

# 2024

# Annual Comprehensive Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2024



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



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## MISSION STATEMENT AND PRINCIPLES

### MISSION

The mission of the Educational Employees' Supplementary Retirement System of Fairfax County (ERFC) is 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

We always operate with transparency and a commitment to think strategically while fulfilling fiduciary obligations.

#### CUSTOMER SERVICE

We always respond promptly with quality as we strive to exceed the expectations of our members and their beneficiaries.

#### OPEN COMMUNICATION

We always provide timely and pertinent information that improves processes, removes barriers and establishes accountabilities.

#### INTEGRITY

We conduct operations by adhering to the highest standards of ethical conduct, striving for accuracy, efficiency and effectiveness.

#### CONTINUOUS EDUCATION

Through ongoing education efforts, we enable ERFC employees to continuously improve the service and value they provide to our members; Board of Trustees to more effectively guide and inform ERFC strategy; and our members to better understand and make the most of their ERFC benefits.

# ANNUAL COMPREHENSIVE FINANCIAL REPORT

This report was prepared by:

The Educational Employees' Supplementary Retirement System of Fairfax County  
A Component Unit of Fairfax County Public Schools, Fairfax, Virginia

3110 Fairview Park Drive, Suite 300  
Falls Church, Virginia 22042  
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<https://www.erfcension.org>

## Executive Director

Ryk Tierney, CEBS

## Deputy Executive Director

Srikumar Bala

## ACFR Project Team

Wendy Zhi, CPA, MBA  
Senior Manager II, Finance

Allison Kelly, CPA  
Kevin McCarty  
Basil AlQudwa, Ph. D.

## Designed by

ERFC Communications

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# Introduction

## Unaudited

- Letter of Transmittal

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- Letter from the Chairperson

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- Board of Trustees

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- Administrative Organization

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- GFOA Certificate of Achievement

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- Public Pension Standards Award

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- Professional Services

# LETTER OF TRANSMITTAL



3110 Fairview Park Dr, Suite 300  
Falls Church, Virginia 22042

October 25, 2024

The Board of Trustees  
Educational Employees' Supplementary Retirement System of Fairfax County  
Falls Church, VA

**Dear ERFC Members and the Board of Trustees of ERFC:**

It is our privilege to submit the Annual Comprehensive Financial Report ("ACFR") of the Educational Employees' Supplementary Retirement System of Fairfax County ("ERFC" or "System") for the fiscal year ended June 30, 2024. The financial statements included in this report are prepared in conformity with U.S. generally accepted accounting principles ("GAAP"), as applicable to governmental units. This report consists of management's representations concerning the finances of ERFC. Accordingly, responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with ERFC's management. The report reflects the careful stewardship of the System's assets and dedicated service provided by the Board and staff.

The following provides a summary of the System's historical background and outlines significant achievements for the Board and management during the fiscal year. A management discussion and analysis ("MD&A") narrative is also provided in the Financial Section immediately following the report of the independent auditor.

**Plan History**

ERFC was established 51 years ago on July 1, 1973, through negotiations conducted between the Fairfax County School Board and the Fairfax Education Association ("FEA"). The terms under which ERFC operates were later incorporated in a Fairfax County ordinance and the ERFC Plan Document. Historically, ERFC benefits have been designed specifically to supplement the benefits of two primary retirement plans: the Virginia Retirement System ("VRS") and the federal Social Security System. In 1987, VRS introduced major increases to the state's early retirement benefits, which required ERFC to thoroughly re-examine the complementary structure of its supplemental benefits plan. Effective July 1, 1988, ERFC significantly altered the ERFC Legacy Plan benefit structure to rebalance the benefit amounts payable to future ERFC members, while also maintaining and protecting the rights of current members. Thirteen years later, the Fairfax County School Board approved further refinements to the ERFC supplemental retirement program with the introduction of a second retirement plan, ERFC 2001 Tier 1 Plan, a streamlined and stand-alone retirement plan structure provided for all eligible FCPS employees hired on or after July 1, 2001. On April 27, 2017, the School Board voted to modify the ERFC 2001 Tier 1 Plan effective July 1, 2017. For ERFC members hired on or after July 1, 2017, the ERFC 2001 Tier 2 Plan raised retirement eligibility, increased the period for calculating a member's final average salary, and based the cost-of-living adjustment on the Consumer Price Index.

## LETTER OF TRANSMITTAL

For all members, the annual interest rate credited on member accounts was reduced. These modifications helped to mitigate the increase in the employer contribution rate due to actuarial assumption changes.

### **Strategic Plan Updates**

ERFC is in the final year of the Board-adopted 2022-2024 Strategic Plan, which emphasizes sustainability, engagement, education, and operational excellence. 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 2024, we continued to raise awareness and educate members through several initiatives. Our targeted ERFC Ambassador recruitment campaigns increased engagement across the county, with approximately 197 onsite Ambassadors serving our members. We launched our first standalone website, which included a fresh design, updated and new content, and improved navigation. We continued efforts to simplify our communications and create targeted messaging and media content that's accessible 24/7. Our virtual and recorded retirement information sessions were viewed over 2,000 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 36,000 active and retired members used the portal to run estimates, update beneficiaries, access their annual member statement, and more.

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 focus on serving and educating all segments of our membership.

### **Internal Controls**

ERFC maintains a system of internal control designed to provide reasonable, but not absolute, assurance about the achievement of ERFC's objectives with regard to the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with the applicable laws and regulations.

The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the valuation of costs and benefits requires estimates and judgments by management. A sound internal control system should ensure that if any material error or fraud occurs, they would be detected in a timely manner by employees in the normal course of performing their duties.

### **Plan Financial Condition**

The ERFC Fund ("Fund") earned a 6.2 percent net of fees on investments. Additionally, ERFC has performed better than its five, seven, and 10-year policy index by 0.9, 0.6, and 0.4 percent, respectively.

## LETTER OF TRANSMITTAL

ERFC's actuary reported that the System's funded ratio increased from 77.2 percent to 78.5 percent for the valuation period ending December 31, 2023. Liabilities were higher than expected largely due to salary increases and losses related to retirements, but the increase in liabilities due to demographic experience was offset as a result of better-than-expected asset performance which increased the asset value more than expected and coding refinements which lowered liabilities as a result of transitioning to a new actuary. The recommended employer contribution rate was 6.48 percent of payroll, a decrease from 6.70 percent in fiscal year 2023.

The Financial, Actuarial, and Statistical sections of this report provide detailed information regarding the Fund's overall financial condition. In addition, the *Required Supplementary Information* included in the Financial Section presents historical data to help in assessment of the System's funding status.

### **Investment Activity**

ERFC's return of 6.2 percent net of fees for fiscal year 2024 underperformed the benchmark index return of 7.7 percent. The Fund's longer-term performance dropped; the 10-year return of 5.7 percent exceeded the policy index return of 5.3 percent but remains lower than the Fund's long-term target return of 7.0 percent.

### **Professional Services**

The ERFC Board of Trustees appoints professional services to provide aid in the efficient management of the System. Segal Marco Advisors provides general investment consulting services, Meketa Investment Group provides discretionary private markets consulting services, and Arthur J. Gallagher & Company provides actuarial services. In accordance with the County Code, the Fairfax County Board of Supervisors appointed Cherry Bekaert LLP, Raleigh, North Carolina, to audit the System's financial statements.

### **Awards**

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a *Certificate of Achievement for Excellence in Financial Reporting* to ERFC for its ACFR for the fiscal year ended June 30, 2023. This is the 27th consecutive year ERFC has earned the award. To be awarded a GFOA Certificate of Achievement, certain requirements must be met, including the issuance of an easily readable and efficiently organized ACFR. The report must also satisfy both GAAP and applicable legal requirements.

In addition, the Public Pension Coordinating Council honored ERFC with the *Public Pension Standards' Award for Funding and Administration 2024*. ERFC earned the award in recognition for meeting or exceeding professional standards for funding and administration, as set forth in the Public Pension Standards.

## LETTER OF TRANSMITTAL

### Conclusion

This report is produced through the combined efforts of ERFC staff and advisors functioning under the leadership of the ERFC Board of Trustees. It is intended to provide complete and reliable information that will advance the management decision process, serve as a means for determining compliance with legal requirements, and allow for an assessment of the stewardship of the System's funds. We extend our sincere appreciation to all those who contributed to the production of this document.

ERFC distributes this annual report to the members of the Fairfax County School Board, the Fairfax County Public Schools' Leadership Team, its Government Finance Offices, and other interested parties. The full report is posted on the ERFC website at [erfcpension.org](http://erfcpension.org). We hope that all recipients find the report informative and useful.

Respectfully submitted,

*Ryk Tierney*

Ryk Tierney, CEBS  
Executive Director

*Srikumar Bala*

Srikumar Bala  
Deputy Executive Director, Finance and IT

## LETTER FROM THE CHAIRPERSON



3110 Fairview Park Dr, Suite 300  
Falls Church, Virginia 22042

October 25, 2024

Dear ERFC Members:

On behalf of the Board of Trustees of ERFC, it is a privilege to present the ACFR for the fiscal year ending June 30, 2024. The ERFC Board and staff continue to commit themselves to ERFC's mission of financial security of our members through prudent financial stewardship of the System's assets, while providing outstanding retirement services and education to the members of ERFC.

ERFC's defined benefit plan provides a valuable supplement to Fairfax County Public Schools ("FCPS") employee members. ERFC was designed specifically to reward educational professionals with a pension to supplement the primary benefits they earn and receive separately from VRS and Social Security. As participants and stakeholders in ERFC, you can be assured that the Board of Trustees works collectively on your behalf to provide the supplemental retirement benefits promised to you by FCPS.

New Executive Director Ryk Tierney was appointed in 2024, bringing a wealth of experience and expertise to ERFC. We look forward to his vision and leadership in the years to come.

During the year, the ERFC Board and staff completed action items included in the 2022-2024 Strategic Plan focused on continued sustainability efforts, membership engagement, education, and operational excellence. Throughout the year, several Board members participated in certified retirement fund Trustee trainings. The Board continued its focus around strong governance practices and updated Board Procedures, ERFC Regulations, Private Market Investment Guidelines, the Investment Policy Statement, and made amendments to the ERFC Legacy and ERFC 2001 Plan Documents.

During fiscal year 2024, equity and fixed income markets posted positive returns based on strong economic data and central bank interest rate movement expectations. Anticipated interest rate cuts have been reduced as economic conditions remain strong and inflation elevated. ERFC experienced the impact of the economic upturn, posting a 6.2% net-of-fees return for the 2024 fiscal year period. The Board will continue to analyze investment strategies in conjunction with ERFC staff and its investment advisors to ensure a well-diversified asset mix with a risk-balanced approach. The Board will also continue to focus on managing the plan assets with the disciplined oversight required to meet the System's long-term investment goals.

FCPS' employer contribution rate for the 2024 fiscal year decreased to 6.48%. The combined employee and employer contributions provide significant revenue for ERFC. However, it is the System's investment earnings that provide the essential factor necessary to fulfill the guarantee of retirement benefits to members. The Board believes ERFC will continue to prosper by prudently rebalancing and diversifying the investment portfolio.

## LETTER FROM THE CHAIRPERSON

The ERFC Board values your opinions and welcomes your feedback. We encourage you to visit the website at [erfcension.org](http://erfcension.org) or contact the Trustees directly with any questions regarding your pension fund or payable retirement benefits.

Yours sincerely,

A handwritten signature in black ink that reads "Kimberly Adams". The signature is written in a cursive, flowing style.

Kimberly Adams  
FY 2024 Chairperson  
ERFC Board of Trustees

## BOARD OF TRUSTEES

The Board of Trustees is the governing body of ERFC. The ERFC Board comprises seven members: three appointed by the School Board, three elected by the System's active membership, and one Trustee who is neither affiliated with, nor employed by Fairfax County, the Fairfax County School Board, nor by any union or similar organization representing teachers or other Fairfax County employees. The initial six Trustees annually select and recommend a seventh ERFC Board member, or "individual Trustee," for approval by the Fairfax County School Board. The ERFC executive committee comprises the chairperson and treasurer. The Board meets regularly throughout the year. ERFC Trustees receive no compensation, but are reimbursed for business-related expenses.



**Kimberly Adams**  
Chairperson  
Elected Member



**Kathie Pfeffer-Hahn**  
Vice Chairperson  
Elected Member



**Leigh Burden**  
Treasurer  
Appointed Member



**Marty K. Smith**  
Trustee  
Appointed Member



**Dr. Sherry Agnew-Scott**  
Trustee  
Appointed Member



**Ducchi Quan**  
Trustee  
Elected Member



**Adam McConagha**  
Trustee  
Appointed Member

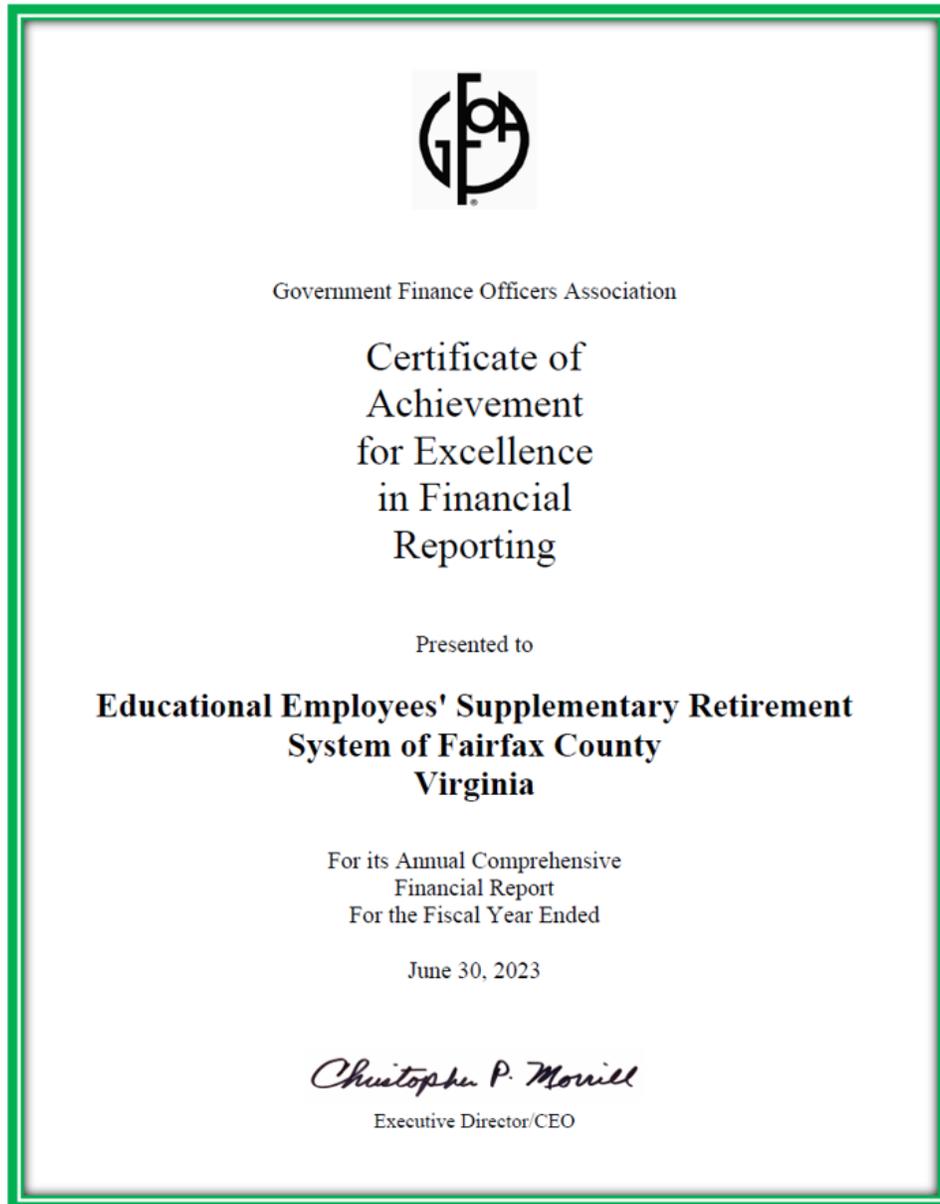
# ERFC ORGANIZATIONAL CHART



As of June 30, 2024

## CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to ERFC for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023. This was the 27th consecutive year that ERFC has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.



## PUBLIC PENSION STANDARDS AWARD

This award has been presented to ERFC in recognition of instituting professional standards for public employee retirement systems as established by the Public Pension Coordinating Council. This award represents an exceptionally high level of administration and reporting in the public pension industry.



Public Pension Coordinating Council

***Public Pension Standards Award  
For Funding and Administration  
2024***

Presented to

***The Educational Employees' Supplementary  
Retirement System of Fairfax County***

In recognition of meeting professional standards for  
plan funding and administration as  
set forth in the Public Pension Standards.

*Presented by the Public Pension Coordinating Council, a confederation of*

National Association of State Retirement Administrators (NASRA)  
National Conference on Public Employee Retirement Systems (NCPERS)  
National Council on Teacher Retirement (NCTR)

A handwritten signature in cursive script that reads "Alan H. Winkle".

Alan H. Winkle  
Program Administrator

## PROFESSIONAL SERVICES

### **ACTUARY**

Arthur J. Gallagher & Co.

### **AUDITOR**

Cherry Bekaert LLP

### **INVESTMENT CONSULTANT**

Meketa Investment Group  
Segal Marco Advisors

### **MASTER CUSTODIAN**

BNY Mellon

### **LEGAL COUNSEL**

Bredhoff & Kaiser, P.L.L.C.  
Reed Smith LLC

### **INVESTMENT MANAGERS**

Details are found on page 56, 69 and 71  
of the *Investment Section*

# Financial

- Report of Independent Auditor

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- Management's Discussion and Analysis

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- Statement of Fiduciary Net Position

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- Statement of Changes in Fiduciary Net Position

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- Notes to the Financial Statements

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- Required Supplementary Information

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- Other Supplementary Information

# REPORT OF INDEPENDENT AUDITOR



## Report of Independent Auditor

To the Board of Trustees  
Educational Employees' Supplementary Retirement System of Fairfax County  
Fairfax, Virginia

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the accompanying financial statements of the Educational Employees' Supplementary Retirement System of Fairfax County (the "System"), a component unit and pension trust fund of the County of Fairfax, Virginia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the System as of June 30, 2024, and the changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

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

#### **Responsibilities of Management for the Financial Statements**

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

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

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

## REPORT OF INDEPENDENT AUDITOR

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

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

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

### **Required Supplementary Information**

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

### **Other Supplementary Information**

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

## REPORT OF INDEPENDENT AUDITOR

### **Other Information**

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

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2024, on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

*Cherry Bekaert LLP*

Orlando, Florida  
October 25, 2024

# MANAGEMENT DISCUSSION AND ANALYSIS

(Unaudited)

This discussion and analysis of ERFC's financial performance provides an overview of the financial activities for the fiscal year ended June 30, 2024. The information contained in this section should be reviewed in conjunction with the letter of transmittal provided in the Introduction Section of this document.

## FINANCIAL OVERVIEW

For fiscal year 2024, the net-of-fees return on ERFC's assets was 6.2 percent<sup>1</sup>. This resulted in a total net position value of \$3.2 billion, which reflects an increase of \$136.7 million over the prior fiscal year (as reflected in the accompanying chart). Additional detail on this net increase in Fiduciary Net Position is outlined in the Summary of Changes in Fiduciary Net Position table contained within Management's Discussion and Analysis. As shown, it is comprised of four major components. They include a net investment gain of \$180.4 million, \$178.1 million in employee and employer contributions, \$216.1 million in retiree benefit payments and member refunds, and \$5.7 million in administrative, depreciation and amortization expenses.

### ERFC NET POSITION

(\$ IN MILLIONS)

| FISCAL YEAR | NET POSITION | NET CHANGE (\$) | NET CHANGE (%) |
|-------------|--------------|-----------------|----------------|
| 2024        | \$ 3,213.4   | \$ 136.7        | 4.4 %          |
| 2023        | 3,076.7      | 78.8            | 2.6            |
| 2022        | 2,997.9      | (274.2)         | (8.4)          |
| 2021        | 3,272.1      | 678.8           | 26.2           |
| 2020        | 2,593.3      | 71.9            | 2.9            |

ERFC's time-weighted 6.2 percent net-of-fees return trailed the policy benchmark return of 7.8 percent<sup>2</sup>. Three, five, and ten year returns are 0.4 percent, 6.3 percent, and 5.7 percent, respectively. The time-weighted rate of return measures the compound growth rate of the System's investments, net of investment expense. This method eliminates the distortion caused by cash inflows and outflows and is the industry standard for comparing investment returns to a benchmark. The time-weighted rate of return differs from the money-weighted rate of return described in the Notes to the Financial Statements.

The System's investments are exposed to various risks such as interest rate, market, and credit risks. Such risks, and the resulting investment security values, may be influenced by changes in economic conditions and market perceptions and expectations. Accordingly, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements. Additional detail regarding investment results can be found in the Investment Section of this report.

<sup>1</sup> Time-weighted rate of return as calculated by Segal Marco.

<sup>2</sup> 12.0% Russell 1000 Index, 7.0% Russell 2000 Index, 5.0% MSCI AC World ex USA (Net), 5.0% MSCI EAFE Small Cap (Net), 5.0% MSCI EM (net), 3.0% MSCI AC World Index (Net), 15.0% Blmbg. U.S. Aggregate, 9.0% Blmbg. U.S. Gov't/Credit, 4.0% Blmbg. U.S. TIPS, 2.0% JPM GBI-EM Global Diversified TR, 2.6% MSCI AC World Index (Net), 1.4% Blmbg. U.S. Aggregate, 5.0% HFRI Fund of Funds Composite Index, 3.0% CPI + 4 %, 7.0% NCREIF - ODCE NET, 7.0% ThomsonOne All Regions PE , 4.0% Bloomberg Barclays U.S. Corp High Yield + 150 bps, 1.0% CPI + 4 %, 2.0% 90 Day U.S. Treasury Bill

# MANAGEMENT DISCUSSION AND ANALYSIS

(Unaudited)

At December 31, 2023, the actuarial value of assets totaled \$3.4 billion while liabilities totaled \$4.3 billion. This resulted in a funded ratio of 78.5%, a measure used by the Board of Trustees to assess funding progress. ERFC's funding level is consistent with the funding levels of similar plans nationwide and as addressed in the Actuary's Certification Letter contained within this report, ERFC remains in sound financial condition. Detailed information regarding actuarial assumptions and methods can be found in the Actuarial Section of this report.

## OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of ERFC's ACFR comprises five sections: 1) report of independent auditor, 2) management's discussion and analysis, 3) basic financial statements, 4) required supplementary information, and 5) other supplementary information.

ERFC's basic financial statements are comprised of the Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position, and Notes to the Financial Statements. The Statement of Fiduciary Net Position provides information on all of the System assets and liabilities, with the difference between the assets and liabilities shown as fiduciary net position. Ultimately, increases or decreases in fiduciary net position may be used to measure the financial condition of ERFC over time.

The Statement of Changes in Fiduciary Net Position describes how ERFC's fiduciary net position changed during the current fiscal year. Additions and deductions represent revenues and expenses, respectively. Additions minus deductions represent the change in fiduciary net position. The total expenses, or deductions, which consisted of benefit payments, refunds, administrative expenses, depreciation and amortization expenses were slightly higher this fiscal year.

The Notes to the Financial Statements provide additional data, which is crucial in understanding the information included in the financial statements. The Notes to the Financial Statements immediately follow the basic financial statements.

In addition to the basic financial statements, the annual report also provides required supplementary information regarding the System's changes in net pension liability and schedule of employer contributions, which is intended to assess ERFC's ability to accumulate assets to pay retirement benefits when due.

# MANAGEMENT DISCUSSION AND ANALYSIS

(Unaudited)

## FINANCIAL STATEMENTS

As indicated in the Summary of Fiduciary Net Position table below, the System net position value increased \$136.7 million or 4.4 percent in fiscal year 2024. The changes in assets and liabilities underlying this change consist of an increase of \$149.0 million in the value of cash and investments, an increase in receivables and other assets of \$40.2 million, a \$0.1 million increase in right-to-use liabilities, a decrease of \$0.3 million in accounts payable, an increase of \$55.7 million in securities purchased, and a decrease of \$3.0 million in securities lending collateral liabilities.

### SUMMARY OF FIDUCIARY NET POSITION

|   | JUNE 30, 2024           | JUNE 30, 2023           | VARIANCE              |
|---|-------------------------|-------------------------|-----------------------|
| <b>ASSETS</b>                               |                         |                         |                       |
| Total cash and investments                  | \$ 3,386,276,644        | \$ 3,237,285,222        | \$ 148,991,422        |
| Total receivables                           | 60,461,710              | 19,994,116              | 40,467,594            |
| Other assets                                | 2,357,728               | 2,603,176               | (245,448)             |
| <b>TOTAL ASSETS</b>                         | <b>3,449,096,082</b>    | <b>3,259,882,514</b>    | <b>189,213,568</b>    |
| <b>LIABILITIES</b>                          |                         |                         |                       |
| Right-to-use lease liability                | 2,888,910               | 2,761,361               | 127,549               |
| Accounts payable                            | 1,610,960               | 1,928,358               | (317,398)             |
| Securities purchased                        | 81,080,056              | 25,402,687              | 55,677,369            |
| Securities lending collateral               | 150,091,528             | 153,057,006             | (2,965,478)           |
| <b>TOTAL LIABILITIES</b>                    | <b>235,671,454</b>      | <b>183,149,412</b>      | <b>52,522,042</b>     |
| <b>NET POSITION RESTRICTED FOR PENSIONS</b> | <b>\$ 3,213,424,628</b> | <b>\$ 3,076,733,102</b> | <b>\$ 136,691,526</b> |

## MANAGEMENT DISCUSSION AND ANALYSIS

(Unaudited)

As reflected in the Summary of Changes in Fiduciary Net Position table below, the net change in fiscal year 2024 is due to \$178.1 million in contributions and \$180.4 million in net investment gain, which is offset by \$210.6 million in benefits, \$5.4 million in refunds and \$5.7 million in administrative, depreciation and amortization expenses.

Also presented in the Summary of Changes in Fiduciary Net Position, additional information is provided regarding the differences between the fiscal years 2023 and 2024 results. These differing results are mainly due to an increase in investment income of \$59.6 million, an increase in contributions of \$8.4 million, and an increase in retiree benefit payments and member refunds of \$10.0 million.

### SUMMARY OF CHANGES IN FIDUCIARY NET POSITION

|   | JUNE 30, 2024           | JUNE 30, 2023           | VARIANCE              |
|---|-------------------------|-------------------------|-----------------------|
| <b>ADDITIONS</b>                            |                         |                         |                       |
| Contributions                               |                         |                         |                       |
| Employer                                    | \$ 121,645,811          | \$ 117,155,967          | \$ 4,489,844          |
| Member                                      | 56,450,447              | 52,542,598              | 3,907,849             |
| Net investment income                       | 180,365,641             | 120,795,408             | 59,570,233            |
| <b>TOTAL ADDITIONS</b>                      | <b>358,461,899</b>      | <b>290,493,973</b>      | <b>67,967,926</b>     |
| <b>DEDUCTIONS</b>                           |                         |                         |                       |
| Benefits                                    | 210,636,405             | 202,023,360             | 8,613,045             |
| Refunds                                     | 5,448,543               | 4,021,605               | 1,426,938             |
| Administrative expenses                     | 5,459,646               | 5,119,588               | 340,058               |
| Depreciation and amortization expenses      | 225,779                 | 506,198                 | (280,419)             |
| <b>TOTAL DEDUCTIONS</b>                     | <b>221,770,373</b>      | <b>211,670,751</b>      | <b>10,099,622</b>     |
| <b>NET INCREASE IN NET POSITION</b>         | <b>136,691,526</b>      | <b>78,823,222</b>       | <b>57,868,304</b>     |
| <b>NET POSITION RESTRICTED FOR PENSIONS</b> |                         |                         |                       |
| <b>BEGINNING OF YEAR</b>                    | <b>3,076,733,102</b>    | <b>2,997,909,880</b>    | <b>78,823,222</b>     |
| <b>END OF YEAR</b>                          | <b>\$ 3,213,424,628</b> | <b>\$ 3,076,733,102</b> | <b>\$ 136,691,526</b> |

### REQUESTS FOR INFORMATION

This financial information is intended to provide a general overview of the System finances. Questions concerning any of the information presented in this report or requests for additional financial information should be addressed to the Executive Director, Educational Employees' Supplementary Retirement System of Fairfax County, 3110 Fairview Park Drive, Suite 300, Falls Church, Virginia 22042. This ACFR can also be found on ERFC's website at: <https://www.erfcension.org/resources/financials>.

## STATEMENT OF FIDUCIARY NET POSITION

As of June 30, 2024

**ASSETS****CASH AND SHORT-TERM INVESTMENTS**

|  |              |
|--|--------------|
| Cash                                   | \$ 3,757,918 |
| Cash with fiscal agent                 | 59,439,687   |
| Cash collateral for securities on loan | 150,091,528  |
| Short-term investments                 | 44,868,852   |

|  |                    |
|--|--------------------|
| <b>TOTAL CASH AND SHORT-TERM INVESTMENTS</b> | <b>258,157,985</b> |
|--|--------------------|

**RECEIVABLES**

|                                   |            |
|-----------------------------------|------------|
| Interest and dividends            | 2,426,596  |
| Securities sold                   | 57,988,110 |
| Miscellaneous accounts receivable | 47,004     |

|                          |                   |
|--------------------------|-------------------|
| <b>TOTAL RECEIVABLES</b> | <b>60,461,710</b> |
|--------------------------|-------------------|

**INVESTMENTS**

|                                    |             |
|------------------------------------|-------------|
| Stocks                             | 242,393,289 |
| Fixed income                       |             |
| Asset and mortgage backed          | 198,143,172 |
| Corporate bonds                    | 344,546,247 |
| International bonds                | 10,697,178  |
| Convertible securities             | 4,204,914   |
| U.S. Government obligations        | 176,910,401 |
| Real estate                        | 272,834,792 |
| Multi asset class solutions (MACS) | 128,865,750 |
| Hedge funds - opportunistic        | 263,926,035 |
| Private equity                     | 337,958,279 |
| Private debt                       | 86,546,300  |
| Infrastructure                     | 66,051,827  |
| Natural resources                  | 23,445,055  |
| Commingled fixed income funds      | 163,116,095 |
| Commingled equity funds            | 808,479,325 |

|                          |                      |
|--------------------------|----------------------|
| <b>TOTAL INVESTMENTS</b> | <b>3,128,118,659</b> |
|--------------------------|----------------------|

**OTHER ASSETS**

|  |           |
|--|-----------|
| Right-to-use asset                           | 2,753,682 |
| Accumulated amortization: Right-to-use asset | (395,954) |

|                           |                  |
|---------------------------|------------------|
| <b>TOTAL OTHER ASSETS</b> | <b>2,357,728</b> |
|---------------------------|------------------|

|                     |                      |
|---------------------|----------------------|
| <b>TOTAL ASSETS</b> | <b>3,449,096,082</b> |
|---------------------|----------------------|

**LIABILITIES**

|                               |             |
|-------------------------------|-------------|
| Right-to-use lease liability  | 2,888,910   |
| Accounts payable              | 1,610,960   |
| Securities purchased          | 81,080,056  |
| Securities lending collateral | 150,091,528 |

|                          |                    |
|--------------------------|--------------------|
| <b>TOTAL LIABILITIES</b> | <b>235,671,454</b> |
|--------------------------|--------------------|

|   |                         |
|---|-------------------------|
| <b>NET POSITION RESTRICTED FOR PENSIONS</b> | <b>\$ 3,213,424,628</b> |
|---|-------------------------|

See accompanying notes to financial statements.

# STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the Fiscal Year Ended June 30, 2024

## ADDITIONS

|   |                    |
|---|--------------------|
| Contributions                                 |                    |
| Employer                                      | \$ 121,645,811     |
| Plan members                                  | 56,450,447         |
| <b>TOTAL CONTRIBUTIONS</b>                    | <b>178,096,258</b> |
| Investment income                             |                    |
| Net appreciation in fair value of investments | 146,964,353        |
| Interest and dividends                        | 39,825,878         |
| <b>TOTAL INVESTMENT INCOME</b>                | <b>186,790,231</b> |
| Less investment expenses                      |                    |
| Investment management fees <sup>1</sup>       | 5,240,530          |
| Investment consulting fees                    | 1,072,313          |
| Investment custodial fees                     | 325,525            |
| Investment salaries                           | 358,925            |
| <b>TOTAL INVESTMENT EXPENSES</b>              | <b>6,997,293</b>   |
| Income from securities lending activities     |                    |
| Securities lending income                     | 9,212,115          |
| Securities lending management fees            | (8,639,412)        |
| <b>NET SECURITIES LENDING INCOME</b>          | <b>572,703</b>     |
| <b>NET INVESTMENT INCOME</b>                  | <b>180,365,641</b> |
| <b>TOTAL ADDITIONS</b>                        | <b>358,461,899</b> |

## DEDUCTIONS

|   |                         |
|---|-------------------------|
| Benefits                                    | 210,636,405             |
| Refunds                                     | 5,448,543               |
| Administrative expense                      | 5,459,646               |
| Depreciation and amortization expense       | 225,779                 |
| <b>TOTAL DEDUCTIONS</b>                     | <b>221,770,373</b>      |
| Net Increase                                | 136,691,526             |
| <b>NET POSITION RESTRICTED FOR PENSIONS</b> |                         |
| Beginning of year                           | 3,076,733,102           |
| <b>END OF YEAR</b>                          | <b>\$ 3,213,424,628</b> |

<sup>1</sup> Certain investment fees are netted directly against assets under management. See accompanying notes to financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2024

ERFC is a legally separate single-employer retirement system and fund established under Virginia code to provide pension benefits to all full-time educational and administrative support employees who are employed by FCPS and who are not covered by other retirement plans of Fairfax County. As a fund under the financial control of the School Board, the System's financial statements are included in FCPS' basic financial statements as a pension trust fund.

The System contains two primary benefit structures, ERFC and ERFC 2001, and both are defined benefit structures. The original structure, ERFC, became effective July 1, 1973, and is coordinated with the benefits members expect to receive from VRS and Social Security. It remains in effect; however, it was closed to new members employed after June 30, 2001. A simplified Plan of benefits was developed effective July 1, 2001 with an exclusive level lifetime benefit structure. Eligible newly hired full-time educational and administrative support employees were enrolled in ERFC 2001, hereinafter referred to as ERFC 2001 Tier 1. It was closed to new members employed after June 30, 2017.

On April 27, 2017, the School Board voted to modify the ERFC 2001 Tier 1 Plan effective July 1, 2017. ERFC 2001 Tier 2 Plan was developed for full-time educational and administrative employees hired on or after July 1, 2017. The retirement eligibility was raised, the period for calculating a member's final average salary was increased, and the cost-of-living adjustment was changed to be based on the Consumer Price Index. For all members, the annual interest rate credited on member accounts was reduced.

The Board of Trustees is the governing body of ERFC. The ERFC Board comprises seven members: three appointed by the School Board, three elected by the System's active membership, and one trustee who is neither affiliated with, nor employed by Fairfax County, the Fairfax County School Board, nor by any union or similar organization representing teachers or other Fairfax County employees. The initial six trustees annually select and recommend a seventh ERFC Board member, or "individual Trustee," for approval by the Fairfax County School Board. The ERFC executive committee comprises the Chairperson and Treasurer.

Benefit provisions for ERFC and ERFC 2001 are established and may be amended by the System's Board of Trustees subject to approval by the School Board. All members are vested for benefits after five years of service. The ERFC benefit formula was revised effective July 1, 1988, following changes to the VRS, which the ERFC has historically supplemented. The benefit structure is designed to supplement VRS and Social Security benefits to provide a level retirement benefit throughout retirement. ERFC 2001 Tier 1 and Tier 2 have a stand-alone structure. Member contributions for ERFC and ERFC 2001 are made through an arrangement that results in a deferral of taxes on the contributions. Further details of member contributions may be found in Article III of both Benefit Structure Documents.

## NOTES TO THE FINANCIAL STATEMENTS

At December 31, 2023, the date of the most recent actuarial valuation, the System's membership consisted of:

|  |               |
|--|---------------|
| Retirees and beneficiaries currently receiving benefits          | 14,098        |
| Terminated employees entitled to, but not yet receiving benefits | 7,588         |
| Active plan members  | 23,093        |
| <b>Total Number of Plan Members</b>                              | <b>44,779</b> |

ERFC and ERFC 2001 provide for a variety of benefit payment types. ERFC's payment types include Service Retirement, Reduced Service, Disability, Death-in-Service, and Deferred Retirement. ERFC 2001's payment types include Service Retirement, Death-in-Service, and Deferred Retirement. Minimum eligibility requirements for full service benefits for ERFC is either (a) age 65 with 5 years of service or (b) age 55 with 25 years of service. Minimum eligibility requirements for full service benefits for ERFC 2001 Tier 1 is either (a) age 60 with 5 years of service or (b) any age with 30 years of service. Minimum eligibility requirements for full service benefits from ERFC 2001 Tier 2 is either (a) age and service equal 90 (the rule of 90) or (b) full Social Security age with five years of service. Annual post-retirement cost-of-living ("COLA") increases of 3 percent are effective each March 31 for ERFC and ERFC 2001 Tier 1 members. Participants in their first full year of retirement from ERFC and ERFC 2001 Tier 1 receive a 1.49 percent increase. Participants who retire on or after January 1 receive no COLA increase that first March. Under ERFC 2001 Tier 2, the first COLA will equal approximately half of the full COLA amount. Thereafter, the full COLA will equal 100 percent of the Consumer Price Index for all Urban Consumers for the Washington, D.C. metropolitan area for the period ending in November of each year, capped at 4 percent. Additional detail regarding all benefit payment types can be found in the actuarial valuation and/or the System Plan Document.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING AND OTHER POLICIES

#### **Basis of Accounting**

The System's financial statements have been prepared under the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as applicable to governmental units. ERFC is a fiduciary pension trust fund of FCPS. Member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due, pursuant to GAAP. Benefits and refunds are recognized when due and payable in accordance with the terms of the System. The costs of administering the System are paid for by the use of investment income and employer and employee contributions.

#### **Fair Value Measurements**

The System categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

## NOTES TO THE FINANCIAL STATEMENTS

- Level 1 Unadjusted quoted prices for identical instruments in active markets.
- Level 2 Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.
- Level 3 Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments that are measured at fair value using the net asset value ("NAV") per share (or its equivalent) are not classified in the fair value hierarchy.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The System's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability. The tables of investments measured at fair value as well as at NAV can be found on pages 27 & 28.

Short-term securities are reported at fair value when published market prices and quotations are available, or at cost plus accrued interest, which approximates market or fair value.

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Debt and equity securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique or a bid evaluation.

Debt securities classified in Level 3 of the fair value hierarchy are valued by a third party.

Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices. Bid evaluations may include reported trades, broker/dealer quotes, issuer spreads, two-sided markets, bids, offers, and reference data including market research publications.

- **Commingled Large Cap Equity Funds**

The objective of these index funds is to invest in securities and collective funds that together are designed to track the performance of the Russell 1000<sup>®</sup>.

- **Commingled Global Equity Funds**

These funds are actively managed, multi-capitalization funds focused on attractively priced companies with strong and/or improving financial productivity. The funds invest in listed global equity securities located in both developed and emerging markets.

- **Commingled Emerging Markets Equity Fund**

This fund invests in common stocks and other forms of equity investments issued by emerging market companies of all sizes to obtain long-term capital appreciation.

## NOTES TO THE FINANCIAL STATEMENTS

- **Commingled TIPS Fund**

The Fund's investment objective is to track the performance of the Bloomberg U.S. Treasury Inflation-Linked Index (the "Index"). The Fund is constructed to mirror the Index to provide income and preservation of capital. The assets of the Fund may be invested in securities, including those issued through private placements, exchange-traded and mutual funds, and a combination of other collective funds (each an affiliate of the Fund and collectively referred to herein as the "Collective Investment Funds") that together are designed to track the performance of the Index. The Fund may also invest in the EB Temporary Investment Fund, an affiliate of the Fund.

- **Commingled Global Fixed Income Fund**

This fund seeks to generate strong risk-adjusted returns from the global bond markets. The strategy focuses on selecting securities with attractive valuations in countries with stable to improving structural outlooks and growth trajectories.

- **Commingled Emerging Markets Debt Fund**

This fund invests in fixed income securities of "emerging" or developing countries to achieve high current income and long-term capital growth.

- **Private Equity and Debt Partnerships**

This type includes investments in limited partnerships, which generally include the following strategies: buyouts, venture capital, mezzanine, distressed debt, growth equity and special situations. These investments have an approximate life of 10 years and are considered illiquid. Redemptions are restricted over the life of the partnership. During the life of the partnerships, distributions are received as underlying partnership investments are realized. As of June 30, 2024, it is probable that all of the investments in this type will be sold at an amount different from the NAV per share of the plan's ownership interest in partners' capital.

- **Infrastructure**

This type invests in assets which provide essential services or facilities to a community such as schools, hospitals, transportation, distribution, communication, power generation, water and waste management. These investments can include limited partnerships and commingled funds and are considered illiquid. The investment seeks to provide long-term risk-adjusted returns, a stable income stream and inflation protection.

- **Natural Resources**

This type includes earth-related extractions in four distinct sub-sector categories: energy, mining, agriculture-timber and sustainability. Opportunities in energy are traditional oil and gas activities across the value chain. Mining is the exploration and extraction of metals and minerals through surface or underground. Agriculture and timber are opportunities in ownership of regenerating assets, and investments in companies through-out the value chain. Sustainability is opportunities related to sectors with strong tailwinds from government climate policy, industry commitments, and consumer preferences to mitigate the effects of climate change.

## NOTES TO THE FINANCIAL STATEMENTS

- **Commingled Multi-Asset Class Solutions**

These funds typically have an unconstrained, non-benchmark oriented investment approach with investments across various asset classes. They may invest in, but are not limited to, equities, fixed income, inflation-linked bonds, currencies and commodities. The objective is to provide attractive returns in any type of economic environments.

- **Commingled Real Estate Equity Funds**

This type of fund provides diversified exposure to a core portfolio of U.S. real estate investments across different sectors. The investment is primarily focused on income with some value-add properties seeking higher returns from potential appreciation.

- **Private Real Estate**

This type of fund is a limited partnership that makes direct or secondary investments in various types of real estate and real estate related entities, such as commingled real estate funds, limited partnerships, joint ventures, real estate operating companies and non-traded REIT vehicles.

- **Hedge Funds - Opportunistic**

This is an alternative type of strategy with a typical return objective of cash plus a premium. It invests across different asset classes.

### INVESTMENTS MEASURED BY FAIR VALUE HIERARCHY LEVEL

|  | FAIR VALUE MEASURES USING |  |  |                                       |
|--|---------------------------|--|--|---------------------------------------|
|  | June 30, 2024             | QUOTED PRICES<br>IN ACTIVE<br>MARKETS FOR<br>IDENTICAL<br>ASSETS | SIGNIFICANT<br>OTHER<br>OBSERVABLE<br>INPUTS | SIGNIFICANT<br>UNOBSERVABLE<br>INPUTS |
| INVESTMENTS BY FAIR VALUE LEVEL  |                           | LEVEL 1  | LEVEL 2                                      | LEVEL 3                               |
| Short-term securities  | \$ 44,868,852             | \$ —   | \$ —   | \$ 44,868,852                         |
| Debt securities  |                           |  |  |                                       |
| Asset and mortgage backed  | 198,143,172               | —  | 198,143,172                                  | —                                     |
| Corporate bonds  | 344,546,247               | —  | 337,070,066                                  | 7,476,181                             |
| International bonds  | 10,697,178                | —  | 10,697,178                                   | —                                     |
| Convertible securities   | 4,204,914                 | 548,768  | 3,656,146                                    | —                                     |
| US Government obligations  | 176,910,401               | 176,910,401  | —  | —                                     |
| Total Debt Securities  | 734,501,912               | 177,459,169  | 549,566,562                                  | 7,476,181                             |
| Equity investments   | 242,393,289               | 242,393,289  | —  | —                                     |
| <b>TOTAL INVESTMENT AND SHORT-TERM SECURITIES<br/>MEASURED BY FAIR VALUE HIERARCHY LEVEL</b> | <b>\$ 1,021,764,053</b>   | <b>\$ 419,852,458</b>  | <b>\$ 549,566,562</b>                        | <b>\$ 52,345,033</b>                  |

## NOTES TO THE FINANCIAL STATEMENTS

**INVESTMENTS MEASURED AT NET ASSET VALUE (NAV)**

|  | June 30, 2024           | UNFUNDED<br>COMMITMENTS | REDEMPTION<br>FREQUENCY | REDEMPTION<br>NOTICE PERIOD |
|--|-------------------------|-------------------------|-------------------------|-----------------------------|
| Equity investments                       |                         |                         |                         |                             |
| Commingled large cap equity funds        | \$ 364,945,995          | \$ —                    | Daily                   | None                        |
| Commingled global equity funds           | 303,896,301             | —                       | Daily                   | None                        |
| Commingled emerging markets equity fund  | 139,637,029             | —                       | Daily                   | 3 days                      |
| <b>TOTAL EQUITY INVESTMENTS</b>          | <b>808,479,325</b>      | <b>—</b>                |                         |                             |
| Fixed income investments                 |                         |                         |                         |                             |
| Commingled TIPS fund                     | 98,483,280              | —                       | Daily                   | None                        |
| Commingled global fixed income fund      | 2,959,191               | —                       | Daily                   | None                        |
| Commingled emerging markets debt fund    | 61,673,624              | —                       | Monthly                 | 30 days                     |
| <b>TOTAL FIXED INCOME INVESTMENTS</b>    | <b>163,116,095</b>      | <b>—</b>                |                         |                             |
| Other investments                        |                         |                         |                         |                             |
| Private markets                          | 514,001,461             | 328,945,600             | Not eligible            | N/A                         |
| MACS                                     | 128,865,750             | —                       | Monthly                 | 5 days                      |
| Hedge Funds - Opportunistic              | 263,926,035             | —                       | Monthly                 | 30 days                     |
| Real estate - core open-end funds        | 169,776,170             | —                       | Quarterly               | 1-90 days                   |
| Real estate - private commingled funds   | 103,058,622             | 103,555,857             | Not eligible            | N/A                         |
| <b>TOTAL OTHER INVESTMENTS</b>           | <b>1,179,628,038</b>    | <b>432,501,457</b>      |                         |                             |
| <b>TOTAL INVESTMENTS MEASURED AT NAV</b> | <b>2,151,223,458</b>    | <b>\$ 432,501,457</b>   |                         |                             |
| <b>TOTAL INVESTMENTS</b>                 | <b>\$ 3,172,987,511</b> |                         |                         |                             |

## NOTES TO THE FINANCIAL STATEMENTS

### 2. CONTRIBUTION REQUIREMENTS

The contribution requirements for ERFC and ERFC 2001 members are established and may be amended by the System's Board of Trustees with the approval of the School Board. The requirements are based upon a fundamental financial objective of having rates of contribution that remain relatively level from generation to generation of employees. To determine the appropriate employer contribution rates and to assess the extent to which the fundamental financial objective is being achieved, the System has actuarial valuations prepared annually.

Members are required to contribute 3 percent of annual salary. The employer is required to contribute at an actuarially determined rate which was 6.48 percent for fiscal year 2024.

### 3. NET PENSION LIABILITY DISCLOSURES

The components of the System's net pension liability as of June 30, 2024 were as follows:

|   |                  |
|---|------------------|
| Total Pension Liability   | \$ 4,380,439,604 |
| Plan Fiduciary Net Position   | 3,213,424,628    |
| Net Pension Liability   | \$ 1,167,014,976 |
| Plan Fiduciary Net Position as a<br>Percentage of the Total Pension Liability | 73.36%           |

#### Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2023, using update procedures to roll forward the total pension liability to the plan's fiscal year end. The actuarial assumptions applied to all periods in the measurement.

#### METHODS AND ASSUMPTIONS USED TO DETERMINE FY 2024 TOTAL PENSION LIABILITY

|                       |   |
|-----------------------|---|
| Actuarial Cost Method | Entry Age Normal  |
| IRS Limit Increases   | 2.50%   |
| Salary Increases      | 2.75% to 7.25% including inflation  |
| Discount Rate         | 7.00%   |
| Retirement Age        | Experience-based table of rates that are specific to the type of eligibility condition  |
| Mortality             | The mortality table used to measure retired life mortality was 102% of the male rates and 99% of the female rates of the PUB-2010 Teachers mortality table projected generationally with Scale MP-2020. The corresponding Disabled and Employee tables were used for disability and pre-retirement mortality, respectively. |

## NOTES TO THE FINANCIAL STATEMENTS

### Single Discount Rate

A single discount rate of 7.0 percent was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.0 percent. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarial determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

### Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined in conjunction with a formal study of experience in 2020. The amortization period for the assumption is set at 20 years, aligning with best actuarial practices.

Segal Marco Advisors supplied best estimates of arithmetic real rates of return table as of the measurement date. The investment consultant's inflation expectation is 2.4 percent.

| ASSET CLASS                      | LONG-TERM EXPECTED<br>REAL RATE OF RETURN |
|----------------------------------|---|
| Domestic Equity (Large Cap)      | 6.4 %                                     |
| Domestic Equity (Small Cap)      | 7.3                                       |
| International Equity             | 6.7                                       |
| International Equity (Small Cap) | 8.1                                       |
| Emerging International Equity    | 8.0                                       |
| Global Equity                    | 6.8                                       |
| Emerging Market Debt             | 3.7                                       |
| US Fixed Income                  | 1.8                                       |
| MACS                             | 2.8                                       |
| Hedge Funds Opportunistic        | 5.5                                       |
| Infrastructure                   | 8.0                                       |
| Real Estate                      | 5.1                                       |
| Private Equity                   | 11.3                                      |
| Private Debt                     | 7.8                                       |
| Natural Resources                | 8.9                                       |

## NOTES TO THE FINANCIAL STATEMENTS

### Pension Liability Sensitivity

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the table below presents the plan's net pension liability, calculated using a single discount rate of 7.0 percent as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent). Sensitivity results at 6.0 percent interest were based upon computer runs. Results at 8.0 percent were based upon the 6.0 percent results and estimation techniques.

|                       | <b>1% Decrease</b> | <b>Assumption</b> | <b>1% Increase</b> |
|-----------------------|--------------------|-------------------|--------------------|
|                       | <b>6.0%</b>        | <b>7.0%</b>       | <b>8.0%</b>        |
| Net pension liability | \$ 1,795,987,962   | \$ 1,167,014,976  | \$ 655,985,961     |

The Schedule of Changes in Net Pension Liability and Related Ratios, presented as Required Supplementary Information following the Notes to the Financial Statements, presents multi-year trend information about whether the plan's net position is increasing or decreasing over time relative to the total pension liability.

### 4. INVESTMENTS

The authority to establish pension funds is set forth in sections 51.1-800 of the Code of Virginia ("Code"), which provides that the County may purchase investments for pension funds (including common and preferred stocks and corporate bonds) that meet the standard of judgment and care set forth in Section 51.1-124 of the Code.

The System does not have investments (other than U.S. government and U.S. government guaranteed obligations) in any one organization that represents 5 percent or more of net position restricted for pensions.

### Investment Policy

The System's investment policy is established by the Board of Trustees based on information and/or recommendations provided by ERFC's investment consultant and ERFC staff. The policy may be amended as necessary by the Board of Trustees and is reviewed at least annually. There were no significant investment policy changes during the fiscal year. The Fund's asset structure is enumerated in the investment policy and reflects a proper balance of the Fund's needs for liquidity, growth of assets and the risk tolerance of the Trustees. The target asset mix, consistent with the achievement of the long-term objective of the Fund, is presented on the following page.

## NOTES TO THE FINANCIAL STATEMENTS

| <b>SECURITY CLASS</b>            | <b>STRATEGIC TARGETS<br/>AS OF JUNE 30, 2024</b> |
|----------------------------------|--|
| Domestic Equity (Large Cap)      | 11.0 %   |
| Domestic Equity (Small Cap)      | 6.0  |
| International Equity             | 5.0  |
| International Equity (Small Cap) | 5.0  |
| Emerging International Equity    | 5.0  |
| Global Equity                    | 3.0  |
| Emerging Market Debt             | 2.0  |
| US Fixed Income                  | 28.0   |
| MACS                             | 4.0  |
| Hedge Funds Opportunistic        | 5.0  |
| Infrastructure                   | 3.0  |
| Real Estate                      | 7.0  |
| Private Equity                   | 7.0  |
| Private Debt                     | 4.0  |
| Natural Resources                | 5.0  |
| <b>TOTAL</b>                     | <b>100.0 %</b>                                   |

### Rate of Return

For the year ended June 30, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.68 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. This method differs from the time-weighted rate of return calculation referenced at the beginning of the Management Discussion and Analysis, which is performed on a gross basis.

### Derivative Financial Instruments

As permitted by the Code, ERFC invests in derivative instruments on a limited basis in accordance with the Board of Trustees' investment policy. Investment in derivatives allows the System to increase earnings and/or hedge against potential losses. The risks associated with derivative investments include market risk resulting from fluctuations in interest and currency rates, the credit worthiness of counter parties to any contracts entered into, and the credit worthiness of mortgages related to collateralized mortgage obligations ("CMO"s). Specific authorization by the Trustees is required should investment managers seek to purchase securities on margin or leverage. During fiscal year 2024, the System's fair value of CMO's was \$2,038,812.

## NOTES TO THE FINANCIAL STATEMENTS

Regarding certain risk factors, GAAP requires that governments report their exposure to investment risks in four categories: interest rate risk, credit risk, concentration of credit risk, and foreign currency risk.

### Interest Rate Risk

ERFC's fixed income managers use the effective duration method to control interest rate risk. Regarding maturity, ERFC does not place limits on these fixed income managers. However, it does expect the average duration to be within 30 percent of their respective benchmarks. One of the managers is expected to be within 50 percent of the Bloomberg Barclays Capital Government/Credit Index.

As of June 30, 2024, the System had the following fixed income investments, none of which are highly sensitive to changes in interest rates:

| INVESTMENT CATEGORY          | AMOUNT                | EFFECTIVE DURATION* | PERCENTAGE OF FIXED |
|------------------------------|-----------------------|---------------------|---------------------|
| Asset and Mortgage Backed    | \$ 198,143,172        | 1.93                | 27.0 %              |
| Corporate Bonds              | 344,546,247           | 2.77                | 46.8                |
| International Bonds          | 10,697,178            | 0.12                | 1.5                 |
| Convertible Securities       | 4,204,914             | 0.02                | 0.6                 |
| US Government Obligations    | 176,910,401           | 2.95                | 24.1                |
| <b>TOTAL</b>                 | <b>\$ 734,501,912</b> | <b>7.79</b>         | <b>100.0 %</b>      |
| * Weighted Duration in years |                       |                     |                     |
| Short-term Investment Funds  | \$ 44,868,852         | —                   |                     |
| <b>TOTAL SHORT-TERM</b>      | <b>\$ 44,868,852</b>  | <b>—</b>            |                     |

### Credit Risk

The System's policy on credit quality states that the average credit quality of the portfolio must have a rate of A or better. Up to 20 percent of the portfolio may be invested in below investment grade (that is, Moody's Baa or Standard & Poor's BBB ratings). If a security has a split rating, the lower rating will be considered in meeting the minimum quality standard. One of ERFC's fixed income managers may invest up to 35 percent in below investment grade securities. For this manager, if a security has a split rating, the higher rating shall be considered.

The Credit Quality Summary presented on the following page lists the ratings of all of ERFC's fixed income investments as of June 30, 2024, excluding pooled funds, according to Moody's Investment Services and Standard & Poor's.

## NOTES TO THE FINANCIAL STATEMENTS

| INVESTMENT TYPE           | AMOUNT                 | RATING    | PERCENT OF FIXED |     |
|---------------------------|------------------------|-----------|------------------|-----|
| Asset and Mortgage Backed | \$ 38,546,968          | AAA       | 6.9 %            |     |
|                           | 99,991,294             | AA        | 17.9             |     |
|                           | 14,884,083             | A         | 2.7              |     |
|                           | 32,282,288             | BBB       | 5.8              |     |
|                           | 3,189,395              | BB        | 0.6              |     |
|                           | 988,232                | B         | 0.2              |     |
|                           | 1,024,306              | CCC       | 0.2              |     |
|                           | 3,522,481              | CC        | 0.6              |     |
|                           | 329,332                | C         | 0.1              |     |
|                           | 711,210                | Below C   | 0.1              |     |
|                           | 2,673,583              | Not Rated | 0.5              |     |
|                           | Convertible Securities | 168,349   | A                | 0.0 |
|                           |                        | 2,504,801 | BBB              | 0.4 |
| 1,527,825                 |                        | CCC       | 0.3              |     |
| 3,939                     |                        | Not Rated | 0.0              |     |
| Corporate Bonds           | 4,206,869              | AA        | 0.8              |     |
|                           | 41,835,070             | A         | 7.5              |     |
|                           | 213,466,352            | BBB       | 38.3             |     |
|                           | 59,646,742             | BB        | 10.7             |     |
|                           | 18,600,903             | B         | 3.3              |     |
|                           | 6,509,193              | CCC       | 1.2              |     |
|                           | 775                    | CC        | 0.0              |     |
|                           | 65,151                 | C         | 0.0              |     |
| International Bonds       | 215,192                | Not Rated | 0.0              |     |
|                           | 2,973,513              | AAA       | 0.5              |     |
|                           | 2,119,233              | AA        | 0.4              |     |
|                           | 1,137,968              | BBB       | 0.2              |     |
|                           | 3,353,935              | BB        | 0.6              |     |
|                           | 1,112,529              | B         | 0.2              |     |
| <b>TOTAL</b>              | <b>\$ 557,591,511</b>  |           | <b>100.0 %</b>   |     |

**Concentration of Credit Risk**

The System's policy limits the securities of any one issuer to 10 percent at cost and 15 percent at market of each fixed income portfolio. The policy allows an exception for government securities and its agencies.

At June 30, 2024, and as addressed previously, the System had three active fixed income managers. The portfolios had values of \$213.3 million, \$228.5 million and \$300.9 million. The fair value of the largest issue other than the U.S. Government in the portfolios of the active managers, excluding pooled funds, was 2.91 percent of that portfolio.

## NOTES TO THE FINANCIAL STATEMENTS

### Deposits

At June 30, 2024, short-term investments with the custodial bank totaled \$44,868,852. These investments consist of U.S. Treasury bills, are collateralized with securities held by the agent in the System's name or are in a short-term investment pool.

### Cash

ERFC maintains its cash with the County, which invests cash and allocates interest earned net of a management fee, on a daily basis to the System based on the System's average daily balance of equity in pooled cash. For the fiscal year ended June 30, 2024, the cash balance of \$3,757,918 represents funds that could not be invested in the County's enhanced cash fund until July 1, 2024.

The bank balance of the County's public deposits was either insured by the Federal Deposit Insurance Corporation or through the State Treasury Board pursuant to the provisions of the Security for Public Deposit Act. As of June 30, 2024, cash with the fiscal agent totaled \$59,439,687. This cash is insured and represents receipts from investment sales occurring on the last day of the month.

Cash received as collateral on securities lending transactions and investments with such cash are reported as assets along with the related liability for collateral received.

### Securities Lending

The System's Board of Trustees' policy permits the fund to participate in a securities lending program. The securities lending program is administered by the System's custodian. Certain securities of the System are loaned to approved broker/dealers who borrow the securities and provide collateral in the form of cash, U.S. Treasury or Government Agency Securities, letters of credit issued by approved banks, or other securities of a quality specified in the securities lending agreement. Collateral must be provided in the amount of 102 percent of fair value for domestic securities and 105 percent for international securities. The System did not impose any restrictions during the period on the number of loans the custodian made on its behalf. The custodian provides for full indemnification to the System for any losses that might occur in the program due to the failure of a broker/dealer to return a borrowed security or failure to pay the System for income of the securities while on loan. The fair value of collateral is monitored daily by the custodian.

Cash collateral is invested in a fund maintained by the custodian or its affiliate. Per stated custodian policy, the maximum weighted average maturity of the fund is 60 days. Investment income from the securities lending program is shared 75/25 by ERFC and the custodian, respectively. At year-end, the System had no overall credit risk exposure to borrowers because the amounts the System owed the borrowers exceeded the amounts the borrowers owed the System.

Cash received as collateral and related liability of \$150,091,528 as of June 30, 2024, are shown on the Statement of Fiduciary Net Position. As of June 30, 2024, the fair value of securities on loan for cash collateral was \$146,626,260. Securities received as collateral are not reported as assets and liabilities since ERFC does not have the ability to pledge or sell the collateral securities absent borrower default.

## NOTES TO THE FINANCIAL STATEMENTS

On June 30, 2024, the array of securities the System had on loan for cash collateral took this form:

| SECURITIES               | FAIR VALUE            | CASH COLLATERAL       |
|--------------------------|-----------------------|-----------------------|
| Domestic Corporate Bonds | \$ 67,368,891         | \$ 69,053,423         |
| International Bonds      | 641,347               | 656,239               |
| Domestic Stock           | 67,297,870            | 68,823,730            |
| International Stock      | 241,314               | 253,448               |
| US Government Securities | 11,076,838            | 11,304,688            |
| <b>TOTAL</b>             | <b>\$ 146,626,260</b> | <b>\$ 150,091,528</b> |

### Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the system's funds will be lost. However, the System investments and deposits are not exposed to custodial credit risk since they are held by the agent in the System name. Other investments such as mutual funds, a short-term investment pool, and a cash collateral investment pool which invests cash collateral for securities on loan, are not exposed to custodial risk due to their non-physical form. As such, the System does not have a custodial credit risk policy.

The mix of investments held by the custodian on June 30, 2024, was as follows:

| INVESTMENT TYPE                        | FAIR VALUE              |
|--|-------------------------|
| Stocks                                 | \$ 242,393,289          |
| Bonds and Mortgage Securities          | 557,591,511             |
| US Government Obligations              | 176,910,401             |
| Real Estate                            | 272,834,792             |
| MACS                                   | 128,865,750             |
| Hedge Funds - Opportunistic            | 263,926,035             |
| Private Equity                         | 337,958,279             |
| Private Debt                           | 86,546,300              |
| Infrastructure                         | 66,051,827              |
| Natural Resources                      | 23,445,055              |
| Commingled Fixed Income Funds          | 163,116,095             |
| Commingled Equity Funds                | 808,479,325             |
| <b>SUBTOTAL INVESTMENTS</b>            | <b>3,128,118,659</b>    |
| Cash collateral for securities on loan | 150,091,528             |
| <b>TOTAL</b>                           | <b>\$ 3,278,210,187</b> |

### Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The System currency risk exposures primarily exist in the international equity and active fixed income holdings. At the present time, there are no specific foreign currency guidelines for equities or active fixed income investments; however, equity and fixed income managers are all measured against specific performance standards and risk guidelines identified in ERFC's investment policy.

## NOTES TO THE FINANCIAL STATEMENTS

The following chart provides a summary of System's fair value of foreign currency risk as of June 30, 2024:

| CURRENCY                | CASH & CASH<br>EQUIVALENTS | EQUITY               | FIXED INCOME<br>SECURITIES | PRIVATE<br>MARKETS   | TOTAL U.S.<br>DOLLARS |
|-------------------------|----------------------------|----------------------|----------------------------|----------------------|-----------------------|
| AUSTRALIAN DOLLAR       | \$ 2,112                   | \$ —                 | \$ —                       | \$ —                 | \$ 2,112              |
| BRAZIL REAL             | 126,300                    | —                    | 1,727,314                  | —                    | 1,853,614             |
| CANADIAN DOLLAR         | 43,652                     | 3,112,280            | —                          | —                    | 3,155,932             |
| CHILEAN PESO            | 10,982                     | —                    | —                          | —                    | 10,982                |
| DANISH KRONE            | 106,651                    | 5,457,642            | —                          | —                    | 5,564,293             |
| EURO CURRENCY UNIT      | 382,067                    | 19,903,907           | 1,638,990                  | 31,983,921           | 53,908,885            |
| HONG KONG DOLLAR        | 37,697                     | —                    | —                          | —                    | 37,697                |
| INDONESIAN RUPIAH       | 11,448                     | —                    | —                          | —                    | 11,448                |
| ISRAELI SHEKEL          | 10,876                     | —                    | —                          | —                    | 10,876                |
| JAPANESE YEN            | 109,029                    | 4,974,378            | —                          | —                    | 5,083,407             |
| MALAYSIAN RINGGIT       | 9,034                      | —                    | —                          | —                    | 9,034                 |
| MEXICAN PESO            | —                          | —                    | 1,137,968                  | —                    | 1,137,968             |
| NEW TAIWAN DOLLAR       | 24,016                     | 6,735,570            | —                          | —                    | 6,759,586             |
| NEW ZEALAND DOLLAR      | —                          | —                    | 1,499,761                  | —                    | 1,499,761             |
| NORWEGIAN KRONE         | 1,682                      | —                    | 1,473,752                  | —                    | 1,475,434             |
| PHILIPPINES PESO        | 1,266                      | —                    | —                          | —                    | 1,266                 |
| POLISH ZLOTY            | 1,424                      | —                    | —                          | —                    | 1,424                 |
| POUND STERLING          | 54,649                     | 6,433,664            | 2,119,233                  | —                    | 8,607,546             |
| SOUTH AFRICAN RAND      | 1,739                      | —                    | 1,100,160                  | —                    | 1,101,899             |
| SOUTH KOREAN WON        | 356                        | —                    | —                          | —                    | 356                   |
| SWEDISH KRONA           | 10,299                     | 2,938,017            | —                          | —                    | 2,948,316             |
| SWISS FRANC             | 481,940                    | 1,275,389            | —                          | —                    | 1,757,329             |
| THAILAND BAHT           | 3,643                      | —                    | —                          | —                    | 3,643                 |
| <b>TOTAL FAIR VALUE</b> | <b>\$ 1,430,862</b>        | <b>\$ 50,830,847</b> | <b>\$ 10,697,178</b>       | <b>\$ 31,983,921</b> | <b>\$ 94,942,808</b>  |

## NOTES TO THE FINANCIAL STATEMENTS

### 5. INCOME TAXES

The Internal Revenue Service ("IRS") issued a determination letter on December 15, 2016, which stated that the System and its underlying trust qualify under the applicable provisions of the Internal Revenue Code and, therefore, are exempt from federal income taxes. In the opinion of the plan administrator, the System and its underlying trust have operated within the terms of the IRS regulations and are qualified under the applicable provisions of the Internal Revenue Code.

### 6. LEASES

On September 9, 2022, ERFC entered into a 153 month lease as Lessee for the use of an office building. An initial lease liability was recorded in the amount of \$2,753,682. The base lease payment is \$22,019 per month. The lease has an interest rate of 2.79%. The Building's estimated useful life was 276 months as of the contract commencement. The value of the right-to-use asset as of June 30, 2024 was \$2,753,682 with accumulated amortization of \$395,954. ERFC has an option to extend the lease for 60 months.

The System's lease assets and accumulated amortization by asset class are summarized in the table below:

| ASSET CLASS | LEASE ASSET VALUE | ACCUMULATED AMORTIZATION |
|-------------|-------------------|--------------------------|
| Building    | \$ 2,753,682      | \$ 395,954               |

The System's lease liability schedule as of June 30, 2024 is shown below:

| FISCAL YEAR  | PRINCIPAL PAYMENTS  | INTEREST PAYMENTS | TOTAL PAYMENTS      |
|--------------|---------------------|-------------------|---------------------|
| 2025         | \$ 192,683          | \$ 78,177         | \$ 270,860          |
| 2026         | 205,025             | 72,642            | 277,667             |
| 2027         | 217,897             | 66,756            | 284,653             |
| 2028         | 231,224             | 60,505            | 291,729             |
| 2029         | 245,110             | 53,875            | 298,985             |
| 2030-3034    | 1,455,431           | 155,487           | 1,610,918           |
| 3035         | 341,540             | 5,185             | 346,725             |
| <b>Total</b> | <b>\$ 2,888,910</b> | <b>\$ 492,627</b> | <b>\$ 3,381,537</b> |

### 7. IMPLEMENTATION OF NEW ACCOUNTING PRONOUNCEMENT

In fiscal year 2024, the System implemented GASB Statement No. 99 *Omnibus 2022* and GASB Statement No. 100 *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. The implementation of the new standards did not have a material impact on ERFC's financial statements for fiscal year 2024.

## REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

Historical contribution information is presented herein for the last ten fiscal years. This information is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employee retirement systems. Actuarial funding valuations as of odd-numbered years are used to develop the appropriate employer contribution rate for the two-year period beginning 18 months after the valuation date. As such, the results from the December 31, 2021 valuation were used to set the employer contribution rate of 6.48% for fiscal year 2024 and 2025.

Analysis of the dollar amounts of plan net position, total pension liability, and net pension liability in isolation can be misleading. Expressing plan net position as a percentage of the total pension liability provides one indication of the System's funding status. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the system.

Trends in the net pension liability and covered payroll are both affected by inflation. Expressing the net pension liability as a percentage of covered payroll approximately adjusts for the effects of inflation and aids in the analysis of the System's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller the percentage, the stronger the system.

The Schedule of Changes in Net Pension Liability and Related Ratios on page 40 illustrates whether the plan's net position is increasing or decreasing over time relative to the total pension liability, and the net pension liability as it relates to covered payroll. As addressed previously, the most recent actuarial valuation was effective December 31, 2023. The Schedule of Changes in Net Pension Liability and Related Ratios was prepared using procedures to roll forward the results of the most recent actuarial valuation to the fiscal year ending June 30, 2024.

### SCHEDULE OF CONTRIBUTIONS

Last Ten Fiscal Years

| FISCAL YEAR<br>ENDING JUNE 30 | ACTUARIALLY<br>DETERMINED<br>CONTRIBUTION | ACTUAL<br>CONTRIBUTION | CONTRIBUTION<br>DEFICIENCY<br>(EXCESS) | COVERED<br>PAYROLL | ACTUAL CONTRIBUTION AS<br>A % OF COVERED PAYROLL |
|-------------------------------|---|------------------------|--|--------------------|--|
| 2024                          | \$ 121,645,811                            | \$ 121,645,811         | \$ —                                   | \$ 1,877,250,170   | 6.48 %   |
| 2023                          | 117,155,967                               | 117,155,967            | —                                      | 1,748,596,522      | 6.70   |
| 2022                          | 111,119,456                               | 111,119,456            | —                                      | 1,658,499,343      | 6.70   |
| 2021                          | 104,784,310                               | 104,784,310            | —                                      | 1,627,085,559      | 6.44   |
| 2020                          | 104,741,255                               | 104,741,255            | —                                      | 1,626,417,003      | 6.44   |
| 2019                          | 96,982,911                                | 96,982,911             | —                                      | 1,549,247,780      | 6.26   |
| 2018                          | 93,543,467                                | 91,704,877             | 1,838,590                              | 1,469,629,439      | 6.24   |
| 2017                          | 80,305,269                                | 80,094,538             | 210,731                                | 1,430,259,607      | 5.60   |
| 2016                          | 76,069,503                                | 76,599,695             | (530,192)                              | 1,374,735,094      | 5.57   |
| 2015                          | 74,791,177                                | 74,324,396             | 466,781                                | 1,328,419,881      | 5.59   |

Covered payroll in 2016 and later is reported in accordance with GASB 82. The ratio in the last row cannot always be compared to contributions required by the ERFC Board's funding policy.

## REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

### SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last Ten Fiscal Years

| FISCAL YEAR ENDED JUNE 30  | 2024                    | 2023                    | 2022                    | 2021                  | 2020                  |
|--|-------------------------|-------------------------|-------------------------|-----------------------|-----------------------|
| <b>TOTAL PENSION LIABILITY</b>   |                         |                         |                         |                       |                       |
| Service Cost   | \$ 102,289,996          | \$ 97,264,457           | \$ 92,063,438           | \$ 91,770,647         | \$ 92,719,549         |
| Interest on the Total Pension Liability  | 293,865,503             | 279,596,095             | 268,463,381             | 253,330,122           | 243,578,788           |
| Changes of benefit terms   | 161,937,951             | —                       | —                       | —                     | —                     |
| Difference between expected and actual experience of the Total Pension Liability | (165,399,993)           | 33,027,559              | (5,133,211)             | 29,758,913            | (12,696,483)          |
| Changes of assumptions   | —                       | —                       | 133,042,334             | (17,342,443)          | —                     |
| Benefit payments, including refunds of employee contributions                    | (216,084,948)           | (206,044,965)           | (198,655,496)           | (191,265,982)         | (185,986,496)         |
| <b>Net Change in Total Pension Liability</b>                                     | <b>176,608,509</b>      | <b>203,843,146</b>      | <b>289,780,446</b>      | <b>166,251,257</b>    | <b>137,615,358</b>    |
| <b>Total Pension Liability - Beginning</b>                                       | <b>4,203,831,095</b>    | <b>3,999,987,949</b>    | <b>3,710,207,503</b>    | <b>3,543,956,246</b>  | <b>3,406,340,888</b>  |
| <b>Total Pension Liability - Ending</b>  | <b>4,380,439,604</b>    | <b>4,203,831,095</b>    | <b>3,999,987,949</b>    | <b>3,710,207,503</b>  | <b>3,543,956,246</b>  |
| <b>PLAN FIDUCIARY NET POSITION</b>   |                         |                         |                         |                       |                       |
| Contributions - Employer   | 121,645,811             | 117,155,967             | 111,119,456             | 104,784,310           | 104,741,255           |
| Contributions - Member   | 56,450,447              | 52,542,598              | 50,017,839              | 48,934,340            | 49,095,601            |
| Net Investment Income  | 180,365,641             | 120,795,408             | (232,237,621)           | 720,738,680           | 108,472,534           |
| Benefit Payments, including refunds of employee contributions                    | (216,084,948)           | (206,044,965)           | (198,655,496)           | (191,265,982)         | (185,986,496)         |
| Pension Plan Administrative, Depreciation and Amortization Expense               | (5,685,425)             | (5,625,786)             | (4,481,381)             | (4,423,439)           | (4,381,191)           |
| <b>Net Change in Plan Fiduciary Net Position</b>                                 | <b>136,691,526</b>      | <b>78,823,222</b>       | <b>(274,237,203)</b>    | <b>678,767,909</b>    | <b>71,941,703</b>     |
| Plan Fiduciary Net Position - Beginning, as previously reported                  | 3,076,733,102           | 2,997,909,880           | 3,272,151,084           | 2,593,383,175         | 2,521,441,472         |
| Prior Period Adjustment  | —                       | —                       | (4,001)                 | —                     | —                     |
| Plan Fiduciary Net Position - Beginning  | 3,076,733,102           | 2,997,909,880           | 3,272,147,083           | 2,593,383,175         | 2,521,441,472         |
| <b>Plan Fiduciary Net Position - Ending</b>                                      | <b>3,213,424,628</b>    | <b>3,076,733,102</b>    | <b>2,997,909,880</b>    | <b>3,272,151,084</b>  | <b>2,593,383,175</b>  |
| <b>Net Pension Liability - Ending</b>  | <b>\$ 1,167,014,976</b> | <b>\$ 1,127,097,993</b> | <b>\$ 1,002,078,069</b> | <b>\$ 438,056,419</b> | <b>\$ 950,573,071</b> |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability           | 73.36 %                 | 73.19 %                 | 74.95 %                 | 88.19 %               | 73.18 %               |
| Covered Payroll  | \$ 1,877,250,170        | \$ 1,748,596,522        | \$ 1,658,499,343        | \$ 1,627,085,559      | \$ 1,626,417,003      |
| <b>Net Pension Liability as a Percentage of Covered Payroll</b>                  | <b>62.17 %</b>          | <b>64.46 %</b>          | <b>60.42 %</b>          | <b>26.93 %</b>        | <b>58.45 %</b>        |

continued

## REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

| 2019             | 2018             | 2017             | 2016             | 2015             | FISCAL YEAR ENDED JUNE 30  |
|------------------|------------------|------------------|------------------|------------------|--|
|                  |                  |                  |                  |                  | <b>TOTAL PENSION LIABILITY</b>   |
| \$ 90,633,074    | \$ 88,599,697    | \$ 78,925,763    | \$ 77,760,915    | \$ 77,493,999    | Service Cost   |
| 231,477,042      | 221,106,804      | 209,515,636      | 205,720,047      | 198,938,575      | Interest on the Total Pension Liability  |
| —                | —                | (1,038,793)      | —                | —                | Changes of benefit terms   |
| 27,726,555       | 12,140,768       | 19,857,344       | (11,011,883)     | (17,051,192)     | Difference between expected and actual experience of the Total Pension Liability |
| —                | —                | 23,334,195       | 45,752,095       | —                | Changes of assumptions   |
| (181,932,073)    | (177,720,296)    | (173,385,583)    | (170,347,847)    | (167,842,576)    | Benefit payments, including refunds of employee contributions                    |
| 167,904,598      | 144,126,973      | 157,208,562      | 147,873,327      | 91,538,806       | <b>Net Change in Total Pension Liability</b>                                     |
| 3,238,436,290    | 3,094,309,317    | 2,937,100,755    | 2,789,227,428    | 2,697,688,622    | <b>Total Pension Liability - Beginning</b>                                       |
| 3,406,340,888    | 3,238,436,290    | 3,094,309,317    | 2,937,100,755    | 2,789,227,428    | <b>Total Pension Liability - Ending</b>  |
|                  |                  |                  |                  |                  | <b>PLAN FIDUCIARY NET POSITION</b>   |
| 96,982,911       | 91,704,877       | 80,094,538       | 76,599,695       | 74,324,396       | Contributions - Employer   |
| 46,645,396       | 44,169,100       | 43,062,632       | 41,383,642       | 39,982,963       | Contributions - Member   |
| 117,727,500      | 188,145,489      | 250,981,777      | (15,766,967)     | 32,083,908       | Net Investment Income  |
| (181,932,073)    | (177,720,296)    | (173,385,583)    | (170,347,847)    | (167,842,576)    | Benefit Payments, including refunds of employee contributions                    |
| (4,262,159)      | (4,300,927)      | (4,059,408)      | (4,004,882)      | (3,751,825)      | Pension Plan Administrative, Depreciation and Amortization Expense               |
| 75,161,575       | 141,998,243      | 196,693,956      | (72,136,359)     | (25,203,134)     | <b>Net Change in Plan Fiduciary Net Position</b>                                 |
| 2,446,279,897    | 2,304,281,654    | 2,107,587,698    | 2,179,724,057    | 2,204,927,191    | Plan Fiduciary Net Position - Beginning, as previously reported                  |
| —                | —                | —                | —                | —                | Prior Period Adjustment  |
| 2,446,279,897    | 2,304,281,654    | 2,107,587,698    | 2,179,724,057    | 2,204,927,191    | Plan Fiduciary Net Position - Beginning  |
| 2,521,441,472    | 2,446,279,897    | 2,304,281,654    | 2,107,587,698    | 2,179,724,057    | <b>Plan Fiduciary Net Position - Ending</b>                                      |
| \$ 884,899,416   | \$ 792,156,393   | \$ 790,027,663   | \$ 829,513,057   | \$ 609,503,371   | <b>Net Pension Liability - Ending</b>  |
| 74.02 %          | 75.54 %          | 74.47 %          | 71.76 %          | 78.15 %          | Plan Fiduciary Net Position as a Percentage of Total Pension Liability           |
| \$ 1,549,247,780 | \$ 1,469,629,439 | \$ 1,430,259,607 | \$ 1,374,735,094 | \$ 1,366,029,848 | Covered Payroll  |
| 57.12 %          | 53.90 %          | 55.24 %          | 60.34 %          | 44.62 %          | <b>Net Pension Liability as a Percentage of Covered Payroll</b>                  |

## REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

### SCHEDULE OF MONEY-WEIGHTED RATE OF RETURN

Last Ten Fiscal Years

| <b>FISCAL YEAR ENDED<br/>JUNE 30</b> | <b>Annual Money-weighted<br/>Rate of Return,<br/>Net of Investment Expense</b> |
|--------------------------------------|--|
| 2024                                 | 5.68 %   |
| 2023                                 | 4.00   |
| 2022                                 | (7.29)   |
| 2021                                 | 27.82  |
| 2020                                 | 4.49   |
| 2019                                 | 4.88   |
| 2018                                 | 8.29   |
| 2017                                 | 12.14  |
| 2016                                 | (0.63)   |
| 2015                                 | 1.49   |

## OTHER SUPPLEMENTARY INFORMATION

(Unaudited)

### SUMMARY OF SIGNIFICANT CHANGES TO THE PENSION SYSTEM

The following provides a summary of the composite employer and employee contribution rates for the last ten fiscal years as a percent of salary and other significant changes to the pension system during the past fiscal years.

| Fiscal Year | Composite<br>Employer<br>Contribution Rate | Employee<br>Contribution<br>Rate | Total<br>Contribution<br>Rate |
|-------------|--|----------------------------------|-------------------------------|
| 2024        | 6.48 %                                     | 3.00 %                           | 9.48 %                        |
| 2023        | 6.70                                       | 3.00                             | 9.70                          |
| 2022        | 6.70                                       | 3.00                             | 9.70                          |
| 2021        | 6.44                                       | 3.00                             | 9.44                          |
| 2020        | 6.44                                       | 3.00                             | 9.44                          |
| 2019        | 6.26                                       | 3.00                             | 9.26                          |
| 2018        | 6.24                                       | 3.00                             | 9.24                          |
| 2017        | 5.60                                       | 3.00                             | 8.60                          |
| 2016        | 5.60                                       | 3.00                             | 8.60                          |
| 2015        | 5.60                                       | 3.00                             | 8.60                          |

- April 27, 2017 — ERFC members hired on or after July 1, 2017 are members of *ERFC 2001 Tier 2*. For all members, the annual interest rate credited on member accounts was reduced.
- July 1, 2006 — The implementation of a Benefit Restoration Plan in order to make benefit payments in excess of the limits established by Section 415 of the Internal Revenue Code.
- April 29, 2004 — The Board of Trustees agreed to transition to calendar year actuarial valuations.
- December 18, 2003 — Effective July 1, 2004, members hired prior to July 1, 2001 (*ERFC Benefit Structure*), are eligible for a Level Lifetime Benefit ("LLB") that is calculated by determining the annuitized value of the greater of their accumulated contribution balance or the present value of the currently provided defined benefit. The following changes apply to members hired on or after July 1, 2001 (*ERFC 2001 Benefit Structure*):
  - The defined contribution component of the benefit structure that was to be offered as an option to members on July 1, 2006, was eliminated.
  - The matching contribution provisions of the benefit structure were eliminated effective July 1, 2004. Members who met the requirements for a contribution match as of June 30, 2004, had the match credited to their accounts on June 30, 2004.
  - Beginning July 1, 2004, members who retire are eligible for a minimum benefit that is calculated by determining the annuitized value of their accumulated contribution balance.
- July 24, 2003 — The Working After Retirement ("WAR") program is closed to new entrants, effective June 30, 2004, which is two years earlier than originally planned.

## OTHER SUPPLEMENTARY INFORMATION

(Unaudited)

**SCHEDULE OF ADMINISTRATIVE, DEPRECIATION AND AMORTIZATION EXPENSES****Fiscal Year Ended June 30, 2024**

|   |                     |
|---|---------------------|
| PERSONNEL SERVICES  |                     |
| Salaries and wages  | \$ 2,706,258        |
| Retirement contributions  | 654,403             |
| Insurance   | 351,560             |
| Social security   | 208,663             |
| <b>TOTAL PERSONNEL SERVICES</b>                                     | <b>3,920,884</b>    |
| PROFESSIONAL SERVICES   |                     |
| Legal   | 250,761             |
| Plan automation support   | 419,570             |
| Actuarial   | 130,120             |
| Pension payroll service   | 97,123              |
| Audit   | 62,944              |
| <b>TOTAL PROFESSIONAL SERVICES</b>                                  | <b>960,518</b>      |
| COMMUNICATIONS  |                     |
| Printing  | 15,567              |
| Postage   | 911                 |
| <b>TOTAL COMMUNICATIONS</b>   | <b>16,478</b>       |
| SUPPLIES  |                     |
| Office supplies   | 3,464               |
| Dues and subscriptions  | 14,703              |
| <b>TOTAL SUPPLIES</b>   | <b>18,167</b>       |
| OTHER SERVICES AND CHARGES  |                     |
| Board travel and staff development                                  | 52,819              |
| Equipment   | 151,547             |
| Building rent   | 6,813               |
| Depreciation and amortization expense                               | 225,779             |
| Miscellaneous   | 332,420             |
| <b>TOTAL OTHER SERVICES AND CHARGES</b>                             | <b>769,378</b>      |
| <b>TOTAL ADMINISTRATIVE, DEPRECIATION AND AMORTIZATION EXPENSES</b> | <b>\$ 5,685,425</b> |

## OTHER SUPPLEMENTARY INFORMATION

(Unaudited)

**SCHEDULE OF INVESTMENT EXPENSES****Fiscal Year Ended June 30, 2024****INVESTMENT MANAGEMENT FEES**

## Fixed income managers

|   |            |
|---|------------|
| DoubleLine Capital, L.P.                | \$ 477,012 |
| Fidelity Institutional Asset Management | 393,742    |
| Loomis-Sayles and Company, L.P.         | 866,508    |
| Mellon Capital Management Corporation   | 24,530     |
| Mondrian Investment Partners (US), Inc. | 375,887    |

## Equity managers

|  |         |
|--|---------|
| Cramer Rosenthal McGlynn, LLC                      | 445,277 |
| Mellon Capital Management Corporation              | 44,447  |
| Schroder Investment Management North America, Ltd. | 391,808 |
| Westfield Capital Management                       | 423,095 |

## International managers

|                         |           |
|-------------------------|-----------|
| William Blair & Company | 1,446,549 |
|-------------------------|-----------|

## MACS

|                                   |         |
|-----------------------------------|---------|
| Wellington Management Company LLP | 351,675 |
|-----------------------------------|---------|

**TOTAL INVESTMENT MANAGEMENT FEES 5,240,530****OTHER INVESTMENT SERVICE FEES**

|  |         |
|--|---------|
| Custodial fees - Mellon Trust                        | 325,525 |
| Investment consultant fees - Meketa Investment Group | 770,000 |
| Investment consultant fees - Segal Marco Advisors    | 299,583 |
| Foreign tax consulting - Pricewaterhousecoopers      | 2,730   |
| Investment salaries                                  | 358,925 |

**TOTAL OTHER INVESTMENT SERVICE FEES 1,756,763****TOTAL INVESTMENT EXPENSES<sup>1</sup> \$ 6,997,293**

<sup>1</sup> Some investment fees are netted directly against assets under management. See Schedule of Investment Manager Fees located within the Investment Section on page 71.

## OTHER SUPPLEMENTARY INFORMATION

(Unaudited)

**SCHEDULE OF PROFESSIONAL SERVICE FEES****Fiscal Year Ended June 30, 2024**

| <b>SERVICE PROVIDER</b>                | <b>NATURE OF SERVICE</b> | <b>AMOUNT</b>     |
|--|--------------------------|-------------------|
| Levi, Ray & Shoup, Inc.                | Plan automation support  | \$ 388,895        |
| Bredhoff & Kaiser PLLC                 | Legal counsel            | 254,806           |
| Arthur J. Gallagher & Co.              | Actuary                  | 91,370            |
| ADP Payroll Services                   | Pension payroll service  | 74,337            |
| Cherry Bekaert LLP                     | Audit                    | 62,944            |
| Aon Consulting, Inc.                   | Actuary                  | 38,750            |
| Carahsoft Technology Corporation       | Plan automation support  | 30,675            |
| PBI Research Services and others       | Pension payroll service  | 18,741            |
| <b>TOTAL PROFESSIONAL SERVICE FEES</b> |                          | <b>\$ 960,518</b> |

# Investment

## Unaudited

- Consultant Report on Investment Activity

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- Strategic Review and Investment Policy

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- Investment Managers

---
- Asset Structure

---
- Investment Results

---
- Schedules of Ten Largest Equity & Fixed Income Holdings

---
- Schedule of Brokerage Commissions

---
- Investment Summary

---
- Schedule of Investment Management Fees

# CONSULTANT REPORT ON INVESTMENT ACTIVITY



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212.251.5061 www.segalmarco.com

September 27, 2024

Board of Trustees  
The Educational Employees' Supplementary Retirement System of Fairfax County ("ERFC")  
3110 Fairview Park Drive, Suite 300  
Falls Church, VA 22042

**Re: Report of Investment Activity for Fiscal Year 2024**

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Dear Trustees:

This letter summarizes the structure and performance of the Educational Employees' Supplementary Retirement System of Fairfax County ("ERFC") Fund through the fiscal year ending June 30, 2024. This letter will also highlight any changes to the plan in fiscal year 2024.

### **ERFC Asset Allocation**

The Trustees establish Investment Policy asset allocation targets after considering the long-term growth prospects of a diversified portfolio of investments and the expected costs of the Plan participants' benefits. Asset allocation refers to the percentages of the ERFC Fund assets that are invested in stocks, bonds, and alternative investments. In order to participate in the broad market performance, while keeping Fund expenses low, the Fund invests in passive, indexed strategies for the majority of its U.S. and Non-U.S. large capitalization public equity allocation. For ERFC, diversification is very important to long-term planning.

At the end of the 2024 fiscal year, the Trustees reviewed a new asset allocation study and voted to make changes to the target allocations across the Plan. The new allocation is 35.0% in equities, 7.0% in real estate, 37.0% in fixed income, 11.0% in private equity/debt, 2.0% in multi asset class strategies, 3.0% in infrastructure, and 5.0% in natural resources. The TIPS, emerging market debt, and opportunistic hedge funds asset class targets were eliminated from the Plan structure, with the core fixed income managers maintaining the ability to opportunistically invest in TIPS and emerging market debt. The review of- and decision to change the asset allocation mix are a part of the continual and evolving process to help the Plan achieve the optimal mix over time to meet its obligations.

As of the June 30 fiscal year-end, the Fund was in compliance with the established policy target ranges, with the exception of opportunistic hedge funds and private equity, which were just outside of their allowable ranges due to the growth in market value of these asset classes from positive returns. Allocating assets to private markets (infrastructure, private credit and natural resources)

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## CONSULTANT REPORT ON INVESTMENT ACTIVITY

September 27, 2024

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takes time and some asset classes may be periodically out of range as these other asset classes are funded. The overall asset allocation percentages included 33.1% in equities, 8.4% in real estate, 28.1% in fixed income, 8.2% in hedge fund strategies, 14.2% in private equity/debt, 4.0% in multi asset class strategies, 2.1% in infrastructure, 0.7% in natural resources and 2.0% in cash. Over the long-term, which is the framework for considering the term structure of the Plans' liabilities, we expect the asset allocation will continue to meet the benefit needs while providing growth and adequate diversification.

### **Economic and Market Commentary**

In the second half of the 2024 fiscal year, riskier fixed income assets performed better in the second quarter of 2024 than their defensively oriented counterparts, which suggested a higher appetite for risk. The global equity markets remained positive based on resilient economic data and diverging central bank interest rate movement expectations. Equity markets were positively impacted by the emerging markets asset class, which led global markets for the first time since the second quarter of 2020.

The U.S. stock market, as measured by the benchmark, Russell 3000 Index, returned 23.1% for fiscal year 2024. Large cap stocks (+23.9%) led the way during the fiscal year, followed by mid cap stocks (+12.9%) and small cap (+10.1%) stocks. All sectors in the Russell 3000 Index saw positive returns for the fiscal year period, primarily due to strong economic expansion. The "Magnificent Seven", a group of large tech companies (Apple, Microsoft, Nvidia, Amazon, Alphabet, Meta, and Tesla) accounted for 60% of the S&P 500 Index's 15.3% return in the first half of 2024. The strongest performing sectors during the fiscal year were Communications Services, which includes Alphabet and Meta (+44.9%), and IT, which includes Apple, Microsoft, Nvidia (+41.8%).

Non-U.S. developed equities trailed the U.S. equity market during the second quarter of 2024, posting a -0.4% return. The non-U.S. equity market, as measured by the benchmark MSCI EAFE Index, returned 11.6% for the fiscal year 2024. The United Kingdom drove developed international returns over the quarter and fiscal year due to its resilient economy post-Brexit, favorable commodity prices, and strong corporate earnings. Japan, while performing positively over the fiscal year (+13.2%), had the weakest returns in the second quarter of 2024 (-4.3%) as deflationary pressures and slower consumer spending persisted. All sectors in the MSCI EAFE, except for consumer staples and utilities, posted positive returns for the fiscal year. Specifically, financials (+24.2%) and information technology (+24.1%) were the best performers.

Emerging markets stocks experienced their strongest quarter since 2020 but continued to lag U.S. stocks over the fiscal year period. Despite the underperformance from China, Asia posted the strongest fiscal year return (+15.1%), led by India's post-election optimism in equities and Taiwan's enthusiasm in artificial intelligence. In contrast, Latin America posted negative returns over the quarter (-12.2%) as well as the fiscal year (-5.6%) periods. Brazil's expansionary fiscal policy, which has primary expenditures growing at double-digit rates, and the potential of rate hikes on the horizon hindered investor confidence. The emerging markets asset class, as measured by the benchmark MSCI Emerging Markets Index, returned 12.6% for fiscal year 2024, with information technology (+34.2%) and energy (+25.2%) being the best performing sectors.

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# CONSULTANT REPORT ON INVESTMENT ACTIVITY

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Within the fixed income market, the yield curve remained inverted in the second half of 2024, with yields rising slightly in the intermediate to long end of the curve. At the end of the fiscal year, the yield curve had been inverted for seven consecutive quarters. With the Federal Reserve expected to cut rates as early as September of 2024, a “soft landing” scenario is increasingly becoming a likely outcome. Shorter maturity yields remained mostly unchanged while the 5-, 10-, and 30-year yields all increased in the second quarter of 2024. Fiscal year 2024 returns were positive across all fixed income sectors.

## **Fund Summary of Investment Performance**

On a net of fee basis, the Fund earned a return of 6.5% for the one-year period ending June 30, 2024. The Fund lagged its policy index for the one-year period, as well as ERFC’s assumed actuarial return target of 7.00%. The Fund is not expected to outperform the actuarial return target every year, as this is a long-term return target and actual experience will fluctuate in any given year. The Fund’s assets increased from \$3.1 billion as of fiscal year-end 2023 to approximately \$3.2 billion as of fiscal year-end 2024. Over the 5-, 10-, and 15-year time periods ending June 2024, the Fund outpaced its Interim Policy benchmark, averaging a 6.4% vs. 5.4%, 5.7% vs. 5.3%, and 8.0% vs. 7.5% respectively. It is important to note that a pension fund is a long-term investment vehicle established to pay for participants’ benefits.

During this most recent fiscal year, the Fund’s asset allocation detracted from overall relative performance versus the Policy benchmark. Manager selection, which is the component contributed by actively managed investments, added to the allocation effect. The Long-Term Policy Index<sup>1</sup> return, which assumes that the Fund’s asset allocation was invested primarily in passive index funds, was higher at 7.7%.

## **Equities**

The ERFC Fund is diversified across U.S. and non-U.S. markets. During fiscal year end 2024, equity markets exhibited positive returns, with U.S. equities returning 3.2% for the quarter and 23.1% for the one-year period, reflecting stronger than expected growth in an economy with

<sup>1</sup> The ERFC Policy Index is a custom index representing the weighted average return of the benchmarks for each major investment program in the Fund. The Policy Benchmark as of 6/30 consisted of: 11% Russell 1000 / 6% Russell 2000 / 5% MSCI ACWI ex USA / 5% MSCI Emerging Markets / 5.6% MSCI AC World Index // 4% Bloomberg U.S. TIPS / 2% JPM GBI-EM Global Diversified TR / 7% NCREIF - ODCE NET / 17.4% Bloomberg U.S. Aggregate TR / 8% Bloomberg U.S. Gov’t/Credit / 4% BBg Barc U.S. Corporate High Yield +150 bps / 5% HFRI Fund of Funds Composite Index / 7% ThomsonOne All Regions Private Equity Index / 8% CPI – All Urban Consumers (Unadjusted) +4% / 5.0% MSCI EAFE Small Cap

<sup>2</sup> The Interim Policy Index as of 6/30 consisted of: 12% Russell 1000 / 7% Russell 2000 / 5% MSCI AC World ex USA / 5% MSCI EAFE Small Cap / 5% MSCI Emerging Markets / 3% MSCI AC World Index / 16.4% Bloomberg U.S. Aggregate / 9% Bloomberg U.S. Gov’t/Credit / 4% Bloomberg U.S. TIPS / 2% JPM GBI-EM Global Diversified / 2.6% MSCI AC World Index // 5% HFRI Fund of Funds Composite / 4% CPI – All Urban Consumers (Unadjusted) +4% / 7% NCREIF – ODCE NET / 7% ThomsonOne All Regions PE / 4% BBg Barc U.S. Corp High Yield +150bps / 2% 90 Day U.S. Treasury Bill

# CONSULTANT REPORT ON INVESTMENT ACTIVITY

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increasing interest rates. Calendar year to date through June 30, 2024, U.S. equities remained in positive territory. The U.S. stock market, as measured by the benchmark Russell 3000 Index, returned 23.1% for fiscal year 2024. In the U.S., the poorest performing sectors were real estate, utilities, and consumer staples. The communication services sector performed well and led the way within the U.S. equity markets for the year. In addition, information technology, financials, and industrials were among the top performing sectors.

Similarly, Non-U.S. developed equities posted positive returns in the first half of 2024, as well as fiscal year 2024. The non-U.S. equity market, as measured by the benchmark MSCI EAFE Index, returned 11.6% for fiscal year 2024. Within non-U.S. developed countries, Eurozone GDP rose +0.3% in the second quarter of 2024, and 0.6% year-over-year. China's GDP grew at a rate of 4.7% in the second quarter of 2024. U.S. GDP grew 2.8% in the quarter ending June 30, 2024. The poorest performing sectors were consumer staples and utilities. Financials, information technology, and energy were among the top performing sectors.

Emerging markets stocks were the best performing of the equity markets during the quarter and remained strong for the fiscal year, returning 5.0% and 12.6% respectively. Emerging market equities rose during the year despite China's underperformance. Asia posted the strongest quarter end return as its economic outlook improved. The emerging market asset class as measured by the benchmark, MSCI Emerging Markets Index, returned 12.6% for fiscal year 2024. Sector performance was mostly positive during the second quarter of 2024. Consumer staples, real estate, and materials were the poorest performing sectors for the year, posting negative returns, while information technology, energy, and utilities were among the top performing sectors.

### **Domestic Equity Portfolio:**

For the fiscal year 2024 period, the domestic equity composite held \$550 million (17.1% of total Fund assets). The large cap equity composite returned 23.9% versus the Russell 1000 Index return of 23.9%, and the small cap equity composite returned 10.4% versus the Russell 2000 Index return of 10.1%. The passive managers matched their benchmarks, while active manager selection posted mixed results.

### **International Developed Equity Portfolio:**

For the fiscal year 2024 period, the international developed equity composite held \$148 million (4.6% of total Fund assets). The total international equity portfolio returned 9.5%, trailing the MSCI ACWI ex USA return of 11.6%. The active managers posted mixed results.

### **International Small Cap Equity Portfolio:**

The international small cap equity composite held \$136 million (4.2% of total Fund assets). The total international small cap equity composite returned 1.3%, lagging the MSCI EAFE Small Cap Index return of 7.8% for the fiscal year. Both active managers trailed the index.

### **Emerging Market Equity Portfolio:**

The emerging market equity composite held \$140 million (4.4% of total Fund assets). The total emerging market equity composite returned 18.5%, outperforming the MSCI Emerging Market Index return of 12.5%.

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## Global Equity Portfolio:

For the fiscal year 2024 period, the global equity composite held \$91 million (2.8% of total Fund assets). The total global equity composite returned 18.4%, lagging the MSCI AC World Index return of 19.4%.

## Fixed Income

Domestic fixed income spreads slightly widened across the ABS, Investment Grade Credit, and High Yield sectors, but narrowed across the Agency and MBS sectors during the second quarter of 2024. The U.S. Treasury Yield Curve remained inverted in the second quarter of 2024 and yields in the intermediate to long end of the curve rose slightly. Shorter term maturity yields remained largely unchanged from the first quarter of 2024. The 5-, 10-, and 30-year Treasury yields increased by 12 bps, 17 bps, and 20 bps respectively, ending the quarter at 4.34%, 4.37%, and 4.54%.

Global Central bank deposit rates remained unchanged in Japan and the UK during the second quarter of 2024, while the European Central bank cut its interest rate by 0.25%, easing ahead of the Fed and the BOE as Global central banks considered lowering borrowing costs. The U.S. policy rate remained above those of the Eurozone, the UK, and Japan. Government yields rose in the quarter across most developed markets. The U.S. dollar appreciated relative to the yen and Euro but depreciated relative to British pound. Global returns were negative for the second quarter of 2024, with non-U.S. sovereign bonds posting the lowest returns.

## Domestic Fixed Income Portfolio:

For fiscal year 2024, the total domestic fixed income composite held \$744 million (23.2% of total Fund assets). The composite returned 4.4%, versus the Bloomberg U.S. Aggregate return of 2.6%.

## TIPS Portfolio:

For fiscal year 2024, the total TIPS composite held \$98 million (3.1% of total Fund assets). The composite returned 2.7%, versus the Bloomberg U.S. TIPS index return of 2.7%.

## Emerging Market Debt Portfolio:

For fiscal year 2024, the total emerging market debt composite held \$62 million (1.9% of total Fund assets). The composite returned 0.9%, versus the JP Morgan GBI-EM index return of 0.7%.

## MACS Portfolio: (Better Beta/Global Asset Allocation)

For fiscal year 2024, the MACS composite held \$129 million (4.0% of total Fund assets). The composite returned 9.0%, versus the custom Index return of 13.3%.

## Real Estate:

The real estate market was among the negative performing asset classes for the fiscal year 2024. In the U.S., retail sector appreciation was -0.43%, apartment sector appreciation was -0.95%, office sector appreciation was -3.85%, and industrial sector appreciation was -0.78% during the second quarter of 2024. For the same time period, retail sector income was 1.33%, apartment sector income was 1.10%, office sector income was 1.48%, and industrial sector income was

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# CONSULTANT REPORT ON INVESTMENT ACTIVITY

September 27, 2024

Page 6

0.98%. Additionally, in the U.S., the returns by region for the second quarter of 2024 was as follows: South (0.83%), Midwest (-0.79%), East (-0.39%), and West (-0.94%).

### Real Estate Portfolio:

For fiscal year 2024, the total real estate composite held \$270 million (8.4% of total Fund assets). The composite returned -10.0%, versus the ERFC's blended real estate (custom) index return of -10.0%. The Real Estate sector experienced losses for the 2024 fiscal period.

### Hedge Funds:

The HFRI Funds Weighted Composite Index returned 0.67% during the second quarter of 2024. Emerging Markets (2.02%) and Relative Value (1.41%) strategies experienced the strongest results, while Macro (-0.80%) and Event-Driven (0.50%) strategies trailed the broader hedge fund peers. Emerging Markets performance was driven by strategies focused on India, delivering 10.52% gain in the period, while funds that focused on Latin America and Russia/Eastern Europe experienced losses. Relative Value performance was driven by strategies focused on fixed income, with gains in the range of 1.57% to 2.07%. Macro ended the second quarter of 2024 in negative territory, primarily driven by Systematic Diversified and Commodity-focused funds.

### Hedge Fund Portfolio:

For fiscal year 2024, the total hedge fund opportunistic composite held \$264 million (8.2% of total Fund assets).

### Infrastructure:

In the first quarter of 2024, Global private infrastructure funds returned 5.00%, followed by North American private infrastructure funds (1.94%) and European private infrastructure funds (-1.89%). Fundraising weakened in the second quarter of 2024 with larger fund closes dominating the market. 90% of the capital raised was split between the developed markets of North America and Europe. Public infrastructure, as measured by the FTSE Global Core Infrastructure 50/50 Index, returned 1.00% in Q2 2024, and 5.3% over the trailing one-year time period.

### Infrastructure Portfolio:

For fiscal year 2024, the total infrastructure composite held \$67 million (2.1% of the total Fund).

In fiscal year 2024, Segal Marco Advisors helped the Fund implement several changes within the asset class structures. During the year, the Trustees approved the addition of a new Domestic Fixed Income manager – JPM Core Bond Fund. Segal also reviewed the Fund's asset allocation mix and presented a few new mixes for Trustee consideration. The Trustees voted to move to a new asset allocation mix in June of 2024 and the process of funding the new JPM Core Bond Fund investment and rebalancing the portfolio in order to move to the newly approved asset allocation mix will take place towards the end of 2024. The Trustees, along with their investment consultants, continue to look for ways to optimize the investing program.

Meketa implemented several changes within the asset class structure and investment managers during 2024 within the real estate, infrastructure, private equity, private debt, and natural resources portfolios.

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## CONSULTANT REPORT ON INVESTMENT ACTIVITY

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Segal continued its education sessions with Trustees in fiscal year 2024, including education on alternatives investing.

Market conditions and Fund performance will continue to be monitored closely to accomplish the goal of providing the benefits as promised to participants.

Sincerely,



Rosemary Guillette  
Senior Vice President & Senior Consultant

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## STRATEGIC REVIEW AND INVESTMENT POLICY

### INTRODUCTION

The members of the ERFC Board of Trustees have jurisdiction over and ultimate fiduciary responsibility for the investment of the System's assets. In carrying out their responsibilities, they must adhere to applicable laws, regulations, and rulings with respect to the duties of investment fiduciaries. Accordingly, they are required to "discharge their duties in the interest of plan participants" and "act with the same care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a similar capacity and familiar with those matters would use in the conduct of a similar enterprise with similar aims." The Board of Trustees has established a Statement of Investment Policy that identifies a set of investment objectives, guidelines, and performance standards for the assets of the fund. The objectives are formulated in response to the following:

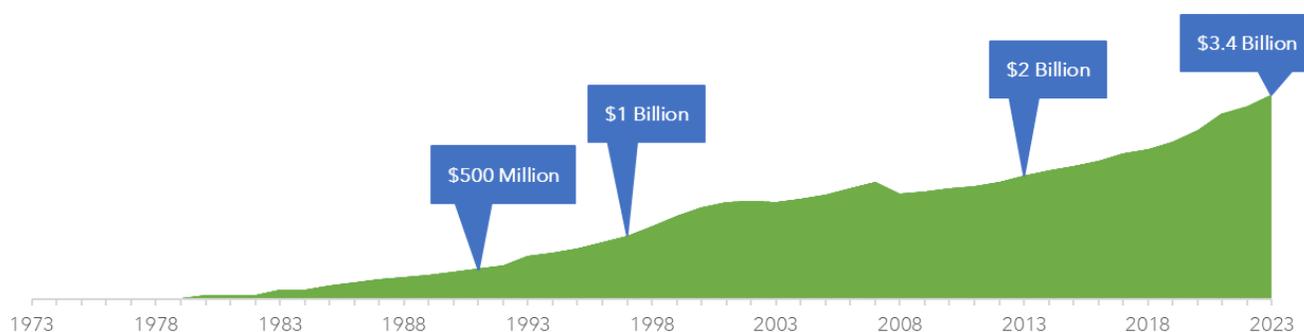
- the anticipated financial needs of the ERFC
- consideration of risk tolerance; and
- the need to document and communicate objectives, guidelines and standards to the investment managers.

### INVESTMENT OBJECTIVES

The investment objective of the ERFC is to ensure, over the long-term life of the fund, an adequate level of assets to fund the benefits for ERFC members and their beneficiaries at the time they are payable. The Trustees seek to achieve a high level of total investment return consistent with a prudent level of portfolio risk. The fund's actuary uses an investment return assumption of 7.0 percent, compounded annually, of which 2.75 percent constitutes an assumed rate of inflation and 4.25 percent reflects an assumed real rate of return on investments. The fund's objective is to meet or exceed the assumed real rate of return over time, while preserving the fund's principal.

#### ERFC TOTAL FUND GROWTH — VALUATION ASSETS SINCE INCEPTION

(As reflected in the December 31, 2023 actuarial valuation)



## INVESTMENT MANAGERS

### INVESTMENT MANAGERS

As of June 30, 2024

| SECTOR                                    | INVESTMENT MANAGER                      | INVESTMENT TYPE           |
|---|---|---------------------------|
| Large Capitalization Equity               | Mellon Capital Management Corp.         | Core Index (Russell 1000) |
|   | Mellon Capital Management Corp.         | Growth                    |
|   | Mellon Capital Management Corp.         | Value                     |
| Small Capitalization Equity               | Cramer Rosenthal McGlynn, LLC           | Value                     |
|   | Schroder Investment Management NA, Ltd. | Core                      |
|   | Westfield Capital Management            | Growth                    |
| International Equity                      | Acadian Asset Management                | Core                      |
|   | Causeway Capital                        | Value                     |
|   | Mellon Capital Management Corp.         | Core                      |
|   | William Blair & Company                 | Growth                    |
| International Small Capitalization Equity | Barings Investment                      | Core                      |
|   | Global Alpha                            | Core                      |
| Emerging Market Equity                    | William Blair & Company                 | Emerging Market           |
| Global Equity                             | Lazard Asset Management                 | All Cap                   |
| U.S. Fixed Income                         | DoubleLine Capital, L.P.                | Core Plus                 |
|   | Fidelity Institutional Asset Management | Core Plus                 |
|   | Loomis Sayles & Company                 | Core Plus                 |
|   | Mellon Capital Management Corp.         | TIPS                      |
| Emerging Market Debt                      | Mondrian Investments                    | Emerging Market           |
| MACS                                      | Bridgewater Associates, Inc.            | Better Beta               |
|   | Wellington Management Co.               | Global Asset Allocation   |
| Real Estate                               | Atlas Capital Group                     | Value-Added               |
|   | Berkeley Partners                       | Value-Added               |
|   | Berkshire Partners                      | Value-Added               |
|   | Carlyle                                 | Core-Plus                 |
|   | Centerbridge Partners                   | Opportunistic             |
|   | DivcoWest                               | Value-Added               |
|   | DRA Advisors                            | Value-Added               |
|   | Focus Healthcare Partners               | Opportunistic             |
|   | FPA Multifamily                         | Value-Added               |
|   | Hammes Partners                         | Core-Plus                 |
|   | IDR investment Management               | Core                      |

continued

## INVESTMENT MANAGERS

| SECTOR                    | INVESTMENT MANAGER               | INVESTMENT TYPE   |
|---------------------------|----------------------------------|-------------------|
| Real Estate (continued)   |                                  |                   |
|                           | IPI Partners                     | Value-Added       |
|                           | JP Morgan Asset Management       | Core-Plus         |
|                           | Landmark Partners                | Secondary         |
|                           | PGIM Real Estate                 | Core              |
|                           | Sabal Investment                 | Debt              |
|                           | Sterling Organization            | Value-Added       |
|                           | Torchlight investors             | Opportunistic     |
| Hedge Funds-Opportunistic |                                  |                   |
|                           | Grosvenor Institutional Partners | Multi-Asset Class |
| Infrastructure            |                                  |                   |
|                           | Actis                            | Opportunistic     |
|                           | BlackRock                        | Value-Added       |
|                           | Climate Adaptive                 | Value-Added       |
|                           | Global Infrastructure Partners   | Value-Added       |
|                           | Grain Communications             | Opportunistic     |
|                           | ISQ Global                       | Value-Added       |
|                           | JPMorgan                         | Core              |
|                           | KKR                              | Core              |
|                           | Peppertree Capital               | Value-Added       |
|                           | Stonepeak                        | Value-Added       |
|                           | Tiger                            | Opportunistic     |
| Private Equity            |                                  |                   |
|                           | Accomplice                       | Venture Capital   |
|                           | Charlesbank                      | Buyout            |
|                           | GCM                              | Buyout            |
|                           | Falfurias Capital Partners       | Buyout            |
|                           | Flagship                         | Venture Capital   |
|                           | Foundation Capital               | Venture Capital   |
|                           | Gauge Capital                    | Buyout            |
|                           | Glouston                         | Secondary         |
|                           | Greenbriar                       | Buyout            |
|                           | HarbourVest Partners             | Fund of Funds     |
|                           | Hidden Harbor                    | Buyout            |
|                           | JMI                              | Growth Equity     |
|                           | K5                               | Buyout            |
|                           | Lakestar                         | Venture Capital   |
|                           | Lexington Capital Partners       | Secondary         |
|                           | Lightspeed                       | Venture Capital   |
|                           | Linden Capital Partners          | Buyout            |
|                           | Oakley                           | Buyout            |
|                           | Private Advisors                 | Fund of Funds     |

continued

## INVESTMENT MANAGERS

| concluded                  |                                  |                      |
|----------------------------|----------------------------------|----------------------|
| SECTOR                     | INVESTMENT MANAGER               | INVESTMENT TYPE      |
| Private Equity (continued) |                                  |                      |
|                            | Ridgemont                        | Buyout               |
|                            | Searchlight Capital              | Special Situations   |
|                            | Sentinel                         | Buyout               |
|                            | SK Capital                       | Buyout               |
|                            | Stellex Capital Partners         | Special Situations   |
|                            | Sterling Group Partners          | Buyout               |
|                            | STG                              | Buyout               |
|                            | TA                               | Buyout               |
|                            | Vitruvian Investment Partnership | Buyout               |
| Private Debt               |                                  |                      |
|                            | Ares Management                  | Yield-Oriented       |
|                            | Atalaya Capital Management       | Yield-Oriented       |
|                            | Audax                            | Yield-Oriented       |
|                            | Davidson Kempner                 | Total Return         |
|                            | FP Credit Partners               | Yield-Oriented       |
|                            | HarbourVest Partners             | Yield-Oriented       |
|                            | Newstone Capital                 | Yield-Oriented       |
|                            | OHA                              | Total Return         |
|                            | Silver Point                     | Yield-Oriented       |
|                            | Silver Rock                      | Total Return         |
|                            | Sixth Street                     | Total Return         |
|                            | Strategic Value                  | Total Return         |
| Natural Resources          |                                  |                      |
|                            | Ara Partners                     | Sustainability       |
|                            | Bernhard Capital                 | Sustainability       |
|                            | Kimmeridge                       | Energy               |
|                            | Kinterra Capital                 | Mining               |
|                            | Paine Schwartz Partners          | Agriculture & Timber |
|                            | Tiverton                         | Agriculture & Timber |

## ASSETS UNDER MANAGEMENT

### ASSETS UNDER MANAGEMENT

As of June 30, 2024

| SECTOR                                    | INVESTMENT MANAGER                      | AMOUNT         |
|---|---|----------------|
| Large Capitalization Equity               |   |                |
|   | Mellon Capital Management Corp.         | \$ 380,770,819 |
| Small Capitalization Equity               |   |                |
|   | Cramer Rosenthal McGlynn, LLC           | 65,773,345     |
|   | Schroder Investment Management NA, Ltd. | 59,343,534     |
|   | Westfield Capital Management            | 60,269,881     |
| International Equity                      |   |                |
|   | Acadian Asset Management                | 1,088,205      |
|   | Causeway Capital                        | 127,772        |
|   | Mellon Capital Management Corp.         | 76,637,349     |
|   | William Blair & Company                 | 69,765,687     |
| International Small Capitalization Equity |   |                |
|   | Barings Investment                      | 69,753,761     |
|   | Global Alpha                            | 66,398,555     |
| Emerging Market Equity                    |   |                |
|   | William Blair & Company                 | 164,637,029    |
| Global Equity                             |   |                |
|   | Lazard Asset Management                 | 91,131,042     |
| U.S. Fixed Income                         |   |                |
|   | DoubleLine Capital, L.P.                | 213,280,276    |
|   | Fidelity Institutional Asset Management | 228,537,836    |
|   | Loomis Sayles & Company                 | 300,869,719    |
|   | Mellon Capital Management Corp.         | 103,483,280    |
| Emerging Market Debt                      |   |                |
|   | Mondrian Investments                    | 61,673,623     |
| MACS                                      |   |                |
|   | Bridgewater Associates, Inc.            | 61,568,056     |
|   | Wellington Management Co.               | 67,297,694     |
| Real Estate                               |   |                |
|   | Atlas Capital Group                     | 4,207,053      |
|   | Berkeley Partners                       | 1,193,650      |
|   | Berkshire Partners                      | 17,624,422     |
|   | Carlyle                                 | 40,594,936     |
|   | Centerbridge Partners                   | 4,843,088      |
|   | DivcoWest                               | 7,656,458      |
|   | DRA Advisors                            | 1,365,442      |
|   | Focus Healthcare Partners               | 1,019,843      |
|   | FPA Multifamily                         | 7,387,901      |
|   | Hammes Partners                         | 6,721,408      |
|   | IDR investment Management               | 29,797,721     |
|   | IPI Partners                            | 18,719,943     |
|   | JP Morgan Asset Management              | 47,226,847     |
|   | Landmark Partners                       | 22,032,590     |

continued

## ASSETS UNDER MANAGEMENT

| SECTOR                    | INVESTMENT MANAGER               | AMOUNT        |
|---------------------------|----------------------------------|---------------|
| Real Estate (continued)   |                                  |               |
|                           | PGIM Real Estate                 | \$ 45,435,259 |
|                           | Sabal Investment                 | 7,559,666     |
|                           | Sterling Organization            | 406,693       |
|                           | Torchlight investors             | 9,041,872     |
| Hedge Funds-Opportunistic |                                  |               |
|                           | Grosvenor Institutional Partners | 264,006,361   |
| Infrastructure            |                                  |               |
|                           | Actis                            | 1,176,938     |
|                           | BlackRock                        | 2,287,679     |
|                           | Climate Adaptive                 | 2,172,703     |
|                           | Global Infrastructure Partners   | 423,000       |
|                           | Grain Communications             | 3,544,861     |
|                           | ISQ Global                       | 1,588,327     |
|                           | JPMorgan                         | 18,374,732    |
|                           | KKR                              | 27,426,969    |
|                           | Peppertree Capital               | 4,071,277     |
|                           | Stonepeak                        | 2,242,479     |
|                           | Tiger                            | 2,742,862     |
| Private Equity            |                                  |               |
|                           | Accomplice                       | 15,096,696    |
|                           | Charlesbank                      | 6,030,504     |
|                           | GCM                              | 6,198,726     |
|                           | Falfurrias Capital Partners      | 675,390       |
|                           | Flagship                         | 3,690,413     |
|                           | Foundation Capital               | 4,813,848     |
|                           | Gauge Capital                    | 43,596        |
|                           | Glouston                         | 2,127,848     |
|                           | Greenbriar                       | 1,285,151     |
|                           | HarbourVest Partners             | 113,091,960   |
|                           | Hidden Harbor                    | 4,858,874     |
|                           | JMI                              | 7,227,034     |
|                           | K5                               | 5,531,123     |
|                           | Lakestar                         | 21,839,619    |
|                           | Lexington Capital Partners       | 29,230,240    |
|                           | Lightspeed                       | 23,498,306    |
|                           | Linden Capital Partners          | 4,650,615     |
|                           | Oakley                           | 2,093,676     |
|                           | Private Advisors                 | 33,311,571    |
|                           | Ridgemont                        | 3,185,393     |
|                           | Searchlight Capital              | 16,068,814    |
|                           | Sentinel                         | 973,682       |
|                           | SK Capital                       | 1,580,357     |
|                           |                                  | continued     |

## ASSETS UNDER MANAGEMENT

|  |                                  | concluded               |
|--|----------------------------------|-------------------------|
| SECTOR                                 | INVESTMENT MANAGER               | AMOUNT                  |
| Private Equity (continued)             |                                  |                         |
|  | Stellex Capital Partners         | \$ 3,936,274            |
|  | Sterling Group Partners          | 7,012,444               |
|  | STG                              | 6,036,567               |
|  | TA                               | 5,818,932               |
|  | Vitruvian Investment Partnership | 8,050,626               |
| Private Debt                           |                                  |                         |
|  | Ares Management                  | 2,013,977               |
|  | Atalaya Capital Management       | 8,090,806               |
|  | Audax                            | 419,124                 |
|  | Davidson Kempner                 | 10,888,431              |
|  | FP Credit Partners               | 8,788,568               |
|  | HarbourVest Partners             | 2,211,477               |
|  | Newstone Capital                 | 370,130                 |
|  | OHA                              | 11,436,554              |
|  | Silver Point                     | 16,657,319              |
|  | Silver Rock                      | 11,317,216              |
|  | Sixth Street                     | 3,487,153               |
|  | Strategic Value                  | 10,865,545              |
| Natural Resources                      |                                  |                         |
|  | Ara Partners                     | 2,193,473               |
|  | Bernhard Capital*                | (115,822)               |
|  | Kimmeridge                       | 9,011,980               |
|  | Kinterra Capital                 | 4,508,891               |
|  | Paine Schwartz Partners          | 7,896,232               |
|  | Tiverton*                        | (49,699)                |
| Cash (Temporary Cash) and other assets |                                  | 20,174,551              |
| <b>Total</b>                           |                                  | <b>\$ 3,213,424,628</b> |

\* Certain Private Market investments require payment of fees up front. These investments will reflect a negative capital balance until the fund's first investment.

## ASSET STRUCTURE

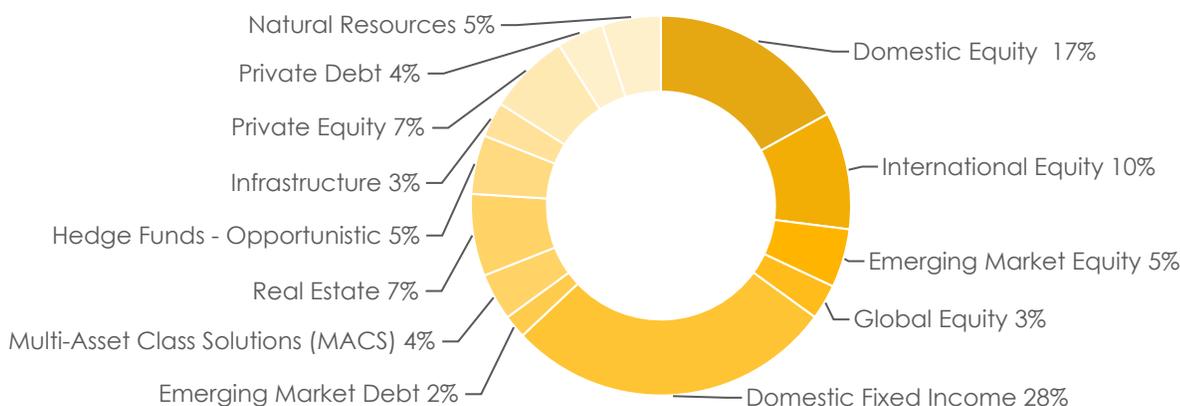
### INTERIM STRATEGIC TARGET ALLOCATION AS OF JUNE 30, 2024

The asset structure shown below represents the Trustees' assessment of their optimal asset allocation as of June 30, 2024. This interim strategic allocation provides a reasonable expectation that the fund's investment objective can be achieved based on historic relationships of asset class performance. The charts below provide a comparison between the target asset mix, consistent with the achievement of the long-term objective of the fund, and the actual asset allocation as of June 30, 2024.

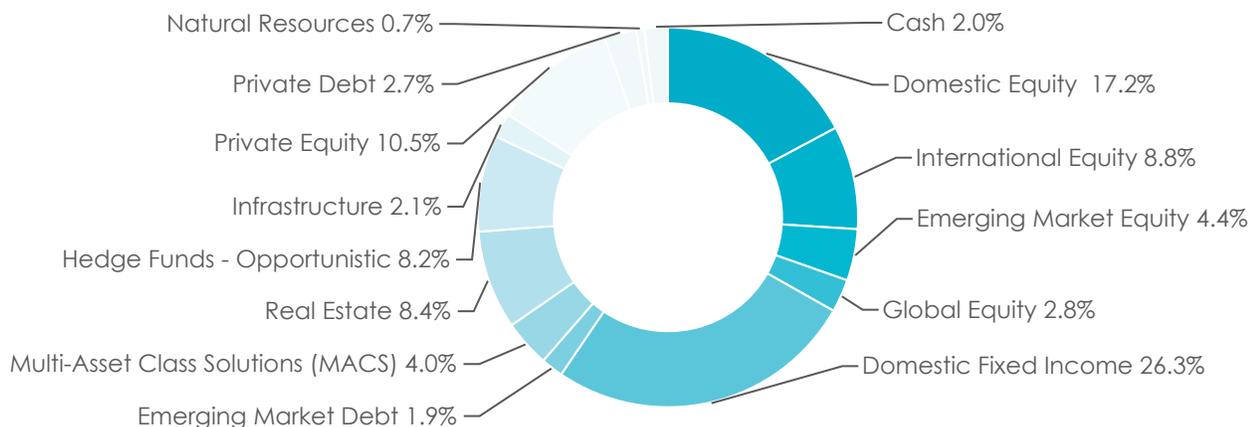
### ACTUAL ASSET ALLOCATION AS OF JUNE 30, 2024

The asset structure of ERFC has historically reflected a proper balance of the fund's needs for liquidity, growth of assets, and risk tolerance. The fund's investment policy is designed to continue to meet its long-term investment objectives while, at the same time, provide increased flexibility to meet short-term funding requirements.

#### STRATEGIC TARGET ALLOCATION

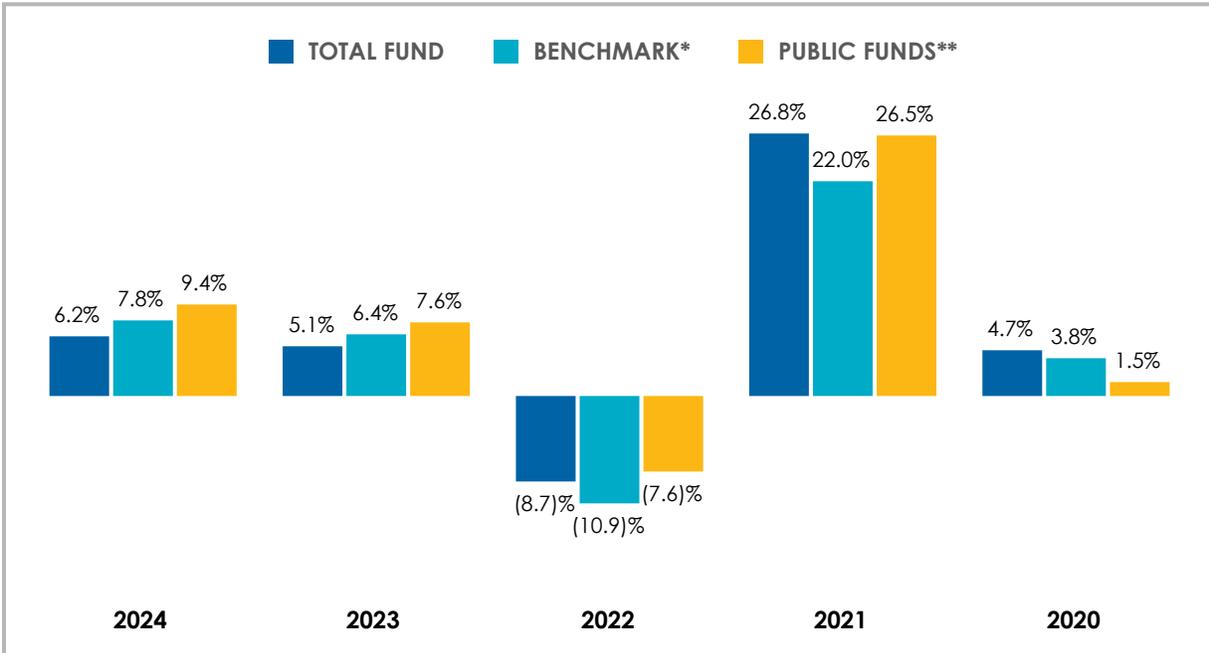


#### ACTUAL ASSET ALLOCATION

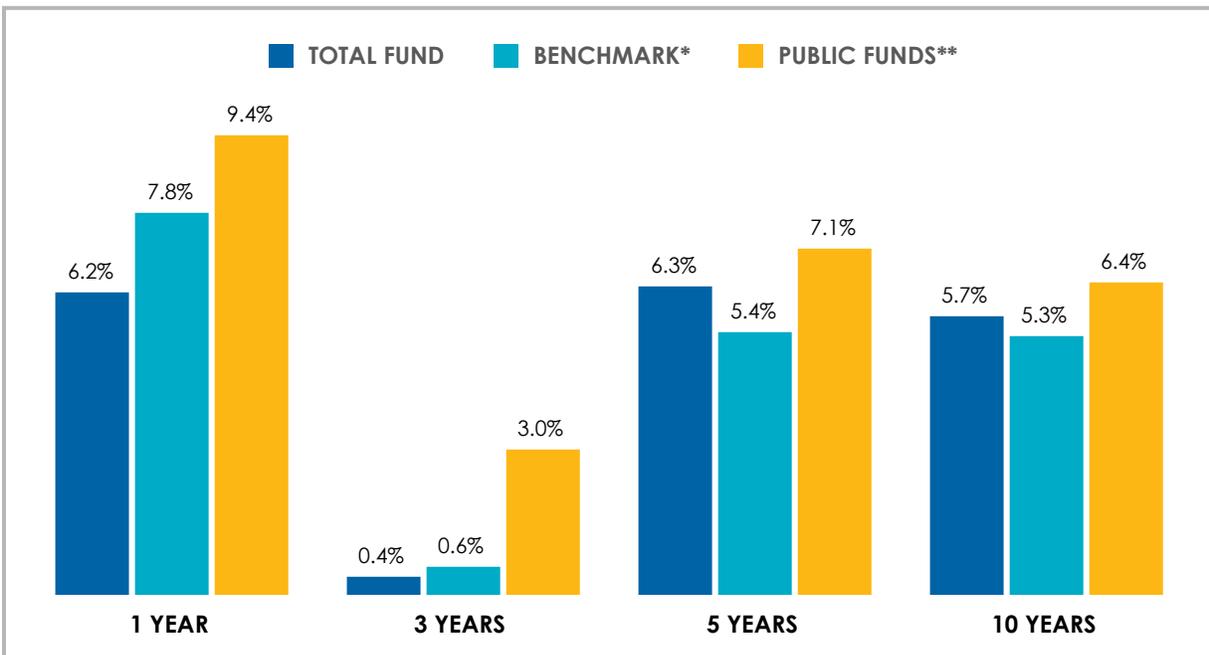


## INVESTMENT RESULTS

**TOTAL FUND RETURNS**  
FISCAL YEARS ENDED JUNE 30  
(NET OF FEES)



**TOTAL FUND RETURNS**  
TRAILING YEARS ENDED JUNE 30, 2024  
(NET OF FEES)



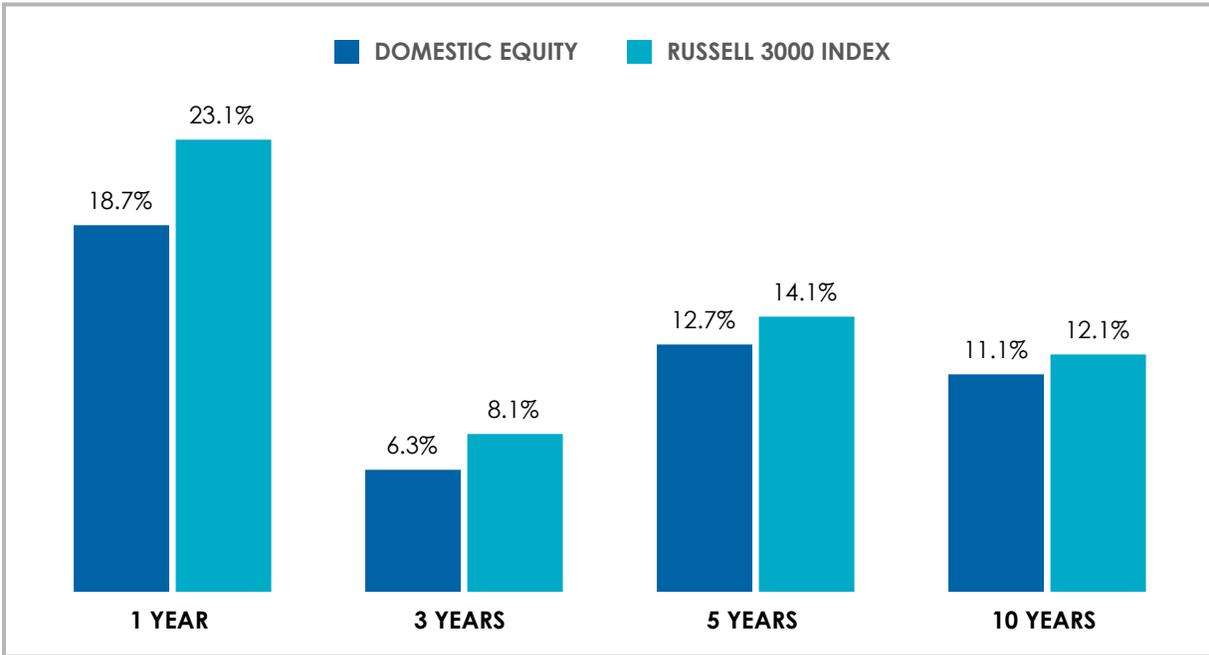
\* 12.0% Russell 1000 Index, 7.0% Russell 2000 Index, 5.0% MSCI AC World ex USA (Net), 5.0% MSCI EAFE Small Cap (Net), 5.0% MSCI EM (net), 3.0% MSCI AC World Index (Net), 15.0% Blmbg. U.S. Aggregate, 9.0% Blmbg. U.S. Gov't/Credit, 4.0% Blmbg. U.S. TIPS, 2.0% JPM GBI-EM Global Diversified TR, 2.6% MSCI AC World Index (Net), 1.4% Blmbg. U.S. Aggregate, 5.0% HFR1 Fund of Funds Composite Index, 3.0% CPI + 4 %, 7.0% NCREIF - ODCE NET, 7.0% ThomsonOne All Regions PE , 4.0% Bloomberg Barclays U.S. Corp High Yield + 150 bps, 1.0% CPI + 4 %, 2.0% 90 Day U.S. Treasury Bill

\*\* Investment Metrics Public Plan Universe > \$1B

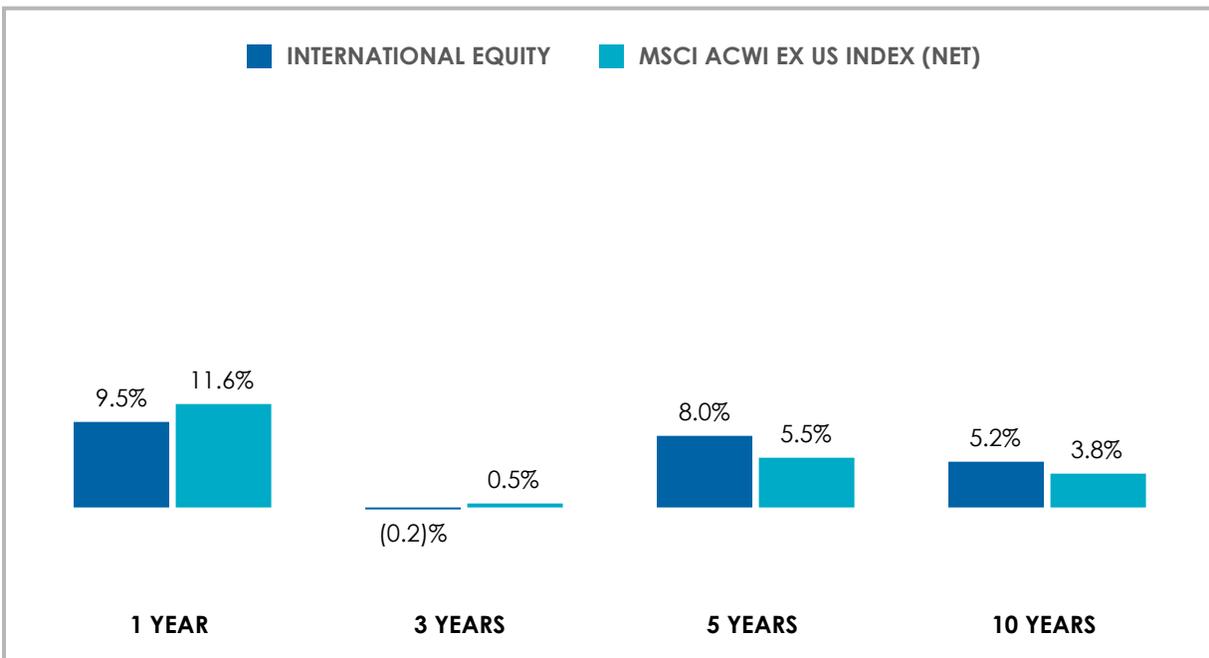
## INVESTMENT RESULTS

For the Fiscal Year Ended June 30, 2024

### DOMESTIC EQUITY (NET OF FEES)



### INTERNATIONAL EQUITY (NET OF FEES)

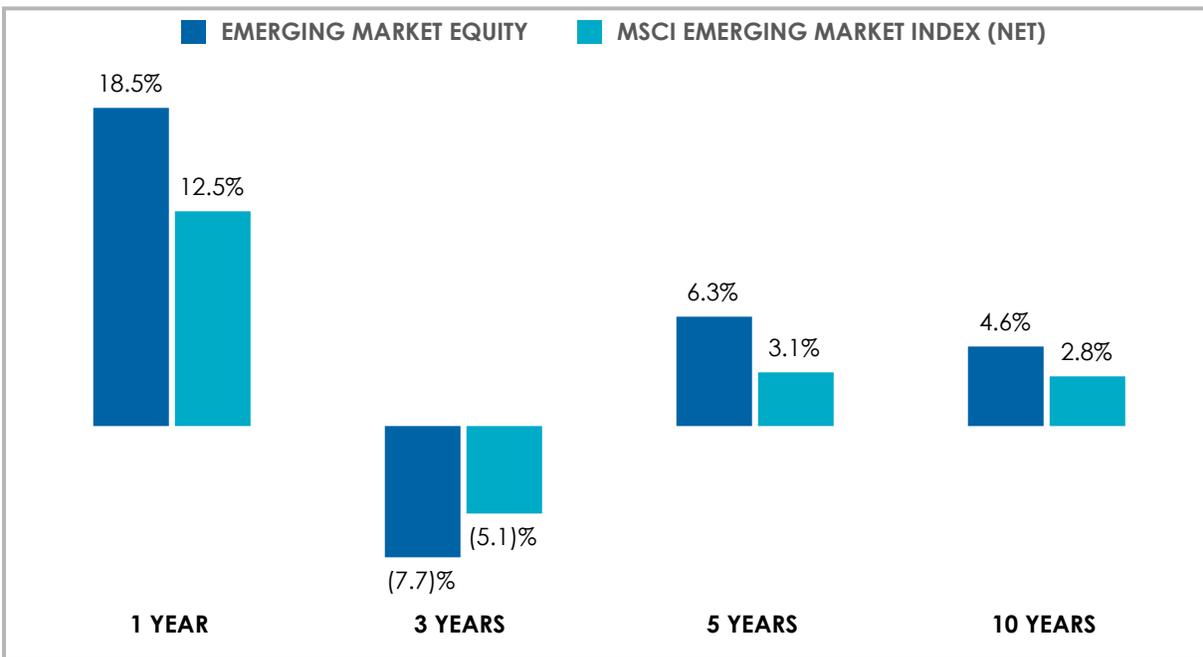


# INVESTMENT RESULTS

For the Fiscal Year Ended June 30, 2024

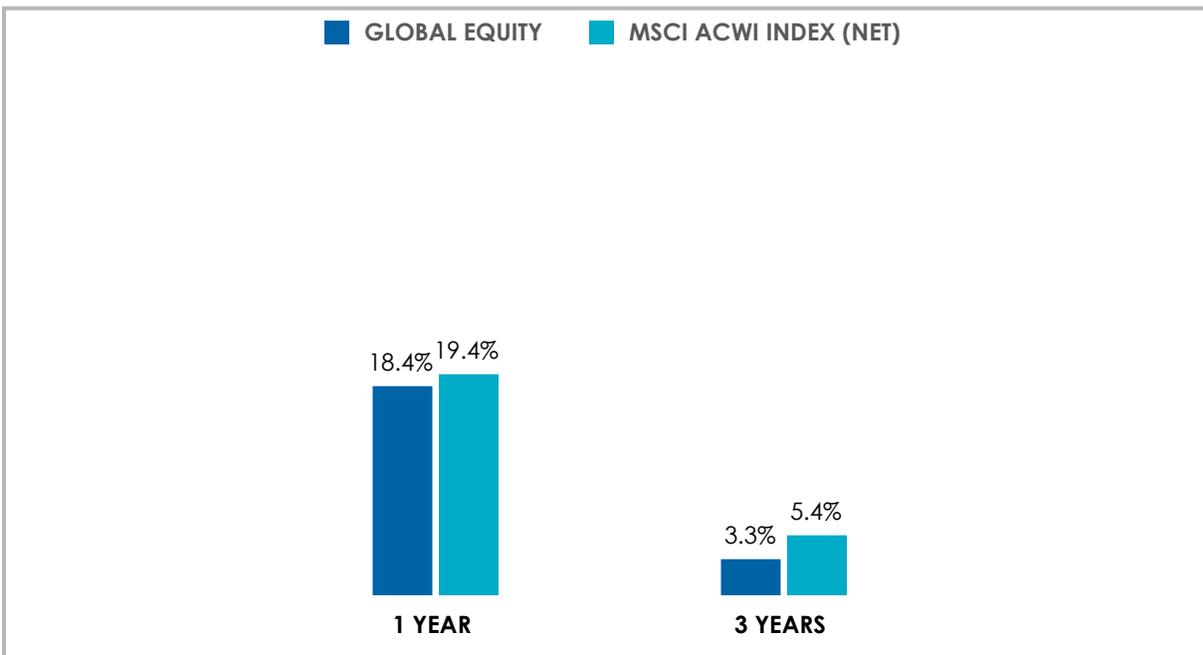
## EMERGING MARKET EQUITY

(NET OF FEES)



## GLOBAL EQUITY

(NET OF FEES)

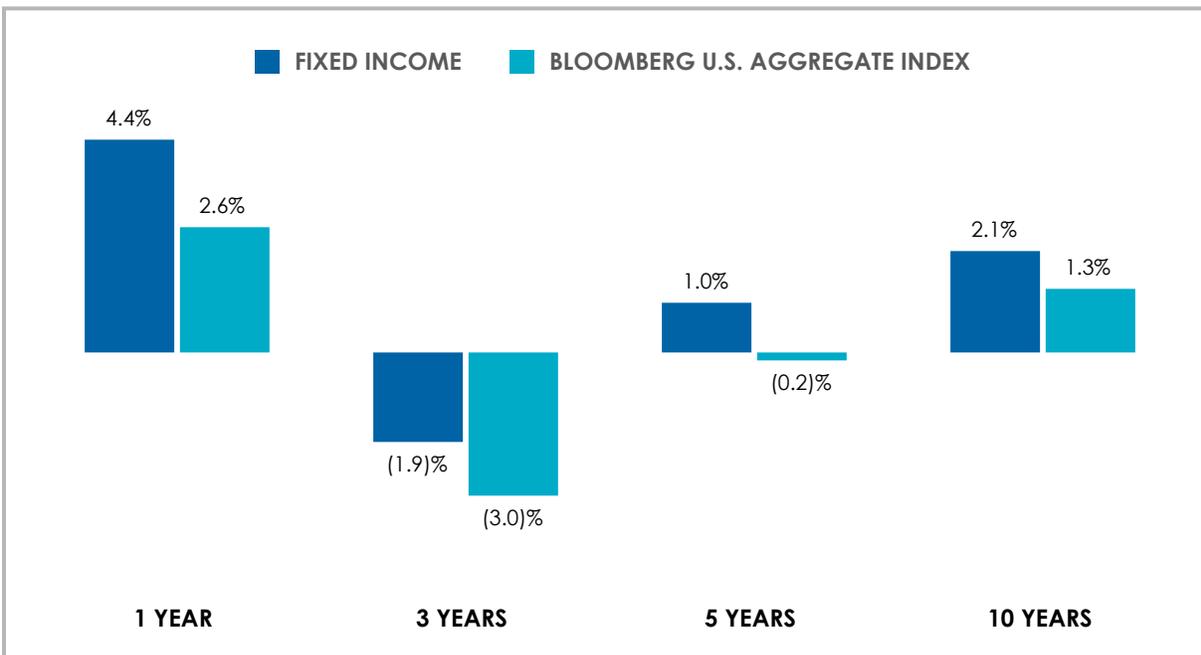


## INVESTMENT RESULTS

For the Fiscal Year Ended June 30, 2024

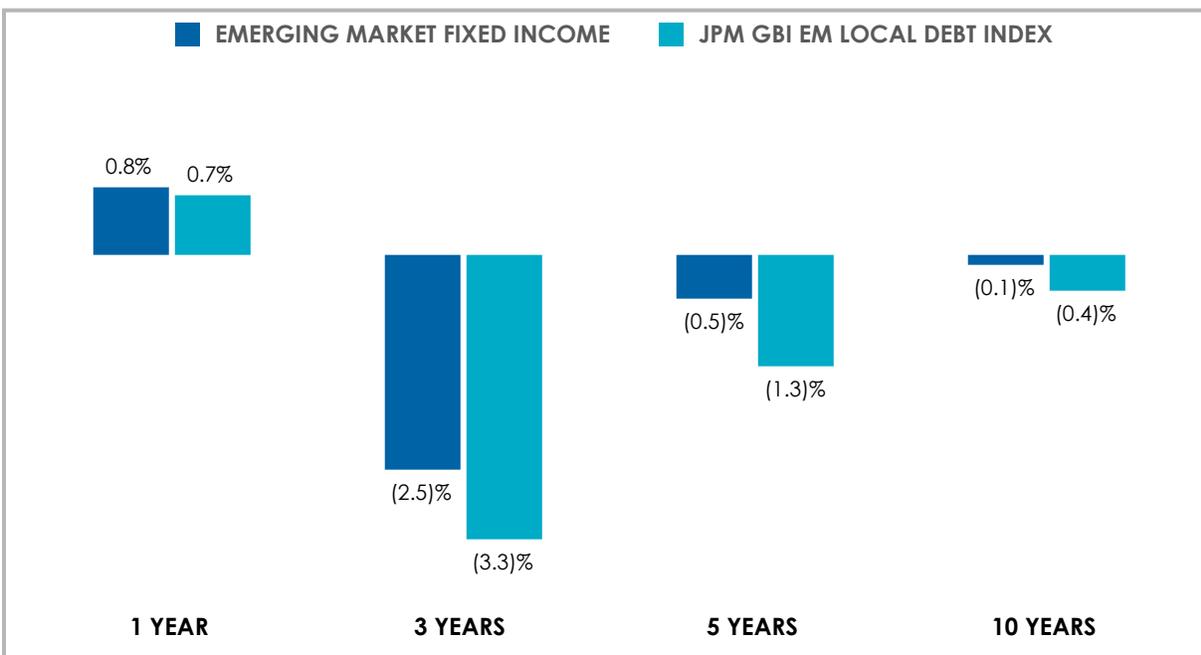
### DOMESTIC FIXED INCOME

(NET OF FEES)



### EMERGING MARKET FIXED INCOME

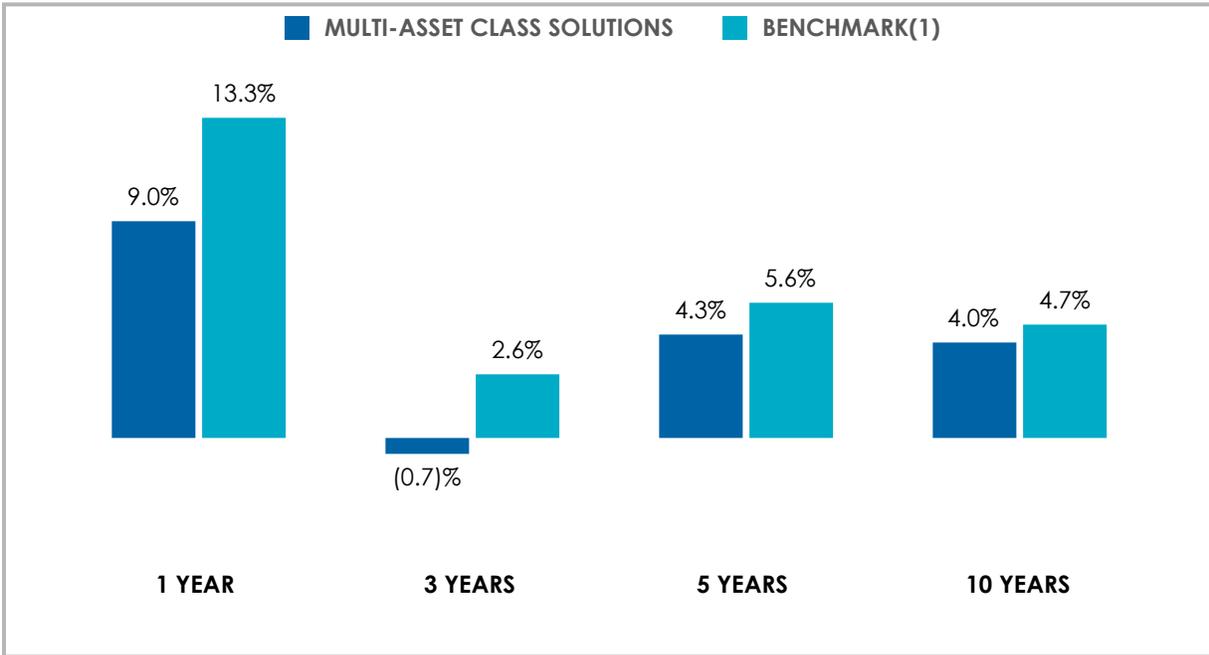
(NET OF FEES)



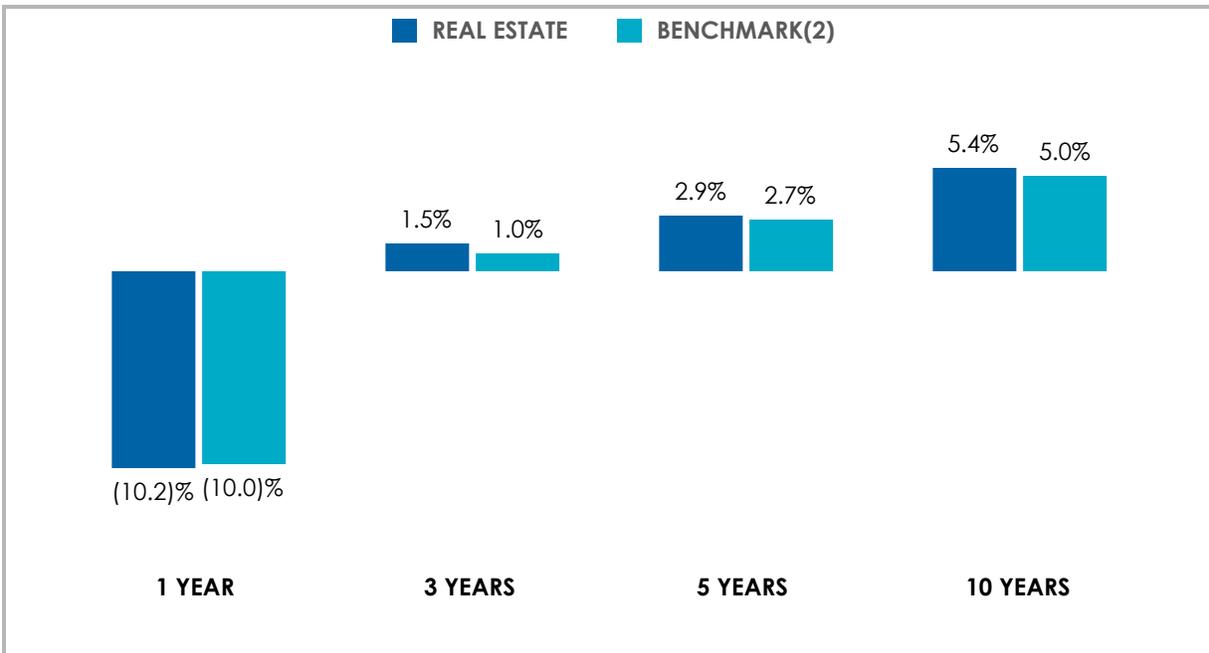
# INVESTMENT RESULTS

For the Fiscal Year Ended June 30, 2024

## MACS (NET OF FEES)



## REAL ESTATE (NET OF FEES)



Note: All investment performance figures were calculated using time-weighted rate of return based on fair values.

Custom benchmark members have changed over time.

(1) 65% MSCI ACWI (NET) / 35% BB U.S. Aggregate

(2) 100% NCREIF ODCE

## SCHEDULES OF TEN LARGEST EQUITY & FIXED INCOME HOLDINGS

As of June 30, 2024

### TEN LARGEST EQUITY HOLDINGS (1)

| NO. SHARES   | DESCRIPTION                | COST                 | FAIR VALUE           | % OF TOTAL PORTFOLIO |
|--------------|----------------------------|----------------------|----------------------|----------------------|
| 132,000      | TAIWAN SEMICONDUCTOR MANUF | \$ 2,618,466         | \$ 3,930,521         | 0.12 %               |
| 49,386       | RELIANCE INDUSTRIES LTD    | 3,093,100            | 3,708,414            | 0.12                 |
| 25,445       | NOVO NORDISK A/S           | 2,498,709            | 3,677,315            | 0.11                 |
| 3,518        | ASML HOLDING NV            | 1,978,406            | 3,635,436            | 0.11                 |
| 15,157       | SAFRAN SA                  | 1,573,687            | 3,206,667            | 0.10                 |
| 60,348       | EXPERIAN PLC               | 2,140,967            | 2,811,899            | 0.09                 |
| 65,000       | MEDIATEK INC               | 1,630,674            | 2,805,049            | 0.09                 |
| 1,675        | MERCADOLIBRE INC           | 1,532,257            | 2,752,695            | 0.09                 |
| 8,431        | ICON PLC                   | 1,820,870            | 2,642,866            | 0.08                 |
| 5,800        | KEYENCE CORP               | 2,587,530            | 2,543,765            | 0.08                 |
| <b>TOTAL</b> |                            | <b>\$ 21,474,666</b> | <b>\$ 31,714,627</b> | <b>0.99 %</b>        |

### TEN LARGEST FIXED INCOME HOLDINGS (1)

| PAR VALUE    | SECURITY         | COUPON  | MATURITY   | COST                 | FAIR VALUE           | % OF TOTAL PORTFOLIO |
|--------------|------------------|---------|------------|----------------------|----------------------|----------------------|
| 38,195,000   | US TREASURY NOTE | 2.250 % | 8/15/2046  | \$ 26,379,291        | \$ 25,460,847        | 0.79 %               |
| 17,100,000   | US TREASURY NOTE | 0.625   | 8/15/2030  | 13,731,195           | 13,748,280           | 0.43                 |
| 14,600,000   | US TREASURY BOND | 1.125   | 8/15/2040  | 8,916,411            | 8,956,983            | 0.28                 |
| 11,450,000   | US TREASURY BOND | 1.375   | 8/15/2050  | 5,709,638            | 5,920,895            | 0.18                 |
| 9,902,000    | US TREASURY BOND | 4.125   | 8/15/2053  | 9,396,470            | 9,220,851            | 0.29                 |
| 8,000,000    | US TREASURY BOND | 1.875   | 2/15/2041  | 5,546,923            | 5,533,487            | 0.17                 |
| 7,550,000    | US TREASURY NOTE | 0.875   | 11/15/2030 | 6,105,175            | 6,117,007            | 0.19                 |
| 7,000,000    | US TREASURY NOTE | 3.500   | 2/15/2033  | 6,827,673            | 6,560,859            | 0.20                 |
| 6,000,000    | US TREASURY NOTE | 3.375   | 5/15/2033  | 5,809,933            | 5,560,547            | 0.17                 |
| 5,400,000    | US TREASURY NOTE | 4.625   | 9/30/2028  | 5,362,529            | 5,445,773            | 0.17                 |
| <b>TOTAL</b> |                  |         |            | <b>\$ 93,785,238</b> | <b>\$ 92,525,529</b> | <b>2.87 %</b>        |

(1) A detailed list of the portfolio's equity and fixed income holdings are available upon request.

## SCHEDULE OF BROKERAGE COMMISSIONS

Fiscal Year Ended June 30, 2024

| BROKER NAME                              | BASE<br>VOLUME        | TOTAL<br>SHARES   | BASE<br>COMMISSION | COMMISSION<br>PERCENTAGE |
|--|-----------------------|-------------------|--------------------|--------------------------|
| INSTINET CLEARING SER INC, NEW YORK      | \$ 50,037,995         | 1,395,667         | \$ 31,506          | 2.26 %                   |
| JEFFERIES & CO INC, NEW YORK             | 39,883,516            | 1,410,044         | 34,741             | 2.46                     |
| UBS SECURITIES LLC, STAMFORD             | 21,536,970            | 585,914           | 20,987             | 3.58                     |
| NATIONAL FINL SVCS CORP, NEW YORK        | 19,056,345            | 758,180           | 17,533             | 2.31                     |
| MORGAN STANLEY AND CO., LLC, NEW YORK    | 17,650,105            | 338,011           | 5,333              | 1.58                     |
| BAIRD, ROBERT W & CO INC, MILWAUKEE      | 13,739,930            | 553,264           | 20,648             | 3.73                     |
| MERRILL LYNCH PIERCE FENNER SMITH INC NY | 12,930,963            | 508,227           | 10,624             | 2.09                     |
| J.P MORGAN SECURITIES INC, NEW YORK      | 12,495,050            | 301,523           | 9,054              | 3.00                     |
| RBC CAPITAL MARKETS LLC, NEW YORK        | 12,268,381            | 331,697           | 11,997             | 3.62                     |
| LIQUIDNET INC, NEW YORK                  | 10,971,220            | 295,347           | 7,989              | 2.71                     |
| BARCLAYS CAPITAL LE, NEW YORK            | 9,907,172             | 272,502           | 7,061              | 2.59                     |
| RAYMOND JAMES & ASSOC INC, ST PETERSBURG | 8,622,173             | 304,288           | 10,899             | 3.58                     |
| PERSHING LLC, JERSEY CITY                | 7,433,762             | 224,807           | 7,527              | 3.35                     |
| ISI GROUP INC, NEW YORK                  | 6,927,573             | 167,154           | 4,883              | 2.92                     |
| GOLDMAN SACHS & CO, NY                   | 6,763,077             | 204,637           | 7,967              | 3.89                     |
| LUMINEX TRADING AND ANALYTICS, BOSTON    | 5,711,164             | 112,900           | 3,048              | 2.70                     |
| BERNSTEIN SANFORD C & CO, NEW YORK       | 4,557,389             | 55,192            | 926                | 1.68                     |
| CITIGROUP GLOBAL MARKETS, INC., NEW YORK | 4,402,834             | 154,914           | 5,040              | 3.25                     |
| KEEFE BRUYETTE + WOODS INC, NEW YORK     | 4,345,883             | 305,284           | 12,211             | 4.00                     |
| OPPENHEIMER & CO INC, NEW YORK           | 3,877,050             | 84,232            | 3,369              | 4.00                     |
| J P MORGAN SECS LTD, LONDON              | 3,581,168             | 21,954            | 1,905              | 8.68                     |
| ABEL NOSER, NEW YORK                     | 3,454,955             | 234,066           | 9,363              | 4.00                     |
| PERSHING SECURITIES LTD, LONDON          | 3,358,382             | 252,533           | 1,342              | 0.53                     |
| SUNTRUST CAPITAL MARKETS INC, NEW YORK   | 2,963,679             | 86,745            | 3,470              | 4.00                     |
| PIPER JAFFRAY & CO., JERSEY CITY         | 2,839,905             | 119,818           | 4,793              | 4.00                     |
| KEYBANC CAPITAL MARKETS INC, NEW YORK    | 2,670,597             | 61,754            | 2,450              | 3.97                     |
| LOOP CAPITAL MARKETS, JERSEY CITY        | 2,354,920             | 63,587            | 2,543              | 4.00                     |
| WELLS FARGO SECURITIES, LLC, NEW YORK    | 2,332,076             | 84,874            | 2,475              | 2.92                     |
| JONESTRADING INST SVCS LLC, NEW YORK     | 2,327,758             | 27,149            | 790                | 2.91                     |
| VIRTU AMERICAS LLC, NEW YORK             | 2,216,334             | 50,869            | 1,117              | 2.20                     |
| STIFEL NICOLAUS                          | 2,104,478             | 76,469            | 3,059              | 4.00                     |
| COWEN AND CO LLC, NEW YORK               | 2,083,675             | 96,112            | 3,602              | 3.75                     |
| J.P. MORGAN SECURITIES, HONG KONG        | 1,630,674             | 65,000            | 815                | 1.25                     |
| CANTOR FITZGERALD & CO INC, NEW YORK     | 1,608,664             | 79,207            | 2,136              | 2.70                     |
| CITIGROUP GBL MKTS INC, NEW YORK         | 1,565,638             | 213,800           | 1,255              | 0.59                     |
| UBS EQUITIES, LONDON                     | 1,428,166             | 4,192             | 1,000              | 4.04                     |
| WEDBUSH SECURITIES INC./P3, LOS ANGELES  | 1,260,391             | 19,550            | 782                | 4.00                     |
| SG AMERICAS SECURITIES LLC, NEW YORK     | 1,236,607             | 50,339            | 584                | 1.16                     |
| UBS WARBURG ASIA LTD, HONG KONG          | 1,203,118             | 174,919           | 963                | 0.55                     |
| DAVIDSON(D A) & CO INC, NEW YORK         | 1,183,607             | 8,040             | 322                | 4.00                     |
| LEERINK SWANN AND COMPANY, NEW YORK      | 1,169,779             | 35,670            | 1,427              | 4.00                     |
| BERENBERG GOSSLER & CIE, HAMBURG         | 1,067,824             | 9,121             | 320                | 3.51                     |
| FIDELITY CAPITAL MARKETS, NEW YORK       | 1,021,330             | 45,380            | 1,815              | 4.00                     |
| LIQUIDNET EUROPE LIMITED, LONDON         | 929,195               | 7,547             | 372                | 4.93                     |
| MIZUHO SECURITIES USA, INC., NEW YORK    | 880,270               | 22,600            | 904                | 4.00                     |
| OTHER BROKERS                            | 8,871,024             | 261,507           | 8,302              | 0.55                     |
| <b>TOTAL</b>                             | <b>\$ 330,462,766</b> | <b>10,536,586</b> | <b>\$ 291,249</b>  | <b>0.55</b>              |

## INVESTMENT SUMMARY

|   | June 30, 2024           |                | June 30, 2023           |                |
|---|-------------------------|----------------|-------------------------|----------------|
|   | FAIR VALUE              | % FAIR VALUE   | FAIR VALUE              | % FAIR VALUE   |
| <b>FIXED INCOME</b>                       |                         |                |                         |                |
| U.S. Government obligations               | \$ 176,910,401          | 5.6 %          | \$ 160,214,589          | 5.2 %          |
| Asset-backed securities                   | 198,143,172             | 6.2 %          | 151,874,330             | 4.9 %          |
| Domestic corporate bonds                  | 344,546,247             | 10.9 %         | 267,355,914             | 8.7 %          |
| Convertible bonds                         | 4,204,914               | 0.1 %          | 6,329,630               | 0.2 %          |
| International bonds                       | 10,697,178              | 0.3 %          | 586,765                 | — %            |
| Municipal bonds                           | —                       | — %            | 525,748                 | — %            |
| Index / Commingled fund                   | 163,116,095             | 5.1 %          | 169,316,809             | 5.5 %          |
| <b>Total fixed income</b>                 | <b>897,618,007</b>      | <b>28.2 %</b>  | <b>756,203,785</b>      | <b>24.5 %</b>  |
| <b>DOMESTIC EQUITY</b>                    |                         |                |                         |                |
| Stocks                                    | 191,562,442             | 6.0 %          | 239,004,188             | 7.8 %          |
| Index / Commingled fund                   | 364,945,995             | 11.5 %         | 371,475,360             | 12.1 %         |
| <b>Total domestic equity</b>              | <b>556,508,437</b>      | <b>17.5 %</b>  | <b>610,479,548</b>      | <b>19.9 %</b>  |
| <b>INTERNATIONAL EQUITY</b>               |                         |                |                         |                |
| Stocks                                    | 50,830,847              | 1.6 %          | 75,662,718              | 2.5 %          |
| Index / Commingled fund                   | 443,533,330             | 14.0 %         | 517,502,537             | 16.8 %         |
| <b>Total international equity</b>         | <b>494,364,177</b>      | <b>15.6 %</b>  | <b>593,165,255</b>      | <b>19.3 %</b>  |
| <b>REAL ESTATE</b>                        |                         |                |                         |                |
| Core                                      | 169,776,169             | 5.4 %          | 197,464,625             | 6.4 %          |
| Private                                   | 103,058,623             | 3.2 %          | 73,708,261              | 2.4 %          |
| <b>Total real estate</b>                  | <b>272,834,792</b>      | <b>8.6 %</b>   | <b>271,172,886</b>      | <b>8.8 %</b>   |
| <b>ALTERNATIVE INVESTMENTS</b>            |                         |                |                         |                |
| MACS                                      | 128,865,750             | 4.1 %          | 126,407,441             | 4.1 %          |
| Hedge Funds - Opportunistic               | 263,926,035             | 8.3 %          | 225,645,325             | 7.3 %          |
| Private Markets                           | 514,001,461             | 16.3 %         | 445,742,619             | 14.5 %         |
| <b>Total alternative investments</b>      | <b>906,793,246</b>      | <b>28.7 %</b>  | <b>797,795,385</b>      | <b>25.9 %</b>  |
| <b>Subtotal investments at fair value</b> | <b>3,128,118,659</b>    | <b>98.6 %</b>  | <b>3,028,816,859</b>    | <b>98.4 %</b>  |
| <b>SHORT-TERM INVESTMENTS</b>             |                         |                |                         |                |
| Money Market                              | 44,868,852              | 1.4 %          | 50,763,024              | 1.6 %          |
| <b>Total short-term investments</b>       | <b>44,868,852</b>       | <b>1.4 %</b>   | <b>50,763,024</b>       | <b>1.6 %</b>   |
| <b>Total</b>                              | <b>\$ 3,172,987,511</b> | <b>100.0 %</b> | <b>\$ 3,079,579,883</b> | <b>100.0 %</b> |

Note: This summary is comprised of investments at fair value and short-term investments.

## SCHEDULE OF INVESTMENT MANAGEMENT FEES

Fiscal Year Ended June 30, 2024

| <b>INVESTMENT CATEGORY</b> | <b>ASSETS UNDER<br/>MANAGEMENT</b> |                      | <b>EXPENSE</b>      |
|----------------------------|------------------------------------|----------------------|---------------------|
| Fixed income managers      | \$                                 | 907,844,735          | \$ 2,137,679        |
| Equity managers            |                                    | 627,811,301          | 1,304,627           |
| International managers     |                                    | 234,402,716          | 1,446,549           |
| MACS                       |                                    | 67,297,694           | 351,675             |
| <b>Total</b>               | <b>\$</b>                          | <b>1,837,356,446</b> | <b>\$ 5,240,530</b> |

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# Actuarial

## Unaudited

- Actuary's Certification Letter

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- Summary of Actuarial Assumptions and Methods

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- Employer Schedule of Funding Progress

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- Summary of Member Data

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- Short-Term Solvency Test

---
- Analysis of Financial Experience

---
- Summary of Benefit Provisions

---
- Contribution Rates

---
- Summary of Plan Changes

## ACTUARY'S CERTIFICATION LETTER



100 Galleria Parkway, SE  
Suite 1060  
Atlanta, GA 30339

September 27, 2024

Board of Trustees  
Educational Employees' Supplementary Retirement System of Fairfax County (ERFC)  
3110 Fairview Park Drive, Suite 300  
Falls Church, VA 22042

Dear Board Members,

To meet the financial obligations attributable to current and future retirees and beneficiaries, the Educational Employees' Supplementary Retirement System of Fairfax County ("ERFC") is required to determine and receive contributions which meet the following objectives:

- ☒ Contributions would remain approximately level from generation to generation when expressed as a percent of active member payroll; and
- ☒ When combined with the current fair value of assets and future investment return, contributions will be sufficient to meet the current and future financial obligations of ERFC.

During the annual actuarial funding valuation process, the actuary develops the contribution rates that are necessary to fund the plan's current cost (that is, the costs associated with the year of service about to be performed) and the unfunded actuarial accrued liabilities as a level percent of active member payroll over a specified, finite period. The latest funding valuation was completed based on population data, asset information and plan provisions as of December 31, 2023. The plan's administrative staff provides Gallagher with the data for the valuation. This data is reviewed for internal and year-to-year consistency before use, and the plan's external auditor audits the actuarial data annually.

All calculations were performed according to generally accepted actuarial principles and practices and were also in accordance with all applicable Actuarial Standards of Practice issued by the Actuarial Standards Board.

As part of its regular financial reporting requirements, ERFC is required to disclose certain financial information under Governmental Accounting Standards Board ("GASB") Statement Numbers 67 and 68. To assist with these requirements, Gallagher prepared a separate accounting valuation report based on a measurement date of June 30, 2024 for GASB Statement Numbers 67 and 68.

The accounting report was based on information previously reported in the funding valuation report that was prepared as of December 31, 2023, and the accounting valuation report that was prepared by the previous actuary as of June 30, 2023. In addition to these reports, the plan's administrative staff provided Gallagher with supplementary data that was needed for the GASB financial reporting information, including the financial statements for the year ending June 30, 2024. Gallagher relied on the data after reviewing it for internal consistency and after comparing it with information that was previously reported.

For funding purposes, assets are valued on a smoothed basis that recognizes each year's difference between actual and assumed investment return over a closed five-year period, subject to a 75% to 125% corridor when compared to the fair value of assets. When determining the Net Pension Liability under GASB Statement No. 67, assets are valued on a market basis. The long term assumed rate of investment

# ACTUARY'S CERTIFICATION LETTER

September 27, 2024

return on pension fund assets is 7.00%. Based upon the results of a projection performed in accordance with GASB Statement No. 67 parameters and reported in the June 30, 2024 Actuarial Report, the discount rate for purposes of discounting pension liabilities for pension financial reporting purposes is also 7.00%.

Actuarial valuations are based upon assumptions regarding future activity in specific risk areas including the rates of investment return and payroll growth, eligibility for the various classes of benefits, and longevity amount retired lives. These assumptions are adopted by the Board after considering the advice of the actuary and other professionals. Each actuarial valuation takes into account all prior differences between actual and assumed experience in each risk area and adjusts the contribution rates as needed. The December 31, 2023 valuation was conducted using assumptions that are based on an experience study performed by the prior actuary in 2020. In addition, assumptions with regard to the DROP program for Legacy members and additional accrual of unused sick leave for participants hired after July 1, 2001 were developed based on information supplied by the Board. The assumptions and methods used in the valuation for funding purposes meet the parameters set by the Actuarial Standards of Practice.

It is our understanding that the information prepared by Gallagher will be used by ERFC for the following schedules in their fiscal year 2024 Annual Comprehensive Financial Report.

Actuarial Section:

- ☒ Summary of Actuarial Assumptions and Methods
  - Sample Pay Increase Assumptions for an Individual Member
  - Sample Rates of Separation From Active Employment to Before Retirement
  - Probabilities of Retirement for Members Eligible to Retire
  - Single Life Retirement Values
- ☒ Summary of Member Data Included in Valuation as of December 31, 2023
  - Historical Information for All Members (last 9 years)
  - All Active Members in Valuation on December 31, 2023 by Attained Age and Years of Service
  - Active Members by Years of Service, Salaries and Ages
  - Retirees and Beneficiaries Added and Removed
  - Short-Term Solvency Test
  - Analysis of Financial Experience Including Experience Gains and Losses by Risk Area
  - ERFC Contribution Rates
- ☒ Financial Section
  - Notes to the Schedule of Contributions;
  - Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption;
  - Schedule of Contributions; and
  - Schedule of Changes in Net Pension Liability and Related Ratios.

## ACTUARY'S CERTIFICATION LETTER

September 27, 2024

Based on the information provided, we believe the ERFC is meeting its basic financial reporting requirements. The information presented by Gallagher in the December 31, 2023 funding report and the June 30, 2024 accounting report meets all applicable Actuarial Standards of Practice.

Sincerely,



Elizabeth A. Wiley, FSA, EA, MAAA, FCA  
Director, Gallagher



Kevin S. Sparier, ASA, EA, MAAA, FCA  
Principal, Public Sector Retirement Operations Leader

## SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

The actuarial assumptions and methods used in making the annual actuarial valuation are summarized in this section. The assumptions were adopted by the Trustees following a study of experience covering the five-year period ending December 31, 2020.

### ECONOMIC ASSUMPTIONS

The **investment return rate** used in making the valuation was 7.0 percent per year, compounded annually (net of investment expenses). The real rate of return is the portion of total investment return, which is more than the wage inflation rate. Based upon an assumed wage inflation rate of 4.00 percent, the 7.0 percent investment return rate translates to an assumed real rate of return over wages of 3.00 percent.

**Pay increase assumptions** for individual active members are shown by years of service below. Part of the assumption is for merit and/or seniority increase, and the other part recognizes price inflation and real wage growth.

### SAMPLE PAY INCREASE ASSUMPTIONS FOR AN INDIVIDUAL MEMBER

| Service Index | PAY INCREASE ASSUMPTION |                |                    |
|---------------|-------------------------|----------------|--------------------|
|               | Merit & Seniority       | Base (Economy) | Increase Next Year |
| 0-1           | 4.50%                   | 2.75%          | 7.25%              |
| 1-7           | 4.00%                   | 2.75%          | 6.75%              |
| 7-10          | 3.50%                   | 2.75%          | 6.25%              |
| 10-12         | 3.00%                   | 2.75%          | 5.75%              |
| 12-14         | 2.50%                   | 2.75%          | 5.25%              |
| 14-16         | 2.00%                   | 2.75%          | 4.75%              |
| 16-19         | 1.50%                   | 2.75%          | 4.25%              |
| 19-21         | 1.00%                   | 2.75%          | 3.75%              |
| 21-25         | 0.50%                   | 2.75%          | 3.25%              |
| 25+           | 0.00%                   | 2.75%          | 2.75%              |

**The number of active members** is assumed to continue at the present number.

**Total active member payroll** is assumed to increase 2.75 percent annually, which is the portion of the individual pay increase assumptions attributable to wage inflation. This assumed increase is recognized in the funding of unfunded actuarial accrued liabilities.

### NON-ECONOMIC ASSUMPTIONS

**The probabilities of retirement** for members eligible to retire are shown on the following page.

# SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

## PROBABILITY OF RETIREMENT FOR MEMBERS ELIGIBLE TO RETIRE

| AGE       | ERFC<br>(Hired before 7/1/2001) |                         | ERFC 2001 TIER 1<br>(Hired 7/1/2001-6/30/2017) |         |                  | ERFC 2001 TIER 2<br>(Hired On/After 7/1/2017) |         |
|-----------|---------------------------------|-------------------------|--|---------|------------------|---|---------|
|           | Type of Retirement              |                         | Type of Retirement                             |         |                  | Age Based<br>Rule of 90 Met                   |         |
|           | Age Based                       | 25+ Years of<br>Service | Age Based                                      | Service | Service<br>Based | Yes   | No      |
| 45        | —                               | 2.0 %                   | —  | —       | —                | —   | —       |
| 46        | —                               | 2.0 %                   | —  | —       | —                | —   | —       |
| 47        | —                               | 2.0 %                   | —  | —       | —                | —   | —       |
| 48        | —                               | 2.0 %                   | —  | —       | —                | —   | —       |
| 49        | —                               | 2.0 %                   | —  | —       | —                | —   | —       |
| 50        | —                               | 2.0 %                   | —  | —       | —                | —   | —       |
| 51        | —                               | 2.0 %                   | —  | —       | —                | —   | —       |
| 52        | —                               | 7.0 %                   | —  | —       | —                | —   | —       |
| 53        | —                               | 7.0 %                   | —  | —       | —                | —   | —       |
| 54        | —                               | 15.0 %                  | —  | —       | —                | —   | —       |
| 55        | 12.5 %                          | 80.0 % (1)              | —  | 30      | 17.5 %           | —   | —       |
| 56        | 12.5 %                          | 80.0 % (1)              | —  | 31      | 17.5 %           | 35.0 %  | 0.0 %   |
| 57        | 12.5 %                          | 80.0 % (1)              | —  | 32      | 12.5 %           | 35.0 %  | 0.0 %   |
| 58        | 12.5 %                          | 80.0 % (1)              | —  | 33      | 12.5 %           | 35.0 %  | 0.0 %   |
| 59        | 12.5 %                          | 80.0 % (1)              | —  | 34      | 12.5 %           | 35.0 %  | 0.0 %   |
| 60        | 12.5 %                          | 80.0 % (1)              | 10.0 %   | 35      | 10.0 %           | 35.0 % (2)                                    | 0.0 %   |
| 61        | 17.5 %                          | 80.0 % (1)              | 10.0 %   | 36      | 10.0 %           | 35.0 %  | 0.0 %   |
| 62        | 20.0 %                          | 80.0 % (1)              | 10.0 %   | 37      | 10.0 %           | 35.0 %  | 0.0 %   |
| 63        | 20.0 %                          | 80.0 % (1)              | 15.0 %   | 38      | 25.0 %           | 35.0 %  | 0.0 %   |
| 64        | 25.0 %                          | 80.0 % (1)              | 15.0 %   | 39      | 40.0 %           | 35.0 %  | 0.0 %   |
| 65        | 40.0 %                          | 35.0 %                  | 25.0 %   | 40 & up | 100.0 %          | 35.0 %  | 0.0 %   |
| 66        | 40.0 %                          | 45.0 %                  | 30.0 %   | —       | —                | 35.0 %  | 0.0 %   |
| 67        | 35.0 %                          | 35.0 %                  | 25.0 %   | —       | —                | 35.0 %  | 30.0 %  |
| 68        | 30.0 %                          | 35.0 %                  | 20.0 %   | —       | —                | 35.0 %  | 15.0 %  |
| 69        | 30.0 %                          | 35.0 %                  | 20.0 %   | —       | —                | 35.0 %  | 15.0 %  |
| 70        | 40.0 %                          | 35.0 %                  | 45.0 %   | —       | —                | 35.0 %  | 15.0 %  |
| 71        | 25.0 %                          | 35.0 %                  | 30.0 %   | —       | —                | 35.0 %  | 15.0 %  |
| 72        | 35.0 %                          | 35.0 %                  | 30.0 %   | —       | —                | 35.0 %  | 15.0 %  |
| 73        | 35.0 %                          | 35.0 %                  | 30.0 %   | —       | —                | 35.0 %  | 15.0 %  |
| 74        | 35.0 %                          | 35.0 %                  | 30.0 %   | —       | —                | 35.0 %  | 15.0 %  |
| 75 & Over | 100.0 %                         | 100.0 %                 | 100.0 %  | —       | —                | 100.0%  | 100.0 % |

(1) 80% of participants are assumed to enter the Deferred Retirement Option Program while 20% are assumed to retire immediately.

(2) The probability is 60% at age 60 for people who first meet the Rule of 90 at age 60.

## SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

The **mortality table** used to measure retired life mortality was based upon a 20% unisex blend of 102% of the male rates and 99% of the female rates of the PUB-2010 Teachers table projected generationally with Scale MP-2020. Mortality rates for a particular calendar year are determined by applying the fully generational MP-2020 Mortality Improvement scale. The rationale for the mortality assumption is based on the 2015-2020 Experience Study issued October 15, 2020 and further analysis done in December 2021. Related values are shown below.

### SAMPLE FUTURE LIFE EXPECTANCY IN YEARS

| Ages in 2023 | Male  | Female |
|--------------|-------|--------|
| 55           | 32.56 | 34.96  |
| 60           | 27.60 | 30.00  |
| 65           | 22.84 | 25.17  |
| 70           | 18.31 | 20.47  |
| 75           | 14.12 | 16.02  |
| 80           | 10.40 | 12.00  |

The **probabilities of withdrawal** from service, death-in-service, and disability are shown below.

### SAMPLE RATES OF SEPARATION FROM ACTIVE EMPLOYMENT BEFORE RETIREMENT

| SAMPLE AGES | PERCENT OF ACTIVE MEMBERS SEPARATING WITHIN NEXT YEAR |          |            |          |          |          |
|-------------|---|----------|------------|----------|----------|----------|
|             | DEATH   |          | DISABILITY |          |          |          |
|             | Ordinary and Duty                                     |          | Ordinary   |          | Duty     |          |
|             | Male  | Female   | Male       | Female   | Male     | Female   |
| 25          | 0.3379 %  | 0.2067 % | 0.0146 %   | 0.0082 % | 0.0036 % | 0.0020 % |
| 30          | 0.5110  | 0.3656   | 0.0158     | 0.0122   | 0.0040   | 0.0031   |
| 35          | 0.7037  | 0.5721   | 0.0234     | 0.0214   | 0.0059   | 0.0054   |
| 40          | 0.8717  | 0.7597   | 0.0339     | 0.0308   | 0.0085   | 0.0077   |
| 45          | 1.0820  | 0.9730   | 0.0520     | 0.0456   | 0.0130   | 0.0114   |
| 50          | 1.5115  | 1.3811   | 0.0842     | 0.0726   | 0.0210   | 0.0181   |
| 55          | 2.0244  | 1.7603   | 0.1469     | 0.1228   | 0.0367   | 0.0307   |
| 60          | 2.5723  | 2.0494   | 0.2447     | 0.1770   | 0.0612   | 0.0443   |

## SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

**Forfeiture** occurs when a vested person separates from service and withdraws contributions thereby forfeiting future rights to an employer financed benefit. The total probability of forfeiture is obtained by multiplying the probability of withdrawal by 10.0%. Forfeiture rates do not apply to individuals who are eligible for retirement at the time of termination.

### RATES OF FORFEITURE FOLLOWING VESTED SEPARATION

| Service | % OF ACTIVE PARTICIPANTS WITHDRAWING |        |
|---------|--------------------------------------|--------|
|         | Male                                 | Female |
| 0-1     | 17%                                  | 16%    |
| 1-2     | 12%                                  | 14%    |
| 2-3     | 12%                                  | 13%    |
| 3-4     | 11%                                  | 12%    |
| 4-5     | 11%                                  | 12%    |
| 5-6     | 9%                                   | 11%    |
| 6-7     | 7%                                   | 10%    |
| 7-8     | 7%                                   | 10%    |
| 8-9     | 7%                                   | 8%     |
| 9-10    | 7%                                   | 8%     |
| 10-11   | 6%                                   | 7%     |
| 11-12   | 5%                                   | 7%     |
| 12-13   | 4%                                   | 6%     |
| 13-14   | 4%                                   | 5%     |
| 14-15   | 3%                                   | 5%     |
| 15-16   | 3%                                   | 4%     |
| 16-17   | 3%                                   | 3%     |
| 17-18   | 2%                                   | 2%     |
| 18-19   | 2%                                   | 2%     |
| 19-20   | 2%                                   | 2%     |
| 20-21   | 2%                                   | 2%     |
| 21-22   | 2%                                   | 2%     |
| 22-23   | 2%                                   | 2%     |
| 23-24   | 2%                                   | 2%     |
| 24-25   | 2%                                   | 2%     |

The **individual entry age normal actuarial cost method of valuation** was used for determining actuarial accrued liabilities and normal cost. Actuarial gains and losses reduce or increase the unfunded liability. The unfunded actuarial accrued liabilities are amortized to produce contribution amounts (principal and interest) which are level percent of payroll contributions.

**Present assets (cash and investments) are valued** on a market-related basis effective June 30, 1986. The asset valuation method has been adjusted at various times in the past to reduce volatility (set to market, corridor implementation/adjustment, etc.).

## SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

The data about persons now covered and about present assets was furnished by the System's administrative staff. Although examined for general reasonableness, the data was not audited by the actuary.

The actuarial valuation computations were made by or under the supervision of a Member of the American Academy of Actuaries (MAAA).

# EMPLOYER SCHEDULE OF FUNDING PROGRESS

Last Ten Years

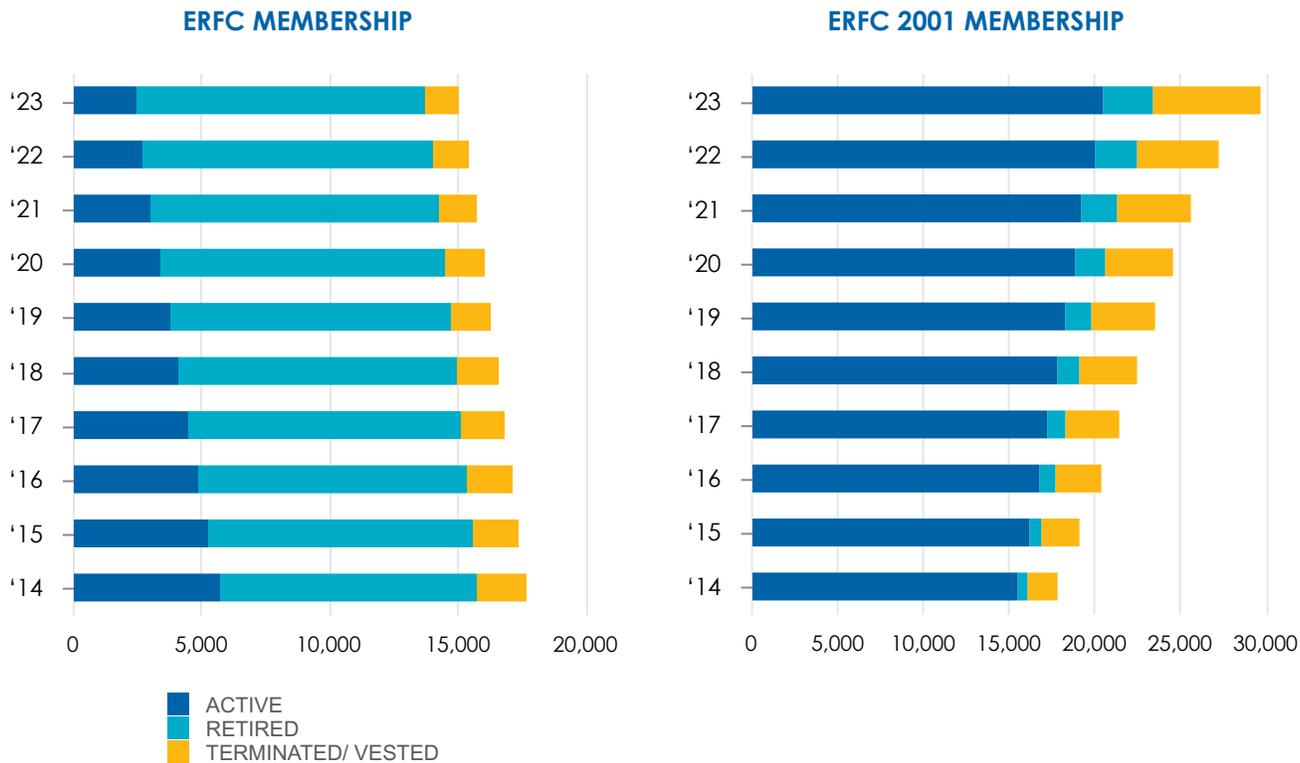
## EMPLOYER SCHEDULE OF FUNDING PROGRESS

(Dollars in Thousands)

| Actuarial<br>Valuation Date<br>as of<br>December 31 | Actuarial<br>Value of Assets<br>(A) | Actuarial<br>Accrued<br>Liability (AAL) -<br>Entry Age (B) | Unfunded AAL<br>(UAAL)<br>(B-A) | Annual<br>Covered<br>Payroll (C) | Percent<br>Funded<br>(A/B) | UAAL Percentage<br>of Covered Payroll<br>[(B-A)/C] |
|---|-------------------------------------|--|---------------------------------|----------------------------------|----------------------------|--|
| 2023  | \$ 3,364,375                        | \$ 4,287,779   | \$ 923,404                      | \$ 1,881,144                     | 78.5 %                     | 49.1 %   |
| 2022  | 3,180,604                           | 4,119,031  | 938,427                         | 1,790,601                        | 77.2                       | 52.4   |
| 2021  | 3,058,883                           | 3,921,052  | 862,169                         | 1,662,801                        | 78.0                       | 51.9   |
| 2020  | 2,786,297                           | 3,635,244  | 848,947                         | 1,633,458                        | 76.6                       | 52.0   |
| 2019  | 2,582,582                           | 3,468,150  | 885,568                         | 1,632,427                        | 74.5                       | 54.2   |
| 2018  | 2,466,004                           | 3,334,114  | 868,110                         | 1,554,614                        | 74.0                       | 55.8   |
| 2017  | 2,398,668                           | 3,167,941  | 769,273                         | 1,475,449                        | 75.7                       | 52.1   |
| 2016  | 2,279,741                           | 3,032,503  | 752,762                         | 1,436,588                        | 75.2                       | 52.4   |
| 2015  | 2,188,037                           | 2,880,703  | 692,666                         | 1,373,096                        | 76.0                       | 50.4   |
| 2014  | 2,123,910                           | 2,733,845  | 609,935                         | 1,340,344                        | 77.7                       | 45.5   |

# SUMMARY OF MEMBER DATA

Last Ten Years



| Calendar Year | ERFC   |         |                   | ERFC 2001 |         |                   | Total  |
|---------------|--------|---------|-------------------|-----------|---------|-------------------|--------|
|               | Active | Retired | Terminated/Vested | Active    | Retired | Terminated/Vested |        |
| 2023          | 2,457  | 11,262  | 1,329             | 20,636    | 2,836   | 6,259             | 44,779 |
| 2022          | 2,752  | 11,296  | 1,399             | 20,164    | 2,451   | 4,668             | 42,730 |
| 2021          | 3,019  | 11,263  | 1,455             | 19,310    | 2,075   | 4,328             | 41,450 |
| 2020          | 3,408  | 11,092  | 1,523             | 18,952    | 1,750   | 3,892             | 40,617 |
| 2019          | 3,761  | 10,998  | 1,555             | 18,415    | 1,499   | 3,670             | 39,898 |
| 2018          | 4,115  | 10,815  | 1,636             | 17,933    | 1,286   | 3,360             | 39,145 |
| 2017          | 4,488  | 10,657  | 1,705             | 17,353    | 1,072   | 3,054             | 38,329 |
| 2016          | 4,892  | 10,476  | 1,778             | 16,856    | 891     | 2,668             | 37,561 |
| 2015          | 5,292  | 10,253  | 1,845             | 16,293    | 684     | 2,254             | 36,621 |
| 2014          | 5,754  | 10,006  | 1,917             | 15,598    | 518     | 1,844             | 35,637 |

## SUMMARY OF MEMBER DATA

As of December 31, 2023

## ACTIVE ERFC MEMBERS BY ATTAINED AGE AND YEARS OF SERVICE

| AGE GROUP    | YEARS OF SERVICE TO VALUATION DATE |           |            |            |              |            |            | TOTALS       |                       | AVERAGE           |
|--------------|------------------------------------|-----------|------------|------------|--------------|------------|------------|--------------|-----------------------|-------------------|
|              | 0-4                                | 5-9       | 10-14      | 15-19      | 20-24        | 25-29      | 30 & UP    | NO.          | SALARY                |                   |
| 35-39        | —                                  | —         | —          | —          | —            | —          | —          | —            | \$ —                  | \$ —              |
| 40-44        | 1                                  | —         | —          | 1          | 6            | —          | —          | 8            | 737,007               | 92,126            |
| 45-49        | 2                                  | 10        | 32         | 51         | 298          | 82         | —          | 475          | 53,987,494            | 113,658           |
| 50-54        | 4                                  | 16        | 46         | 70         | 314          | 378        | 60         | 888          | 103,258,098           | 116,282           |
| 55-59        | —                                  | 17        | 43         | 42         | 220          | 163        | 59         | 544          | 58,567,220            | 107,660           |
| 60           | —                                  | —         | 5          | 4          | 53           | 25         | 3          | 90           | 9,353,157             | 103,924           |
| 61           | 1                                  | 3         | 2          | 6          | 38           | 17         | 7          | 74           | 7,305,525             | 98,723            |
| 62           | —                                  | 1         | 1          | 3          | 37           | 25         | 7          | 74           | 6,751,169             | 91,232            |
| 63           | 1                                  | 1         | —          | 3          | 19           | 26         | 15         | 65           | 6,570,193             | 101,080           |
| 64           | —                                  | —         | 3          | 7          | 25           | 21         | 4          | 60           | 5,680,692             | 94,678            |
| 65           | —                                  | —         | 2          | 1          | 8            | 10         | 6          | 27           | 2,469,508             | 91,463            |
| 66           | —                                  | —         | 2          | 1          | 14           | 9          | 3          | 29           | 2,823,289             | 97,355            |
| 67           | —                                  | —         | 1          | 1          | 9            | 5          | 5          | 21           | 2,038,819             | 97,087            |
| 68           | —                                  | —         | —          | 2          | 8            | 6          | 10         | 26           | 2,533,531             | 97,444            |
| 69           | —                                  | —         | —          | —          | 8            | 6          | 3          | 17           | 1,609,600             | 94,682            |
| 70           | —                                  | —         | 1          | —          | 6            | 2          | 1          | 10           | 803,747               | 80,375            |
| 71           | —                                  | —         | —          | —          | 7            | 3          | 3          | 13           | 1,035,996             | 79,692            |
| 72           | —                                  | —         | —          | —          | 1            | 1          | 3          | 5            | 393,847               | 78,769            |
| 73           | —                                  | —         | —          | —          | 2            | 2          | 4          | 8            | 802,862               | 100,358           |
| 74           | —                                  | —         | —          | —          | 2            | 1          | 2          | 5            | 496,375               | 99,275            |
| 75 & over    | —                                  | 2         | 1          | 1          | 6            | 2          | 6          | 18           | 1,780,792             | 98,933            |
| <b>TOTAL</b> | <b>9</b>                           | <b>50</b> | <b>139</b> | <b>193</b> | <b>1,081</b> | <b>784</b> | <b>201</b> | <b>2,457</b> | <b>\$ 268,998,921</b> | <b>\$ 109,483</b> |

## SUMMARY OF MEMBER DATA

As of December 31, 2023

## ACTIVE ERFC 2001 (TIER 1) MEMBERS BY ATTAINED AGE AND YEARS OF SERVICE

| AGE GROUP    | YEARS OF SERVICE TO VALUATION DATE |              |              |              |              | TOTALS        |                       | AVERAGE          |
|--------------|------------------------------------|--------------|--------------|--------------|--------------|---------------|-----------------------|------------------|
|              | 0-4                                | 5-9          | 10-14        | 15-19        | 20 & UP      | NO.           | SALARY                |                  |
| 20-24        | —                                  | —            | —            | —            | —            | —             | \$ —                  | \$ —             |
| 25-29        | —                                  | 32           | 1            | —            | —            | 33            | 2,273,890             | 68,906           |
| 30-34        | 18                                 | 762          | 273          | —            | —            | 1,053         | 83,283,162            | 79,091           |
| 35-39        | 19                                 | 495          | 971          | 193          | 1            | 1,679         | 146,907,363           | 87,497           |
| 40-44        | 38                                 | 404          | 625          | 830          | 147          | 2,044         | 198,538,465           | 97,132           |
| 45-49        | 19                                 | 419          | 357          | 480          | 332          | 1,607         | 158,110,552           | 98,389           |
| 50-54        | 20                                 | 397          | 443          | 416          | 240          | 1,516         | 141,429,046           | 93,291           |
| 55-59        | 14                                 | 327          | 399          | 434          | 160          | 1,334         | 114,592,171           | 85,901           |
| 60           | 2                                  | 67           | 79           | 78           | 31           | 257           | 20,782,443            | 80,866           |
| 61           | —                                  | 49           | 64           | 67           | 30           | 210           | 17,272,772            | 82,251           |
| 62           | 2                                  | 32           | 50           | 61           | 35           | 180           | 14,664,216            | 81,468           |
| 63           | 3                                  | 29           | 33           | 73           | 20           | 158           | 13,028,764            | 82,461           |
| 64           | 1                                  | 23           | 38           | 54           | 38           | 154           | 13,209,907            | 85,779           |
| 65           | —                                  | 22           | 37           | 38           | 21           | 118           | 9,757,297             | 82,689           |
| 66           | —                                  | 14           | 18           | 21           | 17           | 70            | 6,282,667             | 89,752           |
| 67           | —                                  | 9            | 12           | 18           | 6            | 45            | 3,731,602             | 82,924           |
| 68           | —                                  | 7            | 7            | 13           | 5            | 32            | 2,195,304             | 68,603           |
| 69           | —                                  | 3            | 9            | 18           | 6            | 36            | 2,666,202             | 74,061           |
| 70           | —                                  | 7            | 2            | 12           | 7            | 28            | 2,102,182             | 75,078           |
| 71           | —                                  | 3            | 4            | 8            | —            | 15            | 1,185,590             | 79,039           |
| 72           | 1                                  | 2            | 3            | 2            | 1            | 9             | 691,134               | 76,793           |
| 73           | —                                  | 3            | 4            | 4            | 3            | 14            | 1,119,187             | 79,942           |
| 74           | —                                  | 1            | 2            | 3            | 2            | 8             | 505,354               | 63,169           |
| 75 & over    | —                                  | 3            | 4            | 5            | 2            | 14            | 944,072               | 67,434           |
| <b>TOTAL</b> | <b>137</b>                         | <b>3,110</b> | <b>3,435</b> | <b>2,828</b> | <b>1,104</b> | <b>10,614</b> | <b>\$ 955,273,342</b> | <b>\$ 90,001</b> |

## SUMMARY OF MEMBER DATA

As of December 31, 2023

### ACTIVE ERFC 2001 (TIER 2) MEMBERS BY ATTAINED AGE AND YEARS OF SERVICE

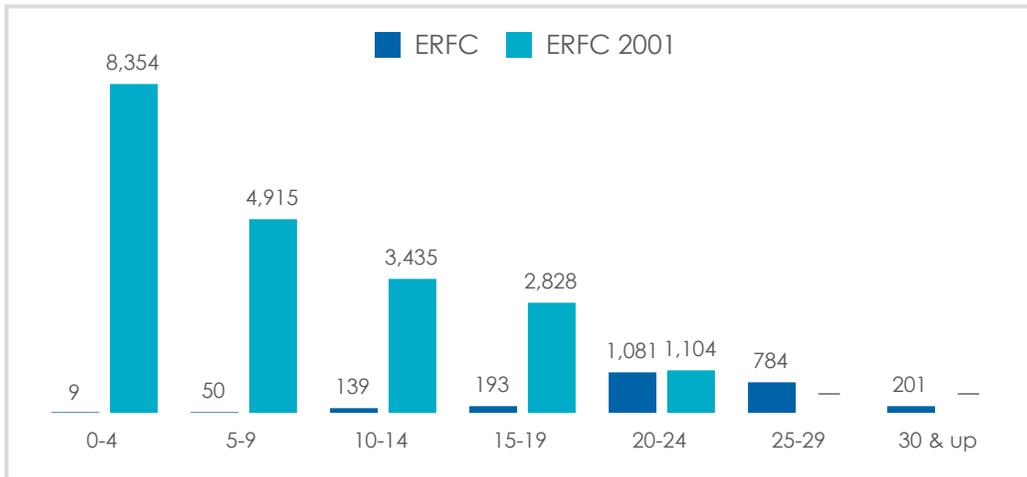
| AGE GROUP    | YEARS OF SERVICE TO VALUATION DATE |              |          |          | TOTALS        |                       | AVERAGE          |
|--------------|------------------------------------|--------------|----------|----------|---------------|-----------------------|------------------|
|              | 0-4                                | 5-9          | 10-14    | 15 & UP  | NO.           | SALARY                |                  |
| 15-19        | 12                                 | —            | —        | —        | 12            | \$ 338,662            | \$ 28,222        |
| 20-24        | 723                                | —            | —        | —        | 723           | 36,876,259            | 51,005           |
| 25-29        | 1,827                              | 240          | —        | —        | 2,067         | 125,673,314           | 60,800           |
| 30-34        | 1,065                              | 375          | —        | —        | 1,440         | 94,588,953            | 65,687           |
| 35-39        | 938                                | 229          | —        | —        | 1,167         | 80,437,938            | 68,927           |
| 40-44        | 1,012                              | 219          | —        | —        | 1,231         | 84,486,335            | 68,632           |
| 45-49        | 922                                | 224          | —        | —        | 1,146         | 80,422,336            | 70,177           |
| 50-54        | 797                                | 231          | —        | —        | 1,028         | 70,775,527            | 68,848           |
| 55-59        | 518                                | 151          | —        | —        | 669           | 46,206,359            | 69,068           |
| 60           | 91                                 | 27           | —        | —        | 118           | 8,211,801             | 69,592           |
| 61           | 71                                 | 23           | —        | —        | 94            | 6,402,595             | 68,113           |
| 62           | 61                                 | 19           | —        | —        | 80            | 5,360,159             | 67,002           |
| 63           | 36                                 | 10           | —        | —        | 46            | 3,328,135             | 72,351           |
| 64           | 43                                 | 15           | —        | —        | 58            | 4,316,076             | 74,415           |
| 65           | 32                                 | 10           | —        | —        | 42            | 2,692,239             | 64,101           |
| 66           | 16                                 | 11           | —        | —        | 27            | 2,025,003             | 75,000           |
| 67           | 15                                 | 7            | —        | —        | 22            | 1,346,471             | 61,203           |
| 68           | 3                                  | 4            | —        | —        | 7             | 454,921               | 64,989           |
| 69           | 5                                  | 2            | —        | —        | 7             | 359,206               | 51,315           |
| 70           | 6                                  | —            | —        | —        | 6             | 357,600               | 59,600           |
| 71           | 5                                  | 4            | —        | —        | 9             | 589,303               | 65,478           |
| 72           | 4                                  | 2            | —        | —        | 6             | 443,524               | 73,921           |
| 74           | 5                                  | —            | —        | —        | 5             | 355,612               | 71,122           |
| 75 & over    | 4                                  | 2            | —        | —        | 6             | 411,034               | 68,506           |
| <b>TOTAL</b> | <b>8,217</b>                       | <b>1,805</b> | <b>—</b> | <b>—</b> | <b>10,022</b> | <b>\$ 656,871,942</b> | <b>\$ 65,543</b> |

# SUMMARY OF MEMBER DATA

As of December 31, 2023

## ACTIVE MEMBER BY YEARS OF SERVICE

Average Service = 9.8 years



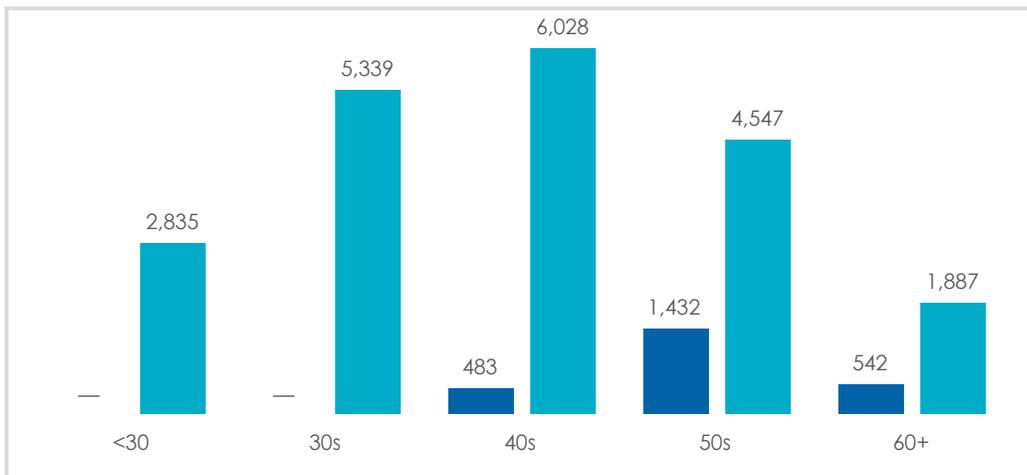
## ACTIVE MEMBER SALARIES (\$ IN THOUSANDS)

Average Annual Pay = \$81,460



## ACTIVE MEMBER BY AGES

Average Age = 45.0 years | Total Active Members = 23,093



## SUMMARY OF MEMBER DATA

Last Ten Years

### ACTIVE MEMBER VALUATION DATA

| Actuarial<br>Valuation Date<br>as of<br>December 31 | Number of<br>Members | Annual Payroll   | Average Annual<br>Pay | % Increase in<br>Average Pay |
|---|----------------------|------------------|-----------------------|------------------------------|
| 2023  | 23,093               | \$ 1,881,144,203 | \$ 81,460             | 4.3 %                        |
| 2022  | 22,916               | 1,790,601,219    | 78,138                | 4.9                          |
| 2021  | 22,329               | 1,662,801,220    | 74,468                | 1.9                          |
| 2020  | 22,360               | 1,633,457,804    | 73,053                | —                            |
| 2019  | 22,176               | 1,632,427,309    | 73,612                | 4.4                          |
| 2018  | 22,048               | 1,554,614,462    | 70,510                | 4.4                          |
| 2017  | 21,841               | 1,475,449,186    | 67,554                | 2.3                          |
| 2016  | 21,748               | 1,436,587,994    | 66,056                | 3.8                          |
| 2015  | 21,585               | 1,373,095,719    | 63,613                | 1.3                          |
| 2014  | 21,352               | 1,340,343,666    | 62,774                | 2.9                          |

### RETIRANTS AND BENEFICIARIES ADDED AND REMOVED (10 YEARS)

| Calendar<br>Year | ADDED TO PAYROLL |                                  | REMOVED FROM PAYROLL |                                  | PAYROLL AT END OF YEAR |                                  |   |                                     |
|------------------|------------------|----------------------------------|----------------------|----------------------------------|------------------------|----------------------------------|---|-------------------------------------|
|                  | No.              | Annualized<br>Monthly<br>Benefit | No.                  | Annualized<br>Monthly<br>Benefit | No.                    | Annualized<br>Monthly<br>Benefit | Average<br>Annualized<br>Monthly<br>Benefit | % Increase in<br>Monthly<br>Benefit |
| 2023             | 707              | \$ 636,379                       | 356                  | \$ 238,105                       | 14,098                 | \$ 16,910,749                    | \$ 1,200                                    | 4.04 %                              |
| 2022             | 807              | 818,733                          | 398                  | 208,879                          | 13,747                 | 16,253,631                       | 1,182                                       | 3.92                                |
| 2021             | 760              | 642,949                          | 264                  | 229,477                          | 13,338                 | 15,640,380                       | 1,173                                       | 3.29                                |
| 2020             | 637              | 840,599                          | 277                  | 267,780                          | 12,842                 | 15,142,804                       | 1,179                                       | 2.95                                |
| 2019             | 634              | 763,576                          | 253                  | 264,402                          | 12,482                 | 14,709,284                       | 1,178                                       | 2.72                                |
| 2018             | 666              | 776,099                          | 294                  | 280,925                          | 12,101                 | 14,320,306                       | 1,183                                       | 2.22                                |
| 2017             | 646              | 825,458                          | 284                  | 268,684                          | 11,729                 | 14,008,708                       | 1,194                                       | 2.39                                |
| 2016             | 672              | 715,048                          | 242                  | 228,976                          | 11,367                 | 13,682,009                       | 1,204                                       | 1.80                                |
| 2015             | 677              | 798,525                          | 264                  | 230,255                          | 10,937                 | 13,439,526                       | 1,229                                       | 1.77                                |
| 2014             | 629              | 738,766                          | 261                  | 213,231                          | 10,524                 | 13,206,280                       | 1,255                                       | 1.08                                |

## SHORT-TERM SOLVENCY TEST

If the contributions to ERFC are level in concept and soundly executed, the System will be able to pay all promised benefits when due — the ultimate test of financial soundness. Testing for level contribution rates is the long-term test. A short-condition test is one means of checking a system's progress under its funding program. In a short-condition test, the plan's present assets (cash and investments) are compared with:

- 1) Active member contributions on deposit;
- 2) The liabilities for future benefits to present retired lives; and
- 3) The liabilities for service already rendered by active members.

In a system that has been following the discipline of level percent of payroll financing, the liabilities for active member contributions on deposit (A' below) and the liabilities for future benefits to present retired lives (B') will be fully covered by present assets (except in rare circumstances). In addition, the liabilities for service already rendered by active members (C') will be partially covered by the remainder of present assets, and the larger the funded portion of liability, the stronger the condition of the system.

### AGGREGATE ACTUARIAL ACCRUED LIABILITIES

Last 20 years

(Dollar in thousands)

| Actuarial<br>Valuation Date<br>as of<br>December 31 | Active Member<br>Contributions<br>(A) | Retirees and<br>Beneficiaries<br>(B) | Active Members<br>(Employer<br>Financed<br>Portion) (C) | Actuarial<br>Value of<br>Assets | Portion of Accrued<br>Liabilities Covered by<br>Assets |       |      |
|---|---------------------------------------|--------------------------------------|---|---------------------------------|--|-------|------|
|   |                                       |                                      |   |                                 | (A)  | (B)   | (C)  |
| 2023  | \$ 628,800                            | \$ 2,148,638                         | \$ 1,510,341  | \$ 3,364,375                    | 100 %  | 100 % | 39 % |
| 2022  | 609,654                               | 2,082,086                            | 1,427,291   | 3,180,604                       | 100  | 100   | 34   |
| 2021  | 589,959                               | 2,013,044                            | 1,318,050   | 3,058,883                       | 100  | 100   | 35   |
| 2020  | 574,541                               | 1,903,321                            | 1,157,382   | 2,786,297                       | 100  | 100   | 27   |
| 2019  | 550,487                               | 1,841,322                            | 1,076,341   | 2,582,582                       | 100  | 100   | 18   |
| 2018  | 528,500                               | 1,791,189                            | 1,014,425   | 2,466,004                       | 100  | 100   | 14   |
| 2017  | 510,583                               | 1,733,431                            | 923,927   | 2,398,668                       | 100  | 100   | 17   |
| 2016 (1)(2)   | 491,333                               | 1,668,485                            | 872,685   | 2,279,741                       | 100  | 100   | 14   |
| 2015 (2)  | 472,933                               | 1,590,489                            | 817,281   | 2,188,037                       | 100  | 100   | 15   |
| 2014  | 457,591                               | 1,510,717                            | 765,537   | 2,123,910                       | 100  | 100   | 20   |
| 2013  | 439,310                               | 1,482,770                            | 723,420   | 2,029,005                       | 100  | 100   | 15   |
| 2012  | 426,609                               | 1,448,291                            | 691,228   | 1,935,292                       | 100  | 100   | 9    |
| 2011 (1)  | 402,847                               | 1,401,877                            | 666,240   | 1,866,952                       | 100  | 100   | 9    |
| 2010 (3)  | 374,086                               | 1,355,093                            | 654,882   | 1,822,603                       | 100  | 100   | 14   |
| 2009  | 342,663                               | 1,264,675                            | 706,944   | 1,769,540                       | 100  | 100   | 23   |
| 2009 (2)  | 342,663                               | 1,314,885                            | 682,321   | 1,769,540                       | 100  | 100   | 16   |
| 2008 (3)  | 302,910                               | 1,237,613                            | 714,775   | 1,733,946                       | 100  | 100   | 27   |
| 2007  | 269,404                               | 1,221,969                            | 695,428   | 1,924,886                       | 100  | 100   | 62   |
| 2006  | 239,780                               | 1,176,979                            | 688,793   | 1,818,930                       | 100  | 100   | 58   |
| 2005  | 257,142                               | 1,130,378                            | 635,442   | 1,718,399                       | 100  | 100   | 52   |
| 2004 (2)  | 227,725                               | 1,083,988                            | 623,869   | 1,643,020                       | 100  | 100   | 53   |

(1) After change in benefits or contribution rates.

(2) After changes in actuarial assumptions.

(3) After change in asset valuation method.

## ANALYSIS OF FINANCIAL EXPERIENCE

**Pay Increases.** If there are smaller pay increases than assumed, there is a gain. If there are greater increases, there is a loss.

**Investment Return.** If there is a greater investment return than assumed, there is a gain. If there is a smaller return, there is a loss.

**Age & Service Retirement.** If members retire at older ages than assumed, there is a gain. If members retired at younger ages, there is a loss.

**Disability & Death in Service.** If disability claims are less than assumed, there is a gain. If claims are more, there is a loss. If survivor claims are less than assumed, there is a gain. If claims are more, there is a loss.

**Other Separations.** If more liabilities are released by other separations than assumed, there is a gain. If smaller releases, there is a loss.

### EXPERIENCE GAINS AND LOSSES BY RISK AREA (Dollars in Millions)

| Experience Period<br>(Calendar Year) | Economic Risk |                   | Demographic Risk           |                                 |                   |                      | Total Gain (Loss) |                        |
|--------------------------------------|---------------|-------------------|----------------------------|---------------------------------|-------------------|----------------------|-------------------|------------------------|
|                                      | Pay Increases | Investment Return | Age and Service Retirement | Disability and Death-in Service | Other Separations | Other <sup>(1)</sup> | Amount            | Percent of Liabilities |
| 2023                                 | (21.2)        | 7.4               | (10.6)                     | (0.9)                           | (4.2)             | 22.8                 | (6.7)             | (0.2)                  |
| 2022                                 | (23.0)        | (67.5)            | (3.5)                      | 3.3                             | 1.6               | (1.6)                | (90.7)            | (2.3)                  |
| 2021                                 | 14.9          | 110.6             | (14.6)                     | 3.0                             | 4.2               | (1.8)                | 116.3             | 3.2                    |
| 2020 (2)                             | (10.5)        | 51.6              | 1.9                        | (4.7)                           | 1.9               | (7.6)                | 32.6              | 0.9                    |
| 2019                                 | (12.0)        | (26.5)            | (4.1)                      | (2.7)                           | 6.3               | (1.7)                | (40.7)            | (1.2)                  |
| 2018                                 | (16.1)        | (77.7)            | (6.0)                      | (1.8)                           | 4.3               | (6.0)                | (103.3)           | (3.3)                  |
| 2017                                 | 8.8           | 2.7               | 3.3                        | 0.0                             | 2.6               | (19.6)               | (2.2)             | (0.1)                  |
| 2016                                 | (14.2)        | (13.9)            | 5.1                        | 0.2                             | 6.6               | (5.6)                | (21.8)            | (0.8)                  |
| 2015 (2)                             | 17.7          | (40.2)            | 5.9                        | (0.4)                           | 1.0               | (12.4)               | (28.4)            | (1.0)                  |
| 2014                                 | 8.5           | (2.8)             | 5.8                        | (0.1)                           | 0.6               | 2.8                  | 14.8              | 0.6                    |
| 2013                                 | 16.6          | 7.6               | 5.7                        | 0.0                             | 2.9               | (5.1)                | 27.7              | 1.1                    |
| 2012                                 | 12.3          | (10.8)            | 4.6                        | (0.3)                           | (3.4)             | (10.2)               | (7.8)             | (0.3)                  |
| 2011                                 | 18.8          | (30.6)            | 5.3                        | (0.2)                           | (4.2)             | (4.8)                | (15.7)            | (0.7)                  |
| 2010 (2)                             | 53.1          | (16.9)            | 5.2                        | 0.2                             | (5.3)             | (4.2)                | 32.1              | 1.4                    |
| 2009                                 | 45.0          | (34.6)            | 8.8                        | (0.8)                           | (10.0)            | (11.6)               | (3.2)             | (0.1)                  |
| 2008                                 | 4.1           | (277.5)           | 5.2                        | (0.4)                           | (4.0)             | 13.5                 | (259.1)           | (11.8)                 |
| 2007                                 | 10.0          | 25.1              | 1.9                        | (0.2)                           | (2.2)             | (7.2)                | 27.4              | 1.4                    |
| 2006                                 | (4.7)         | 23.6              | 2.0                        | 0.0                             | (0.8)             | 2.6                  | 22.7              | 1.1                    |
| 2005 (2)                             | (7.1)         | 1.9               | 1.0                        | 0.1                             | 0.0               | (3.2)                | (7.3)             | (0.4)                  |
| 2003–2004 (3)                        | NA            | NA                | NA                         | NA                              | NA                | NA                   | NA                | NA                     |

(1) Includes post-retirement mortality

(2) Experience Study

(3) Due to transition to calendar year valuations, a gain/loss analysis was not conducted for this valuation period.

## SUMMARY OF BENEFIT PROVISIONS

Available to a Member Retiring with Some Service Before July 1, 1988 (ERFC Members)

**Service Retirement: Alternate Amount After Social Security Normal Retirement Age.** By election at time of retirement, a member with service before July 1, 1988, may elect to receive 1988 new benefits with a special alternate amount for payment periods after the age the member becomes eligible for full Social Security benefits. The alternate amount is 103 percent of the total of:

- 1) the amount payable under June 30, 1987 benefit provisions;
- 2) plus, if the retiring member is younger than age 65 and if creditable Virginia service is less than 30 years, 1.65 percent of VRS average final compensation in excess of \$1,200, multiplied by years of creditable Virginia service, and further multiplied by a certain percent based upon the number of months that retirement occurs before reaching the earlier of the above two conditions; such percent is half of one percent for each of the first 60 such months and 4/10 of one percent for each of the next 60 such months, if any.

**Reduced Service Retirement: With 25 Years Service.** By election at time of retirement, such a member may elect to receive 103 percent of the following combination of benefits:

- **To age 55**, 2.85 percent of the 3-year average annual salary multiplied by years of credited service, then actuarially reduced to reflect retirement age younger than age 55; and
- **From age 55 to Social Security Normal Retirement Age**, the amount to age 55 reduced by: 1.65 percent of the portion of VRS average final compensation in excess of \$1,200, multiplied by applicable years of creditable Virginia service; provided if creditable Virginia service is less than 30 years, the result of such multiplication shall be actuarially reduced for each month before the earlier of (1) attainment of age 65, and (2) the date when 30 years service would have been completed; and
- **From Social Security Normal Retirement Age for life**, the amount payable at age 65 according to June 30, 1987, provisions or the amount payable at age 65 according to July 1, 1988, provisions.

## SUMMARY OF BENEFIT PROVISIONS

For a Person Becoming a Member after July 1, 1988 but Before July 1, 2001 (ERFC Members)

**Final Average Compensation ("FAC"):** A member's final average compensation is the average of the 3 highest consecutive years of salary during eligible employment.

**Service Retirement Eligibility:** A member may retire any time after reaching the service retirement date, which is either (i) age 65 with 5 years service or (ii) age 55 with 25 years of service.

**Service Retirement Pension:** For payment periods during the retired member's lifetime 103 percent times (I) minus (II) where:

- (I) means 1.85 percent of the FAC multiplied by years of credited service, and
- (II) means 1.65 percent of the portion of VRS FAC in excess of \$1,200, multiplied by applicable years of creditable Virginia service; provided if the member is younger than age 65 and if creditable Virginia service is less than 30 years, the result of such multiplication shall be reduced for each month before the earlier of:
  - 1) attainment of age 65, and
  - 2) the date when 30 years service would have been completed.

The reduction shall be one-half of 1% for each of the first 60 months and four-tenths of one percent for each month beyond 60 months, if any.

For payment periods, if any, before the age the member becomes eligible for full Social Security benefits, an additional temporary benefit equal to 1 percent of the FAC multiplied by years of credited service.

**Reduced Service Retirement:** A member with 25 years service but younger than age 55 may retire after age 45. A member with less than 25 years service and younger than age 65 may retire after age 55.

**Reduced Service Retirement: Amount After 25 Years Service.** Service Retirement amount reduced to reflect retirement age younger than age 55.

**Reduced Service Retirement: Amount After 5-24 Years Service.** For payment periods during the retired member's lifetime, the Service Retirement amount payable at age 65 reduced to reflect that the retirement age younger than age 65. For payment periods before the age the member becomes eligible for full Social Security benefits, an additional temporary benefit equal to the Service Retirement temporary benefit reduced to reflect that the retirement age is younger than age 65.

**Disability Retirement:** An active member with 5 or more years of service who becomes totally and permanently disabled may be retired and receive a disability pension. The 5 year service requirement is waived if the disability is service-connected.

The amount is 103 percent times a lifetime pension equal to 0.25 percent of the FAC multiplied by years of credited service. Credited service shall be increased by the time period from disability retirement to the date when member would have reached service retirement date. The minimum pension payable is 2.5 percent of FAC.

## SUMMARY OF BENEFIT PROVISIONS

For a Person Becoming a Member after July 1, 1988 but Before July 1, 2001 (*ERFC Members*)

**Death-in-Service Benefits:** An active member with 5 or more years of service who dies will have benefits payable to the surviving spouse or other eligible beneficiary. The 5 year service requirement is waived if the death is service-connected.

**Deferred Retirement:** Calculated in the same manner as reduced service retirement.

**Member Contributions:** Members contribute 3 percent of their salaries. Interest credits of 5 percent are added annually through June 30, 2017, and 4 percent annually thereafter. If a member leaves covered employment before becoming eligible to retire, accumulated contributions are returned upon request. Members who receive a refund of contributions and are later rehired become members of *ERFC 2001 Tier 2*.

**Post-Retirement Increases:** On March 31, most pensions are increased by 3 percent. These increases are compounded each year. Pensions of members or beneficiaries who retired in the immediately preceding calendar year are increased by 1.489 percent ( $\frac{1}{2}$  of a year's increase).

**Lifetime Level Benefit:** Members retiring after July 1, 2004, are eligible for a lifetime level benefit ("LLB") that is calculated by determining the annuitized value of the greater of their accumulated contribution balance or the present value of the currently provided benefit.

### Optional Forms of Payment:

- Option A — 100 percent joint and survivor.
- Option B — 50 percent joint and survivor.
- Option C — 10 years certain and life.
- Option D — Single sum payment not exceeding member's accumulated contribution balance, plus a single life annuity actuarially reduced from the pension amount otherwise payable.

## SUMMARY OF BENEFIT PROVISIONS

For a Person Becoming a Member July 1, 2001 but before July 1, 2017 (*ERFC 2001 Tier 1*)

**Final Average Compensation ("FAC"):** A member's final average compensation is the average of the 3 highest consecutive years of salary during eligible employment.

**Service Retirement Eligibility:** A member may retire at age 60 with 5 years service, or after 30 years of credited service, regardless of age.

**Service Retirement Pension:** The amount is a lifetime pension equal to 0.8 percent of the FAC multiplied by years of credited service. If necessary, the pension will be increased to make the reserve value of the pension equal to the member's accumulated contributions as of the retirement effective date.

**Death-in-Service Benefits:** Any member with 5 or more years of credited service who dies before beginning to receive a pension will have benefits payable to the nominated beneficiary.

The amount is a pension equal to 0.8 percent of the 3-year average annual salary multiplied by years of credited service at date of death, reduced in accordance with an option A election and payable at age 60. Beneficiaries may elect to receive benefits before age 60 if benefits are further reduced as follows:

an additional reduction of the smaller of

- 1)  $\frac{1}{2}$  of 1 percent for the first 60 months and  $\frac{4}{10}$  of 1 percent for each additional month between the member's age at the date of death and age 60, and
- 2)  $\frac{1}{2}$  of 1 percent for the first 60 months and  $\frac{4}{10}$  of 1 percent for each additional month between the member's service at the date of death and 30 years.

**Deferred Retirement:** Any member with 5 or more years of credited service who terminates employment prior to the service retirement date, will be entitled to a pension with payments beginning at age 60, provided accumulated contributions are left on deposit with the Plan.

The amount is equal to 0.8 percent of FAC at retirement multiplied by years of credited service. If necessary, the pension will be increased to make the reserve value of the pension equal to the member's accumulated contributions as of the effective retirement date.

**Member Contributions:** Members contribute 3 percent of their salaries. Interest credits of 5 percent are added annually through June 30, 2017, and 4 percent annually thereafter. If a member leaves covered employment before becoming eligible to retire, accumulated contributions are returned upon request.

Members who receive a refund of contributions and are later rehired become members of *ERFC 2001 Tier 2*.

**Post-Retirement Increases:** On March 31, most pensions are increased by 3 percent. These increases are compounded each year. Pensions of members or beneficiaries who retired in the immediately preceding calendar year are increased by 1.489 percent.

## SUMMARY OF BENEFIT PROVISIONS

For a Person Hired On/After July 1, 2017 (ERFC 2001 Tier 2)

**Final Average Compensation ("FAC"):** A member's Final Average Compensation is the average of the 5 highest years of salary during eligible employment.

**Service Retirement Eligibility:** A member may retire at Full Social Security Age ("FSSA") with 5 or more years of credited service, or when the sum of age plus service is greater than or equal to 90 (i.e., Rule of 90).

**Service Retirement Pension:** The amount is a lifetime pension equal to 0.8 percent of FAC at retirement multiplied by years of credited service. If necessary, the pension will be increased to make the reserve value of the pension equal to the member's accumulated contributions as of the retirement effective date.

**Death-in-Service Benefits:** Any member with 5 or more years of credited service who dies before beginning to receive a pension will have benefits payable to the named beneficiary.

The amount is a lifetime pension equal to 0.8 percent of FAC multiplied by years of credited service at the date of death. If necessary, the pension will be increased to make the reserve value of the pension equal to the member's accumulated contributions as of the date of death.

The pension will be adjusted in accordance with an Option A (in the case of a spouse or an ex-spouse subject to a Domestic Relations Order (DRO)) or Option B (in case of another eligible beneficiary) election payable immediately unless the member did not reach the service retirement eligibility prior to death, in which case the pension is reduced for each month that the member was younger than service retirement eligibility on the date of death in the following manner:

- 1) one-half of 1% for each of the first 60 months and four-tenths of one percent for each month beyond 60 months (the number of months used for reduction is based on the lesser of FSSA or the age the member would have attained "Rule of 90.")

**Deferred Retirement:** Any member with 5 or more years of credited service who terminates employment prior to the service retirement date, will be eligible to receive a deferred vested pension commencing at FSSA, provided accumulated contributions are left on deposit with the Plan.

The amount is a lifetime pension equal to 0.8 percent of FAC at termination multiplied by years of credited service. If necessary, the pension will be increased to make the reserve value of the pension equal to the member's accumulated contributions as of the effective retirement date.

**Members Contributions:** Members contribute 3 percent of their salaries. Interest credits are 4 percent annually. If a member leaves covered employment before becoming eligible to retire, accumulated contributions are returned upon request.

**Cost-of-Living Adjustments:** The amount of the monthly benefit is adjusted each March 31, by 100 percent of the Consumer Price Index (CPI-U) for the Washington, D.C., metropolitan area for the period ending in November (with a cap of 4 percent) compounded annually, beginning with the March 31 that is more than three full months after the members effective retirement date. Pensions of members that retire in the immediately preceding calendar year are increased by one-half a year's increase.

## SUMMARY OF BENEFIT PROVISIONS

For a Person Hired On/After July 1, 2017 (*ERFC 2001 Tier 2*)

**Optional Methods of Payment:** Before the effective retirement date, a retiring member may elect one of the following options:

- Option A — 100 percent joint and survivor benefit. Benefit is 85 percent of the straight life amount adjusted for the difference in age between the retiree and beneficiary. The maximum benefit is 94 percent of the straight life amount.
- Option B — 50 percent joint and survivor benefit. Benefit is 91 percent of the straight life amount adjusted for the difference in age between the retiree and beneficiary. The maximum benefit is 97 percent of the straight life amount.
- Option C — 10 years certain and life. Benefit is 96 percent of the straight life amount.

## ERFC CONTRIBUTION RATES

Last 20 years

| Fiscal Year | Contribution Rate |          |        |
|-------------|-------------------|----------|--------|
|             | Employee          | Employer | Total  |
| 2024        | 3.00              | 6.48 %   | 9.48 % |
| 2023        | 3.00              | 6.70     | 9.70   |
| 2022        | 3.00              | 6.70     | 9.70   |
| 2021        | 3.00              | 6.44     | 9.44   |
| 2020        | 3.00              | 6.44     | 9.44   |
| 2019        | 3.00              | 6.26     | 9.26   |
| 2018        | 3.00              | 6.24     | 9.24   |
| 2017        | 3.00              | 5.60     | 8.60   |
| 2016        | 3.00              | 5.60     | 8.60   |
| 2015        | 3.00              | 5.60     | 8.60   |
| 2014        | 3.00              | 5.60     | 8.60   |
| 2013        | 3.00              | 5.34     | 8.34   |
| 2012        | 4.00              | 4.34     | 8.34   |
| 2011        | 4.00              | 4.04     | 8.04   |
| 2010        | 4.00              | 3.20     | 7.20   |
| 2009        | 4.00              | 3.37     | 7.37   |
| 2008        | 4.00              | 3.37     | 7.37   |
| 2007        | 4.00              | 3.37     | 7.37   |
| 2006        | 4.00              | 3.37     | 7.37   |
| 2005        | 4.00              | 3.37     | 7.37   |

## SUMMARY OF PLAN CHANGES

There were no significant plan changes during the valuation period ending December 31, 2023.

# Statistical

## Unaudited

The Statistical Section depicts historical information for the retirement plan. This information includes a 10-year analysis of the sources of change in fiduciary net position, benefit payments, number of retired members, and average monthly benefits. Sources of additions include employer and plan member contributions and net investment income; deductions include benefit payments to retirees and beneficiaries, refunded employee contributions, and administrative expenses. The amounts of benefits paid, the count of benefit recipients, and the average benefit payments are provided by type of benefit, including service retirement, service-connected and ordinary disability benefits, and survivor benefits.

- Net Position

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- Changes in Net Position

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- Assets and Liabilities Comparative Statement

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- Benefit Deductions from Net Position by Type

---
- Benefit Refunds by Type

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- Retired Members by Type of Benefit

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- Average Benefit Payments by Years of Service

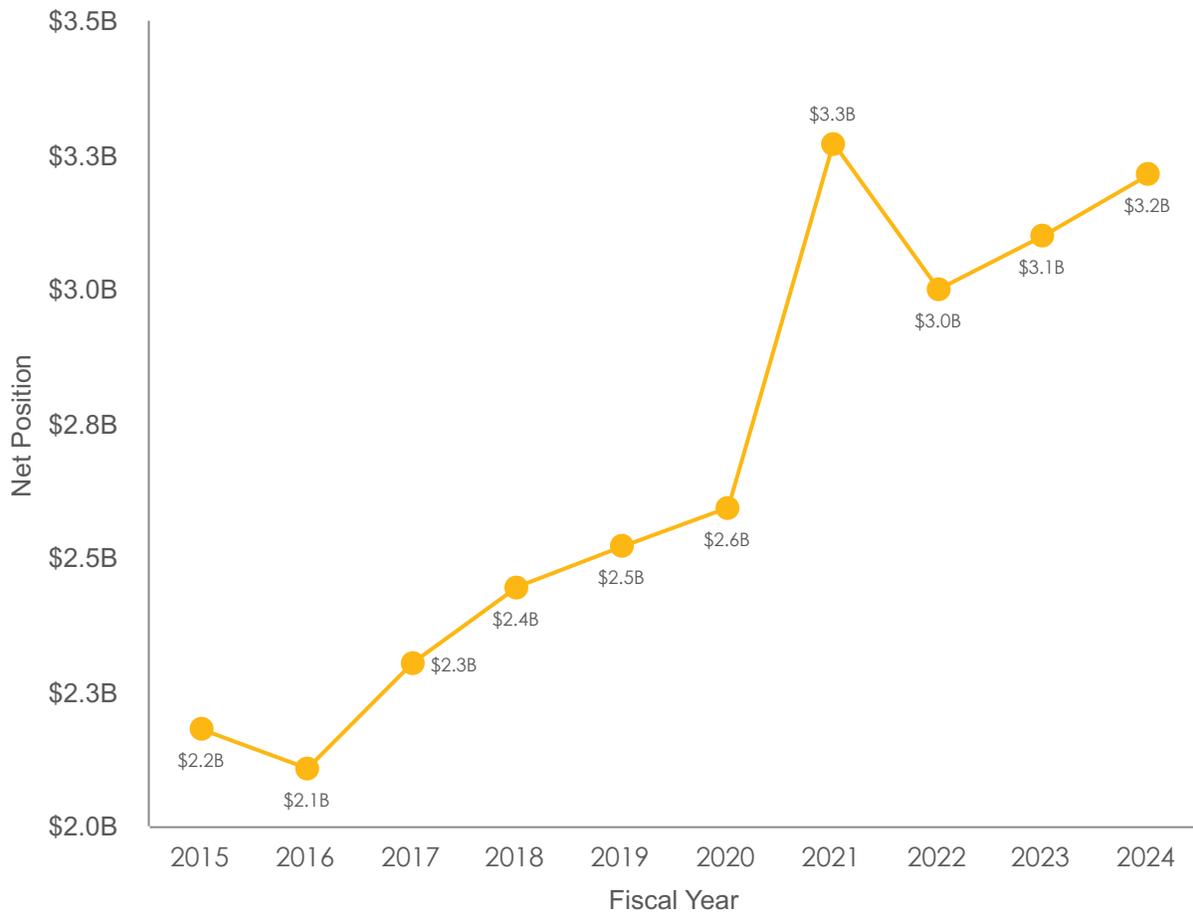
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- Average Composite Monthly Benefit Payments for Retirees

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- Retirees and Beneficiaries Current Annual Benefits Tabulated by Attained Ages

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- Inactive Vested Members Deferred Benefits by Attained Ages

## NET POSITION

Last Ten Fiscal Years



| Fiscal Year | Net Position      |
|-------------|-------------------|
| 2024        | \$ 3,213,424,628  |
| 2023        | 3,076,733,102     |
| 2022        | 2,997,909,880     |
| 2021        | 3,272,147,083 (1) |
| 2020        | 2,593,383,175     |
| 2019        | 2,521,441,472     |
| 2018        | 2,446,279,897     |
| 2017        | 2,304,281,654     |
| 2016        | 2,107,587,698     |
| 2015        | 2,179,724,057     |

(1) Fiscal year 2021 net position restated due to the implementation of GASB statement 87.

## CHANGES IN NET POSITION

Last Ten Fiscal Years

|                                     | 2024                  | 2023                 | 2022                    | 2021                  | 2020                 | 2019                 | 2018                  | 2017                  | 2016                   | 2015                   |
|-------------------------------------|-----------------------|----------------------|-------------------------|-----------------------|----------------------|----------------------|-----------------------|-----------------------|------------------------|------------------------|
| <b>ADDITIONS</b>                    |                       |                      |                         |                       |                      |                      |                       |                       |                        |                        |
| Employee contributions              | \$ 56,450,447         | \$ 52,542,598        | \$ 50,017,839           | \$ 48,934,340         | \$ 49,095,601        | \$ 46,645,396        | \$ 44,169,100         | \$ 43,062,632         | \$ 41,383,642          | \$ 39,982,963          |
| Employer contributions              | 121,645,811           | 117,155,967          | 111,119,456             | 104,784,310           | 104,741,255          | 96,982,911           | 91,704,877            | 80,094,538            | 76,599,695             | 74,324,396             |
| Investment income (net of expenses) | 180,365,641           | 120,795,408          | (232,237,621)           | 720,738,680           | 108,472,534          | 117,727,500          | 188,145,489           | 250,981,777           | (15,766,967)           | 32,083,908             |
| <b>TOTAL ADDITIONS</b>              | <b>358,461,899</b>    | <b>290,493,973</b>   | <b>(71,100,326)</b>     | <b>874,457,330</b>    | <b>262,309,390</b>   | <b>261,355,807</b>   | <b>324,019,466</b>    | <b>374,138,947</b>    | <b>102,216,370</b>     | <b>146,391,267</b>     |
| <b>DEDUCTIONS</b>                   |                       |                      |                         |                       |                      |                      |                       |                       |                        |                        |
| Benefit payments                    | 210,636,405           | 202,023,360          | 194,239,563             | 187,660,019           | 181,587,150          | 177,422,308          | 173,052,461           | 168,783,718           | 165,721,790            | 162,145,265            |
| Contribution refunds                | 5,448,543             | 4,021,605            | 4,415,933               | 3,605,963             | 4,399,346            | 4,509,765            | 4,667,835             | 4,601,865             | 4,626,057              | 5,697,311              |
| Admin. & depreciation expenses      | 5,685,425             | 5,625,786            | 4,481,381               | 4,423,439             | 4,381,191            | 4,262,159            | 4,300,927             | 4,059,408             | 4,004,882              | 3,751,825              |
| <b>TOTAL DEDUCTIONS</b>             | <b>221,770,373</b>    | <b>211,670,751</b>   | <b>203,136,877</b>      | <b>195,689,421</b>    | <b>190,367,687</b>   | <b>186,194,232</b>   | <b>182,021,223</b>    | <b>177,444,991</b>    | <b>174,352,729</b>     | <b>171,594,401</b>     |
| <b>CHANGE IN NET POSITION</b>       | <b>\$ 136,691,526</b> | <b>\$ 78,823,222</b> | <b>\$ (274,237,203)</b> | <b>\$ 678,767,909</b> | <b>\$ 71,941,703</b> | <b>\$ 75,161,575</b> | <b>\$ 141,998,243</b> | <b>\$ 196,693,956</b> | <b>\$ (72,136,359)</b> | <b>\$ (25,203,134)</b> |

# ASSETS AND LIABILITIES COMPARATIVE STATEMENT

Last Ten Calendar Years

Dollars in Thousands

| Actuarial<br>Valuation Date<br>December 31 | Active<br>Member<br>Payroll | Computed Liabilities |              |              | Actuarial<br>Value of<br>Assets | Unfunded<br>Accrued<br>Liabilities | Funded<br>Ratio |
|--|-----------------------------|----------------------|--------------|--------------|---------------------------------|------------------------------------|-----------------|
|  |                             | Retired              | Members      | Total        |                                 |                                    |                 |
| 2023                                       | \$ 1,881,144                | \$ 2,148,638         | \$ 2,139,141 | \$ 4,287,779 | \$ 3,364,375                    | \$ 923,404                         | 78.5 %          |
| 2022                                       | 1,790,601                   | 2,082,086            | 2,036,945    | 4,119,031    | 3,180,604                       | 938,427                            | 77.2            |
| 2021                                       | 1,662,801                   | 2,013,044            | 1,908,008    | 3,921,052    | 3,058,883                       | 862,169                            | 78.0            |
| 2020                                       | 1,633,458                   | 1,903,321            | 1,731,923    | 3,635,244    | 2,786,297                       | 848,947                            | 76.6            |
| 2019                                       | 1,632,427                   | 1,841,322            | 1,626,828    | 3,468,150    | 2,582,582                       | 885,568                            | 74.5            |
| 2018                                       | 1,554,614                   | 1,791,189            | 1,542,925    | 3,334,114    | 2,466,004                       | 868,110                            | 74.0            |
| 2017                                       | 1,475,449                   | 1,733,431            | 1,434,510    | 3,167,941    | 2,398,668                       | 769,273                            | 75.7            |
| 2016 (1)(2)                                | 1,436,588                   | 1,668,485            | 1,364,018    | 3,032,503    | 2,279,741                       | 752,762                            | 75.2            |
| 2015 (1)                                   | 1,373,096                   | 1,590,489            | 1,290,214    | 2,880,703    | 2,188,037                       | 692,666                            | 76.0            |
| 2014                                       | 1,340,344                   | 1,510,717            | 1,223,128    | 2,733,845    | 2,123,910                       | 609,935                            | 77.7            |

(1) After changes in actuarial assumptions.

(2) After change in benefits.

## BENEFIT DEDUCTIONS FROM NET POSITION BY TYPE

Last Ten Fiscal Years

| Fiscal Year | Service Benefits |                |       |               | Death Benefits |              | Disability Benefits |            |          |            | Total        |                  |
|-------------|------------------|----------------|-------|---------------|----------------|--------------|---------------------|------------|----------|------------|--------------|------------------|
|             | Normal           |                | Early |               | Duty/Non-duty  |              | Duty                |            | Non-duty |            | Participants | Benefits Payment |
|             | No.              | Amount         | No.   | Amount        | No.            | Amount       | No.                 | Amount     | No.      | Amount     |              |                  |
| 2024        | 10,802           | \$ 178,611,985 | 2,850 | \$ 28,979,722 | 260            | \$ 2,108,600 | 13                  | \$ 127,617 | 118      | \$ 808,481 | 14,043       | \$ 210,636,405   |
| 2023        | 10,530           | 171,521,336    | 2,788 | 27,551,945    | 262            | 1,988,121    | 15                  | 140,712    | 125      | 821,246    | 13,720       | 202,023,360      |
| 2022        | 10,144           | 165,022,785    | 2,701 | 26,212,874    | 256            | 1,974,642    | 17                  | 235,826    | 131      | 793,436    | 13,249       | 194,239,563      |
| 2021        | 9,769            | 159,199,384    | 2,647 | 25,458,837    | 237            | 1,938,134    | 18                  | 183,396    | 141      | 880,268    | 12,812       | 187,660,019      |
| 2020        | 9,487            | 153,486,361    | 2,600 | 25,118,981    | 230            | 1,903,177    | 18                  | 178,054    | 147      | 900,576    | 12,482       | 181,587,149      |
| 2019        | 9,188            | 149,649,778    | 2,527 | 24,865,264    | 220            | 1,828,195    | 18                  | 173,351    | 151      | 905,720    | 12,104       | 177,422,308      |
| 2018        | 7,572            | 133,158,976    | 3,769 | 37,084,034    | 216            | 1,733,802    | 17                  | 165,189    | 154      | 910,459    | 11,728       | 173,052,460      |
| 2017        | 6,008            | 116,586,070    | 4,963 | 49,450,743    | 204            | 1,675,274    | 17                  | 160,378    | 158      | 911,253    | 11,350       | 168,783,718      |
| 2016        | 5,803            | 114,503,622    | 4,793 | 48,567,459    | 191            | 1,516,843    | 17                  | 212,462    | 161      | 921,404    | 10,965       | 165,721,790      |
| 2015        | 5,557            | 112,009,606    | 4,590 | 47,509,606    | 181            | 1,401,710    | 20                  | 272,296    | 165      | 952,482    | 10,513       | 162,145,700      |

**BENEFIT REFUNDS BY TYPE**

Last Ten Fiscal Years

| Fiscal<br>Year | Separation |              | Death |            | Total |              |
|----------------|------------|--------------|-------|------------|-------|--------------|
|                | No.        | Amount       | No.   | Amount     | No.   | Amount       |
| 2024           | 409        | \$ 4,694,978 | 34    | \$ 753,565 | 443   | \$ 5,448,543 |
| 2023           | 290        | 3,085,126    | 69    | 936,479    | 359   | 4,021,605    |
| 2022           | 330        | 3,231,180    | 38    | 1,184,753  | 368   | 4,415,933    |
| 2021           | 247        | 2,399,929    | 51    | 1,206,034  | 298   | 3,605,963    |
| 2020           | 373        | 3,738,364    | 42    | 660,981    | 415   | 4,399,345    |
| 2019           | 432        | 4,094,919    | 32    | 407,805    | 464   | 4,502,724    |
| 2018           | 427        | 4,089,420    | 39    | 578,415    | 466   | 4,667,835    |
| 2017           | 465        | 4,392,979    | 16    | 208,886    | 481   | 4,601,865    |
| 2016           | 521        | 4,271,678    | 27    | 354,379    | 548   | 4,626,057    |
| 2015           | 718        | 5,300,442    | 22    | 396,869    | 740   | 5,697,311    |

## RETIRED MEMBERS BY TYPE OF BENEFIT

As of December 31, 2023

| AMOUNT OF MONTHLY BENEFIT | NUMBER OF RETIRED MEMBERS | TYPE OF RETIREMENT* |              |           |            |           | OPTION SELECTED** |              |           |            |            |              |
|---------------------------|---------------------------|---------------------|--------------|-----------|------------|-----------|-------------------|--------------|-----------|------------|------------|--------------|
|                           |                           | 1                   | 2            | 3         | 4          | 5         | BASIC BENEFIT     | 1            | 2         | 3          | 4          | 5            |
| \$ 1- \$ 250              | 1,935                     | 1,113               | 783          | 19        | 16         | 4         | 1,435             | 142          | 2         | 49         | 50         | 257          |
| 251-500                   | 2,921                     | 1,919               | 897          | 30        | 70         | 5         | 2,168             | 321          | 3         | 130        | 68         | 231          |
| 501-750                   | 1,723                     | 1,321               | 345          | 14        | 40         | 3         | 1,265             | 208          | 2         | 69         | 44         | 135          |
| 751-1,000                 | 1,100                     | 917                 | 167          | 8         | 8          | —         | 748               | 113          | 2         | 60         | 22         | 155          |
| 1,001-1,250               | 1,110                     | 980                 | 118          | 10        | 2          | —         | 662               | 94           | 4         | 72         | 14         | 264          |
| 1,251-1,500               | 1,108                     | 970                 | 132          | 5         | 1          | —         | 726               | 59           | 9         | 58         | 13         | 243          |
| 1,501-1,750               | 801                       | 721                 | 77           | 1         | 2          | —         | 537               | 57           | 3         | 44         | 8          | 152          |
| 1,751-2,000               | 575                       | 527                 | 45           | 1         | 2          | —         | 359               | 32           | 5         | 38         | 5          | 136          |
| Over 2,000                | 2,825                     | 2,506               | 314          | 2         | 1          | 2         | 1,769             | 178          | 12        | 191        | 33         | 642          |
| <b>TOTAL</b>              | <b>14,098</b>             | <b>10,974</b>       | <b>2,878</b> | <b>90</b> | <b>142</b> | <b>14</b> | <b>9,669</b>      | <b>1,204</b> | <b>42</b> | <b>711</b> | <b>257</b> | <b>2,215</b> |

**\* TYPE OF RETIREMENT:**

- 1 Full Service
- 2 Reduced Service
- 3 Ordinary and Service Connected Death
- 4 Ordinary Disability
- 5 Service Connected Disability

**\*\* OPTION SELECTED:**

Basic Benefit

- 1 Beneficiary receives 100% of member's reduced monthly benefit
- 2 Beneficiary receives 67% of member's reduced monthly benefit
- 3 Beneficiary receives 50% of member's reduced monthly benefit
- 4 Beneficiary receives a specified number of payments equal to 120 minus the number of payments the member has received.
- 5 Member receives partial lump sum and reduced monthly benefit

**AVERAGE BENEFIT PAYMENTS BY YEARS OF SERVICE**

Last Ten Calendar Years

| RETIREMENT<br>EFFECTIVE DATES | YEARS CREDITED SERVICE |        |        |          |          |          |
|-------------------------------|------------------------|--------|--------|----------|----------|----------|
|                               | 5-10                   | 10-15  | 15-20  | 20-25    | 25-30    | 30+      |
| Period 1/1/23 to 12/31/23     |                        |        |        |          |          |          |
| Average Monthly Benefit       | \$ 266                 | \$ 550 | \$ 831 | \$ 1,151 | \$ 2,624 | \$ 2,934 |
| Average Final Average Salary  | 4,753                  | 5,869  | 6,389  | 7,526    | 8,354    | 9,212    |
| Number of Retired Members     | 110                    | 104    | 120    | 83       | 144      | 108      |
| Period 1/1/22 to 12/31/22     |                        |        |        |          |          |          |
| Average Monthly Benefit       | 298                    | 487    | 847    | 1,110    | 2,651    | 2,390    |
| Average Final Average Salary  | 5,144                  | 5,244  | 6,476  | 7,168    | 8,455    | 7,937    |
| Number of Retired Members     | 113                    | 125    | 164    | 90       | 133      | 72       |
| Period 1/1/21 to 12/31/21     |                        |        |        |          |          |          |
| Average Monthly Benefit       | 321                    | 546    | 821    | 970      | 2,307    | 2,589    |
| Average Final Average Salary  | 5,728                  | 5,754  | 6,475  | 6,785    | 7,974    | 8,351    |
| Number of Retired Members     | 77                     | 94     | 140    | 139      | 159      | 78       |
| Period 1/1/20 to 12/31/20     |                        |        |        |          |          |          |
| Average Monthly Benefit       | 309                    | 501    | 831    | 992      | 2,277    | 2,647    |
| Average Final Average Salary  | 5,247                  | 5,412  | 6,615  | 7,099    | 8,110    | 8,311    |
| Number of Retired Members     | 84                     | 83     | 104    | 107      | 119      | 110      |
| Period 1/1/19 to 12/31/19     |                        |        |        |          |          |          |
| Average Monthly Benefit       | 272                    | 494    | 764    | 960      | 2,291    | 2,354    |
| Average Final Average Salary  | 4,886                  | 5,435  | 6,261  | 6,742    | 7,773    | 8,194    |
| Number of Retired Members     | 77                     | 102    | 127    | 106      | 117      | 92       |
| Period 1/1/18 to 12/31/18     |                        |        |        |          |          |          |
| Average Monthly Benefit       | 240                    | 496    | 718    | 847      | 2,228    | 2,429    |
| Average Final Average Salary  | 4,595                  | 5,505  | 6,068  | 6,606    | 7,649    | 8,131    |
| Number of Retired Members     | 78                     | 134    | 129    | 85       | 122      | 96       |
| Period 1/1/17 to 12/31/17     |                        |        |        |          |          |          |
| Average Monthly Benefit       | 276                    | 526    | 701    | 937      | 2,299    | 2,744    |
| Average Final Average Salary  | 4,749                  | 5,461  | 5,940  | 6,913    | 7,778    | 8,328    |
| Number of Retired Members     | 81                     | 109    | 127    | 80       | 128      | 100      |
| Period 1/1/16 to 12/31/16     |                        |        |        |          |          |          |
| Average Monthly Benefit       | 259                    | 506    | 577    | 883      | 2,147    | 2,563    |
| Average Final Average Salary  | 4,772                  | 5,493  | 5,503  | 5,591    | 7,579    | 8,086    |
| Number of Retired Members     | 105                    | 146    | 128    | 77       | 120      | 77       |
| Period 1/1/15 to 12/31/15     |                        |        |        |          |          |          |
| Average Monthly Benefit       | 287                    | 474    | 698    | 916      | 2,110    | 2,615    |
| Average Final Average Salary  | 5,088                  | 5,192  | 5,988  | 6,524    | 7,210    | 7,956    |
| Number of Retired Members     | 89                     | 123    | 151    | 79       | 127      | 100      |
| Period 1/1/14 to 12/31/14     |                        |        |        |          |          |          |
| Average Monthly Benefit       | 295                    | 464    | 703    | 969      | 2,216    | 2,518    |
| Average Final Average Salary  | 4,965                  | 5,477  | 5,964  | 6,310    | 7,419    | 7,817    |
| Number of Retired Members     | 86                     | 137    | 118    | 64       | 124      | 82       |

# AVERAGE COMPOSITE MONTHLY BENEFIT PAYMENTS FOR RETIREES

Last Ten Calendar Years

## BY TYPE OF BENEFIT BEING PAID

| CALENDAR<br>YEAR | SERVICE<br>RETIREMENT | REDUCED<br>SERVICE | ORDINARY<br>DISABILITY |
|------------------|-----------------------|--------------------|------------------------|
| 2023             | \$ 1,357              | \$ 927             | \$ 540                 |
| 2022             | 1,381                 | 833                | 528                    |
| 2021             | 1,404                 | 819                | 644                    |
| 2020             | 1,407                 | 789                | 665                    |
| 2019             | 1,421                 | 782                | 614                    |
| 2018             | 1,436                 | 784                | 606                    |
| 2017             | 1,462                 | 788                | 594                    |
| 2016             | 1,478                 | 794                | 595                    |
| 2015             | 1,523                 | 807                | 579                    |
| 2014             | 1,557                 | 799                | 583                    |

# RETIREES AND BENEFICIARIES CURRENT ANNUAL BENEFITS TABULATED BY ATTAINED AGES

As of December 31, 2023

| Attained Ages | Number        | Annual Amount         |
|---------------|---------------|-----------------------|
| Under 40      | 1             | \$ 3,697              |
| 40 - 44       | 2             | 4,072                 |
| 45            | 1             | 3,382                 |
| 46            | 2             | 7,400                 |
| 47            | 4             | 16,484                |
| 48            | 1             | 29,455                |
| 49            | 6             | 137,496               |
| 50            | 5             | 124,878               |
| 51            | 6             | 169,494               |
| 52            | 9             | 258,642               |
| 53            | 21            | 745,230               |
| 54            | 35            | 1,171,492             |
| 55            | 77            | 2,498,625             |
| 56            | 96            | 2,649,439             |
| 57            | 115           | 3,585,383             |
| 58            | 112           | 3,540,260             |
| 59            | 152           | 4,693,322             |
| 60            | 243           | 5,076,891             |
| 61            | 313           | 6,509,399             |
| 62            | 340           | 6,317,123             |
| 63            | 366           | 6,697,819             |
| 64            | 374           | 7,487,208             |
| 65            | 449           | 9,448,258             |
| 66            | 540           | 8,598,634             |
| 67            | 554           | 5,453,726             |
| 68            | 566           | 5,674,502             |
| 69            | 638           | 6,405,079             |
| 70 - 74       | 3,280         | 35,378,000            |
| 75 - 79       | 2,987         | 38,475,263            |
| 80 & Up       | 2,803         | 42,845,250            |
| <b>TOTAL</b>  | <b>14,098</b> | <b>\$ 204,005,903</b> |

Note: This source of information presented is from the most recent actuarial valuation report.

## INACTIVE VESTED MEMBERS DEFERRED BENEFITS BY ATTAINED AGES

As of December 31, 2023

| ATTAINED AGES | Number       | Annual Amount        |
|---------------|--------------|----------------------|
| 28            | 1            | 2,491                |
| 29            | 14           | 38,616               |
| 30            | 64           | 194,356              |
| 31            | 75           | 219,518              |
| 32            | 118          | 391,510              |
| 33            | 163          | 551,834              |
| 34            | 191          | 653,758              |
| 35            | 202          | 731,728              |
| 36            | 235          | 909,560              |
| 37            | 230          | 849,565              |
| 38            | 218          | 877,493              |
| 39            | 234          | 954,518              |
| 40            | 266          | 1,144,583            |
| 41            | 245          | 1,047,735            |
| 42            | 262          | 1,089,862            |
| 43            | 258          | 1,200,732            |
| 44            | 271          | 1,267,658            |
| 45            | 243          | 1,094,505            |
| 46            | 208          | 843,925              |
| 47            | 187          | 813,937              |
| 48            | 196          | 953,516              |
| 49            | 199          | 789,829              |
| 50            | 197          | 891,659              |
| 51            | 182          | 803,635              |
| 52            | 224          | 973,628              |
| 53            | 198          | 812,469              |
| 54            | 191          | 879,615              |
| 55            | 162          | 845,887              |
| 56            | 162          | 801,016              |
| 57            | 145          | 704,502              |
| 58            | 149          | 844,986              |
| 59            | 144          | 725,282              |
| 60            | 80           | 388,793              |
| 61            | 70           | 287,987              |
| 62            | 54           | 286,504              |
| 63            | 56           | 263,500              |
| 64            | 35           | 195,613              |
| 65 & Over     | 107          | 300,090              |
| <b>TOTAL</b>  | <b>6,236</b> | <b>\$ 26,626,395</b> |

Note: The source of this information is from the most recent actuarial valuation report.

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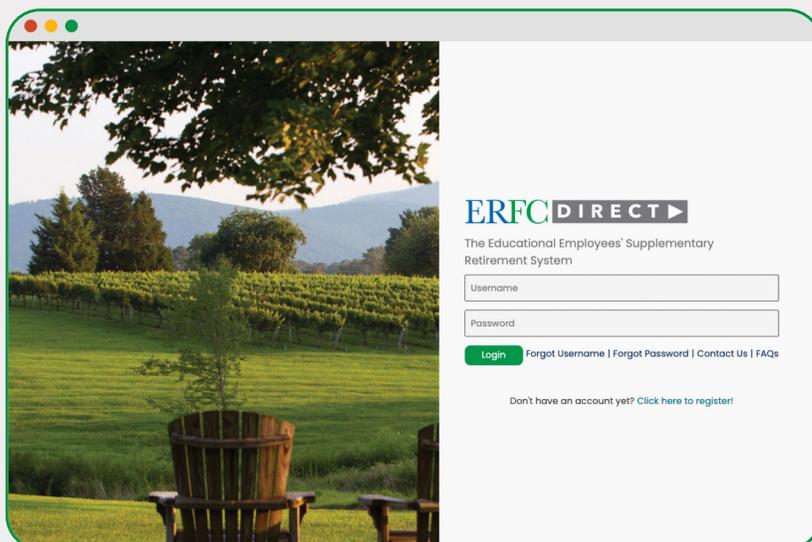
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