpension.org
www.erfc.direct

SOCIAL

Fairfax County PUBLIC SCHOOLS
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