

ORANGE COUNTY
OCERS
EMPLOYEES RETIREMENT SYSTEM



Annual Comprehensive Financial Report

For the Fiscal Year Ended December 31, 2025

OCERS Pension, Other Postemployment Benefit Trust Funds and Custodial Fund are considered a Component Unit of the County of Orange
ORANGE COUNTY, CALIFORNIA





Orange County Employees Retirement System
Annual Comprehensive Financial Report

For the Year Ended December 31, 2025

Prepared by: The Finance Department of the
Orange County Employees Retirement System

Issued by: Steve Delaney, Chief Executive Officer
Brenda Shott, Assistant CEO of Finance and Internal Operations

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**OCERS Pension, Other Postemployment Benefit Trust Funds
and Custodial Fund are considered
a Component Unit of the County of Orange**



Mission

We provide secure retirement and disability benefits with the highest standards of excellence.

Vision

To be a trusted partner providing premier pension administration, distinguished by consistent, quality member experiences and prudent financial stewardship.

Values

- O**pen and Transparent
- C**ommitment to Superior Service
- E**ngaged and Dedicated Workforce
- R**eliable and Accurate
- S**ecure and Sustainable

Table of Contents

Section 1: Introductory

Letter of Transmittal	2
Members of the Board of Retirement	6
Organization of OCERS	7
Administrative Organization Chart	8
List of Professional Consultants	9
Certificate of Achievement for Excellence in Financial Reporting	10
Public Pension Standards Award for Funding and Administration	11

Section 2: Financial

Independent Auditor's Report	14
Management's Discussion and Analysis	18

Basic Financial Statements

Statement of Fiduciary Net Position	28
Statement of Changes in Fiduciary Net Position	29
Notes to the Basic Financial Statements	30

Required Supplementary Information

Schedule of Changes in Net Pension Liability of Participating Employers	64
Schedule of Investment Returns	66
Schedule of Employer Contributions	66
Notes to the Required Supplementary Information	67
Significant Factors Affecting Trends in Actuarial Information – Pension Plan	68

Other Supplementary Information

Schedule of Contributions	72
Schedule of Administrative Expenses	73
Schedule of Investment Expenses	74
Schedule of Payments for Professional Services	75

Section 3: Investments

Investment Consultant's Statement	78
Investment Returns	85
Statement of Investment Objectives and Policies	86
Asset Diversification	87
Growth of System Net Investments at Fair Value	88
Historical Asset Allocation	88
History of Performance – Net	89
Schedule of Largest Equity Holdings	90
Schedule of Largest Fixed Income Holdings	90
Schedule of Commissions	91
Commission Recapture Program	91
Schedule of Investment Expenses and Investment Summary	92
List of Investment Managers	93

Section 4: Actuarial

Actuary's Certification Letter	96
Schedule of Funding Progress	100
History of Employer Contribution Rates	103
Summary of Active Membership	108
Summary of Retired Membership	109
Development of Actuarial and Valuation Value of Assets	110
Schedule of Funded Liabilities by Type	111
Actuarial Methods and Assumptions	112
Summary of Major Plan Provisions	122
Experience Analysis	131

Section 5: Statistical

Statistical Section Review	134
Schedule of Changes in Fiduciary Net Position – Pension Trust Fund	134
Schedule of Changes in Fiduciary Net Position – Health Care Fund – County	135
Schedule of Changes in Fiduciary Net Position – Health Care Fund – OCFA	135
Schedule of Changes in Fiduciary Net Position – Custodial Fund – OCTA	136
Schedule and Graph of Fiduciary Additions by Source	137
Schedule and Graph of Expenses by Type	138
Schedule and Graph of Benefit Expenses by Type	139
Schedule and Graph of Average Monthly Pension Check	140
Schedule of Average Pension Benefit Payments by Years of Service	141
Schedule of Pension Benefit Recipients by Type of Benefit	142
Schedule of Pension Benefit Recipients by Option Selected	143
Schedule and Graph of Pension Benefit Recipients	144
Schedule of Average Retirement Age	145
Schedule of Average Years of Service at Retirement	145
Schedule of Beneficiaries Receiving a Pension	145
Schedule of Active and Deferred Members	145
Schedule of Participating Employers – Pension Plan	146
History of Actuarial Assumption Rates	147

Section 6: Glossary

Glossary of Terms	150
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The Roots

Grounded in Responsibility



The roots of the oak tree represent the enduring foundation of OCERS—built on sound governance, fiduciary care, and financial discipline. Though often unseen, these foundational elements sustain everything above them, creating the strength and stability needed to support generations of members. Just as roots anchor a great tree through changing seasons, the principles that shaped OCERS from the beginning continue to guide its mission today.

The historical Board of Supervisors image woven into this spread serves as a reminder that strong institutions begin with responsible public leadership. Before OCERS officially came into being in 1945, the Orange County Board of Supervisors placed the retirement question before voters, helping set in motion the creation of the system. That early commitment to stewardship still echoes through OCERS today in the work of its Board of Retirement, which oversees policy, benefits, and investment direction on behalf of the members and beneficiaries it serves.

Pictured above: 1964 Board of Supervisors

- *Alton E. Allen*
- *C. M. (Cecil M.) Featherly*
- *William J. Phillips*
- *David L. Baker*
- *William H. Hirstein*



DAVID L. BAKER

William H. Hirstein



Active Participating Employers:

City of San Juan Capistrano

County of Orange

Orange County Cemetery District

Orange County Children & Families Commission

Orange County Employees Retirement System

Orange County Fire Authority

Orange County In-Home Supportive Services Public Authority

Orange County Local Agency Formation Commission

Orange County Public Law Library

Orange County Sanitation District

Orange County Transportation Authority

Superior Court of California, County of Orange

Transportation Corridor Agencies

Letter of Transmittal

June 8, 2026

To the Trustees, Members and Beneficiaries, and Participating Employers of the Orange County Employees Retirement System:

We are pleased to present the Annual Comprehensive Financial Report (Annual Report) of the Orange County Employees Retirement System (OCERS or System) as of and for the year ended December 31, 2025. The information contained in this report is intended to provide a detailed overview of the System’s financial and investment results for the year ended December 31, 2025. It also includes information from the current actuarial valuations as of December 31, 2024.

OCERS HISTORY, PARTICIPANTS, AND SERVICES

In 2025, OCERS proudly celebrated its 80th anniversary, marking eight decades of dedicated service in providing retirement, disability, death, and survivor benefits to our members since 1945. Like the steady growth of an oak tree, these benefits continue to be administered in accordance with the County Employees Retirement Law of 1937 (CERL) and the California Public Employees’ Pension Reform Act of 2013 (PEPRA). As we enter our 81st year of service, this milestone reflects not only our enduring legacy, but also the continued trust and partnership of our members and stakeholders.

Though a "county employees retirement system," established under the CERL, OCERS is not a county agency but a separate local agency known as a "special district." The California Constitution gives the Board of Retirement full authority over the administration of the System, which includes administering plan benefits for over 55,000 members, managing \$27 billion in net assets, and serving 13 participating employers. A complete listing of both active and inactive employers as of December 31, 2025, can be found on page 30, Section 2 of the Annual Report, under Note 1: Plan Descriptions.

Throughout 2025, OCERS continued to uphold its commitment to exceptional service while advancing key multi-year initiatives aligned with our technology-forward Vision 2030. Notable progress included completion of the Alameda Implementation Project, advancement of the next-generation Pension Administration System, development of a centralized repository for procedures and business documents, and exploration of intelligent automation and robotic process automation solutions.

This year’s Annual Report theme, “80 Years of Strength and Stewardship,” reflects both this milestone anniversary and the enduring strength of an oak tree. As a central metaphor for OCERS, the oak symbolizes longevity, resilience, and steady growth. Its deep roots represent the strong foundation built through decades of responsible governance and financial stewardship since our establishment in 1945.

MAJOR INITIATIVES AND SIGNIFICANT EVENTS

Vision 2030

During 2025, OCERS continued to make progress with the Vision 2030 initiative, the long-term strategic goal of leveraging technology and we are actively pursuing opportunities using some form of Robotic Process Automation (RPA), Machine Learning (ML) and/or

Letter of Transmittal

(continued)

Artificial Intelligence (AI). In addition, OCERS has business procedure documentation services to assist staff with a comprehensive standardized library of business processes and procedure across the organization. This will ensure consistent application of rules and procedures by OCERS staff, as well as laying a foundation for programming a new pension administration system that will support Vision 2030.

Replacement OCERS Headquarters

OCERS has begun sitework for a new headquarters facility in Santa Ana to better support members, employers, and staff. The new, modern administrative building will replace OCERS' current location and provide a more functional, efficient space to support long-term operations and public service.

New Pension Administration System

In 2025, OCERS advanced OCERS Horizon, its multi-year initiative to implement a modern Pension Administration System (PAS). Following foundational planning efforts completed in 2024, the organization conducted a comprehensive procurement process, including issuance of a Request for Proposal, evaluation of vendor responses, and due diligence activities. OCERS identified a preferred vendor based on functional and technical alignment, implementation approach, cost, and long-term viability, with Board approval obtained in November 2025. Contract negotiations progressed through the end of the year, with contractual alignment reached in April 2026. OCERS looks forward to advancing into the implementation phase of this critical initiative.

Staffing

On October 20, 2025, the Board of Retirement approved updates to the 2026 Staffing Plan, including the addition of four career ladders and one career ladder series across the Investments Division, Disability, Human Resources, and the Enterprise Project Management Office (EPMO) Departments. These changes support OCERS' Strategic and Business Plan for Talent Management by strengthening career development pathways and promoting employee retention.

In support of the OCERS Horizon project, a total of 23 limited-term positions were approved across 2025 and 2026. These roles provide critical support during implementation, ensuring continuity of operations while staff are temporarily reassigned to the project.

Key Staff Additions

In 2025, OCERS strengthened its leadership team with the addition of Darren Dang as Chief Technology Officer, reinforcing the organization's commitment to innovation and positioning it to strategically advance the use of artificial intelligence in support of member service and operational excellence. The organization also promoted Mark Adviento to Director of Member Services & Employer Relations and Jennifer Reyes to Director of Finance, ensuring continued leadership continuity following recent retirements.

Alameda Decision

In July 2020, the California Supreme Court issued its decision in Alameda County Deputy Sheriffs Association et al. v. Alameda County Employees Retirement Association (S247095), clarifying the treatment of certain pay items in determining pensionable compensation. In response, OCERS implemented the required changes to ensure all benefit calculations align with the Court's ruling, as the System does not have discretion to administer benefits inconsistently with applicable law. Approximately 3,600 active, deferred, and retired members were impacted.

In 2025, OCERS completed the multi-phase Alameda Implementation Project, which included recalculating benefits, updating systems, and addressing subsequent adjustments. The effort required more than 18,000 staff hours and included over 500 manual recalculations, more than 3,000 contribution and interest refunds, and extensive data and transaction reviews. A final summary was presented to the Board of Retirement on December 15, 2025, and OCERS extends its appreciation to participating employers and stakeholders for their collaboration throughout this massive effort.

Letter of Transmittal

(continued)

FINANCIAL INFORMATION

OCERS' management is responsible for the complete and fair presentation of the financial information in accordance with accounting principles generally accepted in the United States of America (GAAP). To the best of our knowledge, the enclosed data is accurate in all material respects and is reported in a manner designed to fairly present the financial position and operating results of OCERS. Baker Tilly US, LLP audited the accompanying basic financial statements and related disclosures and has issued an unmodified opinion in the independent auditor's report found on page 14, Section 2 of the Annual Report. The financial audit provides reasonable assurance that OCERS' financial statements are presented in conformity with GAAP and are free from material misstatement.

The Annual Report was prepared in accordance with GAAP and reporting guidelines set forth by the Governmental Accounting Standards Board (GASB) and CERL. GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. OCERS' MD&A can be found immediately following the independent auditor's report.

OCERS' management is responsible for establishing a system of internal controls to safeguard assets, maintain accurate and reliable accounting records, protect member privacy, detect and prevent fraud, and provide a reasonable basis for asserting that financial statements are fairly presented. OCERS' internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgment by management. In addition, oversight of internal controls and operational efficiency is provided by OCERS' Audit Committee and supported by internal audit staff.

INVESTMENT ACTIVITIES

The Board of Retirement (with the participation of the Investment Committee, OCERS' Investments Team, and Investment Consultants) has exclusive control of all investments of the System and is responsible for the establishment of investment objectives, strategies, and policies.

OCERS' Investment Policy Statement helps guide decisions that impact OCERS' investment structure with the overall objective to invest the assets of the System solely for the benefit of its members while attempting to minimize employer contributions and investment and administration costs.

During 2025, OCERS' Investments Team conducted 1,047 total meetings and virtual calls with current and prospective investment managers. OCERS' Investment Team continued to expand its co-investment program across private markets asset classes committing \$163 million to co-investment opportunities in 2025. The OCERS Investments Team completed its risk management system RFP process during 2025. OCERS retained MSCI Total Plan Manager as the risk management system provider.

For the year ended December 31, 2025, OCERS' investment portfolio had a gain of 14.6%, net of fees. This is much higher than the long-term actuarial assumed rate of return of 7.0%. As the average years of service for a new OCERS retiree approximates 22 years for general and 22 years for safety members, our net annualized return of 7.2% over the last 20 years exceeds the assumed earnings rate over a similar period.

PENSION ACTUARIAL FUNDING STATUS

OCERS is committed to maintaining a funding policy that establishes contribution levels to fully fund the System's liabilities. The goal is to keep these contributions, as a percentage of payroll, as level as possible across generations of active members. This approach ensures that each generation of active members fully funds its own obligations, preventing any financial burden from being passed on to future members.

Actuarial valuations are performed annually with actuarial experience investigations conducted triennially in accordance with state statute. The use of realistic assumptions is important in maintaining the necessary funding while paying promised benefits. Each year the actual experience of the System is compared to actuarial assumptions and any differences are analyzed to determine if adjustments to contribution requirements are needed. In addition, triennially, the actuarial experience investigation is undertaken to review the actuarial assumptions and compare the actual experience during the preceding three-year period with that expected under those assumptions. The most recent experience investigation, covering plan years 2020 through 2022, was completed in 2023.

Letter of Transmittal

(continued)

The Board adopted recommendations for several major assumption categories that were incorporated into the 2022 actuarial valuation, including maintaining the assumed rate of return at 7.0%, the inflation rate at 2.50%, and the retiree cost-of-living assumption at 2.75%. As of the most current actuarial valuation for the year ended December 31, 2024, OCERS' funding status was 83.8% on a valuation value of assets basis, versus 84.2% on a market value of assets basis, with an Unfunded Actuarial Accrued Liability (UAAL) of \$4.6 billion. Average employer and employee contribution rates for the year ended December 31, 2024, were 36.9% and 11.6%, respectively.

BUDGET

The Board of Retirement approves OCERS' annual budget. The 1937 Act limits OCERS' annual administrative expenses, excluding the costs of administration for computer software and hardware and computer technology consulting services, to twenty-one hundredths of one percent (0.21%) of OCERS' actuarial accrued liability. OCERS' 2025 allowable administrative expense of \$33.9 million was 0.09% of OCERS' Actuarial Accrued Liability.

AWARDS AND RECOGNITION

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to OCERS for its Annual Comprehensive Financial Report for the year ended December 31, 2024. To be awarded a Certificate of Achievement, a government agency 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. A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

OCERS was also the recipient of the Public Pension Coordinating Council (PPCC) Award in recognition of compliance with professional standards for plan funding and administration for the year ended December 31, 2024. This is awarded to a retirement system that meets the professional standards for plan design and administration as set forth in the Public Pension Standards, including a Comprehensive Benefit Program, Funding Adequacy, Actuarial Valuation, Independent Audit, Investments, and Communications. A Public Pension Standards Award is valid for a period of one year.

Lastly, Tracy Bowman, former Director of Finance, has received the GFOA Outstanding Public Service Award for her leadership in advancing efficiency, accountability, and financial reporting at OCERS. Her contributions to modernizing financial systems, mentoring staff, and strengthening cross-department collaboration have enhanced organizational performance and reinforced OCERS' commitment to excellence in public service.

ACKNOWLEDGEMENTS

We would like to take this opportunity to thank the members of the System for their continued confidence in OCERS during the past year. Also, we would like to express our thanks to the Board of Retirement for its dedicated efforts in supporting the System throughout this past year. Finally, we would like to thank the staff and consultants for their commitment to OCERS and their diligent work to ensure the System's continued success.

Respectfully submitted,



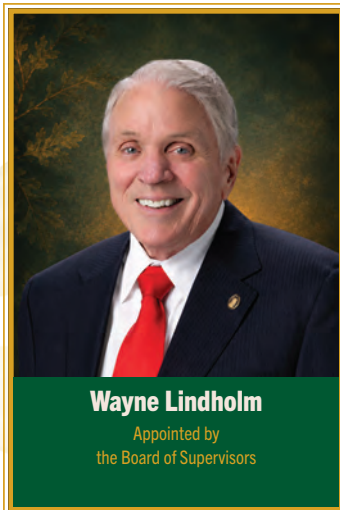
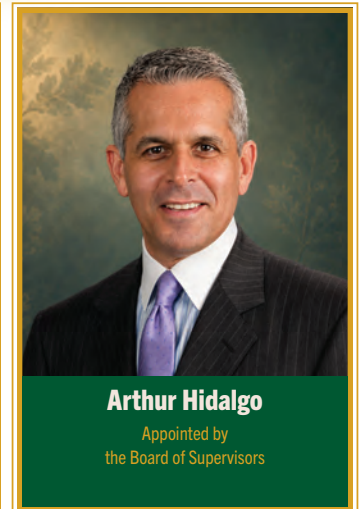
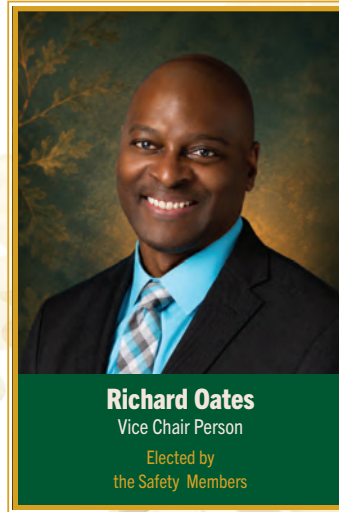
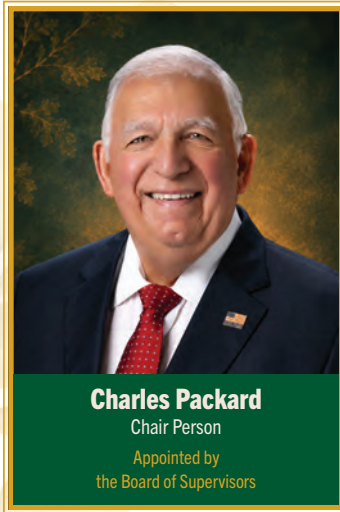
Steve Delaney
Chief Executive Officer



Brenda Shott
Assistant Chief Executive Officer, Finance & Internal Operations

Members of the Board of Retirement

As of December 31, 2025



Organization of OCERS



Board of Retirement

The Board of Retirement establishes policies governing the administration of the retirement system, including benefit administration, disability determinations, investment policy, and oversight of system operations.

The Board consists of nine members and one alternate: four members appointed by the Orange County Board of Supervisors; four members elected by active system members (two general members and two safety members, one of whom serves as the alternate); one member elected by retirees; and the Orange County Treasurer, who serves as an ex officio member.

Executive Division

The Executive Division is led by the Chief Executive Officer (CEO), who implements policies adopted by the Board of Retirement and oversees system operations. The CEO is supported by two Assistant CEOs, the Chief Investment Officer, Chief Technology Officer, and General Counsel.

This Executive Division includes Internal Audit, Enterprise Project Management Office, and Communications.

- Internal Audit provides independent and objective assurance and advisory services to evaluate OCERS' governance, risk management, and internal control framework.
- Enterprise Project Management Office (EPMO) aligns enterprise projects with strategic objectives by establishing standardized project management methodologies, governance frameworks, and best practice execution standards.
- Communications develops and coordinates member and employer communications through publications, educational programs, digital media, and website content.

Investment Division

The Investment Division administers and manages the investment program in accordance with policies and guidelines established by the Board of Retirement. Responsibilities include investment manager selection and monitoring, performance oversight, compliance with investment guidelines, due diligence activities, and coordination with external investment consultants. Refer to the Investment Section on pages 91 and 92 for the Schedule of Commissions and Schedule of Investment Expenses and Investment Summary.

External Operations Division

The External Operations Division includes Member Services and Disabilities.

- Member Services provides benefit services to members, including benefit calculations, retirement application support, retiree payroll preparation, contributions processing, counseling for members, and retirement seminars.
- Disabilities reviews disability retirement applications, evaluates medical records, prepares findings and recommendations, and presents cases to the Disability Committee and the Board of Retirement.

Internal Operations Division

The Internal Operations Division includes Finance, Human Resources, and Operations Support Services.

- Finance is responsible for OCERS' financial records and reporting, including preparation of the Annual Comprehensive Financial Report, quarterly financial statements, and the annual operating budget. Finance also administers internal controls; processes retiree payroll and refunds of contributions and interest to members; accounts for member and employer contributions; reconciles investment activity; and processes vendor payments.
- Human Resources provides recruitment, onboarding, training, workforce development, health and safety, and labor relations services.
- Operations Support Services manages procurement and contract administration, operational risk management, facilities management, building safety and security, mail services, and business continuity and disaster recovery.

Information Technology and Security Division

The Information Technology and Security Division includes Information Technology and Information Security.

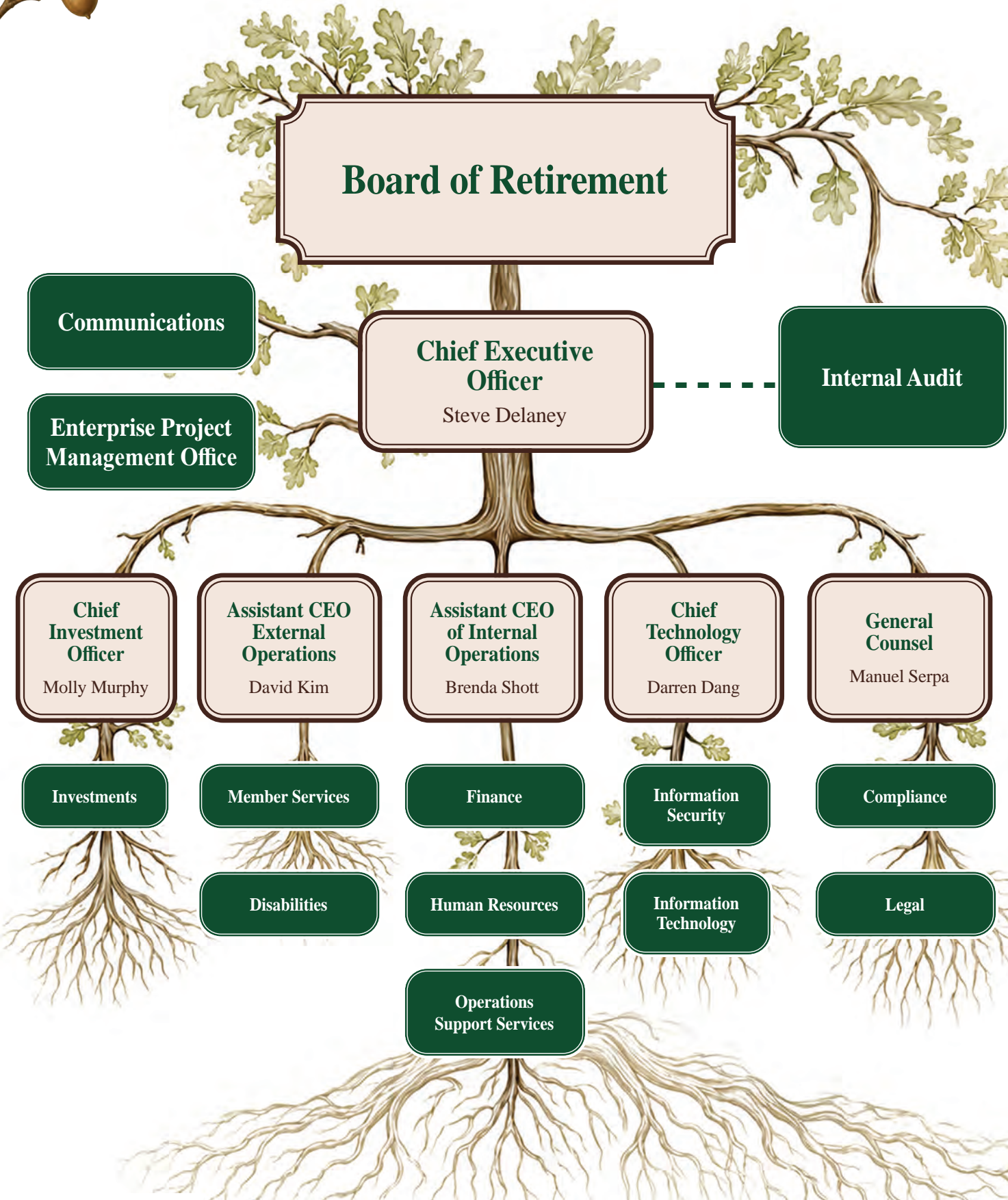
- Information Technology manages and supports OCERS' technology infrastructure and enterprise systems.
- Information Security oversees the protection of OCERS' data and systems, with a focus on safeguarding member information and supporting secure operations.

Legal Division

The Legal Division provides legal advice and representation to the Board of Retirement and OCERS and administers the compliance program. Legal services include matters related to pension benefits, disability retirements, investments, legislation, and vendor contracts.

Administrative Organizational Chart

As of December 31, 2025



List of Professional Consultants

As of December 31, 2025



Actuary

The Segal Company

Investment Consultant

Meketa Investment Group

Private Equity and Private Real Assets Consultant

Aksia LLC

Real Estate Consultant

The Townsend Group

Independent Auditor

Baker Tilly US, LLP

Investment Counsel

DLA Piper LLP

Foley & Lardner, LLP

K&L Gates LLP

Morgan, Lewis, & Bockius LLP

Nossaman LLP

Proskauer Rose LLP

Seyfarth Shaw LLP

Fiduciary Counsel

Reed Smith, LLP

Tax Counsel

Buchalter

Custodian

State Street Bank and Trust Company

Note: Please refer to pages 91-93 in the Investment Section for the Schedule of Commissions, Schedule of Investment Expenses and Investment Summary and List of Investment Managers.



Certificate of Achievement for Excellence in Financial Reporting

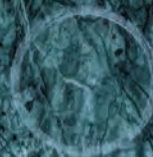
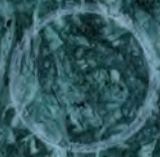


Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Orange County
Employees Retirement System
California**



Public Pension Standards Award for Funding and Administration



Public Pension Coordinating Council

Public Pension Standards Award For Funding and Administration 2025

Presented to

Orange County Employees' Retirement System

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)

Robert A. Wylie
Program Administrator

The Trunk

Steadfast in Stewardship

The trunk of an oak is its central strength — the solid structure that rises from deep roots and supports everything above it. It carries weight, endures pressure, and remains steady through changing seasons. In the same way, this section represents the enduring framework of OCERS: the governance, financial discipline, and operational integrity that sustain the organization and uphold its promises to members.

From its earliest years, OCERS has grown from a small retirement system into an independent institution serving more than 55,000 members and payees. That growth has required more than size. It has required structure. Guided by the Board of Retirement, supported by fiduciary oversight, and grounded in sound financial reporting and long-term planning, OCERS has built a framework designed to remain resilient in both calm and uncertain times.

The financial section reflects that strength in action. Here, stewardship takes form through accountability, transparency, and prudent management of resources. In 2025, OCERS reported net position restricted for pension, other postemployment benefits, and employer funds of \$28.4 billion, with continued growth driven by contributions and investment performance. These numbers are more than measurements — they are evidence of a system built to stand firm, support generations of members, and endure well into the future.





Independent Auditor's Report



Report of Independent Auditors

The Board of Retirement
Orange County Employees Retirement System

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying pension trust fund, health care fund – County, health care fund – OCFA, and the custodial trust fund – OCTA in the statement of fiduciary net position of Orange County Employees Retirement System (the System) as of December 31, 2025, and the related pension trust fund, health care fund – County, health care fund – OCFA, and the custodial trust fund – OCTA in the statement of changes in fiduciary net position for the year then ended, and the related notes to the basic financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective fiduciary net position of the pension trust fund, health care fund – County, health care fund – OCFA, and the custodial trust fund – OCTA of the System as of December 31, 2025, and the related respective 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 Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 opinions.

Financial Reporting Entity

As discussed in Note 1, the financial statements present only the fiduciary net position and changes in fiduciary net position of the System and do not purport to, and do not, present fairly the financial position of the County of Orange, California, as of December 31, 2025, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, are members of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. Baker Tilly US, LLP is a licensed CPA firm that provides assurance services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms.

Independent Auditor's Report

(continued)

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.

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 opinions. 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS 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.

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.

Prior-Year Comparative Information

We have previously audited the System's 2024 financial statements, and we expressed an unmodified opinion on the pension trust fund, health care fund – County, health care fund – OCFA, and the custodial trust fund – OCTA of the System, which are summarized in the comparative totals 2024 column, in our report dated June 2, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Independent Auditor's Report

(continued)

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in net pension liability of participating employers, schedule of investment returns, schedule of employer contributions, notes to the required supplementary information and significant factors affecting trends in actuarial information – pension plan (collectively, the required supplementary information) 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The schedule of contributions, schedule of administrative expenses, schedule of investment expenses, and schedule of payments for professional services (collectively, the supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory, investments, actuarial and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do 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.

Independent Auditor's Report

(continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2026 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.

Baker Tilly US, LLP

Irvine, California
June 8, 2026



Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) of the Orange County Employees Retirement System (OCERS or System) presents the financial performance and provides a summary of OCERS' financial position and activities as of and for the year ended December 31, 2025. The narrative overview and analysis are presented in conjunction with the Letter of Transmittal, included in Section 1: Introductory of this Annual Comprehensive Financial Report. The MD&A should be read in conjunction with OCERS' Basic Financial Statements as presented in this report. Amounts in this section have been grouped together to facilitate readability.

OCERS administers the OCERS pension plan—a cost-sharing multiple-employer defined benefit pension plan (the Plan) as well as acts as a trustee and custodian for retirement health benefit plan funds that are sponsored by participating employers. OCERS' financial information is comprised of four fiduciary funds: a defined benefit pension trust fund, two other postemployment benefit (OPEB) trust funds for retiree medical plans and a custodial fund held for the Orange County Transportation Authority (OCTA).

Financial Highlights

- **Fiduciary Net Position:** The Plan's Net Position Restricted for Pension, Other Postemployment Benefits and Employer totaled \$28.4 billion as of December 31, 2025, an increase of \$3.8 billion, or 15.4%, compared to the prior year. This growth was primarily driven by higher investment returns and contributions throughout the year.
- **Additions:** Total additions to fiduciary net position increased \$1.6 billion or 45.3%, from \$3.6 billion in 2024 to \$5.2 billion in 2025.
 - **Contributions:** Total contributions from employers and employees remained consistent year over year, totaling approximately \$1.2 billion in 2025 and 2024.
 - **Investment Income:** Net investment income totaled \$4.0 billion in 2025, reflecting a significant increase of \$1.6 billion or 66.5% from 2024. The net return on investments for the year was 14.6% in 2025 versus 10.0% in 2024.
- **Deductions:** Total deductions from fiduciary net position remained consistent year over year, totaling \$1.4 billion in 2025 and 2024.
 - **Benefit Payments:** Pension benefits paid to members totaled \$1.3 billion, which increased by \$73.2 million, or 5.8%, from 2024 to 2025, reflecting higher benefit payments to retirees. The average annual benefit paid to retired members and beneficiaries during 2025 was \$60,186, an increase of 3.4% over the average annual benefit payment of \$58,216 in 2024.
 - **Membership Growth:** Total membership grew by 688 members to 55,173. Active members decreased by 571 (-2.4%), while retired members increased by 504 (2.3%) and deferred members increased by 755 (8.1%), reflecting continued system maturity and normal workforce transitions.
- The annual actuarial funding valuation as of December 31, 2025 is not yet available at this time. Based upon the most recent actuarial funding valuation dated as of December 31, 2024, the funding status for the pension plan, as measured by the ratio of the actuarial value of assets (which smooths market gains and losses over five years) to the actuarial value of accrued liabilities was 83.8% versus 84.2% if market gains and losses were recognized immediately.
- The net pension liability of participating employers as calculated in the December 31, 2025, Governmental Accounting Standards Board (GASB) Statement No. 67 Actuarial Valuation used for financial reporting purposes is \$1.8 billion, which as a percentage of covered payroll is 76.1%. The plan fiduciary net position of the pension trust fund of \$27.7 billion as a percentage of the total pension liability of \$29.5 billion is 93.8%.

Overview of the Financial Statements

The following discussion and analysis serve as an introduction and overview of the OCERS' Basic Financial Statements. The Basic Financial Statements and required disclosures are prepared in accordance with accounting principles and reporting guidelines as set forth by the GASB. These pronouncements require OCERS to make certain disclosures and to report using the full accrual method of accounting.

Management's Discussion and Analysis

(continued)

OCERS' Basic Financial Statements are comprised of the following:

Statement of Fiduciary Net Position

The Statement of Fiduciary Net Position presents the major categories of assets and liabilities and their related value as of year-end. The difference between assets and liabilities is reported as "Net Position Restricted for Pension, Other Postemployment Benefits and Employer," representing funds available to pay future benefits to plan participants. The Statement of Fiduciary Net Position includes prior year-end total balances for comparative purposes. Increases and decreases in Net Position Restricted for Pension, Other Postemployment Benefits and Employer, when analyzed over time, may serve as an indicator of whether OCERS' financial position is improving or deteriorating. Other factors, such as market conditions, should also be considered when measuring the overall financial health of the System.

The County of Orange (County) and Orange County Fire Authority (OCFA) participate in irrevocable postemployment health care plan trusts (retiree medical plans) that are reported as other postemployment benefit trust funds in the Statement of Fiduciary Net Position as separate health care funds. OCERS serves as trustee for these trusts. Assets are commingled with pension trust assets for investment purposes and are used exclusively to pay health allowances. The County and OCFA have financial reporting responsibility of the retiree medical plans, including financial statement disclosures and required supplementary information regarding the retiree medical plans funded status and contributions, in accordance with GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*.

The OCTA has revocable trust assets held by OCERS in an investment capacity that are reported as a separate custodial fund. The purpose of the employer's trust is to provide certain OPEB benefits to eligible retired OCTA members. Assets are not commingled with those of the pension plan and health care plan trusts.

Statement of Changes in Fiduciary Net Position

The Statement of Changes in Fiduciary Net Position provides information about the financial activities during the reporting period that increased and decreased Net Position Restricted for Pension, Other Postemployment Benefits, and Employer. The trend of additions versus deductions to the Plan indicates the strength of OCERS' financial position over time. For comparative purposes, prior year-end total balances are also provided.

To distinguish the activities of the health care plan trusts and the employer trust from the pension plan, the health care plan trusts and employer trust are reported separately in the Statement of Changes in Fiduciary Net Position as health care funds and a custodial fund, respectively.

Notes to the Basic Financial Statements

The Notes to the Basic Financial Statements are an integral part of the basic financial statements and provide additional information that is essential to acquire a full understanding of the information provided in the two statements discussed above. The notes include further discussion and details regarding OCERS' key policies, programs, investments and activities that occurred during the year.

Required Supplementary Information

The Required Supplementary Information (RSI) presents historical trend information related to the pension plan reported in the Basic Financial Statements. The pension plan includes a schedule of changes in net pension liability, a schedule of investment returns, a schedule of employer contributions and other required supplementary information as required by GASB Statement No. 67, *Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25 (GASB 67)*. The information contained in the schedules is based on the actuarial valuation prepared for the pension plan and includes additional actuarial information that contributes to the understanding of the changes in the net pension liability of participating employers in the pension plan. The actuarial information is based upon assumptions made regarding future events at the time the valuation was performed. Therefore, the amounts presented in the schedules are management's estimates. A summary of factors that affected the trends of the actuarial information is included in this section as well.

Management's Discussion and Analysis

(continued)

Other Supplementary Information

The Other Supplementary Information includes schedules pertaining to contributions by employers and members, administrative expenses, investment expenses, and payments for professional services.

Financial Analysis

Tables 1 and 2 compare and summarize OCERS' financial activity for the current and prior years.

Table 1 : Fiduciary Net Position

As of December 31, 2025 and 2024

(Dollars in Thousands)

	12/31/2025	12/31/2024	Increase / (Decrease)	Percentage Change
Assets				
Cash and Cash Equivalents	\$ 1,539,364	\$ 1,550,753	\$ (11,389)	-0.7%
Securities Lending Collateral	158,128	172,042	(13,914)	-8.1%
Receivables	267,477	383,287	(115,810)	-30.2%
Investments at Fair Value	27,058,574	23,186,548	3,872,026	16.7%
Capital Assets, Net	9,842	6,259	3,583	57.2%
Total Assets	29,033,385	25,298,889	3,734,496	14.8%
Liabilities				
Obligations Under Securities Lending Program	158,128	172,041	(13,913)	-8.1%
Securities Purchased	307,895	313,006	(5,111)	-1.6%
Other	193,812	225,316	(31,504)	-14.0%
Total Liabilities	659,835	710,363	(50,528)	-7.1%
Net Position Restricted for Pension, Other Postemployment Benefits and Employer	\$ 28,373,550	\$ 24,588,526	\$ 3,785,024	15.4%

As of December 31, 2025, OCERS reported a Net Position Restricted for Pension, Other Postemployment Benefits and Employer of \$28.4 billion. This reflects a \$3.8 billion increase, or 15.4% growth, compared to 2024. The increase in net position was driven mainly by a \$3.7 billion increase in total assets and a \$50.5 million decrease in total liabilities.

Total assets increased by \$3.7 billion, primarily driven by a \$3.9 billion increase in investments at fair value, reflecting strong portfolio performance with a net return of 14.6% for the one-year period. This increase was partially offset by decreases of \$115.8 million in receivables due to the timing of investment-related activity, \$13.9 million in securities lending collateral reflecting reduced market demand for OCERS' U.S. and non-U.S. corporate bond and equity holdings, and \$11.4 million in cash and cash equivalents due to the timing of investing employee and employer contributions.

Total liabilities decreased by \$50.5 million, primarily due to reductions in securities lending and investment-related liabilities. Obligations under the securities lending program declined by \$13.9 million, corresponding with the previously noted decrease in securities lending collateral. Other liabilities decreased by \$31.5 million, largely attributable to a significant reduction in investment-related liabilities, including financial futures payables, partially offset by increases in retiree payroll payable and unearned contributions, driven by the timing of retiree payroll and contribution activity at year-end.

Management's Discussion and Analysis

(continued)

Table 2 : Changes in Fiduciary Net Position

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

	12/31/2025	12/31/2024	Increase / (Decrease)	Percentage Change
Additions				
Employer Pension Contributions	\$ 886,888	\$ 846,363	\$ 40,525	4.8%
Employer Health Care Contributions	42,453	36,992	5,461	14.8%
Employee Pension Contributions	313,190	302,545	10,645	3.5%
Employer OPEB Contributions	1,338	17,669	(16,331)	-92.4%
Net Investment Income	3,975,618	2,387,881	1,587,737	66.5%
Total Additions	5,219,487	3,591,450	1,628,037	45.3%
Deductions				
Participant Benefits - Pension	1,338,779	1,265,617	73,162	5.8%
Participant Benefits - Health Care	44,554	43,620	934	2.1%
Death Benefits	628	1,593	(965)	-60.6%
Member Withdrawals and Refunds	16,450	18,200	(1,750)	-9.6%
Employer OPEB Payments	2,042	1,754	288	16.4%
Administrative Expenses - Pension	31,942	31,181	761	2.4%
Administrative Expenses - Health Care and Employer	68	69	(1)	-1.4%
Total Deductions	1,434,463	1,362,034	72,429	5.3%
Increase in Net Position Restricted for Pension, Other Postemployment Benefits and Employer	3,785,024	2,229,416	1,555,608	69.8%
Net Position Restricted for Pension, Other Postemployment Benefits and Employer				
Beginning of the Year	24,588,526	22,359,110		
End of the Year	\$ 28,373,550	\$ 24,588,526		

Management's Discussion and Analysis

(continued)

Additions to Fiduciary Net Position

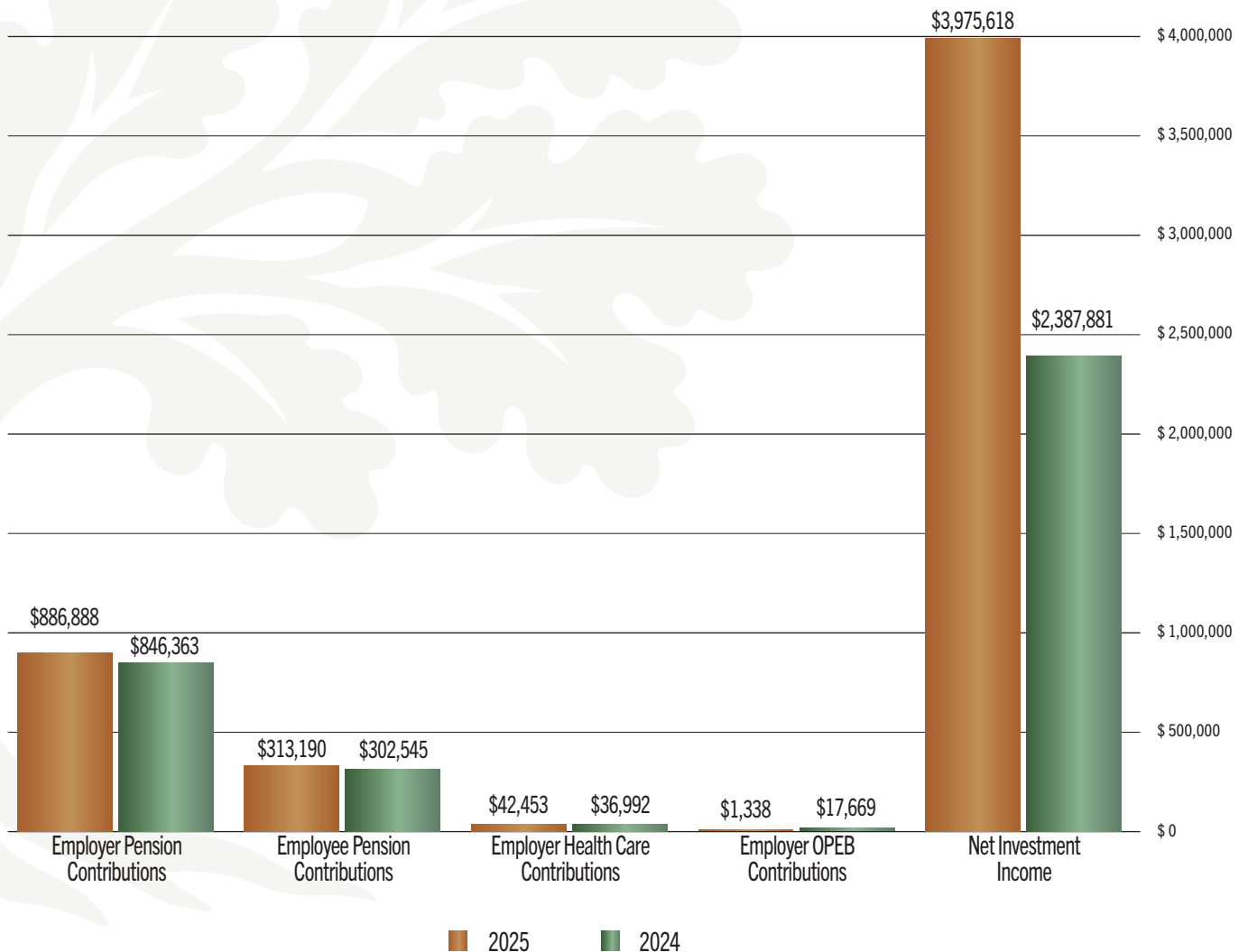
The primary funding sources of pension benefits are participating employer and member contributions, along with investment earnings, net of investment expenses. Total additions for the year ended December 31, 2025, were \$5.2 billion, compared to \$3.6 billion for the year ended December 31, 2024, representing an increase of \$1.6 billion, or 45.3%. The increase was primarily driven by higher net investment income and increased contributions.

Total contributions increased \$40.3 million over the prior year, largely due to a \$46.0 million rise in employer pension contributions and a \$10.6 million increase in employee pension contributions, reflecting higher pension contribution rates. These increases were partially offset by a \$16.3 million decrease in employer OPEB contributions.

Net investment income increased by \$1.6 billion, or 66.5%, from the prior year, reflecting strong investment performance. The net investment return for the year was 14.6% in 2025, compared to 10.0% in 2024, driven primarily by higher net appreciation in fair value of investments, as well as increased dividends, interest, and other investment income.

Additions to Fiduciary Net Position

(Dollars in Thousands)



Management's Discussion and Analysis

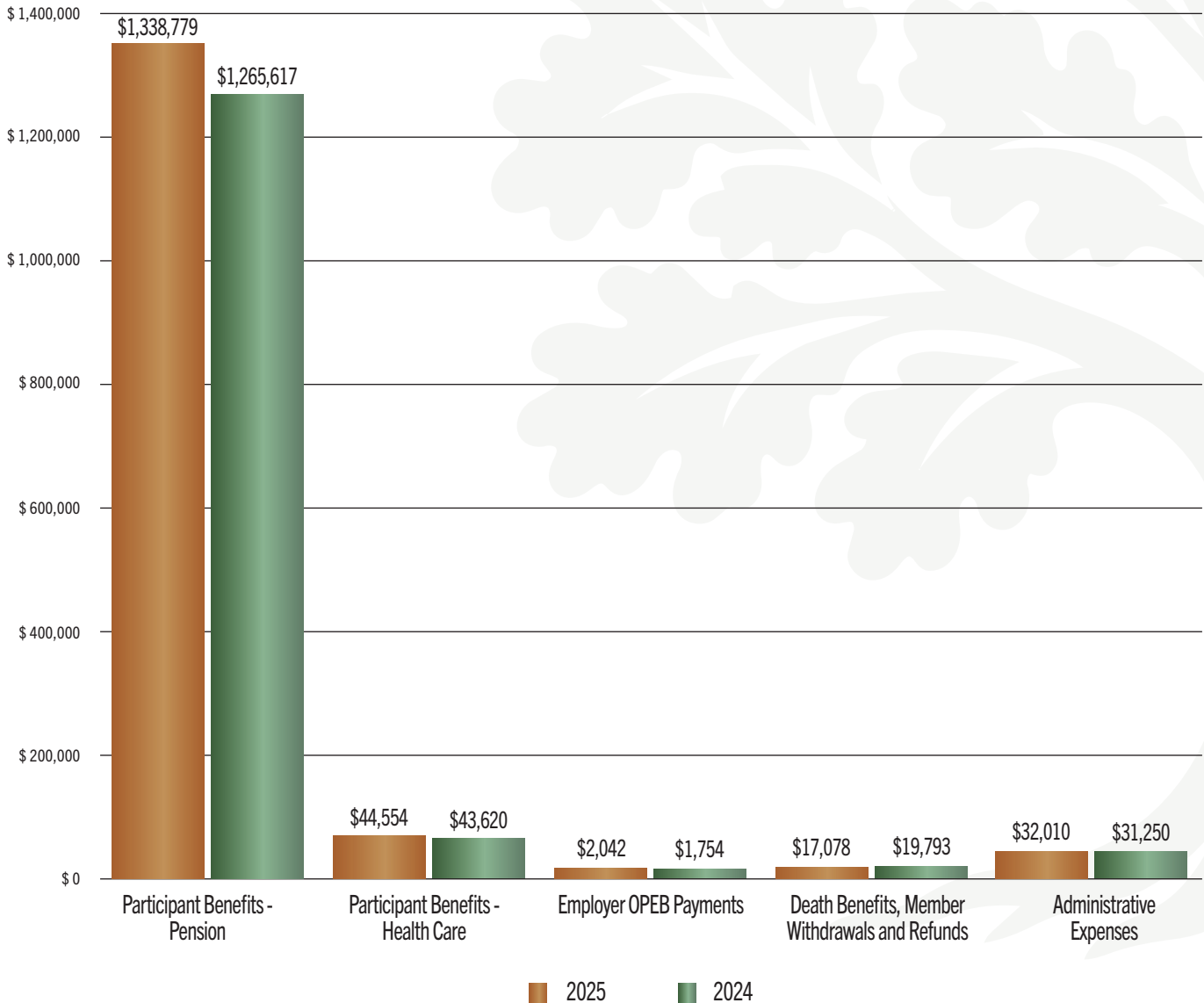
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Deductions from Fiduciary Net Position

Expenses incurred by OCERS include payments of benefits to members and their beneficiaries, refunds of contributions to terminated members, and the costs of administering the plan. Deductions from fiduciary net position increased \$72.4 million, or 5.3%, compared to the prior year, primarily due to continued growth in pension benefit payments. Participant pension benefits increased by \$73.2 million, reflecting both an increase in the number of retired members receiving benefits and higher average benefit payments primarily caused by COLA increases. Total retirement benefit recipients increased by 504, from 21,740 to 22,244, while the average annual pension benefit increased from \$58,216 to \$60,186.

Deductions from Fiduciary Net Position

(Dollars in Thousands)



Management's Discussion and Analysis

(continued)

OCERS Membership

The table below provides comparative OCERS' membership data for the last two years.

Table 3: Membership Data

As of December 31, 2025 and 2024

	12/31/2025	12/31/2024	Increase/ (Decrease)	Percentage Change
Active Members	22,797	23,368	(571)	-2.4%
Retired Members	22,244	21,740	504	2.3%
Deferred Members	10,132	9,377	755	8.1%
Total Membership	55,173	54,485	688	1.3%

Total OCERS' membership increased by 688 members (1.3%) in 2025, reflecting continued plan maturity. Active members decreased by 571 members (-2.4%), reflecting routine workforce changes, including retirements, separations, and other employment transitions. Retired membership increased by 504 members (2.3%), consistent with ongoing retirements as members reach eligibility and begin receiving benefits. Deferred membership increased by 755 members (8.1%), reflecting members who separated from service but are not yet eligible to retire. Overall, the increase in retired and deferred membership more than offset the decline in active members, resulting in net positive growth in total plan membership as of December 31, 2025.

Actuarial Valuations

To determine the current status of Net Position Restricted for Pension Benefits compared to future obligations, a calculation of the actuarial funding requirement is performed. An actuarial valuation includes an appraisal of both the assets available to pay future benefits and the liabilities of the System, which represent the actuarial present value of all future benefits expected to be paid for each member. One of the primary purposes of the valuation is to determine the amount of future contributions by the employees and employers, which will be required to pay all expected future benefits. OCERS utilizes an independent actuarial firm, The Segal Company (Segal), to prepare an annual valuation. The most recent Annual Actuarial Valuation as of December 31, 2024 is included in the Actuarial Section of this report and contains a detailed discussion of the funding requirements. This valuation is used for funding purposes and establishing employer and employee contribution rates. Segal also prepared a GASB 67 Actuarial Valuation as of December 31, 2025, used for financial reporting purposes.

To prepare the valuations, the actuary must use several assumptions with regards to OCERS' members such as their life expectancy, projected salary increases over time, and the age at which members will retire. The actuary must also utilize assumptions with regards to how the assets will perform over time. All assumptions used by the actuary are reviewed and adjusted, as required, on a triennial basis and adopted by the Board of Retirement. The most recent triennial study was adopted by the Board on August 21, 2023, for the three-year experience period ended December 31, 2022. As a result, the following assumptions will be maintained as of the December 31, 2024 valuation: investment return at 7.0%; inflation at 2.50%; retiree cost-of-living at 2.75%; and active member payroll increases at 3.00%. Projected salary increases for general members lowered from a range of 4.00% to 11.00% to a range of 3.90% to 10.25% and for safety members, the range was changed from 4.60% to 15.00% to 4.50% to 15.00%. In addition, mortality rates apply Pub-2010 Benefit-Weighted mortality tables as a starting point ("base table"), projected generationally using the two-dimensional mortality improve scale MP-2021, with adjustments to reflect mortality trends specific to OCERS. The mortality rates assumptions were not changed.

Management's Discussion and Analysis

(continued)

The GASB 67 valuation provides the calculation of the employers' pension liability. To accommodate the annual reporting requirements of our employers in a timely manner, the valuation was prepared using the December 31, 2024 valuation as the basis for calculating the total pension liability (TPL) and rolled forward to December 31, 2025. Based on this actuarial valuation, the TPL was \$29.5 billion compared to a fiduciary net position of \$27.7 billion, resulting in the employers' net pension liability (NPL) of \$1.8 billion and a fiduciary net position as a percentage of the TPL of 93.8%. The NPL as a percentage of covered payroll was 76.1%.

In the actuarial funding valuation for the pension plan as of December 31, 2024, the funding ratio of the valuation value of assets to actuarial accrued liabilities was 83.8%. The calculation of funding status takes into account OCERS' policy to smooth the impact of market volatility by spreading each year's gains or losses over five years. Using the fair value of assets as of the valuation date, the funded status of OCERS' pension plan was 84.2% in 2024.

Investment Summary

OCERS' portfolio gained 14.6%, net of fees, for calendar year 2025, driven largely by an impressive year for public and private equity markets. OCERS' 2025 calendar year return ranked in the top 23% versus peers¹. Over the trailing three-, five-, and ten-year periods, OCERS had returns of 12.0%, 8.6%, and 8.9% annualized, net of fees, ranking in the top 40%, 11%, and 22% of the peer group, respectively. OCERS' portfolio ended 2025 with a fair value of \$27.6 billion, up from \$24.3 billion at the end of 2024.

In 2025, global public equities delivered a very strong year of returns despite tariff shocks that triggered a sharp drawdown in April. Markets recovered powerfully as tariffs were partially rolled back, inflation pressures moderated, and the Fed delivered three 25 basis point rate cuts. Corporations experienced strong and broad-based earnings growth, while the AI buildout continued to provide a structural tailwind.

OCERS' global public equity portfolio earned 21.2% in 2025. Non-U.S. developed market equities led the way, gaining 29.9% during 2025, driven by a weaker U.S. dollar, attractive starting valuations, and broadening global earnings growth. U.S. equities returned 17.1%, while OCERS' emerging market equity portfolio earned 26.5% during the year.

Calendar year 2025 was a strong year for fixed income. Elevated starting yields provided a strong income cushion; Fed rate cuts supported shorter-duration bonds; credit spreads tightened further; and emerging market debt delivered outsized returns on the back of dollar weakness and improving fundamentals. The OCERS income strategies asset class produced a 7.9% return in 2025.

It is customary to report private market performance on a quarterly lag. Therefore, OCERS' year-end performance will reflect returns as of the end of the third quarter for many private equity, private credit, real estate, and real assets managers. OCERS' private equity portfolio gained 15.9% in 2025 buoyed by extremely strong performance from the co-investment program. OCERS' real assets portfolio delivered strong results in 2025, with energy returning 10.8% and infrastructure gaining 9.4%, driven by continued demand for digital infrastructure, AI-related power needs, energy transition projects, and upstream oil and gas assets.

Request for Financial Information

This Annual Comprehensive Financial Report is designed to provide the Board of Retirement, plan members, participating employers, taxpayers, investment managers and other interested parties with a general overview of OCERS' financial condition and to demonstrate OCERS' accountability for the funds under its stewardship.

Please address any questions about this report or requests for additional information to:

Orange County Employees Retirement System
P.O. Box 1229
Santa Ana, CA 92702

¹ InvestorForce peer rankings are for defined benefit public funds over \$1 billion in assets.

The Bark

Protection in the Details

Rugged bark of an oak tree protects what cannot always be seen. Layer by layer, it shields the living structure beneath, helping the tree withstand changing seasons, outside pressures, and the passage of time. Its strength is not ornamental; it is essential to the health and stability of the whole tree.

For OCERS, reporting and data serve a similar purpose. Financial statements, tables, charts, actuarial analysis, investment results, and long-term trends all help create a clearer view of the System’s condition. Together, these details provide the structure needed to monitor performance, identify risk, support sound decisions, and protect the trust placed in OCERS by its members, employers, and beneficiaries.

Like bark, this work forms a protective layer around something vital. Through careful reporting, disciplined review, and transparent presentation of information, OCERS strengthens its ability to serve today’s members while preserving stability for generations to come.



Beneficiaries Receiving a Pension

2016 - 2025

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
1,857	1,982	2,082	2,117	2,228	2,276	2,331	1,944	387	

Schedule of Active and Deferred Members

2016 - 2025

2017	2018	2019	2020	2021	2022	2023	2024	2025
17,341	18,150	18,256	17,733	18,128	18,184	18,805	19,291	18,639
5,341	5,547	6,004	6,280	6,680	7,323	8,014	8,804	9,532
3,760	3,779	3,901	3,826	3,883	3,577	3,977	4,077	4,158
430	462	479	538	558	571	565	573	600
17,116	17,524	17,655	18,777	18,377	19,249	19,955	21,761	22,929

Pension Administration System Solution
Annual Comprehensive Financial Report 2025

History of Performance - Net

December 2015 - December 2024 (Actual)



Due to the nature of the pension plan, all returns have been calculated from the prior year ending to the current year ending. All returns have been calculated from the prior year ending to the current year ending. All returns have been calculated from the prior year ending to the current year ending.



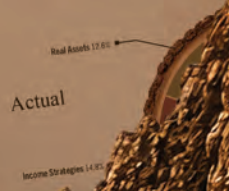
Section 5 - Investments

- Cash & Cash Equivalents
- Private Equity
- Real Assets
- Absolute Return

Policy



Actual



Statement of Fiduciary Net Position

As of December 31, 2025

(with summarized comparative amounts as of December 31, 2024)

(Dollars in Thousands)

	Pension Trust Fund	Health Care Fund-County	Health Care Fund-OCFA	Custodial Fund - OCTA	Total Funds	Comparative Totals 2024
Assets						
Cash and Short-Term Investments						
Cash and Cash Equivalents	\$ 1,501,901	\$ 28,721	\$ 7,889	\$ 853	\$ 1,539,364	\$ 1,550,753
Securities Lending Collateral	154,365	2,952	811	-	158,128	172,042
Total Cash and Short-Term Investments	1,656,266	31,673	8,700	853	1,697,492	1,722,795
Receivables						
Investment Income	33,795	646	178	-	34,619	22,591
Securities Sales	159,291	3,046	837	-	163,174	210,257
Contributions	59,563	-	-	-	59,563	59,339
Foreign Currency Forward Contracts	-	-	-	-	-	901
Other Receivables	9,880	189	52	-	10,121	90,199
Total Receivables	262,529	3,881	1,067	-	267,477	383,287
Investments at Fair Value						
Global Public Equity	11,488,577	219,697	60,350	23,481	11,792,105	10,145,710
Private Equity	5,138,432	98,263	26,992	-	5,263,687	4,079,878
Income Strategies	4,102,238	78,447	21,549	18,459	4,220,693	3,828,089
Real Assets	3,431,108	65,613	18,024	-	3,514,745	3,053,551
Risk Mitigation	1,941,805	37,133	10,200	-	1,989,138	1,875,533
Unique Strategies	271,585	5,194	1,427	-	278,206	203,787
Total Investments at Fair Value	26,373,745	504,347	138,542	41,940	27,058,574	23,186,548
Capital Assets, Net	9,842	-	-	-	9,842	6,259
Total Assets	28,302,382	539,901	148,309	42,793	29,033,385	25,298,889
Liabilities						
Obligations Under Securities Lending Program	154,365	2,952	811	-	158,128	172,041
Securities Purchased	300,568	5,748	1,579	-	307,895	313,006
Unearned Contributions	41,549	-	-	-	41,549	40,624
Foreign Currency Forward Contracts	2,361	45	12	-	2,418	261
Retiree Payroll Payable	110,819	5,047	780	-	116,646	110,012
Other	32,409	620	170	-	33,199	74,419
Total Liabilities	642,071	14,412	3,352	-	659,835	710,363
Net Position Restricted for Pension, Other Postemployment Benefits and Employer	\$27,660,311	\$ 525,489	\$ 144,957	\$ 42,793	\$ 28,373,550	\$ 24,588,526

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Fiduciary Net Position

For the Year Ended December 31, 2025

(with summarized comparative amounts as of December 31, 2024)
(Dollars in Thousands)



	Pension Trust Fund	Health Care Fund-County	Health Care Fund-OCFA	Custodial Fund - OCTA	Total Funds	Comparative Totals 2024
Additions						
Contributions						
Employer	\$ 886,888	\$ 16,401	\$ 26,052	\$ -	\$ 929,341	\$ 883,355
Employee	313,190	-	-	-	313,190	302,545
Employer OPEB Contributions	-	-	-	1,338	1,338	17,669
Total Contributions	1,200,078	16,401	26,052	1,338	1,243,869	1,203,569
Investment Income						
Net Appreciation in Fair Value of Investments	3,621,452	60,839	16,690	5,587	3,704,568	2,158,337
Dividends, Interest, and Other Investment Income	465,684	8,905	2,446	19	477,054	416,582
Securities Lending Income						
Gross Earnings	8,063	154	42	-	8,259	11,887
Less: Borrower Rebates and Bank Charges	(7,375)	(141)	(39)	-	(7,555)	(11,100)
Net Securities Lending Income	688	13	3	-	704	787
Total Investment Income	4,087,824	69,757	19,139	5,606	4,182,326	2,575,706
Investment Fees and Expenses	(201,783)	(3,859)	(1,060)	(6)	(206,708)	(187,825)
Net Investment Income	3,886,041	65,898	18,079	5,600	3,975,618	2,387,881
Total Additions	5,086,119	82,299	44,131	6,938	5,219,487	3,591,450
Deductions						
Participant Benefits	1,338,779	36,269	8,285	-	1,383,333	1,309,237
Death Benefits	628	-	-	-	628	1,593
Member Withdrawals and Refunds	16,450	-	-	-	16,450	18,200
Employer OPEB Payments	-	-	-	2,042	2,042	1,754
Administrative Expenses	31,942	23	22	23	32,010	31,250
Total Deductions	1,387,799	36,292	8,307	2,065	1,434,463	1,362,034
Net Increase	3,698,320	46,007	35,824	4,873	3,785,024	2,229,416
Net Position Restricted For Pension, Other Postemployment Benefits and Employer, Beginning of Year	23,961,991	479,482	109,133	37,920	24,588,526	22,359,110
Ending Net Position Restricted For Pension, Other Postemployment Benefits and Employer	\$ 27,660,311	\$ 525,489	\$ 144,957	\$ 42,793	\$ 28,373,550	\$ 24,588,526

The accompanying notes are an integral part of these financial statements.



Notes to the Basic Financial Statements

NOTE 1 : Plan Descriptions

The Orange County Employees Retirement System (OCERS or System) was established in 1945 under the provisions of the County Employees Retirement Law of 1937 (CERL). OCERS is governed by a ten-member Board of Retirement, nine voting members and one alternate member. Board membership consists of four members appointed by the County of Orange Board of Supervisors, five members elected by the members of the System, including an alternate, two by the general members, one by the safety members, and one by the retired members. Safety members elect the alternate member. The County of Orange Treasurer Tax-Collector, elected by the voters registered in the County, serves as an Ex-Officio member.

OCERS operates as a cost-sharing multiple-employer defined benefit pension plan for the County of Orange, Orange County Superior Court of California, City of San Juan Capistrano, and ten special districts: Orange County Cemetery District, Children and Families Commission of Orange County, Orange County Employees Retirement System, Orange County Fire Authority, Orange County In-Home Supportive Services Public Authority, Orange County Local Agency Formation Commission (LAFCO), Orange County Public Law Library, Orange County Sanitation District, Orange County Transportation Authority and Transportation Corridor Agencies. Capistrano Beach Sanitary District, Cypress Recreation & Parks District, Orange County Mosquito and Vector Control District, City of Rancho Santa Margarita, the Orange County Department of Education and the University of California, Irvine Medical Center and Campus are no longer active employers, but retired members and their beneficiaries, as well as deferred members, remain in the System. OCERS is legally and fiscally independent of the County of Orange.

Pension Plan Membership

OCERS provides retirement, disability and death benefits to general and safety members. Safety membership includes those members serving in active law enforcement, fire suppression and as probation officers. General membership applies to all other occupations. Plan retirement benefits are tiered based upon date of OCERS membership. Tier I members were hired prior to September 21, 1979 and use their highest one-year average salary to determine their retirement allowance while Tier II members were hired on or after September 21, 1979 and use their highest three-year average salary to determine their retirement allowance. All Public Employees' Pension Reform Act (PEPRA) members hired on or after January 1, 2013 are Tier II and use their highest three-year average salary to determine their retirement allowance. Member rate groups are determined by employer, bargaining unit, and benefit plan (a description of the benefit plans can be found under Member Retirement Benefits). The benefit plan represents the benefit formula and tier that will be used in calculating a retirement benefit. All regular employees scheduled to work 20 hours or more per week become members of the plan upon commencing employment with one of OCERS' employers, with the exception of a provision adopted in 2014 that allows new members over the age of 60 to opt out of the plan if their employer has implemented the provision. Active members in the following table are categorized as service retirement eligible when certain criteria are met, such as completing five years of accredited service or reaching the age of 70. Additional information regarding the pension plan's benefit structure is included in the Summary Plan Description that is available on the web at <https://www.ocers.org/summary-plan-description>.

The following table is a summary of OCERS' general and safety membership as of December 31, 2025, consisting of active members, retired members or their beneficiaries, and deferred members who have terminated, but are not yet receiving benefits (further information regarding benefit eligibility for deferred members is described under the Deferred Members Benefits section):

Notes to the Basic Financial Statements

NOTE 1 : Plan Descriptions (continued)

OCERS Membership - General Members

As of December 31, 2025

Rate Group	Benefit Plan	Tier	Active Vested	Active Non-Vested	Retired Members & Beneficiaries	Deferred Members	Total
1	A	I	-	-	240	1	241
1	B	II	370	4	599	265	1,238
1	U	II-PEPRA	424	886	33	758	2,101
Rate Group 1 Total			794	890	872	1,024	3,580
2	A	I	-	-	2,062	1	2,063
2	B	II	-	-	1,763	448	2,211
2	I	I	4	-	1,083	-	1,087
2	J	II	5,437	52	9,003	2,323	16,815
2	P	II	126	18	26	111	281
2	S	II	3	3	7	13	26
2	T	II-PEPRA	3,450	3,999	102	3,827	11,378
2	U	II-PEPRA	551	838	14	353	1,756
2	W	II-PEPRA	1	-	-	1	2
Rate Group 2 Total			9,572	4,910	14,060	7,077	35,619
3	A	I	-	-	56	-	56
3	B	II	41	8	76	39	164
3	G	I	-	-	30	-	30
3	H	II	160	-	488	49	697
3	U	II-PEPRA	234	192	14	89	529
Rate Group 3 Total			435	200	664	177	1,476
4	H	II	-	-	1	-	1
Rate Group 4 Total			-	-	1	-	1
5	A	I	1	-	318	2	321
5	B	II	561	12	1,367	453	2,393
5	U	II-PEPRA	260	567	18	381	1,226
Rate Group 5 Total			822	579	1,703	836	3,940
9	A	I	-	-	3	-	3
9	B	II	-	-	10	12	22
9	N	II	15	3	61	35	114
9	U	II-PEPRA	16	28	6	31	81
Rate Group 9 Total			31	31	80	78	220
10	A	I	-	-	5	-	5
10	B	II	-	-	38	5	43
10	I	I	-	-	15	-	15
10	J	II	52	-	204	82	338
10	N	II	26	8	11	27	72
10	U	II-PEPRA	123	125	8	220	476
Rate Group 10 Total			201	133	281	334	949
11	A	I	-	-	3	-	3
11	B	II	-	-	3	-	3
11	N	II	12	-	9	2	23
11	U	II-PEPRA	8	8	1	2	19
Rate Group 11 Total			20	8	16	4	48
12	B	II	-	-	3	1	4
12	H	II	9	-	11	1	21
12	U	II-PEPRA	2	2	-	-	4
Rate Group 12 Total			11	2	14	2	29
Total General Members			11,886	6,753	17,691	9,532	45,862

Notes to the Basic Financial Statements

NOTE 1 : Plan Descriptions (continued)

OCERS Membership - Safety Members

As of December 31, 2025

Rate Group	Benefit Plan	Tier	Active Vested	Active Non-Vested	Retired Members & Beneficiaries	Deferred Members	Total
6	C	I	-	-	84	-	84
6	D	II	-	-	42	33	75
6	E	I	-	-	44	-	44
6	F	II	418	10	521	153	1,102
6	V	II-PEPRA	63	113	-	36	212
Rate Group 6 Total			481	123	691	222	1,517
7	C	I	-	-	368	-	368
7	D	II	-	-	287	15	302
7	E	I	-	-	271	-	271
7	F	II	535	1	1,778	69	2,383
7	R	II	341	24	40	47	452
7	V	II-PEPRA	699	681	53	87	1,520
Rate Group 7 Total			1,575	706	2,797	218	5,296
8	C	I	-	-	25	-	25
8	D	II	-	-	68	2	70
8	E	I	-	-	16	-	16
8	F	II	416	-	937	35	1,388
8	R	II	147	12	12	14	185
8	V	II-PEPRA	326	372	7	109	814
Rate Group 8 Total			889	384	1,065	160	2,498
Total Safety Members			2,945	1,213	4,553	600	9,311
Grand Total			<u>14,831</u>	<u>7,966</u>	<u>22,244</u>	<u>10,132</u>	<u>55,173</u>

Member Retirement Benefits

Members are entitled to receive a retirement allowance with ten or more years of service credit beginning at age 50 (5 years of service and age 52 for General PEPRA plans and 5 years of service and age 50 for Safety PEPRA, for all plans except those identified as PEPRA compliant and PEPRA alternative), at any age with thirty years of service credit (twenty years of service credit for safety members), or if a part-time employee at age 55 or older with five or more years of service credit and at least ten years of active employment with a sponsoring agency covered by OCERS. Members attaining age 70 are eligible to retire regardless of credited service. Benefits received are determined by plan formula, age, years of service, and final average salary. Member rate groups and benefit plans as of December 31, 2025, are as follows:

Notes to the Basic Financial Statements

NOTE 1 : Plan Descriptions (continued)

Rate Groups and Benefit Plans

As of December 31, 2025

Rate Group	Plan Type	Benefit Plan	Benefit Formula per Year of Service	Employers
#1	General	A	2.0% @ 57	County of Orange and OC In-Home Supportive Services Public Authority (OC Department of Education, UCI Medical Center and Campus, Capistrano Beach Sanitary District, Cypress Recreation & Parks District, and OC Mosquito and Vector Control District are no longer active employers)
		B	1.67% @ 57.5	
		U	2.5% @ 67 PEPRA	
#2	General	A	2.0% @ 57	County of Orange; City of San Juan Capistrano; Orange County LAFCO; OCERS; Orange County Superior Court of California; and Children and Families Commission of Orange County
		B	1.67% @ 57.5	
		I	2.7% @ 55	
		J	2.7% @ 55	
		P	1.62% @ 65	
		S	2.0% @ 57	
		T	1.62% @ 65 PEPRA Compliant	
		U	2.5% @ 67 PEPRA	
W	1.62% @ 65 PEPRA Alternative			
#3	General	A	2.0% @ 57	OC Sanitation District
		B	1.67% @ 57.5	
		G	2.5% @ 55	
		H	2.5% @ 55	
		U	2.5% @ 67 PEPRA	
#4	General	H	2.5% @ 55	City of Rancho Santa Margarita (no longer an active employer)
#5	General	A	2.0% @ 57	OC Transportation Authority
		B	1.67% @ 57.5	
		U	2.5% @ 67 PEPRA	
#6	Safety	C	2.0% @ 50	County of Orange (Probation)
		D	2.0% @ 50	
		E	3.0% @ 50	
		F	3.0% @ 50	
		V	2.7% @ 57 PEPRA	
#7	Safety	C	2.0% @ 50	County of Orange (Law Enforcement)
		D	2.0% @ 50	
		E	3.0% @ 50	
		F	3.0% @ 50	
		R	3.0% @ 55	
		V	2.7% @ 57 PEPRA	
#8	Safety	C	2.0% @ 50	OC Fire Authority
		D	2.0% @ 50	
		E	3.0% @ 50	
		F	3.0% @ 50	
		R	3.0% @ 55	
		V	2.7% @ 57 PEPRA	

Notes to the Basic Financial Statements

NOTE 1 : Plan Descriptions (continued)

Rate Groups and Benefit Plans (continued)

As of December 31, 2025

Rate Group	Plan Type	Benefit Plan	Benefit Formula per Year of Service	Employers
#9	General	A	2.0% @ 57	Transportation Corridor Agencies
		B	1.67% @ 57.5	
		N	2.0% @ 55	
		U	2.5% @ 67 PEPRA	
#10	General	A	2.0% @ 57	OC Fire Authority
		B	1.67% @ 57.5	
		I	2.7% @ 55	
		J	2.7% @ 55	
		N	2.0% @ 55	
		U	2.5% @ 67 PEPRA	
#11	General	A	2.0% @ 57	OC Cemetery District
		B	1.67% @ 57.5	
		N	2.0% @ 55	
		U	2.5% @ 67 PEPRA	
#12	General	B	1.67% @ 57.5	OC Law Library
		H	2.5% @ 55	
		U	2.5% @ 67 PEPRA	

Public Employees' Pension Reform Act (PEPRA)

During 2012, the Public Employees Pension Reform Act (PEPRA) was signed into law, resulting in the creation of three new benefit formulas for employees entering OCERS on or after January 1, 2013: 1.62% @ 65 PEPRA - General; 2.5% @ 67 PEPRA - General; and 2.7% @ 57 PEPRA – Safety. New plan provisions include a cap on pensionable compensation at 120% of the social security taxable wage base limit, three year final average salary, and new cost-sharing requirements by members to pay at least 50% of the total normal cost of the plan.

Deferred Member Benefits

If a member terminates employment with a participating employer, the member is entitled to either withdraw the employee contributions made, together with accumulated interest, unless the member enters a reciprocal retirement system within 180 days and establishes reciprocity or if they can receive a deferred retirement allowance when eligible. There are different deferred retirement eligibility requirements for members with less than five years of service when terminating and leaving funds on deposit. It is possible for these members to earn a deferred retirement allowance upon attaining the age of 70, or upon accumulating reciprocal service. Members who terminate employment with a participating employer, and defer with five or more years of service may become eligible for a service retirement allowance when they would have accrued ten years of service and attain the age of 50 or greater (5 years of service and age 52 for PEPRA).

Notes to the Basic Financial Statements

NOTE 1 : Plan Descriptions (continued)

Disability Benefits

Members found by the Board of Retirement to be permanently incapacitated from the performance of their job are eligible for disability retirement benefits. A disability retirement benefit may either be service-connected or non-service-connected. Members applying for non-service-connected disability must have five or more years of eligible service credit. There are no service credit requirements for members applying for service-connected disability benefits, but the disabling condition must be a result of a permanent incapacitating injury or disease arising out of or in the course of the member's employment.

Death Benefits

Death benefits are payable to eligible beneficiaries of OCERS members. Eligible beneficiaries of retired members may receive a percentage of a deceased member's retirement allowance based upon the retirement option selected by the member at the time of retirement. The beneficiary of a retired member will also receive a \$1,000 burial benefit.

Survivor benefits for members who die prior to retirement are dependent upon a number of factors including whether or not the member was eligible for a service retirement or disability retirement at the time of death, and whether the death was job related. The eligible beneficiary of a member who is not eligible for service retirement or disability retirement is eligible to receive the member's accumulated contributions plus one month's salary for each year of creditable service, subject to a maximum of six month's salary. The eligible beneficiary of a member who is entitled to receive a service retirement or disability retirement, in lieu of the benefit described above, may elect to receive a monthly retirement allowance equal to 60% of the monthly allowance the member would have received for a non-service connected disability as of the day after the date of death, or a monthly allowance equal to the higher of 50% of the member's monthly compensation or service retirement allowance if the death was found to be service-connected.

Survivor benefits for deferred members (with no reciprocity) that are not eligible for service retirement consist of a refund to eligible beneficiaries of all contributions and interest accumulated by the member as of the date of death.

Cost-of-Living Adjustments

Retired member monthly allowances will be adjusted annually in accordance with changes in the cost-of-living, as determined by the average annual change in the Consumer Price Index (CPI) for the Los Angeles-Long Beach-Anaheim area for the prior calendar year. The cost-of-living adjustment (COLA) is limited to a maximum increase or decrease of three percent per year as established by the Board of Retirement. The 2025 cost-of-living adjustment was 3.5%; this adjustment will increase benefit recipients allowances by 3% with the remaining 0.5% added to the recipients COLA bank. The COLA bank can be used in subsequent years when the change in CPI falls below 3%.

STAR COLA

Retired members and eligible beneficiaries who have lost more than 20% of their original retirement benefit's purchasing power due to inflation are eligible to receive the STAR COLA (Supplemental Targeted Adjustment for Retirees Cost-of-Living Adjustment). STAR COLA benefits are reviewed annually by the Board of Retirement and as of December 31, 2025, the Board has determined that presently only those members that retired on or before April 1, 1980 are eligible to receive the STAR COLA benefit.

Postemployment Health Care Plans

OCERS serves as trustee for the County of Orange (County) multiple-employer cost-sharing defined benefit postemployment health care plan trust and Orange County Fire Authority (OCFA) single-employer postemployment health care plan trust established under Internal Revenue Code section 401(h), which are reported as other postemployment benefit trust funds in OCERS basic financial statements. Health care assets for the 401(h) trusts are commingled with pension trust assets for investment purposes and are used exclusively to pay health allowances to eligible retired members of the County of Orange and participating special districts including OCERS and the OCFA.

Notes to the Basic Financial Statements

NOTE 1 : Plan Descriptions (continued)

In July 2007, the County of Orange established under Internal Revenue Code both a 115 trust and a 401(h) trust as funding sources of retiree health care benefits, including grants, for the County of Orange Retiree Medical Plan (the “Plan”). The County maintains control and custody of all the 115 trust assets, which acts as a conduit for collecting contributions and passing them through to the 401(h) trust at their discretion, as well as distributing lump sum health care grant payments as part of a termination program that is being phased-out. OCERS maintains custody of the assets in the 401(h) trust and pays all primary benefits of the Plan as directed by the County. The County has evaluated the structure of its plan and related roles and responsibilities and has determined that the County is the plan administrator. Therefore, the County has taken financial reporting responsibility of the plan including financial statement disclosures and required supplementary information regarding the plan’s funded status and contributions, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans* (GASB 74). A publicly available financial report can be obtained from the County of Orange at 12 Civic Center Plaza, Santa Ana, California 92702 or their website at <http://ac.ocgov.com>.

As trustee of OCFA’s 401(h) Other Postemployment Benefits (OPEB) trust fund, the sole source of funding for OCFA’s postemployment health care plan, OCFA has evaluated the structure of its plan and related roles and responsibilities and has determined that OCFA is the plan administrator. Therefore, OCFA has taken financial reporting responsibility of the Plan including financial statement disclosures and required supplementary information regarding the plan’s funded status and contributions, in accordance with GASB 74. A publicly available financial report can be obtained from the Orange County Fire Authority at 1 Fire Authority, Irvine, California 92602 or their website at <http://ocfa.org>.

Assets are allocated on the Statement of Fiduciary Net Position between the pension plan and the two 401(h) health care trusts based upon pro-rata shares of the net position after balances and transactions specific to the respective trusts are assigned. Contributions and benefit payment information for the pension plan and individual health care trusts are readily identified; however, investment income must be allocated and is based upon the individual health care trusts’ pro-rata share of total fund assets.

Custodial Fund

In addition to serving as Trustee for the two 401(h) health care trusts, OCERS also provides investment advisory services to the Orange County Transportation Authority (OCTA) health care plan established in accordance with Internal Revenue Code section 115 (115 Plan). Investments in the 115 Plan are not commingled with those of the pension plan and 401(h) plan trusts, but rather are invested in separately managed index funds. OCTA’s 115 Plan assets held by OCERS in an investment capacity are reported as a Custodial Fund. Additional information regarding the OCTA 115 Plan is available by contacting OCTA at 550 S. Main Street, Orange, California 92868 or their website at <http://www.octa.net>.

NOTE 2 : Summary of Significant Accounting Policies

Reporting Entity

OCERS is an independent public employees’ retirement system with its own governing board and is a legally separate entity. OCERS is a fiduciary component unit of the County of Orange (County).

Due to the nature of the relationship between OCERS and the County, and in accordance with GASB Statement No. 84, *Fiduciary Activities*, OCERS’ Pension Plan, Other Postemployment Benefits Trust Funds, and Custodial Fund are reflected as fiduciary funds within the County’s basic financial statements.

Notes to the Basic Financial Statements

NOTE 2 : Summary of Significant Accounting Policies (continued)

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America (GAAP). Employee and employer contributions are recognized in the period in which contributions are due pursuant to legal requirements, and benefits and refunds are recognized when currently due and payable in accordance with plan terms. Unearned contributions represent prepaid employer contributions that will be recognized as an addition to plan net position in future periods. Investment income is recognized as revenue when earned. The net appreciation/(depreciation) in the fair value of investments is recorded as an increase/(decrease) to investment income based upon investment valuations, which includes both realized and unrealized gains and losses on investments.

Investment Policy and Valuation

State Street Bank and Trust (State Street) maintains custody of the majority of OCERS' investments held as of December 31, 2025. The acquisition of investments is authorized by state statute and OCERS' Investment Policy Statement (refer to Note 3: Investments for further information). Investments are reported at fair value on a trade-date basis. The allocation of investment assets is approved by OCERS' Board of Retirement, as outlined in the Investment Policy Statement, and System assets are invested solely for the benefit of plan participants and beneficiaries while attempting to minimize employer contributions and investment and administration costs. The Investment Policy Statement calls for an asset allocation plan that seeks to optimize long-term returns for the level of risk that the Board of Retirement considers appropriate. The current asset allocation adopted by the Board of Retirement as of December 31, 2025, is detailed in Note 3: Investments and Section 3: Investments. The Board of Retirement conducts a periodic review of the asset allocation plan to maintain an optimal allocation, and may also revise the asset allocation in response to significantly changing market conditions that may affect valuations and forward-looking expected returns of asset classes.

Plan investments consist of global public equity securities, income strategies (including fixed income and credit instruments), real assets, risk mitigation, unique strategies, and private equity. Investments are reported at fair value and the overall valuation process and information sources by major asset classification are as follows:

Cash and Cash Equivalents

Cash and cash equivalents represent funds held in operating accounts with State Street, Wells Fargo Bank and deposits held in a pooled account with the County of Orange Treasurer. Cash equivalents are expected to be utilized within 30-90 days and are reported at fair value. OCERS is a participant in the County Treasurer's Orange County Investment Pool (OCIP). The OCIP is an external investment pool, is not rated, and is not registered with the Securities and Exchange Commission. The County Treasury Oversight Committee conducts OCIP oversight. Cash on deposit in the OCIP is stated at fair value. The OCIP values participant shares on an amortized cost basis during the year and adjusts to fair value at year-end. Deposits held in the OCIP are invested in the Orange County Money Market Fund and the Extended Fund. The Orange County Money Market Fund is rated AAA by Standard & Poor's (S&P). The Extended Fund is not rated. For further information regarding the OCIP, refer to the County of Orange's most recently available Annual Comprehensive Financial Report.

Global Public Equity

The majority of OCERS' domestic, international and global securities, including those traded in emerging markets, consist of institutional funds that are valued based on the fair value of underlying investments using pricing models or other valuation methodologies that use pricing inputs that are either directly or indirectly observable on the valuation date for the securities or assets held in the fund. Other domestic, international and global securities are actively traded on major security exchanges, or over-the-counter. Fair value for exchange traded securities is determined as of the close of the trading date in the primary market or agreed upon exchange. The last known price is used for listed securities that did not trade on a particular date. Fair value is obtained from third-party pricing sources for securities traded over-the-counter.

Notes to the Basic Financial Statements

NOTE 2 : Summary of Significant Accounting Policies (continued)

Income Strategies

Income strategies includes core fixed income and credit strategies. Core fixed income is actively traded debt instruments such as those securities issued by the U.S. Treasury, Federal Agencies and corporate issuers are reported at fair value as of the close of the trading date. Fair values of irregularly traded debt securities are obtained from pricing vendors who employ modeling techniques in determining security values. Inputs typically employed by pricing vendors include cash flows, maturity and credit rating.

Credit is a global allocation that includes a number of diverse fixed-income related strategies. It represents an allocation that is diversified by region, by credit quality, and by sources of risk. The general shared characteristics of these strategies are a degree of illiquidity, and a focus on current yield as a principal source of expected return. Hedging of market and individual security risks and diversified risk-controlled tactical trading may be permitted.

Credit is a combination of liquid and illiquid credit strategies and the fair value depends on the nature of the investment. For credit funds structured as partnerships, the fair values are based on net asset value (NAV). Credit included in Level 2 of the fair value hierarchy may be estimated by the underlying managers in the absence of observable market data or the general partner may estimate the fair value in good faith using the best information available, which may incorporate the general partner's own assumptions. The liquid strategies comprised of multi-strategies are actively traded and are generally reported at fair value as of the close of the trading date. The illiquid strategies comprised of mortgages, direct lending and energy-based credit funds are valued initially at cost as an approximation of fair value with subsequent adjustments to fair value as determined by the general partner. The factors considered include readily available market quotes, earnings- multiple analysis using comparable companies or discounted cash flow analysis.

Real Assets

OCERS invests in real assets, which include agriculture, energy, infrastructure, and real estate. The fair value for real estate, energy, infrastructure and agriculture are determined based on independent appraisals and/or estimates made in good faith by the general partner or management.

Real estate assets are in commingled real estate funds structured as either limited partnerships or trust funds. Properties held in commingled funds are based on the investments NAV per share provided by the investment management firms/general partners, who perform regular internal appraisals and obtained at regular intervals independent third-party appraisals and are further supported by annual financial statements, which are audited by an independent third-party accountant. Primary determinants of fair value include market and property type specific information, which typically involve a degree of expert judgment.

Other real asset funds, agriculture, energy, and infrastructure, are held in limited partnerships. The investment's NAV per share are provided by the investment management firms/general partners, and are further supported by annual financial statements, which are audited by an independent third-party accountant. Primary determinants of fair value include market specific information, which involves a degree of expert judgment.

Other Investments

Private equity and unique strategies are alternative strategies. The fair value of these alternative investments depends upon the nature of the investment and the underlying business. Typically, alternative investments are less liquid and subject to redemption restrictions. Fair value is determined either quarterly or semi-annually with valuations conducted by general partners, management and valuation specialists. Valuation techniques vary by investment type and involve expert judgment or estimates made in good faith using the best information available, including the general partner's or management's own assumptions. Investments reported at NAV are based on audited financial statements.

Risk mitigation investments include generally liquid investments with shorter redemption periods. Risk mitigation funds included in Level 2 have shorter durations and their value is determined daily; for risk mitigation funds structured as partnerships, the fair values are based on NAV. Risk mitigation investments are uncorrelated or negatively correlated to economic growth assets.

Notes to the Basic Financial Statements

NOTE 2 : Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets consist of furniture, equipment, intangible assets, including internally generated computer software, construction-in-progress, and building and improvements for the portion of the OCERS headquarters building used for plan administration. Capital assets are defined by OCERS as assets with an initial, individual cost of more than \$25,000 and an estimated useful life in excess of one year. Such assets are recorded at cost and reflected on the statement of fiduciary net position, net of accumulated depreciation/amortization. Depreciation/amortization is charged to operations using the straight-line method on the estimated useful life of the related asset and is included in administrative expenses on the statement of changes in fiduciary net position. Generally, estimated useful lives range from a minimum of more than one year to approximately 40 years.

Capital Assets

As of December 31, 2025
(Dollars in Thousands)

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 604	\$ -	\$ -	\$ 604
Construction-In-Progress	2,196	6,096	-	8,292
Total Capital Assets Not Being Depreciated	2,800	6,096	-	8,896
Capital Assets Being Depreciated and Amortized				
Building and Improvements	4,752	-	-	4,752
Computer Software - Pension Administration System	21,854	-	-	21,854
Data Center	1,234	-	-	1,234
Furniture and Equipment	891	-	-	891
Total Capital Assets Being Depreciated and Amortized	28,731	-	-	28,731
Less: Accumulated Depreciation and Amortization				
Building and Improvements	(3,994)	(149)	-	(4,143)
Computer Software - Pension Administration System	(19,668)	(2,186)	-	(21,854)
Data Center	(1,234)	-	-	(1,234)
Furniture and Equipment	(376)	(178)	-	(554)
Total Accumulated Depreciation and Amortization	(25,272)	(2,513)	-	(27,785)
Total Capital Assets Being Depreciated and Amortized (Net of Depreciation and Amortization)	3,459	(2,513)	-	946
Total Capital Assets (Net of Depreciation and Amortization)	\$ 6,259	\$ 3,583	\$ -	\$ 9,842

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect reported amounts of net position. Actual results could differ from those estimates.

Comparative Totals

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with OCERS' financial statements for the year ended December 31, 2024, from which the summarized information was derived.

Notes to the Basic Financial Statements

NOTE 3 : Investments

OCERS may invest, in accordance with state statutes, in any form or type of investment deemed prudent by the Board of Retirement. Pension and 401(h) health care plan assets are restricted for the exclusive purposes of providing benefits to plan participants and defraying reasonable expenses of administering the plans. The Board of Retirement may invest, or delegate the authority to invest, the assets of the funds through the purchase, holding, or sale of any form or type of investment, financial instrument, or financial transaction. Custodial fund assets, restricted pursuant to section 115 of the Internal Revenue Code, are separately invested in domestic equity, international equity and domestic bond index funds in accordance with the respective OCTA Third-Party Administrative and Investment Management Agreement.

The following table shows the Investment Allocation as of December 31, 2025:

Investment Allocation

As of December 31, 2025

Investment Category	Policy	Target Ranges	Actual
Global Public Equity	45%	38% - 52%	42%
Private Equity	15%	10% - 20%	18%
Income Strategies	17%	12% - 22%	15%
Real Assets	13%	8% - 18%	12%
Risk Mitigation	10%	6% - 14%	7%
Unique Strategies	0%	0% - 5%	1%
Cash*	0%	0% - 5%	5%
Total	<u>100%</u>		<u>100%</u>

* For financial reporting purposes, the Short-Term Investment Fund (STIF) is reported in the financial statements as a cash equivalent. OCERS investment policy includes the STIF in the Global Public Equity allocation.

During 2025, no changes were made to the investment allocation policy or target ranges.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a financial institution's failure, OCERS would not be able to recover its deposits. Deposits are exposed to custodial risk if they are not insured or not collateralized. As of December 31, 2025, OCERS' deposits with a financial institution are fully insured by Federal Deposit Insurance Corporation (FDIC) insurance up to \$250,000 with the remaining balance exposed to custodial credit risk as it is not insured; however, the financial institution does collateralize the deposit of monies in excess of the FDIC insurance amount with eligible securities held by the pledging financial institution, but not in OCERS' name, which approximates \$123.7 million. Deposits held by OCERS' custodial bank are not exposed to custodial credit risk as they are held in a qualified pool trust, separate from the custodial bank assets.

For an investment, custodial credit risk is the risk that, in the event of a counterparty failure, OCERS will not be able to recover the value of its investments or collateral securities that are in the possession of counterparties. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in OCERS' name or by other qualified third-party administrator trust accounts.

OCERS' investments and collateral received through securities lending are not exposed to custodial credit risk because all securities are held by OCERS' custodial bank in OCERS' name or by other qualified third-party administrator trust accounts. The risk is managed by the custodian bank by diversifying the number of counterparties, with periodic review of the credit quality of counterparties and by regularly posting/receiving margins. OCERS does not maintain any general policies regarding custodial credit risk.

Notes to the Basic Financial Statements

NOTE 3 : Investments (continued)

Credit Risk

By definition, credit risk measures the risk that an issuer or counterparty will not fulfill its obligations. S&P Global defines investment grade as those fixed income securities with ratings between AAA and BBB. OCERS' investment policy permits, on an opportunistic basis, the investment in fixed income securities rated below investment grade. A rating of NR represents pooled funds and other securities that have not been rated by S&P Global and NA represents securities explicitly guaranteed by the U.S. Government that are not subject to the GASB Statement No. 40 disclosure requirements. The credit ratings for individual OCERS' fixed income portfolios are monitored regularly.

As of December 31, 2025, the S&P Global credit ratings of the OCERS' fixed income portfolio were as follows:

Credit Ratings

As of December 31, 2025
(Dollars in Thousands)

Rating	Pooled	U.S. Treasuries	Corporates	Mortgages	Asset-Backed	Municipals	Agencies	International	Swaps	Total
AAA	\$ -	\$ -	\$ 3,484	\$ 4,317	\$ 28,662	\$ 14,545	\$ -	\$ 3,375	\$ -	\$ 54,383
AA	-	-	14,501	489,446	10,039	28,012	2,063	878	-	544,939
A	-	-	66,790	2,462	7,999	11,867	-	41,422	-	130,540
BBB	-	-	202,163	79	10,464	1,479	-	81,872	-	296,057
BB	-	-	9,906	829	826	1,014	-	7,349	-	19,924
B	-	-	-	175	-	-	-	625	-	800
CCC	-	-	-	1,086	1,009	-	-	-	-	2,095
NR	905,345	-	7,443	74,424	60,392	30,318	2,494	13,112	1,678	1,095,206
NA	-	332,954	-	54,670	-	-	-	-	-	387,624
Total	\$ 905,345	\$ 332,954	\$ 304,287	\$ 627,488	\$ 119,391	\$ 87,235	\$ 4,557	\$ 148,633	\$ 1,678	\$ 2,531,568

This schedule reflects credit ratings for OCERS' fixed income portfolio, which excludes \$113.2 million of non-fixed income securities that are included in the Income Strategies investment category on the Statement of Fiduciary Net Position.

Notes to the Basic Financial Statements

NOTE 3 : Investments (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Duration is a measure of the price sensitivity of a fixed-income portfolio to changes in interest rates. It is calculated as the weighted average time to receive a bond's coupon and principal payments. The longer the duration of a portfolio, the greater its price sensitivity to changes in interest rates.

Interest rate risk is managed through OCERS' investment policies requiring that investment managers investing on behalf of OCERS have applicable investment guidelines and that the effective durations of fixed income portfolios remain within a defined range of the benchmark's effective duration. The primary benchmark for domestic fixed income is a blend of two indices, the Bloomberg US Universal (85%) and the Bloomberg US Treasury TIPS (15%). As of December 31, 2025, the durations of these indices are 5.79 years and 6.34 years, respectively for a blended duration of 5.87 years. All investment managers were in compliance within their defined range.

OCERS invests in a variety of fixed income instruments including asset-backed securities, corporate obligations and commercial mortgage-backed securities. The value, liquidity and income of these securities are sensitive to changes in overall economic conditions and the fair value of these securities may be affected by changes in interest rates, default rates and the value of the underlying securities.

The interest rate risk schedule presents the duration of fixed income securities by investment category as of December 31, 2025:

Interest Rate Risk Schedule

As of December 31, 2025
(Dollars in Thousands)

Category	Amount	Duration (in Years)	Percent
Pooled	\$ 905,345	6.02	36%
U.S. Treasuries	332,954	8.96	13%
Corporates	301,080	5.26	12%
Mortgages	619,916	5.16	24%
Asset-Backed	117,142	2.87	5%
Municipals	87,235	8.70	3%
Agencies	4,557	10.41	0%
International	148,633	4.64	6%
No Effective Duration:			
Corporates	3,207	N/A	1%
Mortgages	7,572	N/A	0%
Asset-Backed	2,249	N/A	0%
Swaps	1,678	N/A	0%
Total	\$ 2,531,568	5.95	100%

This schedule reflects credit ratings for OCERS' fixed income portfolio, which excludes \$113.2 million of non-fixed income securities that are included in the Income Strategies investment category on the Statement of Fiduciary Net Position.

Notes to the Basic Financial Statements

NOTE 3 : Investments (continued)

Foreign Currency Risk

The value of deposits or investments denominated in foreign currency may be adversely affected by changes in currency exchange rates. OCERS' investment policy permits investment in international securities that includes investments in international equity securities, global equity securities, emerging markets equity securities and debt, public real estate securities, and real return. Investment managers monitor currency exposures daily.

The following schedule represents OCERS' net exposure to foreign currency risk in U.S. dollars as of December 31, 2025:

Foreign Currency Risk Schedule

As of December 31, 2025
(Dollars in Thousands)

Currency in U.S. Dollar	Cash	Equity	Fixed Income	Options	Forward Contracts	Swaps	Total
Australian Dollar	\$ 505	\$ 35,659	\$ 3,268	\$ -	\$ (489)	\$ (135)	\$ 38,808
Brazilian Real	106	753	7,926	-	(125)	(303)	8,357
Canadian Dollar	2,588	33,294	5,882	-	(139)	(79)	41,546
Chinese Yuan	10	-	-	-	1	-	11
Danish Krone	27	25,225	-	-	5	-	25,257
Euro Currency	50,978	806,172	9,536	(1)	338	(62)	866,961
Hong Kong Dollar	5	19,194	-	-	(4)	159	19,354
Indian Rupee	-	-	-	-	2	-	2
Japanese Yen	(10)	202,386	2,764	-	(664)	77	204,553
Mexican Peso	10	-	229	-	(5)	-	234
New Israeli Shekel	-	1,324	-	-	98	-	1,422
New Taiwan Dollar	-	-	-	-	5	-	5
New Zealand Dollar	10	1,149	-	-	(42)	-	1,117
Norwegian Krone	10	5,360	-	-	182	-	5,552
Polish Zloty	-	-	-	-	3	-	3
Pound Sterling	209	142,444	1,106	-	(855)	29	142,933
Russian Ruble	-	4,640	-	-	-	-	4,640
Singapore Dollar	335	5,426	-	-	35	-	5,796
SOL	-	-	741	-	(2)	-	739
South African Rand	-	3,005	1,263	-	(47)	-	4,221
South Korean Won	1	13,256	-	-	-	-	13,257
Swedish Krona	4	29,340	-	-	(348)	-	28,996
Swiss Franc	168	56,612	-	-	(370)	(21)	56,389
Thailand Baht	-	-	-	-	2	-	2
Yuan Renminbi	-	5	-	-	-	-	5
Amount Exposed to Foreign Currency Risk	\$ 54,956	\$ 1,385,244	\$ 32,715	\$ (1)	\$ (2,419)	\$ (335)	\$ 1,470,160

The foreign currency amounts above are included within the cash and cash equivalents, global public equity, and income strategies categories on the Statement of Fiduciary Net Position as of December 31, 2025.

Notes to the Basic Financial Statements

NOTE 3 : Investments (continued)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of OCERS' investment in a single issuer. By policy, OCERS did not hold investments in any one issuer that represented five percent (5%) or more of plan net position and net investments. Investments issued or explicitly guaranteed by the U.S. Government and pooled investments are excluded from this policy requirement.

Concentration of Investments

As of December 31, 2025, OCERS did not hold investments in any one organization that represented five percent (5%) or more of the plan's fiduciary net position. Investments issued or explicitly guaranteed by the U.S. Government and pooled investments are excluded from this requirement.

Derivative Instruments

As of December 31, 2025, all derivative instruments held by OCERS are considered investments and not hedges for accounting purposes. Any reference to the term hedging in these financial statements references an economic activity and not an accounting method. All gains and losses associated with these activities are recognized as incurred in the Statement of Changes in Fiduciary Net Position.

The table that follows presents the related net appreciation/(depreciation) in fair value, the fair value amounts and the notional amounts of derivative instruments outstanding as of December 31, 2025:

Notes to the Basic Financial Statements

NOTE 3 : Investments (continued)

Derivative Instruments

As of December 31, 2025
(Amounts in Thousands)

Derivative Instruments	Changes in Fair Value Net Appreciation/ (Depreciation) ⁴	Fair Value at December 31, 2025		Notional ³
		Amount ¹	Classification	
Commodity Futures Long	\$ 426	Cash	\$ -	\$ 699
Commodity Futures Short	(138)	Cash	-	-
Credit Default Swaps Written	(5)	Income Strategies	553	24,100
Fixed Income Futures Long	3,593	Cash/Income Strategies	-	241,945
Fixed Income Futures Short	(936)	Income Strategies	-	(38,828)
Fixed Income Options Bought	(121)	Income Strategies	39	78,400
Fixed Income Options Written	353	Income Strategies	(3)	(8,200)
Foreign Currency Futures Long	(10)	Cash	-	100
Foreign Currency Options Bought	(65)	Cash	3	600
Futures Options Written	147	Income Strategies	(8)	(46)
FX Forwards	(11,711)	Foreign Currency Contracts Receivables and Payables	(2,419)	395,781
Index Futures Long	270,932	Cash/Global Public Equity	-	1,624
Index Futures Short	(5,962)	Global Public Equity	-	(3)
Pay Fixed Interest Rate Swaps	(444)	Income Strategies	1,617	83,716
Receive Fixed Interest Rate Swaps	(148)	Income Strategies	(492)	28,044
Rights	(5)	Global Public Equity	-	-
Total Return Swaps Bond	(3,676)	Global Public Equity	(206)	14,051
Total Return Swaps Equity	4,919	Global Public Equity	287	(19,746)
Grand Totals	\$ 257,149		\$ (629)	

¹ Negative values (in brackets) refer to losses

² Negative values refer to liabilities and are reported net of investments

³ Notional may be a dollar amount or size of underlying for futures and options, negative values refer to short positions

⁴ Excludes futures margin payments

Notes to the Basic Financial Statements

NOTE 3 : Investments (continued)

Valuation of Derivative Instruments

Non-exchange traded instruments, such as swaps, are valued using similar methods as those described for debt securities.

Futures contracts are traded on exchanges and typically derive their value from underlying indices and are marked to market daily. All gains and losses associated with changes in the value of futures contracts also settle on a daily basis and result in the contracts themselves having no fair value at the end of any trading day, including December 31, 2025. Future variation margin accounts also settle daily and are recognized in the financial statements under net appreciation/(depreciation) in the fair value of the investments as incurred.

In general, option values are dependent upon a number of different factors, including the current market price of the underlying security, the strike price of the option, costs associated with holding a position in the underlying security including interest and dividends, the length of time until the option expires and an estimate of the future price volatility of the underlying security relative to the time period of the option.

Foreign currency forward contracts are agreements to buy or sell a currency at a specified exchange rate on a specified date. The fair value of a foreign currency forward is determined by the difference between the specified exchange rate and the closing exchange rate at December 31, 2025.

Custodial Credit Risk – Derivative Instruments

As of December 31, 2025, all investments in derivative instruments are held in OCERS' name and are not exposed to custodial credit risk as described in the previous discussion of custodial credit risk.

Notes to the Basic Financial Statements

NOTE 3 : Investments (continued)

Counterparty Credit Risk – Derivative Instruments

A summary of counterparty credit ratings relating to non-exchange traded derivatives in asset positions as of December 31, 2025 is as follows:

Counterparty Credit Risk Schedule for Derivative Instruments

As of December 31, 2025

(Dollars in Thousands)

Counterparty Name	S&P Rating	Foreign Currency Forward Contracts	Swaps	Total Fair Value
Australia and New Zealand Banking Group	AA-	\$ 11	\$ -	\$ 11
Banco Santander Central Hispano	A+	10	-	10
Bank of America, CME	A-	-	1,053	1,053
Bank of America, ICE	A-	-	566	566
Bank of America Merrill Lynch Securities Inc.	A-	-	1,123	1,123
Bank of America, N.A.	A+	1	-	1
BNP Paribas SA	A+	2	-	2
Citibank N.A.	A+	513	5	518
Deutsche Bank AG	A	1	-	1
Goldman Sachs Bank USA	BBB+	13	-	13
HSBC Bank PLC	A-	3	-	3
JP Morgan Chase Bank, N.A.	AA-	511	28	539
Morgan Stanley Co Incorporated	A-	-	288	288
Standard Chartered Bank	A+	8	-	8
Wells Fargo Bank NA	A+	1	-	1
Total Non-Exchange Traded Derivatives in Asset Position		\$ 1,074	\$ 3,063	\$ 4,137

Notes to the Basic Financial Statements

NOTE 3 : Investments (continued)

Interest Rate Risk – Derivatives

At December 31, 2025, OCERS is exposed to interest rate risk on its investments in various swap arrangements based on daily interest rates for AUD (Australian Dollar Rate), BRCDI (Brazilian Certificate of Deposit Interbank), CAD (Canadian Dollar Rate), SONIA (Sterling Overnight Index Average), SOFR (Secured Overnight Financing Rate), YEN (Japanese Yen Rate), and European reference rates. The following table illustrates the maturity periods of these investments.

Interest Rate Risk - Schedules for Derivative Instruments

As of December 31, 2025
(Dollars in Thousands)

Investment Type	Fair Value	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More than 10
Credit Default Swaps Written	\$ 553	\$ 40	\$ 558	\$ -	\$ (45)
Fixed Income Options Bought	39	39	-	-	-
Fixed Income Options Written	(3)	(3)	-	-	-
Pay Fixed Interest Rate Swaps	1,617	(59)	(146)	(226)	2,048
Receive Fixed Interest Rate Swaps	(492)	-	(341)	(103)	(48)
Total Return Swaps Bond	(206)	(206)	-	-	-
Total Return Swaps Equity	287	287	-	-	-
Total	\$ 1,795	\$ 98	\$ 71	\$ (329)	\$ 1,955

Derivative Instruments Highly Sensitive to Interest Rate Changes

As of December 31, 2025
(Dollars in Thousands)

Investment Type	Receive Rate	Payable Rate	Fair Value	Notional
Pay Fixed Interest Swaps	Variable 3-month SOFR	Fixed 2.00%-2.06%	\$ 285	\$ 720
Pay Fixed Interest Swaps	Variable 12-month SOFR	Fixed 1.75%-4.50%	1,321	59,100
Pay Fixed Interest Swaps	Variable 6-month CAD	Fixed 3.50%-3.75%	(79)	5,034
Pay Fixed Interest Swaps	Variable 6-month EUR	Fixed 3.50%-3.75%	13	2,466
Pay Fixed Interest Swaps	Variable 12-month YEN	Fixed 3.50%-3.75%	77	16,396
Total Pay Fixed Interest Rate Swaps			1,617	
Received Fixed Interest Rate Swaps	Fixed 4.50%	Variable 6-month AUD	(79)	4,134
Received Fixed Interest Rate Swaps	Fixed 11.49%-11.56%	Variable 0-month BRCDI	(303)	8,084
Received Fixed Interest Rate Swaps	Fixed 0.65%-2.75%	Variable 6-month EURIB	(124)	8,303
Received Fixed Interest Rate Swaps	Fixed 3.40%-3.45%	Variable 12-month SOFR	(15)	1,200
Received Fixed Interest Rate Swaps	Fixed 3.75%-3.93%	Variable 12-month SONIA	29	6,322
Total Receive Fixed Interest Rate Swaps			(492)	
Total Interest Rate Swaps			\$ 1,125	

Notes to the Basic Financial Statements

NOTE 3 : Investments (continued)

Foreign Currency Risk – Derivatives

At December 31, 2025, OCERS is exposed to foreign currency risk on investments in swaps and forward currency contracts denominated in foreign currencies that may be adversely affected by changes in the currency exchange rates.

Foreign Currency Risk Schedule for Derivative Instruments

As of December 31, 2025

(Dollars in Thousands)

Currency Name	Options	Currency Forward Contracts		Swaps	Total Exposure
		Net Receivables	Net Payables		
Australian Dollar	\$ -	\$ 13	\$ (502)	\$ (135)	\$ (624)
Brazilian Real	-	15	(140)	(303)	(428)
Canadian Dollar	-	29	(168)	(79)	(218)
Chinese Yuan	-	1	-	-	1
Danish Krone	-	11	(6)	-	5
Euro Currency	(1)	501	(163)	(62)	275
Hong Kong Dollar	-	-	(4)	159	155
Indian Rupee	-	2	-	-	2
Japanese Yen	-	132	(796)	77	(587)
Mexican Peso	-	-	(5)	-	(5)
New Israeli Shekel	-	102	(4)	-	98
New Taiwan Dollar	-	5	-	-	5
New Zealand Dollar	-	5	(47)	-	(42)
Norwegian Krone	-	208	(26)	-	182
Polish Zloty	-	3	-	-	3
Pound Sterling	-	5	(860)	29	(826)
Singapore Dollar	-	38	(3)	-	35
SOL	-	-	(2)	-	(2)
South African Rand	-	-	(47)	-	(47)
Swedish Krona	-	1	(349)	-	(348)
Swiss Franc	-	1	(371)	(21)	(391)
Thailand Baht	-	2	-	-	2
Total Foreign Currency	\$ (1)	\$ 1,074	\$ (3,493)	\$ (335)	\$ (2,755)
U.S. Dollar	32	-	-	2,094	2,126
Total	\$ 31	\$ 1,074	\$ (3,493)	\$ 1,759	\$ (629)

Notes to the Basic Financial Statements

NOTE 3 : Investments (continued)

Rate of Return

For the year ended December 31, 2025, the annual money-weighted rate of return on the assets of the plan, net of investment expense, was 14.6%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the timing of cash flows and the changing amounts actually invested.

Securities Lending

OCERS is authorized by investment policy and state law to lend its investment securities including global public equities, and income strategies to broker/dealers in exchange for collateral in the form of either cash or securities. Lent domestic and international securities are collateralized with an initial fair value of not less than 102% or 105% depending on the nature of the loaned securities and the collateral received, of fair value of the loaned securities. OCERS is authorized to receive either cash or securities as collateral for securities on loan; however, all collateral held as of December 31, 2025 consisted solely of cash. There are no restrictions on the value of securities that can be lent at one time. State Street Bank serves, in accordance with a Securities Lending Authorization Agreement, as OCERS' agent to loan domestic and international securities. State Street Bank does not have the ability to pledge or sell collateral securities delivered absent a borrower default.

Cash collateral received on loaned securities is invested together with the cash collateral of other qualified tax-exempt investors in a collective investment fund managed by State Street. The collective investment fund is not rated and is comprised of one liquidity investment pool. As of December 31, 2025, the liquidity pool had an average duration of 98 days and a weighted average maturity of 14 days. Because loans are terminable at will, the duration of the loans did not generally match the duration of the investments made with the cash collateral. The Securities Lending Authorization Agreement requires State Street to indemnify OCERS if the broker/dealer fails to return any borrowed securities. During 2025, there were no failures to return loaned securities or to pay distributions by the borrowers. Furthermore, there were no losses due to borrower defaults. The fair value of securities on loan and the total cash collateral held as of December 31, 2025 was \$152.8 million and \$158.1 million, respectively. The following table shows fair values of securities on loan and cash collateral received by asset class:

Securities on Loan and Collateral Received

As of December 31, 2025
(Dollars in Thousands)

Security Lent for Cash Collateral	Fair Value of OCERS' Securities Lent	Cash Collateral Received	Collateral Investment Value
Global Public Equity	\$ 96,999	\$ 101,067	\$ 101,067
Income Strategies	55,806	57,061	57,061
Total	\$ 152,805	\$ 158,128	\$ 158,128

Investments – Fair Value Measurements

OCERS categorizes its fair value measurements of its investments based on the three level fair value hierarchy established by GAAP. The fair value hierarchy is based on the valuation inputs used to measure fair value of the asset or liability and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs). Unobservable inputs are developed using the best information available about the assumptions that market participants would use when pricing an investment. The three levels of the fair value hierarchy are:

- 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 are derived from valuation techniques in which significant inputs are unobservable. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

Notes to the Basic Financial Statements

NOTE 3 : Investments (continued)

The following table represents the fair value measurements as of December 31, 2025:

Investments and Derivative Instruments Measured at Fair Value

As of December 31, 2025
(Dollars in Thousands)

	12/31/2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Income Strategies:				
U.S. Fixed Income:				
Pooled	\$ 905,345	\$ -	\$ 905,345	\$ -
U.S. Treasuries	332,954	-	332,954	-
Corporates	304,287	-	304,287	-
Mortgages	627,488	-	627,488	-
Asset-backed	119,391	-	119,391	-
Municipals	87,235	-	87,235	-
Agencies	4,557	-	4,557	-
International	148,633	-	148,633	-
Total Income Strategies	2,529,890	-	2,529,890	-
Global Public Equity Investments:				
Domestic Equity	8,168,031	674,883	7,493,148	-
International Equity	1,362,613	931,184	431,429	-
Emerging Markets Equity	682,355	75,347	607,008	-
Total Global Public Equity	10,212,999	1,681,414	8,531,585	-
Real Assets:				
Real Estate	10,992	-	-	10,992
Total Real Assets	10,992	-	-	10,992
Other Investments:				
Risk Mitigation	629,043	-	629,043	-
Total Other Investments	629,043	-	629,043	-
Total Investments at Fair Value Level	\$ 13,382,924	\$ 1,681,414	\$ 11,690,518	\$ 10,992

Notes to the Basic Financial Statements

NOTE 3 : Investments (continued)

Investments and Derivative Instruments Measured at Fair Value

As of December 31, 2025

(Dollars in Thousands)

(Continued)

	12/31/2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments Measured at the Net Asset Value (NAV)				
Global Public Equity:				
Domestic Equity	\$ 204,403			
International Equity	577,064			
Emerging Markets Equity	910,768			
Total Global Public Equity	1,692,235			
Real Assets:				
Agriculture	2,645			
Energy	619,704			
Infrastructure	1,010,642			
Real Estate	1,870,762			
Total Real Assets	3,503,753			
Other Investments:				
Income Strategies	1,575,884			
Private Equity	5,263,687			
Risk Mitigation	1,360,095			
Unique Strategies	278,206			
Total Other Investments	8,477,872			
Total Investments Measured at the NAV	\$ 13,673,860			
Investments Derivative Instruments				
Swaps:				
Interest Rate Swaps	\$ 1,125	\$ -	\$ 1,125	\$ -
Credit Default Swaps	553	-	553	-
Total Return Swaps	81	-	81	-
Options	31	-	31	-
Total Investment Derivative Instruments	1,790	\$ -	\$ 1,790	\$ -
Total Investments Measured at Fair Value	\$ 27,058,574			

Income Strategies in the above schedule exclude \$113.2 million of non-fixed income securities classified under Domestic Equity, which are included in the Income Strategies investment category on the Statement of Fiduciary Net Position.

Notes to the Basic Financial Statements

NOTE 3 : Investments (continued)

Income Strategies include actively traded debt instruments such as those securities issued by the United States government, federal agencies, municipal obligations, foreign governments, and both U.S. and foreign corporate issuers. These fixed income securities are reported at fair value as of the close of the trading date. Fair values for securities not traded on a regular basis are obtained from pricing vendors who employ modeling techniques, such as matrix pricing or discounted cash flow method, in determining security values. These inputs are observable, which supports the Level 2 fair value hierarchy.

Global public equity include U.S. and international equity securities, and emerging markets equity securities. Global public equity securities classified in Level 1 of the fair value hierarchy are primarily common and preferred stock or real estate investment trusts. Fair value for these exchange traded securities is determined as of the close of the trading date in the primary market or agreed upon exchange. The last known price is used for listed securities that did not trade on a particular date. Fair value is obtained from third-party pricing sources for securities traded over-the-counter. Global public equity securities classified in Level 2 of the fair value hierarchy consist of institutional funds that are valued based on the fair value of underlying investments using pricing models or other valuation methodologies that use pricing inputs that are either directly or indirectly observable on the valuation date for the securities or assets held in the fund.

Real assets investments at fair value include a variety of real return investments in agriculture and real estate, which are held directly. Real estate assets held directly are appraised by independent third-party appraisers in accordance with the Uniform Standards of Professional Appraisal Practice. Independent appraisals use professional judgment, which is unobservable input, to determine the fair value of the asset; therefore these real estate investments are classified as Level 3. Agriculture investments included in Level 3 are based on independent appraisals and/or the good faith estimates of management.

Other investments include one risk mitigation fund. These investments are classified in Level 2 of the fair value hierarchy and include primarily institutional mutual funds that are valued based on the fair value of underlying investments using pricing models or other valuation methodologies that use pricing inputs that are either directly or indirectly observable on the valuation date for the securities or assets held in the fund.

Derivative instruments classified as Level 2 are valued using a market approach with observable inputs from major indices as well as benchmark interest rates and foreign exchange rates.

Notes to the Basic Financial Statements

NOTE 3 : Investments (continued)

Investments Measured at NAV, Unfunded Commitments and Redemption Terms

As of December 31, 2025
(Dollars in Thousands)

The System uses the Net Asset Value (NAV) to determine the fair value of the underlying investments, when an investment does not have a readily determinable fair value, provided that the NAV is calculated and used as a practical expedient to estimate fair value in accordance with GAAP requirements.

	Fair Value Measured at NAV	Unfunded Commitments	Redemption Frequency (If Currently Eligible) ¹	Redemption Notice Period
Investments Measured at the Net Asset Value (NAV)				
Global Public Equity:				
Domestic Equity	\$ 204,403	\$ -	S	60 days
International Equity	577,064	-	D, W, M	1-15 days
Emerging Markets Equity	<u>910,768</u>	<u>-</u>	D, M	10-30 days
Total Global Public Equity	<u>1,692,235</u>	<u>-</u>		
Real Assets:				
Agriculture	2,645	-	N/A	N/A
Energy	619,704	446,442	N/A	N/A
Infrastructure	1,010,642	527,224	N/A	N/A
Real Estate	<u>1,870,762</u>	<u>646,451</u>	Q, N/A	7-90 days, N/A
Total Real Assets	<u>3,503,753</u>	<u>1,620,117</u>		
Other Investments:				
Income Strategies	1,575,884	664,209	D, Q, N/A	1-90 days, N/A
Private Equity	5,263,687	2,120,540	N/A	N/A
Risk Mitigation	1,360,095	-	D, W, M, Q	1-75 days
Unique Strategies	<u>278,206</u>	<u>801,297</u>	Q, N/A	60 days, N/A
Total Other Investments	<u>8,477,872</u>	<u>3,586,046</u>		
Total Investments Measured at the NAV	<u>\$ 13,673,860</u>	<u>\$ 5,206,163</u>		

¹ D=Daily, W=Weekly, M=Monthly, Q=Quarterly, S=Semi-Annually, N/A = No redemption or frequency period

Notes to the Basic Financial Statements

NOTE 3 : Investments (continued)

The investment types listed in the above table were measured at the Net Asset Value (NAV) as explained below:

Global public equity includes six institutional funds. Two funds focus on international securities, one fund focuses on domestic equity, and three funds focus on emerging market equities. The fair value of each fund has been determined using NAV per share or unit of the investments.

Real assets: Agriculture includes one fund that invests in a diversified portfolio of vegetable and permanent crop farmland in select major agricultural states. The fund is an open-end, infinite life, private REIT (real estate investment trust) subject to the redemption terms in the above schedule.

Real assets: Energy consists of nineteen limited partnerships that invest primarily in oil and gas related investments. There are no redemption terms for any of these partnerships. These investments are considered illiquid. During the life of the partnerships, distributions are received as underlying partnership investments are realized. The fair values of this investment type have been determined using estimates provided by the underlying partnerships and are at NAV.

Real assets: Infrastructure consists of sixteen limited partnerships that invest primarily in digital, transportation and logistics, energy transition/renewables, power/utilities, and midstream infrastructure. There are no redemption terms for any of these partnerships. These investments are considered illiquid. During the life of the partnerships, distributions are received as underlying partnership investments are realized. The fair values of this investment type have been determined using estimates provided by the underlying partnerships and are at NAV.

Real assets: Real estate investments include twenty-eight funds consisting of primarily trust funds and limited partnerships. The purpose of these funds is to acquire, own, invest in real estate and real estate related assets with the intention of achieving current income, capital appreciation or both. These investments are valued through independent appraisals and other unobservable methods. The majority of these funds are closed-end funds with structured investment periods, and considered illiquid investments. All other funds have no redemption restrictions other than the restrictions noted above.

Income Strategies includes investments in twenty-nine limited partnership funds and one equity fund. Twenty-one of these funds are considered private credit investments, which are closed-end funds and are considered illiquid funds. These investments represent approximately 59% of the value. The remaining eight funds allow for redemption based on the terms noted above. The fair value of these investments has been determined using NAV per share of the investments.

Private equity includes primarily investments in limited partnership funds, managed by various different investment managers. Generally, the partnership strategies are to maximize the return by participating in private equity and equity-related investments through a diversified portfolio of venture capital, growth equity, buyouts, special situation partnerships and other limited liability vehicles. Investments in these partnerships are typically for 10-12 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. The fair values of this investment type have been determined using NAV per share of the System's ownership interest in partners' capital.

Risk mitigation includes eight limited partnership funds, which allow redemption with proper notification. The funds assist in diversifying the portfolio and protecting in an economic downturn of growth assets. The strategies are uncorrelated or negatively correlated to economic growth assets. The fair value of these investments has been determined using NAV per share.

Unique strategies includes eight limited partnership funds which have no redemption terms and are considered illiquid investments. This asset class provides additional diversification which can be used to help mitigate risk and provide value to the OCERS portfolio. These investments are valued at NAV.

Notes to the Basic Financial Statements

NOTE 4 : Funding Policy - Pension Plan

Employer and employee/member pension plan contribution requirements are determined as a percentage of employer payrolls. In determining contributions, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. The projected total pensionable compensation for all OCERS' employers for the year ended December 31, 2025 was \$2.3 billion. Employer contribution rates are determined using the entry age actuarial cost method based upon a level percentage of payroll. The employer contributions provide for both normal cost and an amount to amortize any unfunded or overfunded actuarial accrued liabilities. By definition, the normal cost is the annual contribution rate that, if paid annually from a member's first year of membership through the year of retirement, would accumulate to the amount necessary to fully fund the member's retirement benefit if all underlying assumptions are met. The actuarial valuation report as of December 31, 2022 established the contribution rates for the first six months of calendar year 2025 (second half of fiscal year 2024-2025), and the actuarial valuation report as of December 31, 2023 established the contribution rates for the last six months of calendar year 2025 (first half of fiscal year 2025-2026). For the year ended December 31, 2025, employer contribution rates ranged from 11.65% to 58.18% of payroll depending upon the benefit plan type. Employer pension contributions were \$886.9 million for the year ended December 31, 2025 of which approximately \$690 million and \$88.8 million, net of prepayment discounts, were made by the County of Orange and the Orange County Fire Authority, respectively. Participating employers are required by Government Code sections 31453.5 and 31454 to contribute a percentage of covered salary to the Plan. The contribution requirements of participating active members and employers are established and may be amended by the OCERS' Board of Retirement. Participating employers may pay a portion of the participating active employees' contributions through negotiations and bargaining agreements. Employer contributions paid for by the employee through negotiated reverse pick-up arrangements are treated and reported as employee contributions. Employee contributions elected to be paid for by the employer under Section 31581.1 are treated and reported as employer contributions as these payments do not become part of the accumulated contributions of the employee and are immaterial. Employee contributions elected to be paid for by the employer under Section 31581.2 are treated and reported as employee contributions as these payments are credited to the employee account and become a part of their accumulated contributions.

Employee contributions are established by the OCERS' Board of Retirement and guided by state statute (Government Code sections 31621, 31621.5, 31621.8, 31639.25 and 31639.5) and vary based upon employee age at the time of entering OCERS membership. OCERS received \$313.2 million in employee pension contributions for the year ended December 31, 2025. Average employee contribution rates for the year ended December 31, 2025 ranged between 9.92% and 17.19%.

NOTE 5 : Plan Reserves

The OCERS Board of Retirement adopted the Reserves and Interest-Crediting Policy to identify all the reserves maintained by OCERS and how funds are distributed to and from the relevant reserve. Employer and employee contributions are deposited into various legally-required reserve accounts established on a book value basis. Set forth below are the descriptions of OCERS' various reserve accounts:

Pension Reserve

Pension reserve represents funding set aside for retirement payments derived from employer contributions. Additions include transfers from the employer contribution reserve and interest credited. Deductions include benefit payments made to retired members.

Employee Contribution Reserve

Employee contribution reserve represents the balance of member contributions. Additions include member contributions and interest credited. Deductions include member refunds and transfers to the annuity reserve fund retirement benefits.

Employer Contribution Reserve

Employer contribution reserve represents the balance of employer contributions for active member future retirement benefits. Additions include employer contributions and interest credited. Deductions include transfers to the pension reserves in order to fund retirement benefits, disability benefits and death benefits.

Annuity Reserve

Annuity reserve represents funding set aside for retirement payments derived from contributions made by members. Additions include transfers from the employee contribution reserve and interest credited. Deductions include benefit payments made to retired members.

Notes to the Basic Financial Statements

NOTE 5 : Plan Reserves (continued)

Contra Account

A positive balance in this account represents excess earnings. A negative balance in this account represents the amount of interest credited to the reserve accounts that has not been paid for out of current or excess earnings. Additions include net increases to the fiduciary net position, which are decreased by interest credited to the reserves account.

County Investment Account (POB Proceeds) Reserve

County investment account (POB Proceeds) reserve represents the remaining proceeds from the County of Orange's 1994 Pension Obligation Bond issuance. The remaining proceeds are utilized, in accordance with a long standing agreement between OCERS and the County of Orange, to offset a portion of the annual actuarially-determined contribution rates for the County of Orange. In 2025, \$15.5 million of the remaining proceeds were utilized to offset the actuarially determined contributions for the County of Orange.

OCSD UAAL Deferred Reserve

The Orange County Sanitation District (OCSD) Unfunded Actuarial Accrued Liability (UAAL) Reserve represents the payment made by OCSD for its deferred UAAL. OCERS shall make annual transfers from the OCSD reserve account into the OCERS' employer contribution reserve account in the amount necessary to satisfy the actual UAAL attributed to OCSD. The intent of this transfer is to provide that the OCSD's future annual employer contribution obligation to OCERS shall consist of either the normal cost portion only, or the normal cost and amortizing installments of only such amount of future actual UAAL that exceeds to the amount of funds remaining in the OCSD reserve account.

Actuarial Deferred Return/(Loss)

The actuarial deferred return/(loss) represents the balance of deferred earnings created by a five-year smoothing of actual gains and losses compared to the assumed investment rate of return.

Health Care Plan Reserves

Health care plan reserves represent assets held to pay medical benefits for eligible retirees of the 401(h) health care plans. Additions include employer contributions and investment earnings. Deductions include medical payments and administrative expenses.

Custodial Fund Reserve

Custodial fund reserve represents custodial assets held by OCERS in an investment capacity for the OCTA health care plan. Additions include other postemployment benefit contributions and investment earnings. Deductions include other postemployment benefits and administrative expenses.

Total Plan Reserves

As of December 31, 2025
(Dollars in Thousands)

Valuation Reserves	
Pension Reserve	\$ 14,433,955
Employee Contribution Reserve	4,286,057
Employer Contribution Reserve	4,068,499
Annuity Reserve	3,414,208
Contra Account	(549,720)
Non-Valuation Reserves	
County Investment Account (POB Proceeds) Reserve	161,418
OCSD UAAL Deferred Reserve	20,136
Total Pension Fund Reserves (smoothed actuarial fair value)	25,834,553
Actuarial Deferred Return/(Loss)	1,825,758
Net Position Restricted for Pension	27,660,311
Net Position Restricted for Other Postemployment Benefits	
Health Care Plan Reserves	670,446
Net Position Restricted for Employer	
Custodial Fund Reserve	42,793
Net Position Restricted for Pension, Other Postemployment Benefits and Employer	\$ 28,373,550

Notes to the Basic Financial Statements

NOTE 6 : Administrative Expenses - Pension

As permitted by Government Code (Code) Section 31580.2, the Board of Retirement adopts an annual budget, financed from the System's assets, covering the entire expenses for the administration of OCERS. The Code provides that administrative expenses incurred in any year are to be charged against the earnings of the pension trust fund and are not to exceed twenty-one hundredths of one percent (0.21%) of OCERS' actuarial accrued liabilities, excluding investment related costs and expenditures for computer software, hardware and related technology consulting services. Administrative expenses incurred in calendar year 2025 were within the limits established by the Code. The following schedule represents the excess of the maximum allowed over actual administrative expenses for the year ended December 31, 2025.

Administrative Expense Compared to Actuarial Accrued Liability

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

Actuarial Accrued Liability (AAL) as of December 31, 2025	\$ 29,463,085
Maximum Allowed for Administrative Expense (AAL * 0.21%)	61,872
Actual Administrative Expense ¹	27,956
Excess of Allowed Over Actual Expense	\$ 33,916
Actual Administrative Expense for the year ended December 31, 2025 as a Percentage of Actuarial Accrued Liability as of December 31, 2025	0.09%
¹ Administrative Expense Reconciliation	
Administrative Expense per Statement of Changes in Fiduciary Net Position	\$ 31,942
Less: Administrative Expense Not Considered per CERL Section 31596.1	(3,986)
Administrative Expense Allowable Under CERL Section 31580.2	\$ 27,956

NOTE 7: Contingencies

At December 31, 2025, OCERS was involved in various litigation matters. In management's opinion, and after consultation with legal counsel, the outcome of these matters is not expected to have a material adverse effect on OCERS' financial position.

Notes to the Basic Financial Statements

NOTE 8 : Pension Disclosures

The net pension liability was measured as of December 31, 2025. The plan fiduciary net position was valued as of the measurement date while the total pension liability was determined based upon rolling forward the total pension liability from the actuarial valuation as of December 31, 2024. The components of the net pension liability as of December 31, 2025 are as follows:

Net Pension Liability

As of December 31, 2025
(Dollars in Thousands)

Total Pension Liability	\$ 29,479,871
Less: Plan Fiduciary Net Position	<u>(27,660,311)</u>
Net Pension Liability	<u>\$ 1,819,560</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	93.83%

Actuarial Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include future salary increases and investment earnings, expected retirement age, life expectancy and other relevant factors. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. OCERS' independent actuary and Board of Retirement review the economic and demographic assumptions every three years and the actuarially determined contributions annually.

In preparing the actuarial valuation, the actuary has complied with the parameters set forth in GASB Statement No. 67, *Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25* (GASB 67), and employed generally accepted actuarial methods and assumptions to measure the total pension liability of employers. The actuary's calculations are based upon member data and financial information provided by the System. Projection of benefits for financial reporting purposes is based on all benefits estimated to be payable through the System to current active, retired and inactive employees as a result of their past service and their expected future service.

The total pension liability as of December 31, 2025 was determined by rolling forward the liability as determined in the actuarial valuation as of December 31, 2024. The actuarial assumptions used were based on the results of an experience study for the period from January 1, 2020 through December 31, 2022 and they are the same assumptions used in the December 31, 2025 funding valuation for OCERS. In particular, the following actuarial assumptions were applied in the measurement:

Inflation	2.50%
Salary Increases	General: 3.90% to 10.25% and Safety: 4.50% to 15.00%, vary by service, including inflation
Cost of Living Adjustments (COLA)	Retiree COLA increases of 2.75% per year. For members that have COLA banks, it is assumed they receive 3.00% COLA increases until their COLA banks are exhausted and 2.75% thereafter.
Investment Rate of Return	7.00%, net of pension plan investment expense, including inflation
Mortality Rates	Pub-2010 Amount Weighted Above-Median Mortality Table, projected generationally using two-dimensional MP-2021 scale, adjusted separately for healthy and disabled for both general and safety members.
Other Assumptions	Actuarial experience study during the period of January 1, 2020 through December 31, 2022

Notes to the Basic Financial Statements

NOTE 8 : Pension Disclosures (continued)

Long-Term Expected Real Rate of Return

The long-term expected rate of return on pension plan investments¹ was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. Beginning with December 31, 2023, this portfolio return is further adjusted to an expected geometric real rate of return for the portfolio. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation and beginning with December 31, 2023, after deducting any applicable investment management expenses are shown in the following table. This information was used in the derivation of the long-term expected investment rate of return assumption for the December 31, 2025 actuarial valuation. This information will change every three years based on the actuarial experience study.

Long-Term Expected Real Rate of Return

For the Year Ended December 31, 2025

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return ²
Global Equity	45.00%	7.05%
Investment Grade Bonds	9.00%	1.97%
High Yield Bond	0.50%	4.63%
TIPS	2.00%	1.77%
Emerging Market Debt	0.50%	4.72%
Long-Term Government Bonds	3.30%	2.82%
Real Estate	3.00%	3.86%
Private Equity	15.00%	9.84%
Private Credit	3.50%	6.47%
Value Added Real Estate	3.00%	7.38%
Opportunistic Real Estate	1.00%	9.74%
Energy	2.00%	10.89%
Infrastructure (Core Private)	1.00%	5.98%
Infrastructure (Non-Core Private)	3.00%	8.88%
Global Macro	1.70%	3.17%
CTA (Trend Following)	3.30%	3.15%
Alternative Risk Premia	1.70%	3.24%
Special Situations Lending	1.50%	8.96%
Total	100.00%	6.55%

¹ The investment return assumption for funding purposes is developed net of both investment and administrative expenses; however, the same investment return assumption is used for financial reporting purposes, where it is considered gross of administrative expenses.

² Arithmetic real rates are net of inflation.

Notes to the Basic Financial Statements

NOTE 8 : Pension Disclosures (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% for the year ended December 31, 2025. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the plan fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of December 31, 2025.

Sensitivity of the Net Pension (Asset) Liability to Changes in the Discount Rate

The following table represents the net pension liability as of December 31, 2025, of participating employers calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.00%) or 1.00% higher (8.00%) than the current rate:

Sensitivity of Net Pension (Asset) Liability to Changes in the Discount Rate

As of December 31, 2025
(Dollars in Thousands)

1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
\$5,830,120	\$1,819,560	\$(1,459,754)

The Grain

Structure Beneath the Surface

The grain of an oak reveals the tree's inner structure, the fibers that grow together over time to provide strength, direction, and resilience. While bark protects the tree from the outside, the grain shows what lies beneath: the organized framework that supports continued growth. Its lines, knots, and patterns tell a deeper story of how each layer contributes to the whole.

For OCERS, Required Supplementary Information serves a similar purpose. It expands upon the Basic Financial Statements by providing additional schedules, actuarial context, and long-term financial data that help explain the System's condition beyond the surface view. These details offer important perspective on funding progress, investment returns, employer contributions, and other measures that support transparency and informed decision-making.

Through this deeper level of reporting, OCERS gives members, employers, and stakeholders a clearer understanding of the structure behind the numbers. Like the grain of the oak, these required details reveal the strength within the System and demonstrate how disciplined stewardship, careful analysis, and consistent reporting help guide OCERS forward.



Ernie Wooster
Deputy Orange County Auditor (1948)





Schedule of Changes in Net Pension Liability of Participating Employers

For the Years Ended December 31, 2016 through 2025
(Dollars in Thousands)

	2025	2024	2023	2022	2021
Total Pension Liability					
Service Cost	\$ 604,439	\$ 564,606	\$ 536,400	\$ 526,769	\$ 510,863
Interest	1,950,424	1,859,623	1,750,651	1,675,053	1,609,891
Differences Between Expected and Actual Experience	344,180	153,725	326,785	46,500	(113,046)
Changes of Assumptions	-	-	165,526	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,355,857)	(1,285,410)	(1,216,248)	(1,139,715)	(1,045,738)
Other	-	-	-	-	-
Net Change in Total Pension Liability	1,543,186	1,292,544	1,563,114	1,108,607	961,970
Total Pension Liability - Beginning	<u>27,936,685</u>	<u>26,644,141</u>	<u>25,081,027</u>	<u>23,972,420</u>	<u>23,010,450</u>
Total Pension Liability - Ending (a)	<u>\$ 29,479,871</u>	<u>\$ 27,936,685</u>	<u>\$ 26,644,141</u>	<u>\$ 25,081,027</u>	<u>\$ 23,972,420</u>
Plan Fiduciary Net Position					
Contributions - Employer ²	\$ 886,888	\$ 846,363	\$ 749,776	\$ 719,691	\$ 698,791
Contributions - Employee	313,190	302,545	277,455	269,999	271,334
Net Investment Income/(Loss)	3,886,041	2,332,245	2,325,481	(2,058,590)	3,222,065
Benefit Payments, Including Refunds of Employee Contributions	(1,355,857)	(1,285,410)	(1,216,248)	(1,139,715)	(1,045,738)
Administrative Expense	(31,942)	(31,181)	(29,056)	(23,546)	(21,473)
Net Change in Plan Fiduciary Net Position	3,698,320	2,164,562	2,107,408	(2,232,161)	3,124,979
Plan Fiduciary Net Position - Beginning	<u>23,961,991</u>	<u>21,797,429</u>	<u>19,690,021</u>	<u>21,922,182</u>	<u>18,797,203</u>
Plan Fiduciary Net Position - Ending (b)	<u>27,660,311</u>	<u>23,961,991</u>	<u>21,797,429</u>	<u>19,690,021</u>	<u>21,922,182</u>
Net Pension Liability (a) - (b) = (c)	<u>\$ 1,819,560</u>	<u>\$ 3,974,694</u>	<u>\$ 4,846,712</u>	<u>\$ 5,391,006</u>	<u>\$ 2,050,238</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (b)/(a)	93.83%	85.77%	81.81%	78.51%	91.45%
Covered Payroll (d) ⁴	\$ 2,389,757	\$ 2,252,414	\$ 2,042,240	\$ 1,932,374	\$ 1,870,387
Plan Net Pension Liability as a Percentage of Covered Payroll (c)/(d)	76.14%	176.46%	237.32%	278.98%	109.62%

¹ Orange County Public Law Library was separated out from the Orange County Sanitation District in Rate Group #3 and put into their own Rate Group (Rate Group #12) after the valuation as of December 31, 2015. There was an adjustment to the UAAL for Rate Group #3 that was originally included in the December 31, 2015 valuation. There was a credit of \$509 given to the Orange County Public Law Library to reflect that their future service enhancement did not increase the UAAL.

² Reduced by discount for prepaid contributions and transfers from County Investment Account.

³ Transfers from the Orange County Sanitation District Deferred UAAL Account which were required to offset a UAAL increase for assumption changes in 2017 and actuarial losses in 2018 and 2019 have been excluded from this amount.

⁴ Covered payroll represents payroll on which contributions to the pension plan are based.

Schedule of Changes in Net Pension Liability of Participating Employers

For the Years Ended December 31, 2016 through 2025
(Dollars in Thousands)
(continued)

	2020	2019	2018	2017	2016
Total Pension Liability					
Service Cost	\$ 512,255	\$ 499,256	\$ 491,373	\$ 452,412	\$ 427,473
Interest	1,535,954	1,452,644	1,379,917	1,305,268	1,241,080
Differences Between Expected and Actual Experience	162,336	24,383	(118,124)	(66,964)	(323,566)
Changes of Assumptions	18,967	-	-	827,197	-
Benefit Payments, Including Refunds of Employee Contributions	(973,325)	(900,902)	(828,278)	(764,344)	(717,976)
Other	-	-	-	-	(509) ¹
Net Change in Total Pension Liability	1,256,187	1,075,381	924,888	1,753,569	626,502
Total Pension Liability - Beginning	<u>21,754,263</u>	<u>20,678,882</u>	<u>19,753,994</u>	<u>18,000,425</u>	<u>17,373,923</u>
Total Pension Liability - Ending (a)	<u>\$ 23,010,450</u>	<u>\$ 21,754,263</u>	<u>\$ 20,678,882</u>	<u>\$ 19,753,994</u>	<u>\$ 18,000,425</u>
Plan Fiduciary Net Position					
Contributions - Employer ²	\$ 659,807	\$ 653,793 ³	\$ 580,905 ³	\$ 572,104 ³	\$ 567,196
Contributions - Employee	279,384	279,373	270,070	262,294	258,297
Net Investment Income/(Loss)	2,173,184	2,183,808	(324,628)	1,939,635	1,061,243
Benefit Payments, Including Refunds of Employee Contributions	(973,325)	(900,902)	(828,278)	(764,344)	(717,976)
Administrative Expense	(20,428)	(19,171)	(18,284)	(17,002)	(16,870)
Net Change in Plan Fiduciary Net Position	2,118,622	2,196,901	(320,215)	1,992,687	1,151,890
Plan Fiduciary Net Position - Beginning	<u>16,678,581</u>	<u>14,481,680</u>	<u>14,801,895</u>	<u>12,809,208</u>	<u>11,657,318</u>
Plan Fiduciary Net Position - Ending (b)	18,797,203	16,678,581	14,481,680	14,801,895	12,809,208
Net Pension Liability (a) - (b) = (c)	<u>\$ 4,213,247</u>	<u>\$ 5,075,682</u>	<u>\$ 6,197,202</u>	<u>\$ 4,952,099</u>	<u>\$ 5,191,217</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (b)/(a)	81.69%	76.67%	70.03%	74.93%	71.16%
Covered Payroll (d) ⁴	\$ 1,909,268	\$ 1,783,054	\$ 1,718,798	\$ 1,678,322	\$ 1,602,675
Plan Net Pension Liability as a Percentage of Covered Payroll (c)/(d)	220.67%	284.66%	360.55%	295.06%	323.91%

Schedule of Investment Returns

For the Years Ended December 31, 2016 Through 2025

Year Ended December 31	Annual Money Weighted Rate of Return, Net of Investment Expense
2016	8.71%
2017	14.74%
2018	-1.31%
2019	14.81%
2020	11.22%
2021	16.67%
2022	-7.88%
2023	11.44%
2024	9.98%
2025	14.60%

Schedule of Employer Contributions

For the Years Ended December 31, 2016 through 2025
(Dollars in Thousands)

Year Ended December 31	Actuarially Determined Contributions ¹	Actual Contributions ^{1, 3}	Contribution Deficiency / (Excess)	Covered Payroll ²	Contributions as a % of Covered Payroll ^{1, 2}
2016	\$ 521,447	\$ 567,196	\$ (45,749)	\$ 1,602,675	35.40%
2017	536,726	572,104	(35,378)	1,678,322	34.09%
2018	556,728	580,905	(24,177)	1,718,798	33.80%
2019	583,057	653,793	(70,736)	1,783,054	36.67%
2020	638,215	659,807	(21,592)	1,909,268	34.56%
2021	684,142	698,791	(14,649)	1,870,387	37.36%
2022	707,318	719,691	(12,373)	1,932,374	37.24%
2023	736,016	749,776	(13,760)	2,042,240	36.71%
2024	830,734	846,363	(15,629)	2,252,414	37.58%
2025	869,286	886,888	(17,602)	2,389,757	37.11%

¹ Excludes employer pickup of member contributions, discount for prepaid contributions, transfers from County Investment Account (funded by pension obligation proceeds held by OCERS) and transfers from Orange County Sanitation District UAAL Account (amount required to offset UAAL increases for assumption changes in 2017 and actuarial losses in 2018 and 2019). Those amounts are as follows: (Dollars in Thousands)

	Discount for Prepaid Contributions	Transfers from County Investment Account	Transfers from O.C. Sanitation District UAAL Deferred Account	Year Ended December 31	Discount for Prepaid Contributions	Transfers from County Investment Account	Transfers from O.C. Sanitation District UAAL Deferred Account
2016	\$ 24,353	\$ -	\$ -	2021	\$ 31,520	\$ 15,077	\$ -
2017	22,921	-	24,042	2022	37,039	14,962	-
2018	21,218	-	14,589	2023	21,205	10,000	-
2019	22,049	-	18,631	2024	5,319	4,962	-
2020	24,731	5,000	-	2025	6,858	15,462	-

² Covered payroll represents payroll on which contributions to the pension plan are based.

³ Includes additional contributions made by employers towards the reduction of their UAAL.

Notes to the Required Supplementary Information



Actuarial Valuation Methods and Assumptions

The actuarial determined contribution rates in the schedule of employer contributions are calculated as of December 31. Rates are effective eighteen months after the valuation date for the fiscal year that begins July 1. The following actuarial methods and assumptions were used to calculate the actuarially determined contributions for the year ended December 31, 2025:

Valuation Date	Actuarially determined contribution rates for the first six months of calendar year 2025 or the second half of fiscal year 2024-2025 are calculated based on the December 31, 2022 valuation. Actuarially determined contribution rates for the last six months of calendar year 2025 or the first half of fiscal year 2025-2026 are calculated based on the December 31, 2023 valuation.
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level percent of payroll for total unfunded actuarial accrued liability
Remaining Amortization Period	Effective December 31, 2013, the outstanding balance of the UAAL from the December 31, 2012 valuation was combined and re-amortized over a declining 20-year period. Any changes in UAAL due to actuarial gains or losses or due to changes in assumptions or methods will be amortized over separate 20-year periods. Any changes in UAAL due to plan amendments will be amortized over separate 15-year periods and any change in UAAL due to early retirement incentive programs will be amortized over a separate period of up to 5 years.
Asset Valuation Method	The Actuarial Value of Assets is determined by recognizing any difference between the actual and the expected fair value return over a five-year period. The Valuation Value of Assets is the Actuarial Value of Assets reduced by the value of the non-valuation reserves.

Actuarial Assumptions:

December 31, 2022 Valuation	
Investment Rate of Return	7.00% net of pension plan administrative and investment expense, including inflation
Inflation Rate	2.50%
Real Across-the-Board Salary Increase	0.50%
Projected Salary Increases	General: 4.00% to 11.00% and Safety: 4.60% to 15.00%, vary by service, including inflation
Cost of Living Adjustments (COLA)	Retiree COLA increases of 2.75% per year. For members that have COLA banks, it is assumed they receive 3.00% COLA increases until their COLA banks are exhausted and 2.75% thereafter
Other Assumptions	Same as those used in the December 31, 2022 funding actuarial valuation
December 31, 2023 Valuation	
Investment Rate of Return	7.00% net of pension plan administrative and investment expense, including inflation
Inflation Rate	2.50%
Real Across-the-Board Salary Increase	0.50%
Projected Salary Increases	General: 3.90% to 10.25% and Safety: 4.50% to 15.00%, vary by service, including inflation
Cost of Living Adjustments (COLA)	Retiree COLA increases of 2.75% per year. For members that have COLA banks, it is assumed they receive 3.00% COLA increases until their COLA banks are exhausted and 2.75% thereafter
Other Assumptions	Same as those used in the December 31, 2023 funding actuarial valuation



Significant Factors Affecting Trends in Actuarial Information – Pension Plan

Changes in Benefit Terms

- 2021
- Superior Court of California, County of Orange adopted Plan U (2.5% at 67 PEPRAs) on a go forward basis for all existing employees in Plan T and any future PEPRAs eligible employees with an effective date of July 1, 2023. This enhancement resulted in a slight decrease to the employer and employee normal cost rates for Plan T and a slight increase to the employer and employee normal cost for Plan U as reported for Rate Group #2 in the original 12/31/2021 actuarial valuation.
- 2016
- New employees hired by the City of San Juan Capistrano on and after July 1, 2016 will be offered a choice in retirement plan formulas; the PEPRAs Plan U (2.5% at 67 PEPRAs – General) or the alternate plan formula, Plan W (1.62% at 65 PEPRAs – General).
 - Orange County Public Law Library was moved from Rate Group #3 into its own rate group, Rate Group #12.

Significant Factors Affecting Trends in Actuarial Information – Pension Plan

(continued)

Changes in Assumptions

- 2023
- Projected salary increases for general members of 4.00% to 11.00% changed to 3.90% to 10.25% and safety members changed from 4.60% to 15.00% to 4.50% to 15.00%.
 - Maintain Pub-2010 Benefit-Weighted mortality tables as a starting point (“base table”), projected generationally using mortality improvement scale MP-2021, with adjustments. For beneficiaries not currently in pay status, update to use the same table as General Healthy Retirees. Administrative tables still use static projection for member contribution rates.
- 2020
- The inflation rate was reduced from 2.75% to 2.50% (retiree cost-of-living assumption maintained at 2.75%).
 - Projected salary increases for general members of 4.25% to 12.25% changed to 4.00% to 11.00% and safety members changed from 4.75% to 17.25% to 4.60% to 15.00%.
 - Mortality rate tables changed to Pub-2010 Amount Weighted Above-Median Mortality Table, projected generationally using two-dimensional MP-2019 scale, adjusted separately for healthy and disabled for both general and safety members.
 - The cost impact of assumption changes to employers is \$19 million.
- 2017
- The assumed rate of return was decreased from 7.25% to 7.00%.
 - The inflation rate was decreased from 3.00% to 2.75%.
 - Projected salary increases for general members of 4.25% to 13.50% changed to 4.25% to 12.25% and safety members changed from 5.00% to 17.50% to 4.75% to 17.25%.
 - Mortality rate tables changed to a Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table, projected generationally using two-dimensional MP-2016 scale, adjusted separately for healthy and disabled for both general and safety members.
 - Impact due to assumption changes to be phased-in over three years.

The Rings

Our History Lives Through Our People

Rings within an oak create a visible record of its life, marking each year of growth, change, and endurance. Some years bring ideal conditions, while others bring challenge, but every ring becomes part of the tree's history. Together, they tell the story of steady development over time and reveal how strength is built year after year.

For OCERS, Other Supplementary Information serves a similar role. These schedules and supporting details provide a deeper record of the System's financial activity, documenting contributions, administrative expenses, investment expenses, and professional services that support responsible management. This information adds transparency and context, helping members, employers, and stakeholders see how OCERS continues to steward its resources with care.

Like the rings of the oak, these records reflect more than numbers on a page. They represent the ongoing work of people, decisions, and disciplined processes that have helped OCERS grow stronger across generations. Through careful reporting and continued transparency, OCERS preserves its history while supporting the trust placed in the System today and into the future.



Orange County Auditors Staff (1966)



Schedule of Contributions

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

	Employee	Employer
Pension Trust Fund Contributions		
County of Orange	\$ 233,758	\$ 691,028
Orange County Fire Authority	34,490	91,117 ¹
Orange County Superior Court of California	17,276	49,505
Orange County Transportation Authority	13,810	38,433
Orange County Sanitation District	9,633	10,126
Orange County Employees Retirement System	1,618	5,546
UCI Medical Center & Campus	-	2,928 ²
City of San Juan Capistrano	714	2,493
Transportation Corridor Agencies	975	1,086
Orange County Department of Education	-	339 ²
Orange County Cemetery District	249	311
Orange County Local Agency Formation Commission	37	293
Orange County In-Home Supportive Services Public Authority	206	152
Orange County Children & Families Commission	241	248
Orange County Public Law Library	183	141
Contributions Before Prepaid Discount	313,190	893,746
Prepaid Employer Contribution Discount	-	(6,858)
Total Pension Trust Fund Contributions	313,190	886,888
Health Care Fund - County Contributions	-	16,401
Health Care Fund - OCFA Contributions	-	26,052
Custodial Fund - OCTA Employer OPEB Contributions	-	1,338
Total Contributions	\$ 313,190	\$ 930,679

¹ Unfunded actuarial accrued liability payments were made for \$17.6 million by the Orange County Fire Authority.

² Unfunded actuarial liability payments have been made in accordance with a separate 20-year level dollar payment schedule to include liabilities for employee benefits related to past service credit.

Schedule of Administrative Expenses

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



Pension Trust Fund Administrative Expenses	
Expenses Subject to the Statutory Limit	
Personnel Services	
Employee Salaries and Benefits	\$ 21,266
Board Members' Allowance	11
Total Personnel Services	<u>21,277</u>
Office Operating Expenses	
Depreciation/Amortization	2,513
Professional Services	2,074
General Office and Administrative Expenses	1,270
Rent/Leased Real Property	822
Total Office Operating Expenses	<u>6,679</u>
Total Expenses Subject to the Statutory Limit	<u>27,956</u>
Expenses Not Subject to the Statutory Limit	
Information Technology Professional Services	3,134
Actuarial Fees	386
Equipment / Software	262
Information Security Professional Services	195
Finance Professional Services	9
Total Expenses Not Subject to the Statutory Limit	<u>3,986</u>
Total Pension Trust Fund Administrative Expenses	31,942
Health Care Fund - County Administrative Expenses	23
Health Care Fund - OCFA Administrative Expenses	22
Custodial Fund - OCTA Administrative Expenses	23
Total Administrative Expenses	<u>\$ 32,010</u>

Schedule of Investment Expenses

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

Investment Management Fees*	
Global Public Equity	\$ 18,586
Income Strategies	19,940
Real Assets	38,386
Private Equity	50,753
Risk Mitigation	10,635
Unique Strategies	5,814
Short-Term Investments	40
Total Investment Management Fees	<u>144,154</u>
Other Fund Expenses¹	<u>53,400</u>
Other Investment Expenses	
Consulting/Research Fees	2,429
Investment Department Expenses	5,431
Legal Services	677
Custodian Services	580
Investment Service Providers	31
Total Other Investment Expenses	<u>9,148</u>
Security Lending Activity	
Security Lending Fees	170
Rebate Fees	7,385
Total Security Lending Activity	<u>7,555</u>
Custodial Fund - OCTA Investment Fees and Expenses	<u>6</u>
Total Investment Expenses	<u>\$ 214,263</u>

* Does not include undisclosed fees deducted at source.

¹ These costs include, but are not limited to, foreign income tax and other indirect flow-through investment expenses such as organizational expenses in limited partnership structures.

Schedule of Payments for Professional Services

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



Type of Services*	
Professional Expenses Subject to the Statutory Limit	
Legal Counsel	\$ 501
Other Consulting/Services	367
Operations Support Services	364
Medical/Disability Services	344
Information Technology Services	156
Audit Services	120
Human Resources Services	97
Other Legal Services	74
Finance Services	<u>51</u>
Total Professional Expenses Subject to the Statutory Limit	<u>2,074</u>
Professional Expenses Not Subject to the Statutory Limit	
Information Technology Consultants	3,134
Consulting/Research Fees	2,429
Investment Legal Services	677
Custodian Services	580
Actuarial Services	386
Information Security Consultants	195
Investment Service Providers	31
Finance Software Consultants	<u>9</u>
Total Professional Expenses Not Subject to the Statutory Limit	<u>7,441</u>
Total Payments for Professional Expenses	<u>\$ 9,515</u>

* Detail for fees paid to investment professionals is presented in the Investment Section.

The Branches

Growth, Expansion & Opportunity

The branches of an oak extend outward from the strength of the trunk, reaching toward the sky while carrying the life of the tree into new directions. Each branch represents growth, connection, and opportunity, supported by the foundation below yet always expanding toward what comes next. Together, they form a canopy that provides shade, shelter, and continuity for generations.

For OCERS, the Investments section reflects this same outward growth. Through disciplined strategy, careful oversight, and a diversified portfolio, OCERS seeks to support the long-term security of the System while responding to changing markets and emerging opportunities. Investment decisions are guided by purpose, balancing growth with resilience and opportunity with responsibility.

Like the branches of the oak, OCERS' investment program reaches beyond the present moment. Its strength comes from thoughtful planning, experienced stewardship, and a commitment to sustaining benefits for current and future generations of public employees. As markets shift and the needs of members evolve, OCERS continues to grow with intention, extending its reach while remaining firmly connected to its mission.





Investment Consultant's Statement



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MEMORANDUM

TO: Board Members, Orange County Employees Retirement System
FROM: Stephen McCourt, Allan Emkin, Laura Wirick, Stephanie Sorg, Meketa Investment Group
DATE: March 25, 2026
RE: Investment Consultant's Statement for 2025 Annual Comprehensive Financial Report

This letter reviews the investment performance of the Orange County Employees Retirement System ("OCERS") portfolio for the fiscal year ending December 31, 2025.

OCERS' stated mission is to provide secure retirement and disability benefits with the highest standards of excellence. To this end, OCERS strives to align the portfolio's asset allocation, investments, and other related decisions with the goals of the overall System. This alignment is a fundamental part of the Investment Committee's regular meetings, where performance is examined (both on an overall portfolio basis and at the manager level), asset allocation is reviewed and modified to fit changes in expected return, strategic and tactical decisions are discussed, and the System's liabilities are reviewed. Meketa Investment Group, OCERS' general consultant, works to provide guidance to the Board (the System's fiduciary), and assists the Board with performance evaluation, asset allocation, manager selection, and other industry best practices.

State Street Bank and Trust Company, OCERS' custodian, independently prepared the performance data used in this report. Rates of return are represented using a time-weighted rate of return methodology based upon market values.

Calendar 2025 Year in Review

At the start of calendar year 2025, the global economy was navigating heightened uncertainty surrounding a new US administration whose anticipated policy shifts, particularly in trade and supply-chain strategy, had the potential to reshape global commerce. Inflation in the United States remained above the Federal Reserve's 2% target, while economic growth continued to show resilience despite the Fed's target interest rate still above 4%. Globally, growth prospects were steady: forecasts called for a 3.3%¹ expansion in 2026, and 3.2% in 2027, broadly consistent with previous forecasts.

Quarter ended March 31, 2025

During the first quarter of 2025 the global economy was characterized by uneven performance across regions, shaped by geopolitical tensions and shifting economic conditions. Uncertainty surrounding the US administration's tariffs, economic policies, and inflationary pressures shaped market sentiment. In the US, domestic equities sold off during the first quarter, with the Russell 3000 Index declining by 4.7%. Growth stocks underperformed value stocks, while small-cap stocks trailed large-cap stocks. Defensive sectors outperformed, reflecting cautious investor sentiment.

Internationally, non-US developed market stocks, as measured by the MSCI EAFE Index, rose by 6.9%, bolstered by rate cuts from the European Central Bank, planned increases in EU defense spending, and a weakening US dollar. Emerging market equities, tracked by the MSCI Emerging Markets Index, returned 2.9%, with notable gains in Chinese equities (+15.0%), driven by enthusiasm around DeepSeek Artificial Intelligence (AI) and stimulus measures introduced by the Chinese government. The divergence in the returns across asset classes highlighted the benefits of diversification, following a prolonged period of US Large Cap Equity dominance.

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Investment Consultant's Statement

(continued)



March 25, 2026

In the fixed income market, most segments posted positive returns. The broad US bond market (Bloomberg Aggregate Index) gained 2.8%, supported by a falling rate environment. Long-term treasuries were the best performers, with the Bloomberg Long US Treasury Index returning 4.7%. High yield bonds, as represented by the Bloomberg High Yield Index, posted modest gains (+1.0%) primarily due to prevailing economic uncertainties. Both bond and equity volatility increased during the quarter amid policy and trade uncertainty. The US Equity Volatility Index (VIX) and the US Bond Market Volatility Index (MOVE) both finished above their respective long-term averages.

Quarter ended June 30, 2025

In the second quarter, the global economy exhibited uneven performance amid trade developments, fiscal concerns, inflationary pressures, and improving risk sentiment across asset classes. In early April, President Trump unveiled the Liberation Day tariffs, which sent shockwaves throughout global markets, before a 90-day pause was announced a week later. The quarter underscored the benefits of diversification across asset classes, with varying performance driven by fiscal and inflationary dynamics alongside improving risk sentiment.

In the US, equity markets posted strong returns during the quarter, with the Russell 3000 Index gaining 11.0%, driven by stabilizing tariff concerns, robust corporate earnings, and a resilient US economy. Growth stocks significantly outperformed value stocks, particularly in the large-cap segment (Russell 1000 Growth Index: +17.8% versus Russell 1000 Value Index: +3.8%), bolstered by gains in AI-related mega-cap technology companies. Small-cap stocks (Russell 2000 Index) also performed well, rising 8.5%, though they trailed large-cap stocks (Russell 1000 Index) which gained 11.1%.

Developed international equities outpaced US peers during the quarter, with the MSCI EAFE Index returning +11.8% as continued weakness in the US dollar acted as a significant tailwind to local returns. Emerging markets ended the quarter slightly ahead of developed peers at +12.0% (MSCI Emerging Markets Index), benefitting from the weakening US dollar and dialogue between the US and China post the Liberation Day selloff.

In the fixed income market, most segments posted positive returns, with the Bloomberg Aggregate Index gaining 1.2%, supported by stable or declining treasury yields. Longer duration treasuries underperformed (Bloomberg Long US Government Index: -1.5%) primarily due to fiscal concerns driving yields higher at the long end of the curve. Inflation-related risks contributed to gains in Treasury Inflation-Protected Securities (TIPS), with the Bloomberg TIPS Index gaining 0.5%.

Quarter ended September 30, 2025

The global economy demonstrated uneven performance due to monetary policy shifts, geopolitical developments, and evolving risk sentiment across asset classes. In late August, Federal Reserve Chair Powell's comments at Jackson Hole signaled potential rate cuts, which buoyed market expectations for additional cuts and supported asset prices. The quarter highlighted the benefits of diversification across asset classes, with varied performance driven by monetary policy dynamics, resilient economic growth, and strong earnings.

In the US, equity markets posted strong returns, with the Russell 3000 Index gaining 8.2%, driven by robust corporate earnings, continued demand for AI investments, and a resilient US economy. Small-cap stocks outperformed large-cap stocks, reversing prior trends, while growth and value stocks delivered mixed results across market capitalizations. Technology and materials sectors were key contributors to the rally, with materials benefitting from a rally in precious and industrial metals.

Page 2 of 7

Investment Consultant's Statement

(continued)

M

March 25, 2026

Non-US developed equity markets (MSCI EAFE Index) rose 4.8%, supported by easing monetary policy and strong corporate earnings. Japan was a standout performer, benefiting from a weaker yen, robust tech exports, and favorable political shifts. However, the strengthening US dollar tempered returns for US investors.

Emerging market equities (MSCI Emerging Markets Index) outperformed developed markets, gaining 10.6% during the quarter. China (MSCI China Index) led the way with a remarkable 20.7% return, driven by domestic chipmaker support, accelerating AI spending, and optimism surrounding policy changes. Despite these gains, the stronger dollar posed a slight headwind for US investors.

In the fixed income market, most segments posted positive returns, with the Bloomberg Aggregate Index gaining 2.0%, supported by softer labor data and dovish central bank policies. Longer-dated treasuries and high-yield bonds performed slightly better, each returning 2.5%, while inflation-related risks contributed to gains in Treasury Inflation-Protected Securities (TIPS), which rose 2.1%.

Quarter ended December 31, 2025

Global markets delivered positive returns despite ongoing policy and trade uncertainty. The quarter was marked by cautious optimism as the US government reopened in mid-November following the longest shutdown on record. The shutdown weighed on near-term economic activity and added uncertainty for policymakers and financial markets, underscoring the benefits of staying invested across asset classes.

In the US, equity markets posted modest gains during the quarter, with the Russell 3000 Index rising 2.4%, bringing the full-year return to 17.1%. Value stocks outperformed growth stocks as market sentiment shifted toward economically sensitive areas and away from AI-related mega-cap technology companies. Healthcare stocks led the rebound in Q4, contributing significantly to the overall gains.

Non-US developed equity markets (MSCI EAFE Index) outperformed US equities, gaining 4.9% in the quarter and 31.2% for the year. These returns were supported by attractive valuations, a rotation out of US tech stocks, and increased defense and infrastructure spending.

Emerging market equities (MSCI Emerging Markets Index) rose 4.7% in the quarter, contributing to a full-year return of 33.6%. While Chinese equities declined in Q4 (MSCI China Index: -7.4%) primarily due to domestic challenges, strong returns in South Korea and Taiwan drove the broader emerging market rally.

In the fixed income market, most segments posted positive returns for the quarter, with the Bloomberg Aggregate Index gaining 1.1%. Riskier bonds outperformed, as emerging market debt and US high-yield bonds returned 1.6% and 1.3%, respectively. Cooling inflation contributed to modest gains in Treasury Inflation-Protected Securities (TIPS), with short-term TIPS rising 0.4% and longer-dated TIPS up 0.1%.

Summary

Overall, global economies exhibited divergent growth and inflation outcomes in 2025. The US saw an annual GDP growth of 2.1% for the full calendar year, using the second estimate of economic growth from the Bureau of Economic Analysis.² Headline inflation in the US remained at 2.7% over the trailing 12 months through December 2025, and the Fed Funds rate declined from a range of 4.25-4.50% to start the calendar year, down to 3.50-3.75% by year end. The Eurozone's GDP grew by 1.2%³ in calendar year 2025, with inflation stabilizing at 2.0% for the trailing 12 months ending in December. Japan's economy expanded by 0.4% in calendar year 2025 (preliminary), with an annual inflation rate of 2.1%,

Page 3 of 7

Investment Consultant's Statement

(continued)



March 25, 2026

and was the only major economy to raise interest rates during the year. China's official government numbers showed it grew GDP by 4.5%,⁴ supported by resilient exports, and inflation increased to 0.8% at the end of the calendar year.

Unemployment rates also varied across these regions. In the US, the unemployment rate was 4.4%⁵ in December 2025, slightly up from 12 months ago at 4.1%. The Eurozone's unemployment rate remained relatively stable, ending at 6.2%.⁶ Japan's unemployment rate was low, at approximately 2.6%,⁷ up from 2.4% at the end of last calendar year. In China, the unemployment rate hovered around 5.1%,⁸ with government policies aimed at maintaining employment stability.

Calendar Year 2026 Outlook

In calendar year 2025, the US economy outpaced other developed markets, maintaining robust growth despite elevated interest rates. The federal funds rate ended the year below 4% and roughly 75 basis points lower than where it began. The economy and markets showed resilience in the face of new and often changing tariffs. That resilience, coupled with sustained enthusiasm for AI innovation, contributed to strong performance in equity markets. Fixed income markets also delivered positive returns, supported by risk sentiment and lower volatility.

Calendar year 2026 is poised to be a pivotal one, potentially marked by significant economic, political, and social developments. There are several areas that could guide markets, both positively and negatively. These include:

→ US Growth

- Resilient consumer demand and AI-led investment are expected to support economic growth in 2026, but risks are increasing as labor markets cool and inflation remains sensitive to policy shocks and more recently energy prices.
- The base case for 2026 anticipates continued normalization: growth slows but remains positive, inflation continues to cool but stays vulnerable to tariffs and supply-side shocks.
- A constructive outcome could involve gradual labor-market cooling and predictable easing, enabling broader market contribution to returns. Conversely, a bear case might see inflation re-accelerating alongside rising unemployment, pushing markets into a higher volatility regime and forcing difficult trade-offs for policymakers.
- The interaction of policy and markets will be critical, with the Fed's dual mandate, policy divergence among central banks, and AI-driven equity market dynamics amplifying both upside and downside risks.

→ Federal Reserve

- Lower rates are expected in 2026, but the pace and timing of cuts will be critical to managing volatility and financial conditions. The Federal Reserve may adopt a stop-and-start easing cycle, pausing to reassess progress and adjusting policy based on evolving inflation dynamics and financial conditions.
- The appointment of a new Federal Reserve Chair could introduce communication and credibility risks, complicating efforts to balance price stability with maximum employment. In late January

Page 4 of 7

Investment Consultant's Statement

(continued)

M

March 25, 2026

2026, President Trump nominated former Federal Reserve member Kevin Warsh to replace chair Jerome Powell when his term is up in May. He is a candidate with broad experience within the Federal Reserve during the Global Financial Crisis.

- Inflation has moderated but remains above target with some risks to the upside, while labor market conditions are gradually cooling. Policymakers face a wide distribution of potential outcomes, particularly if tariff-related price shocks re-emerge, energy prices remain elevated, or services inflation stays sticky.
- Elevated asset valuations flagged in the November 2025 Financial Stability Report⁹ highlight vulnerabilities, reinforcing the concern that easier monetary policy could encourage greater risk-taking even when macroeconomic signals are mixed.

→ Global Central Banks

- Monetary policy divergence is widening across regions, driving currency movements, capital flows, and uneven duration (interest rate sensitivity) outcomes. Major central banks are at different points in their cycles, a dynamic that could amplify global economic and market volatility. Given resilient economic activity in the euro area, the European Central Bank is likely to reach the end of its easing cycle. In contrast, with above-target inflation and persistence in wage growth in Japan, the policy rate may continue to be raised in 2026. China on the other hand continues to maintain a supportive policy stance.
- These divergences will be closely monitored for their impact on financial stability, international economic dynamics, and the distribution of outcomes across global markets.
- The interaction of global monetary policies with US policy decisions could further complicate the economic landscape, influencing trade flows and investment strategies.

→ Geopolitical Tensions

- In late February 2026, the US and Israel launched coordinated military strikes on Iran following failed nuclear talks, prompting Iranian retaliation across the region and triggering a sharp escalation in geopolitical risk.
- The conflict disrupted oil transit through the Strait of Hormuz, which typically handles about 20% of global crude shipments,¹⁰ leading to a spike in Brent crude prices from around \$65 in January to over \$100 by early March.¹¹
- The resulting energy shock has reignited inflation concerns, pushed up gasoline prices, and increased volatility across equity and credit markets, raising downside risks for global growth.
- Iran has publicly rejected ceasefire proposals, and the US has reinforced its pressure campaign with new sanctions targeting Iran's oil shipping network, suggesting that tensions are likely to persist.
- Going forward, the trajectory of the US–Iran conflict will be a key variable for markets and the global economy, with particular focus on energy supply stability, regional security, and the potential for renewed diplomacy.

Page 5 of 7

Investment Consultant's Statement

(continued)



March 25, 2026

→ AI and Equity Markets

- AI remains transformative, but equity markets are entering a more selective phase characterized by valuation discipline, sector rotation, and episodic volatility. Market focus may shift from which companies spend the most on AI to which are integrating it most effectively. With immigration policy and demographic issues reducing the workforce, AI's impact on productivity gains will remain key to maintaining positive economic growth.
- AI-driven concentration in US equities, particularly among mega-cap tech firms, could amplify both upside and downside market outcomes. Concerns started mounting toward the end of 2025 over stretched valuations for the Magnificent 7 companies¹² and what the return on investment would be on the massive capex spent on data centers. This concentration raises questions about broader market participation, future dispersion of returns among these companies, and the sustainability of gains.
 - As of 12/31/2024, the Magnificent 7 stocks made up 33.5% of the S&P 500 Index which increased to 34.9% by 12/31/2025. In calendar year 2025, the Magnificent 7 stocks returned 24.9%, with the S&P 500 Index excluding those stocks only returning 15.6% for the year.
 - During the first two months of 2026, market leadership broadened beyond the narrow, concentrated trends observed in prior quarters. International equities significantly outperformed US large-cap stocks, supported by continued US dollar weakness, sustained AI-related momentum in several Asian markets, and relatively attractive valuations. Within the US equity market, energy and materials led sector performance, returning +23.4% and +22.8%, respectively, for the year-to-date period ending February 28, 2026. Over the same period, the S&P 500 Equal Weighted Index returned +7.1%, outperforming the capitalization-weighted S&P 500 Index, which returned +0.7%. Style and size leadership also shifted, with value outperforming growth and small-cap stocks outperforming large-cap stocks globally, reversing trends observed in the prior year.
 - Key indicators to watch include AI monetization, margin progression, productivity gains, and labor displacement signals, as well as broader earnings impacts beyond mega-cap technology firms.
 - Financing conditions and valuation dynamics will play a significant role in shaping equity market outcomes, with AI-driven sectors potentially leading the way while increasing vulnerability to macroeconomic shocks.

OCERS 2025 Performance

OCERS' portfolio returned 14.6% in 2025, compared to the Policy Index's trailing 12-month return of 14.1%. The portfolio return ranked in the top 23% of the Public Defined Benefit > \$1 Billion peer universe. Global Public Equity had the strongest absolute performance of all asset classes, returning 21.2%, while the Risk Mitigation asset class had the weakest 2025 performance of 3.5%. The functional role of the Risk Mitigation asset class is to provide diversification properties that are difficult to achieve in traditional asset classes and act as protection for the portfolio during equity drawdowns.

Over the trailing three- and five-year periods, the OCERS portfolio returned 12.0% and 8.6% on average annually. For the trailing three years, OCERS' performance ranked in the 40th percentile compared to peers, and over the trailing five years, ranked in the 11th percentile.

If you have any questions, please contact us at (760) 795-3450.

LBW/SBS/lv

Page 6 of 7

Investment Consultant's Statement

(continued)

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March 25, 2026

Return, inflation, and treasury rate data from Bloomberg unless otherwise indicated.

¹ Source: International Monetary Fund: <https://www.imf.org/en/publications/weo/issues/2026/01/19/world-economic-outlook-update-january-2026>

² Source: Bureau of Economic Analysis: <https://www.bea.gov/news/2026/gdp-second-estimate-4th-quarter-and-year-2025>

³ Source: Eurostat.

⁴ Source: National Bureau of Statistics of China via Bloomberg.

⁵ Source: Source: FRED and BLS.

⁶ Source: Eurostat.

⁷ Source: Ministry of Internal Affairs and Communications via Bloomberg.

⁸ Source: National Bureau of Statistics of China via Bloomberg.

⁹ Source: Federal Reserve: <https://www.federalreserve.gov/publications/november-2025-financial-stability-report-asset-valuations.htm>

¹⁰ Source: Gulf News: <https://gulfnews.com/business/energy/oil-prices-brent-surges-to-9262-wi-hits-9072-amid-iran-war-1.500466461>

¹¹ Source: U.S. News & World Report: <https://www.usnews.com/news/us/articles/2026-03-08/crude-oil-prices-surpass-100-a-barrel-as-the-iran-war-impedes-production-and-shipping>

¹² The Magnificent 7 companies refer to Alphabet, Amazon, Apple, Meta Platforms, Microsoft, Nvidia, and Tesla.

Investment Returns



The table below details the annualized rates of return for the different asset categories over various time periods ended December 31, 2025. The returns for each asset class represent the composite returns of all the manager portfolios within the asset class. All returns are net of fees, which is a change from the reporting in prior years when only indirect or at source fees were deducted from the returns being presented. The method of computation of investment returns is time-weighted approximation.

	1 Year	3 Year	5 Year
Global Public Equity (%)	21.17	20.30	10.81
<i>MSCI ACWI IMI (%)</i>	22.06	19.98	10.75
Private Equity (%)	15.93	8.43	13.99
<i>Private Equity Custom Index ⁽¹⁾ (%)</i>	10.78	9.08	14.84
Income Strategies (%)	7.92	6.44	2.46
<i>Income Strategies Benchmark ⁽²⁾ (%)</i>	7.96	N/A	N/A
Real Asset (%)	5.63	2.37	8.69
<i>Real Asset Custom Index ⁽³⁾ (%)</i>	5.57	1.87	7.61
Risk Mitigation (%)	3.48	1.10	2.80
<i>Risk Mitigation Custom Index ⁽⁴⁾ (%)</i>	5.32	2.64	2.54
Unique Strategies (%)	18.54	9.84	7.23
<i>Short Term Investments (%)</i>	4.64	5.46	3.58
Cash Overlay (%)	11.04	6.90	1.99
<i>91-day Treasury Bill (%)</i>	4.18	4.81	3.17
Total Fund (%)	14.60	11.98	8.57
Composite Policy Benchmark ⁽⁵⁾ (%)	14.07	11.98	8.46

¹ Private Equity Custom Index = 100% Cambridge Private Equity Energy Lagged through 6/30/2025, 100% MSCI Global PE Lagged thereafter.

² Income Strategies Benchmark = 60% Bloomberg U.S. Aggregate + 11% Bloomberg U.S. TIPS Index + 17% S&P UBS Leveraged Loan Index + 12% S&P UBS Western European Leveraged Loan Index.

³ Real Assets Custom Index = 45% NCREIF ODCE Index + 36% Cambridge Private Equity Energy Lagged + 13% Cambridge Infrastructure Index + 6% NCREIF Farmland Index through 6/30/2020, 58% NCREIF ODCE Index + 17% Cambridge Private Equity Energy Lagged + 25% Cambridge Infrastructure Index through 06/30/2023, 54% NCREIF ODCE Index + 16% Cambridge Private Equity Energy Lagged + 30% Cambridge Infrastructure Index through 6/30/2025, 54% NCREIF ODCE Index + 16% MSCI Global PE Lagged + 30% MSCI Global Infrastructure Lagged thereafter.

⁴ Risk Mitigation Custom Index = 50% HFRI Macro: Systematic Diversified CTA + 50% Bloomberg Long Term U.S. Treasury Index through 9/30/2019, 33.33% Bloomberg Long Term U.S. Treasury Index + 33.33% HFRI Macro: Systematic Diversified CTA + 33.33% SG Trend Index through 12/31/2019, 25% Bloomberg Long Term U.S. Treasury Index + 25% HFRX Macro: Systematic Diversified CTA + 25% SG Trend Index + 25% SG Multi Alternative Risk Premia through 6/30/2020, 25% Bloomberg Long Term U.S. Treasury Index + 25% HFRI Macro Total Index + 25% SG Trend Index + 25% SG Multi Alternative Risk Premia through 3/31/2022, 33.33% Bloomberg Long Term U.S. Treasury Index + 16.67% HFRI Macro Total Index + 33.33% SG Trend Index + 16.67% SG Multi Alternative Risk Premia thereafter.

⁵ Policy Benchmark = 45% MSCI ACWI IMI Index + 15% Private Equity Custom Index ¹ + 17% Income Strategies Benchmark ² + 13% Real Assets Custom Index ³ + 10% Risk Mitigation Custom Index ⁴

N/A - Represents new investment category and custom index; data not available.



Statement of Investment Objectives and Policies

General

The primary goal of the Orange County Employees Retirement System's investment program is to provide Plan participants with retirement benefits as required by the County Employees Retirement Law of 1937. This goal is accomplished through Employers' and Plan participants' contributions and the implementation of a carefully planned and monitored long-term investment program. The Board of Retirement (with the participation of the Investment Committee, staff and advisors) has exclusive control of all investments of the Plan and is responsible for the establishment of investment objectives, strategies and policies.

The Board of Retirement is authorized to invest in any form or type of investment deemed prudent in the informed opinion of the Board. The Investment Committee has adopted an Investment Policy Statement that provides a frame work for the management of OCERS' investments. This purpose of the Investment Policy Statement is to assist the Investment Committee in effectively supervising, monitoring, and evaluating the investment of the system's assets.

Investment Objectives

OCERS' goal is to meet the promised retirement benefits due its members. OCERS invests the assets of the system solely for the benefit of plan participants and beneficiaries while minimizing employer contributions and investment and administration costs. The long-term performance objective for the portfolio is to exceed the actuarially assumed rate of return net of fees and expenses, with a secondary objective of exceeding the return on an appropriate designated benchmark over a complete economic cycle and relevant longer periods, also net of fees and expenses.

Strategic Asset Allocation Policy and Maintenance

A pension fund's strategic asset allocation policy, implemented in a consistent and timely manner, is generally recognized to have the most impact on a fund's investment performance. The asset allocation policy determines a fund's optimal long-term asset class mix (target allocation). This policy is expected to achieve a specific set of investment goals, such as risk and return objectives. The policy also establishes ranges around the targeted levels which assets levels are permitted to fluctuate. Fluctuations outside the permitted range act as triggers for reallocating assets to ensure adherence to targeted weights.

Program Administration and Manager Structure

For each major asset class, the System shall diversify assets by employing managers with demonstrated skill in their particular areas of expertise. The System will retain managers who utilize varied investment approaches and allocate assets in a manner that is consistent with the overall investment plan. For example, the sum of all domestic equity managers should exhibit characteristics that are similar, but not necessarily identical, to the overall equity market. When asset fluctuation causes the asset class to exhibit characteristics that are dissimilar from the plan, staff shall direct cash flows to or from the various managers so that actual characteristics are consistent with the plan.

Use of Proxies

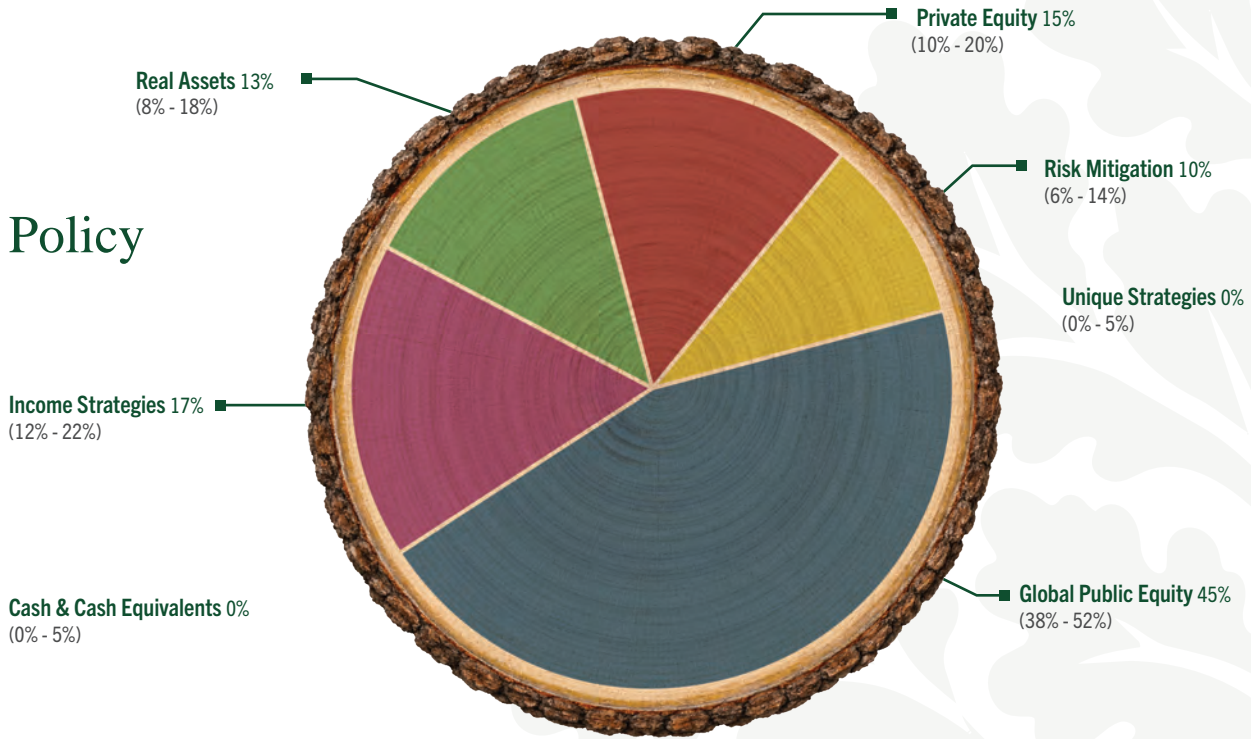
OCERS utilizes the services of Institutional Shareholder Services (ISS) to vote public equity proxies on OCERS' behalf. ISS is solely responsible for voting all proxies for securities, consistent with the ISS Benchmark Policy, as approved by the Investment Committee. If the ISS Benchmark Policy does not contain recommended voting guidelines for the subject of the proxy vote, ISS will contact OCERS for guidance prior to casting the vote to ensure proxy votes are in accordance with OCERS' guidelines to protect and enhance returns on behalf of plan participants.

Asset Diversification

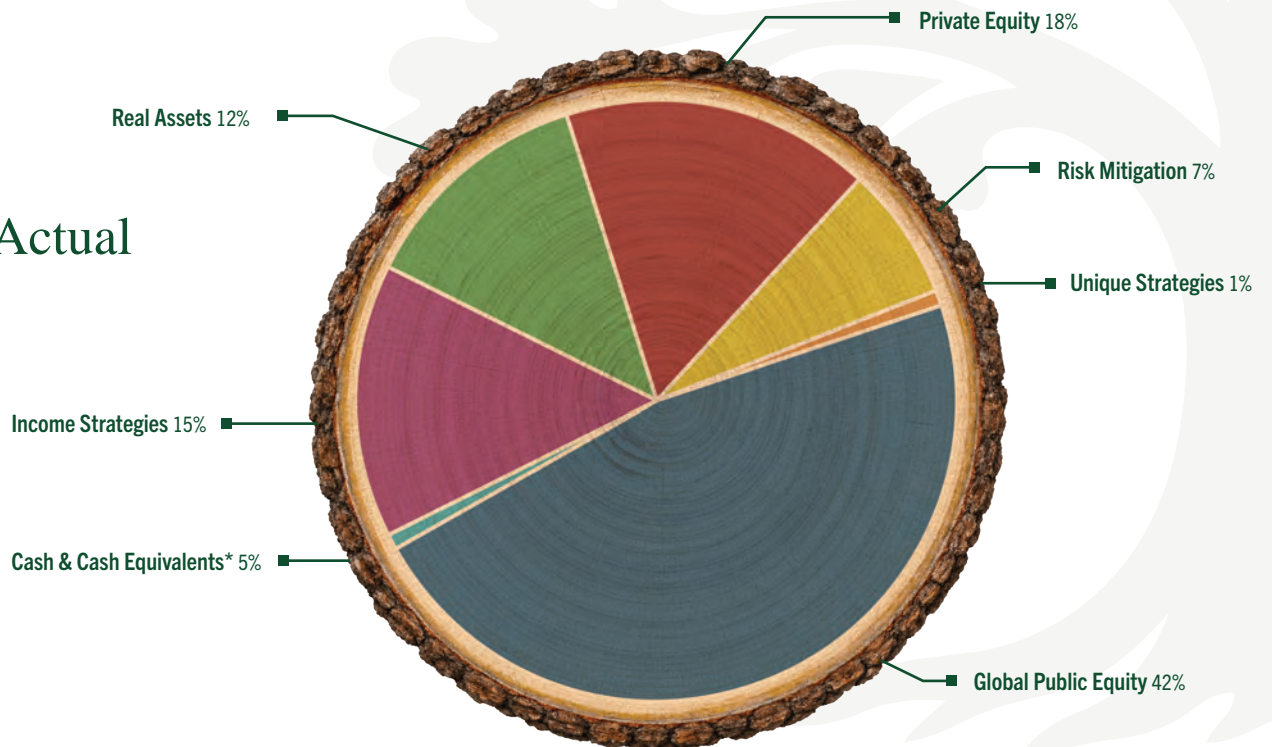
December 31, 2025



Policy



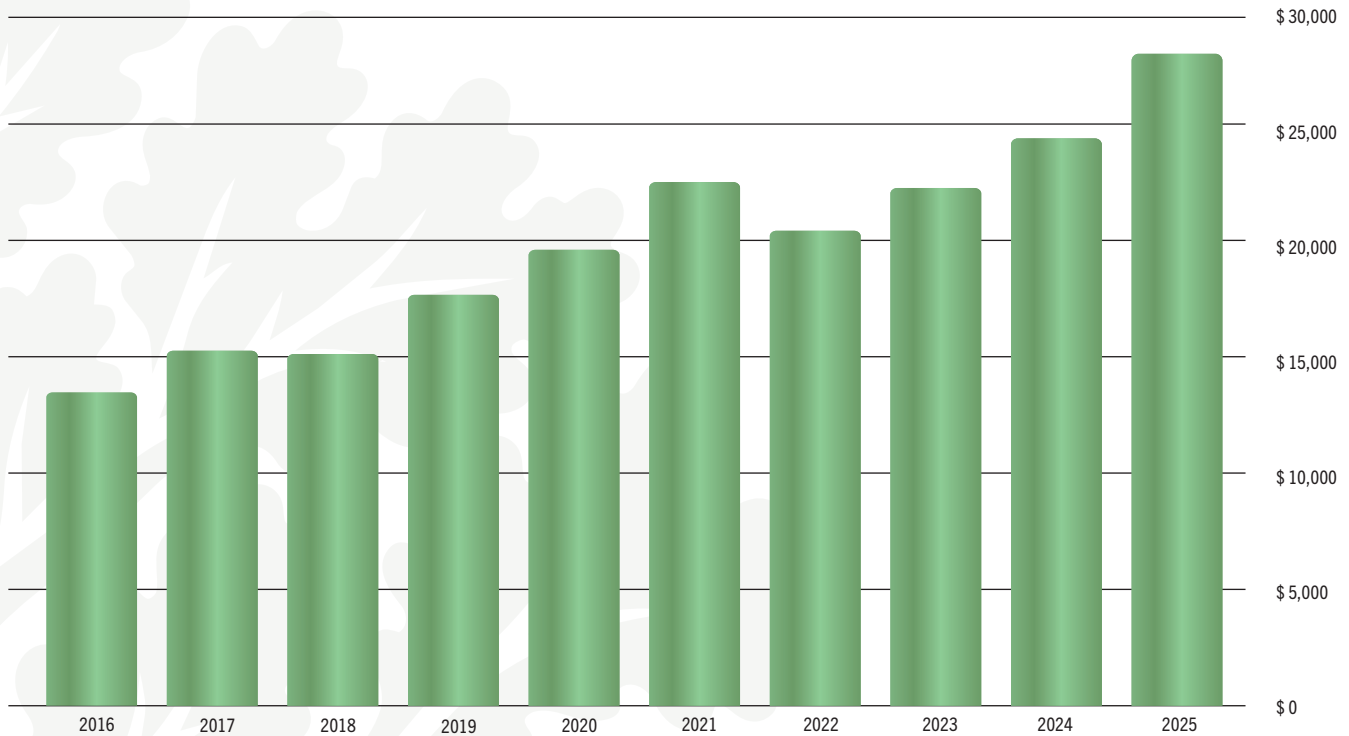
Actual



* For financial reporting purposes, the Short-Term Investment Fund (STIF) is reported in the financial statements as a cash equivalent. OCERS investment policy includes the STIF in the Global Public Equity allocation.

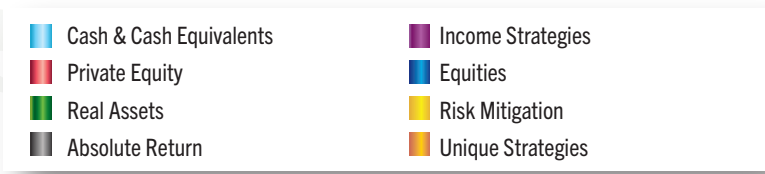
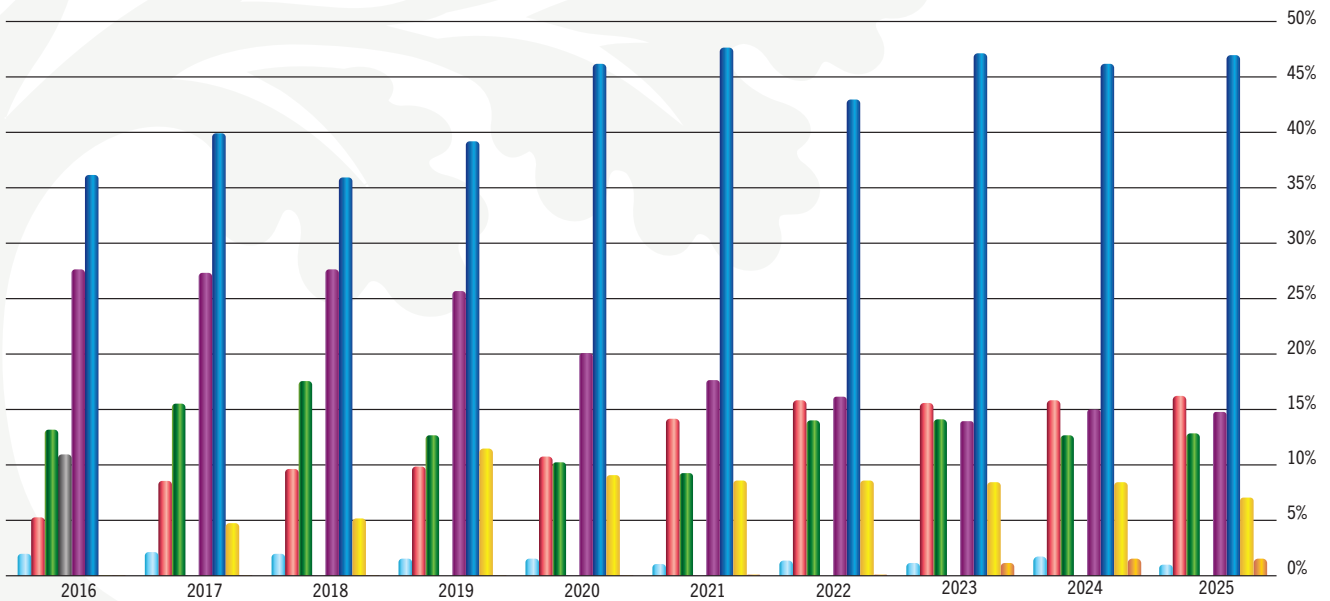
Growth of System Net Investments at Fair Value

For the Ten Years Ended December 31, 2025
(in Millions of Dollars)



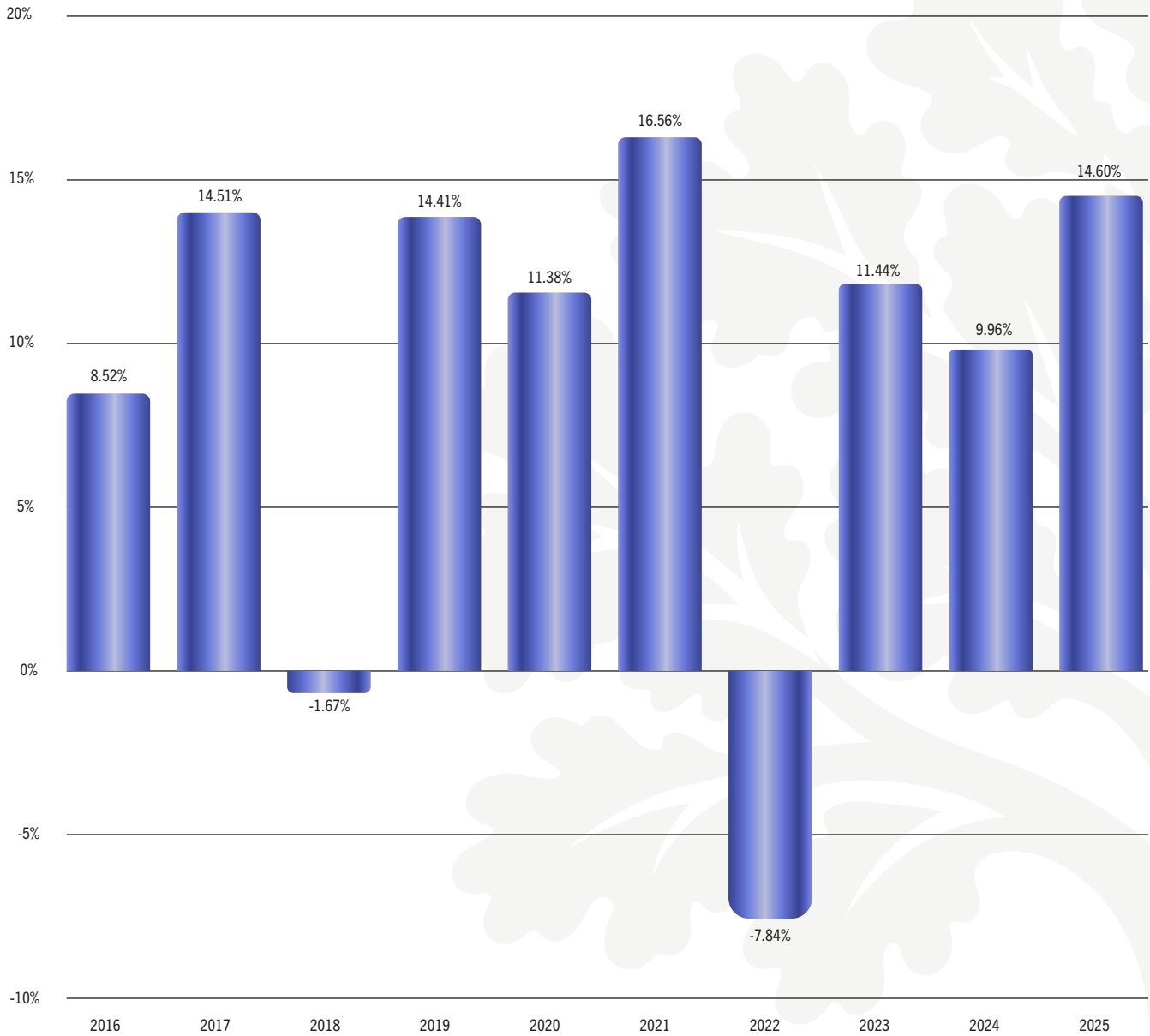
Historical Asset Allocation

December 2016 - December 2025
(Actual)



History of Performance - Net

December 2016 - December 2025
(Actual)





Schedule of Largest Equity Holdings

(by Fair Value)^{1, 2}

As of December 31, 2025
(Amounts in Thousands)

Common Stock	Shares	Fair Value
BLUE OWL TECHNOLOGY FINANCE	8,012	\$ 116,497
GOLDMAN SACHS INDIA EQUITY ETF	2,854	75,347
ASML HOLDING NV	15	16,071
SAFRAN SA	45	15,625
ROLLS ROYCE HOLDINGS PLC	823	12,735
NATWEST GROUP PLC	1,387	12,162
NESTLE SA REG	113	11,219
UNICREDIT SPA	128	10,662
ASTRAZENECA PLC	56	10,374
RECRUIT HOLDINGS CO LTD	183	10,329

Schedule of Largest Fixed Income Holdings

(by Fair Value)¹

As of December 31, 2025
(Amounts in Thousands)

Asset	CPN/ Maturity	Fair Value
FNMA TBA 30 YR 5.5	5.5%/05-13-2056	\$ 38,183
BWU02FLV1 IRS JPY R V 12MTONAR	1.0%/03-18-2028	32,642
US TREASURY N/B	1.5%/02-15-2030	29,009
FSMIH26FS TRS CHF R F .00000	0.0%/03-20-2026	26,713
FNMA TBA 30 YR 6.5	6.5%/04-13-2056	22,889
US TREASURY N/B	3.5%/02-15-2033	22,558
FNMA TBA 30 YR 4.5	4.5%/05-13-2056	22,517
FNMA TBA 30 YR 4	4.0%/04-13-2056	18,420
US TREASURY N/B	1.3%/05-15-2050	17,645
US TREASURY N/B	2.0%/11-15-2041	16,426

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

² The Holdings Schedules pertain to holdings of individual securities; they do not reflect OCERS investments in commingled funds.

Schedule of Commissions

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



Broker Name	Number of Shares Traded	Commission per Share (in cents)	Total Commission
Barclays Capital	836	1.79	\$ 15
BESTEX Research Securities, LLC	505	0.99	5
BNP Paribas Securities	7,429	0.28	21
BTIG Hong Kong Limited	904	1.55	14
Citigroup Global Markets, Inc.	2,820	0.53	15
Cowen and Company, LLC	2,120	2.31	49
Goldman Sachs	16,001	0.29	46
Instinet	16,166	0.20	33
J.P. Morgan Securities	18,771	0.25	46
Jefferies	4,387	1.05	46
Liquidnet	1,151	1.56	18
MacQuarie	631	0.32	2
Merrill Lynch	18,007	0.15	27
Morgan Stanley & Company, Inc.	11,834	0.30	35
Piper Jaffray & Co.	674	3.86	27
Proof Trading	950	2.00	19
Raymond James	2,145	3.17	68
RBC	1,397	1.57	22
Robert W. Baird Co. Incorporated	862	3.02	26
State Street Global Markets, LLC	3,058	1.60	49
Stifel Nicolaus	878	3.30	29
UBS	8,521	0.38	32
Virtu	1,886	1.48	28
Other*	<u>12,348</u>	<u>2.33</u>	<u>288</u>
Total	<u>134,281</u>	0.71	<u>\$ 960</u>

* Other includes 79 additional firms that comprise approximately 30% of total commissions and approximately 9% of the total number of shares traded. The average commission per share is 2.33 cents.

Commission Recapture Program

OCERS implemented a direct brokerage program where investment managers can trade with specific brokerage firms for the purpose of reducing trading commissions. The brokerage firms utilized for these services are Abel Noser, Capital Institutional Services, Cowen Execution Services Limited, and State Street Bank.

Schedule of Investment Expenses and Investment Summary

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

Type of Investment Expenses	Assets Under Management at Fair Value	Percentage	Fees
Investment Management Fees*			
Investments at Fair Value:			
Global Public Equity	\$ 11,792,105	42%	\$ 18,586
Income Strategies	4,220,693	15%	19,940
Real Assets	3,514,745	12%	38,386
Private Equity	5,263,687	18%	50,753
Risk Mitigation	1,989,138	7%	10,635
Unique Strategies	<u>278,206</u>	1%	<u>5,814</u>
Total Investments at Fair Value	27,058,574		144,114
Short-Term Investments	<u>37,502</u>	<u>5%</u>	<u>40</u>
Total Investment Management Fees	<u>\$ 27,096,076</u>	<u>100%</u>	<u>144,154</u>
Other Fund Expenses ¹			<u>53,400</u>
Other Investment Expenses			
Consulting/Research Fees			2,429
Investment Department Expenses			5,431
Legal Services			677
Custodian Services			580
Investment Service Providers			<u>31</u>
Total Other Investment Expenses			<u>9,148</u>
Securities Lending Activity			
Securities Lending Fees			170
Rebate Fees			<u>7,385</u>
Total Securities Lending Activity			<u>7,555</u>
Custodial Fund - OCTA Investment Fees and Expenses			<u>6</u>
Total Investment Expenses			<u>\$ 214,263</u>

* Does not include undisclosed fees deducted at source.

¹ These costs include, but are not limited to, foreign income tax and other indirect flow-through investment expenses such as organizational expenses in limited partnership structures.

List of Investment Managers

As of December 31, 2025



Cash Overlay

Parametric

Income Strategies

Arcmont Asset Management
Ares Management
Bayview Asset Management, LLC
Beach Point Capital Management
BlackRock Institutional Trust Company
Blue Owl Capital
CarVal Investors
Castlelake
Crayhill
Cross Ocean Partners
CBC Group
Dodge & Cox
HPS
Longfellow Investment Management Co., LLC
Loomis, Sayles & Company, L.P.
Monroe Capital
NXT Capital
OCP Asia
Pacific Investment Management Company
Pathlight Capital
Schroders
Silver Rock Financial
Strategic Value Partners
Wellington Trust Company, NA

Global Public Equity

Acadian Asset Management
AQR Capital Management, LLC
Artisan Partners
BlackRock Institutional Trust Company
Capital Group
City of London
Driehaus Capital Management
Fidelity Institutional Asset Management
Goldman Sachs
GQG Partners
Harris Associates
Kotak
Parametric
Systematic Financial Management
William Blair & Co.

Private Equity

Abbott Capital
Accel-KKR
Adams Street Partners, LLC.
Advent International Corporation
Alcentra

Private Equity (continued)

Altaris Partners
Altor Fund Manager AB
American Industrial Partners
Archimed Group
Battery Ventures
CBC Group
Cinven
Clearlake Capital Partners
DBL Partners
EQT Partners
FSN Capital
General Catalyst
Genstar Capital
GGV Capital
Greenoaks Capital Partners
H.I.G. Capital
HarbourVest Partners, LLC
Harvest Partners
HealthQuest Capital Management
Hellman & Friedman Capital Partners
Hg
Insight Partners
Investindustrial
Lightspeed Ventures Partners
Mayfield
Mesirow Financial
Monroe Capital
NEA
Nordic Capital
Oak HC/FT
Oakley Capital
One Rock Capital Partners
OCP Asia
Orchid Asia Group
PAI Partners
Pantheon Ventures
Spark Capital
Stellex Capital Partners
Stone Point Capital
Thoma Bravo, LLC
TPG
Vista Equity Partners
Vitruvian Partners
WestCap

Real Assets

AEW Capital Management
Almanac Realty Investors
Argo Infrastructure Partners
Asana Partners
BlackRock Institutional Trust Company

Real Assets (continued)

Blackstone
Cerberus Institutional Real Estate GP
Clarion Partners
Cortland
DigitalBridge
EnCap
EnerVest, Ltd
EQT Partners
Global Infrastructure Partners
Grain Management
I Squared Capital
Jamestown
Kayne Anderson Capital Advisors
LBA Logistics
LS Power
Manulife Investment Management
Morgan Stanley
Oaktree Capital Management
Principal Asset Management
Quantum Energy Partners
Stonepeak Infrastructure Partners
The Carlyle Group
TPG Real Estate
True North Management Group
Warwick Group
Waterton Associates
Westbrook Partners

Risk Mitigation

Alpha Simplex Group, LLC
AQR Capital Management, LLC
Brevan Howard - DG Partners
BlackRock Institutional Trust Company
Graham Capital Management, L.P.
Kepos Capital
Pacific Investment Management Company
Systematica Investments
Two Sigma Investments

Unique Strategies

Blackstone
Capital Constellation
Collective Global Management
SVP Global
TCG Crossover Management

The Leaves

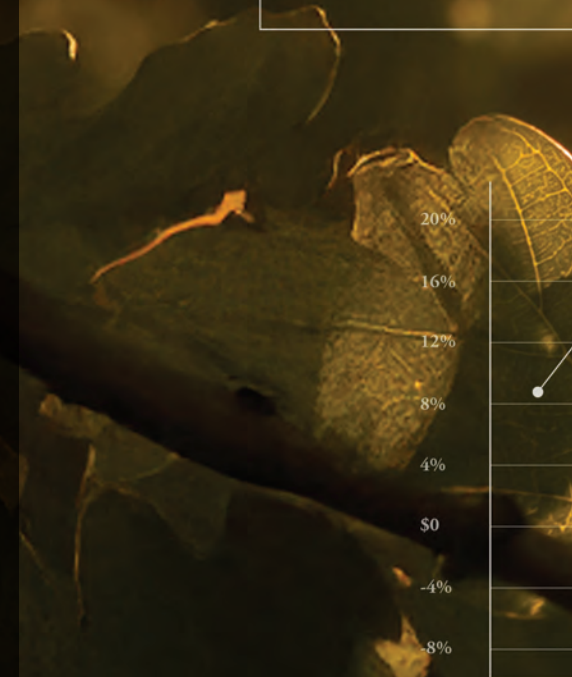
Measuring Today to Protect Tomorrow

Leaves act as a living gauge of a tree’s condition, responding to changes in light, temperature, water, and time. In the same way, the Actuarial section reflects OCERS’ ongoing commitment to measure, evaluate, and adapt. Through annual valuations, experience studies, demographic assumptions, funding schedules, and long-term projections, OCERS monitors the health of the system and uses that insight to support sound decisions for the future.

This section shows how careful analysis helps sustain the promise of secure retirement benefits across generations. Like leaves that reveal the vitality of an oak, actuarial information provides visible indicators of strength, resilience, and areas that require attention. It connects today’s conditions with tomorrow’s obligations, helping ensure that OCERS remains rooted in prudent stewardship while continuing to grow with the members, employers, and communities it serves.



Valuation Date	Actuarial Accrued Liability	V
12/31/2015	17,050,357	12
12/31/2016	17,933,461	13
12/31/2017	19,635,427	14
12/31/2018	20,703,349	14
12/31/2019	21,916,730	16
12/31/2020	22,904,975	17
12/31/2021	24,016,073	19
12/31/2022	25,386,669	20
12/31/2023	26,788,041	22
12/31/2024	28,258,622	23



Schedule of Funding Progress
(Dollars in Thousands)

Valuation Value of Assets	Unfunded Actuarial Accrued Liability	Ratio of Assets to Actuarial Accrued Liability	Assets	Ratio
2,228,009	4,822,348	71.72%	1.0	
3,102,978	4,830,000	73.06%		
4,197,125	5,438,302			
4,994,420	5,708,929			
5,036,869	5,879,861			
7,525,117	5,379,858	70.57%		
9,488,761	4,527,312	81.15%		
10,691,659	4,695,010	81.51%		
12,135,285	4,652,756	83.27%	2.27	
13,688,986	4,569,636	83.27%		

History of Performance - Net



Graph of Fiduciary Revenue by Sources
(Dollars in Millions)



Actuary's Certification Letter



180 Howard Street
Suite 1100
San Francisco, CA 94105-6147
T 415.263.8200
F 415.376.1167
segalco.com

May 18, 2026

Board of Retirement
Orange County Employees Retirement System
2223 Wellington Avenue
Santa Ana, CA 92701-3101

**Re: Orange County Employees Retirement System (OCERS)
Certification for Pension Plan as of December 31, 2024**

Dear Members of the Board and Retirement System:

Segal prepared the December 31, 2024 annual actuarial valuation of the Orange County Employees Retirement System (OCERS or System). We certify that the valuation was performed in accordance with generally accepted actuarial principles and practices and OCERS' funding policy that was last reviewed and adopted by the Board in 2014 (reaffirmed in 2018 and revised with some non-substantive changes in 2022) and modified in 2024 to indicate that the Board may exercise discretion in determining whether to delay or change contribution rates immediately when there is a plan amendment. In particular, it is our understanding that the assumptions and methods used for funding purposes meet the parameters set by Actuarial Standards of Practice (ASOPs). A discussion of the assumptions and methods used in the separate December 31, 2025 actuarial valuation for financial reporting purposes under Governmental Accounting Standards Board (GASB) Statement No. 67 is presented at the end of this letter.

December 31, 2024 actuarial valuation for funding purposes

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

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

5985248v2/05794.001

Actuary's Certification Letter

(Continued)

Board of Retirement
Orange County Employees Retirement System
May 18, 2026
Page 2

We did not audit the System's financial statements. For actuarial valuation purposes, Plan assets are valued at actuarial value. Under this method, the assets used to determine employer contribution rates take into account fair value by recognizing the differences between the actual and expected return on fair value over a five-year period. The development of the actuarial value as of December 31, 2024 is provided in the *Development of actuarial and valuation value of assets*.

One funding objective of the Plan is to establish contribution rates, which, over time, will remain level as a percentage of payroll unless Plan benefit provisions are changed. Actuarial funding is based on the entry age cost method. Under this method, the employer contribution rate provides for current cost (normal cost) plus a level percentage of payroll to amortize any unfunded actuarial accrued liability (UAAL). One of the funding objectives of the System is to reduce that UAAL to zero over a declining period. Effective December 31, 2013, the outstanding balance of the UAAL from the December 31, 2012 valuation was combined and reamortized over a declining 20-year period. Any changes in UAAL due to actuarial gains or losses or due to changes in assumptions or methods will be amortized over separate 20-year periods. Any changes in UAAL due to plan amendments will be amortized over separate 15-year periods and any change in UAAL due to early retirement incentive programs will be amortized over a separate period of up to five years. The progress being made toward the realization of the funding objectives through December 31, 2024 is illustrated in the *Schedule of funding progress*.

Segal prepared all of the supporting schedules in the actuarial section of the System's Annual Comprehensive Financial Report (ACFR) based on the results of the December 31, 2024 actuarial valuation for funding purposes. A listing of the supporting schedules related to the statutory retirement plan benefits that Segal prepared for inclusion in the actuarial section of the System's ACFR is provided below. OCERS' staff prepared the remaining trend data schedules in the statistical section.

Actuarial section (based on December 31, 2024 actuarial valuation for funding purposes)

1. Schedule of funding progress
2. History of employer contribution rates
3. Summary of active membership
4. Summary of retired membership
5. Development of actuarial and valuation value of assets
6. Schedule of funded liabilities by type
7. Actuarial methods and assumptions
8. Summary of major plan provisions
9. Experience analysis

5985248v2/05794.001



Actuary's Certification Letter

(Continued)

Board of Retirement
Orange County Employees Retirement System
May 18, 2026
Page 3

The valuation assumptions used in this valuation were included in the Actuarial Section. The results of this valuation were prepared using the actuarial assumptions and methods developed in the triennial actuarial experience study as of December 31, 2022. All of the assumptions recommended in the study were adopted by the Board.¹ Actuarial valuations are performed on an annual basis and the experience analysis is performed every three years. The next experience analysis is due to be performed as of December 31, 2025 and any changes in assumptions will be reflected in the December 31, 2026 valuation.

In the December 31, 2024 valuation, the ratio of the valuation value of assets to actuarial accrued liabilities increased from 82.63% to 83.83%. The aggregate employer rate (average of the County and all special districts rates combined) has changed from 38.08% of payroll to 36.88% of payroll. The aggregate member's rate has changed from 11.63% of payroll to 11.61% of payroll.

In the December 31, 2024 valuation, the actuarial value of assets excluded \$100.0 million in unrecognized investment gains, which represented 0.4% of the fair value of assets. If these deferred investment gains were recognized immediately in the actuarial value of assets, the funded percentage would increase from 83.83% to 84.18% and the aggregate employer contribution rate, expressed as a percent of payroll would decrease from 36.88% to 36.58%.

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

December 31, 2025 GASB Statement 67 actuarial valuation for financial reporting purposes

Segal prepared the December 31, 2025 GASB Statement 67 actuarial valuation for financial reporting purposes. The valuation was performed in order to comply with GASB Statement 67 and we certify that the assumptions and methods used for financial reporting purposes meet the parameters set by ASOPs and our understanding of generally accepted accounting principles (GAAP) applicable in the United States of America as promulgated by GASB. The GASB rules only redefine pension liability and expense for financial reporting purposes, and do not apply to contribution amounts for pension funding purposes.

When measuring pension liability, GASB uses the same actuarial cost method (entry age method) and the same type of discount rate (expected return on assets) as OCERS uses for funding. The Net Pension Liabilities (NPLs) measured as of December 31, 2025 and December 31, 2024 have been determined by rolling forward the Total Pension Liabilities (TPLs) for the statutory Retirement Plan benefits as of December 31, 2024 and December 31, 2023, respectively. In addition, any changes in actuarial assumptions or plan

¹ There was one refinement included in our January 1, 2020 through December 31, 2022 Actuarial Experience Study report dated August 11, 2023 that has been deferred to allow for further discussion with OCERS, involving a change in allocation of the normal cost associated with providing COLA benefits for legacy Safety members with 30 or more years of service.

Actuary's Certification Letter

(Continued)

Board of Retirement
Orange County Employees Retirement System
May 18, 2026
Page 4

provisions that occurred between the valuation date and the measurement date have been reflected.

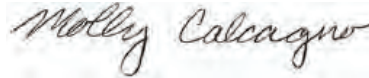
Note number 8 to the Basic Financial Statements and the Required Supplementary Information included in the Financial Section of the ACFR was prepared by the System based on the results of the GASB Statement No. 67 actuarial valuation as of December 31, 2025 prepared by Segal.

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

Sincerely,



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



Molly Calcagno, ASA, MAAA, EA
Senior Actuary

JY/elf
Attachments

Disclaimer

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

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Schedule of Funding Progress

(Dollars in Thousands)

Valuation Date	Actuarial Accrued Liability	Valuation Value of Assets	Unfunded Actuarial Accrued Liability	Ratio of Assets to Actuarial Accrued Liability	Projected Covered Payroll	Ratio of Unfunded Actuarial Accrued Liability to Projected Covered Payroll
12/31/15	\$ 17,050,357	\$ 12,228,009	\$ 4,822,348	71.72%	\$ 1,633,112	295.29%
12/31/16	17,933,461	13,102,978	4,830,483	73.06%	1,759,831	274.49%
12/31/17	19,635,427	14,197,125	5,438,302	72.30%	1,811,877	300.15%
12/31/18	20,703,349	14,994,420	5,708,929	72.43%	1,875,370	304.42%
12/31/19	21,916,730	16,036,869	5,879,861	73.17%	1,952,534	301.14%
12/31/20	22,904,975	17,525,117	5,379,858	76.51%	1,962,869	274.08%
12/31/21	24,016,073	19,488,761	4,527,312	81.15%	2,052,706	220.55%
12/31/22	25,386,669	20,691,659	4,695,010	81.51%	2,124,678	220.98%
12/31/23	26,788,041	22,135,285	4,652,756	82.63%	2,277,976	204.25%
12/31/24	28,258,622	23,688,986	4,569,636	83.83%	2,478,139	184.40%

The Schedule of employer contributions in the Required Supplemental Information (RSI) included in the Financial Section were prepared by the System based on the results of the GASB 67 actuarial valuation prepared by Segal.

Notes:

- **There were no assumption or plan changes in the December 31, 2024 valuation.**
- **The December 31, 2023 valuation included the following change:**
 - **Assumption Changes:** Changes in mortality, disability, termination, retirement, salary scale, and additional cash-out assumptions in the December 31, 2022 triennial experience study increased the UAAL by \$145 million.
 - **Method Changes:** Refinements included an improvement in reflecting the timing of decrements in calculating the total normal cost rate for each plan, and using the individual (instead of the aggregate) version of the entry age actuarial cost method to determine the normal cost of the COLA benefits.
- **The December 31, 2022 valuation included the following benefit change:**
 - O.C. Superior Court adopted Plan U for CalPEPRA member service earned effective July 1, 2023.
- **There were no assumption or plan changes in the December 31, 2021 valuation.**

Schedule of Funding Progress

(continued)

- **The December 31, 2020 valuation included the following changes:**

Assumption Changes:

Changes in inflation, mortality, disability, termination, retirement, salary scale, and additional cash-out assumptions in the December 31, 2019 triennial experience study increased the UAAL by \$24 million.

Method Change:

A refinement to the Entry Age actuarial cost method was made. Before the refinement, Entry Age was calculated as the age of the member as of the valuation date minus years of employment, including non-OCERS reciprocal employers. After the refinement, only years of employment with OCERS employers are used.

Other Change:

The actual COLA granted by OCERS for the upcoming April 1st was reflected in the valuation.

- **There were no assumption or plan changes in the December 31, 2019 valuation.**
- **There were no assumptions or plan changes in the December 31, 2018 valuation.**
- **The December 31, 2017 valuation included the following assumptions changes:**
Changes in investment return, inflation, mortality, disability, termination, retirement, salary scale, and additional cash-out assumptions in the December 31, 2016 triennial experience study increased the UAAL by \$854 million.
- **The December 31, 2016 valuation included the following change:**
O.C. Law Library was separated from O.C. Sanitation District in Rate Group #3 and put into their own Rate Group (Rate Group #12) after the valuation as of December 31, 2015.
- **The December 31, 2015 valuation included the following benefit changes:**
City of San Juan Capistrano adopted an optional 1.62% of final average salary at age 65 for members hired on or after July 1, 2016.

Effective January 1, 2015, new OCTA members were placed in CalPEPRA Plan U (2.50% of final average salary at age 67).

Schedule of Funding Progress

(continued)

The assets exclude amounts in the County Investment Account and prepaid employer contributions. For years ending December 31, 2016, December 31, 2017, December 31, 2019, December 31, 2020, December 31, 2021, December 31, 2022, December 31, 2023, and December 31, 2024 the assets also exclude amounts in the O.C. Sanitation District UAAL Deferred Account.

Valuation Date	Amount Excluded from Assets		
	County Investment Account	Prepaid Employer Contributions	O.C. Sanitation District UAAL Deferred Account
12/31/15	\$ 108,789,000	\$ 227,166,000	\$ -
12/31/16	117,723,000	222,524,000	34,067,000
12/31/17	134,417,000	244,552,000	14,871,000
12/31/18	131,890,000	246,133,000	-
12/31/19	150,416,000	259,285,000	12,057,000
12/31/20	160,378,000	293,948,000	13,433,000
12/31/21	167,745,000	304,504,000	15,643,000
12/31/22	140,992,000	320,009,000	14,398,000
12/31/23	146,110,000	38,502,000	16,025,000
12/31/24	155,101,000	40,624,000	17,594,000

For informational purposes only, we have also developed the funded ratio determined using the historical fair value of assets after adjustment for amounts in the County Investment Account, prepaid employer contributions, amounts in the O.C. Sanitation District UAAL Deferred Account, unclaimed member reserve and Medicare Medical Insurance Reserve.

Valuation Date	Funded Ratio based on Net Fair Value of Assets
12/31/15	67.73%
12/31/16	70.58%
12/31/17	74.62%
12/31/18	69.31%
12/31/19	75.36%
12/31/20	80.74%
12/31/21	90.52%
12/31/22	76.95%
12/31/23	80.76%
12/31/24	84.18%

History of Employer Contribution Rates



Employer Contribution Rate (% of pay)

Valuation Date	General (Non-OCTA, Non-OCSD)		General (1.62% @ 65, Non-OCTA)		General (2.7% @ 55)		General (2.0% @ 57)		General (OCTA)		General (2.5% @ 55, OCSD)	
12/31/15	NC	9.58%	NC	5.46%	NC	13.19%	NC	11.40%	NC	10.70%	NC	12.33%
	UAAL ¹	9.22	UAAL	22.45	UAAL	22.45	UAAL	22.45	UAAL	15.52	UAAL ²	1.42
	Total	18.80%	Total	27.91%	Total	35.64%	Total	33.85%	Total	26.22%	Total	13.75%
With 3-Year Phase-In		N/A		N/A		N/A		N/A		N/A		N/A
12/31/16	NC	9.51%	NC	5.53%	NC	13.19%	NC	10.35%	NC	10.76%	NC	12.28%
	UAAL ³	7.25	UAAL	21.72	UAAL ⁴	21.72	UAAL	21.72	UAAL	14.76	UAAL	0.00
	Total	16.76%	Total	27.25%	Total	34.91%	Total	32.07%	Total	25.52%	Total	12.28%
12/31/17	NC	10.73%	NC	6.21%	NC	14.39%	NC	11.51%	NC	12.10%	NC	13.30%
	UAAL ⁵	9.58	UAAL	25.05	UAAL ⁶	25.05	UAAL	25.05	UAAL	18.26	UAAL	0.00
	Total	20.31%	Total	31.26%	Total	39.44%	Total	36.56%	Total	30.36%	Total	13.30%
With 3-Year Phase-In		18.62%		28.88%		37.06%		34.18%		28.04%		N/A
12/31/18	NC	10.73%	NC	6.23%	NC	14.36%	NC	12.13%	NC	12.03%	NC	13.24%
	UAAL ⁷	9.40	UAAL	26.24	UAAL ⁸	26.24	UAAL	26.24	UAAL	19.76	UAAL ⁹	0.86
	Total	20.13%	Total	32.47%	Total	40.60%	Total	38.37%	Total	31.79%	Total	14.10%
With 3-Year Phase-In		19.28%		31.28%		39.41%		37.18%		30.63%		N/A
12/31/19	NC	10.68%	NC	6.10%	NC	14.34%	NC	12.61%	NC	11.97%	NC	13.22%
	UAAL ¹¹	5.16	UAAL	27.38	UAAL ¹²	27.38	UAAL	27.38	UAAL	19.54	UAAL	0.00
	Total	15.84%	Total	33.48%	Total	41.72%	Total	39.99%	Total	31.51%	Total	13.22%
12/31/20	NC	10.38%	NC	6.26%	NC	14.69%	NC	16.45%	NC	12.59%	NC	13.46%
	UAAL ¹¹	5.03	UAAL	28.97	UAAL ¹³	28.97	UAAL	28.97	UAAL	19.12	UAAL	0.00
	Total	15.41%	Total	35.23%	Total	43.66%	Total	45.42%	Total	31.71%	Total	13.46%
12/31/21	NC	10.42%	NC	6.22%	NC	14.67%	NC	16.61%	NC	12.54%	NC	13.47%
	UAAL ¹¹	3.33	UAAL	26.14	UAAL ¹⁴	26.14	UAAL	26.14	UAAL	16.37	UAAL	0.00
	Total	13.75%	Total	32.36%	Total	40.81%	Total	42.75%	Total	28.91%	Total	13.47%
12/31/22	NC	10.26%	NC	6.17%	NC	14.57%	NC	15.97%	NC	12.32%	NC	13.36%
	UAAL ¹¹	3.61	UAAL	27.14	UAAL ¹⁵	27.14	UAAL	27.14	UAAL	18.11	UAAL	0.00
	Total	13.87%	Total	33.31%	Total	41.71%	Total	43.11%	Total	30.43%	Total	13.36%
12/31/23	NC	10.39%	NC	6.54%	NC	15.29%	NC	16.79%	NC	12.60%	NC	14.05%
	UAAL ¹¹	2.93	UAAL	26.78	UAAL ¹⁶	26.78	UAAL	26.78	UAAL	18.31	UAAL	0.00
	Total	13.32%	Total	33.32%	Total	42.07%	Total	43.57%	Total	30.91%	Total	14.05%
12/31/24	NC	10.39%	NC	6.68%	NC	15.29%	NC	16.00%	NC	12.53%	NC	14.03%
	UAAL ¹¹	3.01	UAAL	25.96	UAAL ¹⁷	25.96	UAAL	25.96	UAAL	16.71	UAAL	0.00
	Total	13.40%	Total	32.64%	Total	41.25%	Total	41.96%	Total	29.24%	Total	14.03%

History of Employer Contribution Rates

(continued)

Employer Contribution Rate (% of pay)

Valuation Date	General (1.64% @ 57, OCSD)		General (2.0% @ 55, TCA)		General (2.0% @ 55, Cemetery, future service)		General (2.7% @ 55, OCFA)		General (2.0% @ 55, OCFA)		General (2.5% @ 55, Law Library)	
12/31/15	NC	10.30%	NC	13.44%	NC	11.33%	NC	13.44%	NC	12.72%	NC	12.33%
	UAAL ²	1.42	UAAL	13.79	UAAL	0.00	UAAL	20.53	UAAL	20.53	UAAL ¹⁸	22.08
	Total	11.72%	Total	27.23%	Total	11.33%	Total	33.97%	Total	33.25%	Total	34.41%
With 3-Year Phase-In		N/A		N/A		N/A		N/A		N/A		N/A
12/31/16	NC	10.21%	NC	13.30%	NC	11.09%	NC	13.61%	NC	12.64%	NC	13.32%
	UAAL	0.00	UAAL	11.46	UAAL	0.00	UAAL	18.35	UAAL	18.35	UAAL ¹⁹	9.69
	Total	10.21%	Total	24.76%	Total	11.09%	Total	31.96%	Total	30.99%	Total	23.01%
12/31/17	NC	11.25%	NC	14.51%	NC	11.98%	NC	14.72%	NC	13.46%	NC	14.11%
	UAAL	0.00	UAAL	12.74	UAAL	1.44	UAAL	17.62	UAAL	17.62	UAAL	0.00
	Total	11.25%	Total	27.25%	Total	13.42%	Total	32.34%	Total	31.08%	Total	14.11%
With 3-Year Phase-In		N/A		26.00%		12.46%		30.46%		29.20%		N/A
12/31/18	NC	11.11%	NC	14.51%	NC	12.05%	NC	14.71%	NC	13.50%	NC	14.28%
	UAAL ⁹	0.86	UAAL ¹⁰	15.29	UAAL	0.22	UAAL	15.90	UAAL	15.90	UAAL	1.77
	Total	11.97%	Total	29.80%	Total	12.27%	Total	30.61%	Total	29.40%	Total	16.05%
With 3-Year Phase-In		N/A		29.17%		12.05%		29.67%		28.46%		N/A
12/31/19	NC	11.23%	NC	14.23%	NC	11.62%	NC	14.75%	NC	13.68%	NC	14.20%
	UAAL	0.00	UAAL	0.39	UAAL	3.01	UAAL	14.06	UAAL	14.06	UAAL	0.19
	Total	11.23%	Total	14.62%	Total	14.63%	Total	28.81%	Total	27.74%	Total	14.39%
12/31/20	NC	13.25%	NC	14.95%	NC	12.83%	NC	15.22%	NC	16.83%	NC	13.88%
	UAAL	0.00	UAAL	0.00	UAAL	2.85	UAAL	11.49	UAAL	11.49	UAAL	0.00
	Total	13.25%	Total	14.95%	Total	15.68%	Total	26.71%	Total	28.32%	Total	13.88%
12/31/21	NC	13.09%	NC	14.89%	NC	12.71%	NC	15.25%	NC	16.98%	NC	13.79%
	UAAL	0.00	UAAL	0.00	UAAL	1.02	UAAL	9.37	UAAL	9.37	UAAL	0.00
	Total	13.09%	Total	14.89%	Total	13.73%	Total	24.62%	Total	26.35%	Total	13.79%
12/31/22	NC	12.81%	NC	13.95%	NC	12.67%	NC	14.99%	NC	17.22%	NC	13.49%
	UAAL	0.00	UAAL	0.00	UAAL	2.45	UAAL	10.50	UAAL	10.50	UAAL	0.00
	Total	12.81%	Total	13.95%	Total	15.12%	Total	25.49%	Total	27.72%	Total	13.49%
12/31/23	NC	13.09%	NC	16.17%	NC	12.88%	NC	15.56%	NC	17.88%	NC	14.54%
	UAAL	0.00	UAAL	0.00	UAAL	1.57	UAAL	10.51	UAAL	10.51	UAAL	0.00
	Total	13.09%	Total	16.17%	Total	14.45%	Total	26.07%	Total	28.39%	Total	14.54%
12/31/24	NC	13.25%	NC	16.08%	NC	12.96%	NC	15.54%	NC	17.84%	NC	14.39%
	UAAL	0.00	UAAL	0.00	UAAL	1.72	UAAL	10.08	UAAL	10.08	UAAL	0.00
	Total	13.25%	Total	16.08%	Total	14.68%	Total	25.62%	Total	27.92%	Total	14.39%

History of Employer Contribution Rates

(continued)

Employer Contribution Rate (% of pay)

Valuation Date	Safety Law Enforcement (3% @ 50)		Safety Law Enforcement (3% @ 55)		Safety Fire Authority (3% @ 50)		Safety Fire Authority (3% @ 55)		Safety Probation	
	NC	UAAL	NC	UAAL	NC	UAAL	NC	UAAL	NC	UAAL
12/31/15 With 3-Year Phase-In	25.56%	39.16	23.24%	39.16	26.87%	23.81	22.10%	23.81	21.92%	25.32
	64.72%		62.40%		50.68%		45.91%		47.24%	
	62.55%		60.34%		49.24%		44.47%		45.07%	
12/31/16	25.63%	38.19	23.00%	38.19	26.84%	22.27	21.86%	22.27	21.87%	26.06
	63.82%		61.19%		49.11%		44.13%		47.93%	
12/31/17 With 3-Year Phase-In	26.69%	41.07	23.69%	41.07	27.24%	23.09	21.97%	23.09	23.71%	33.00
	67.76%		64.76%		50.33%		45.06%		56.71%	
	64.05%		61.05%		48.04%		42.77%		52.45%	
12/31/18 With 3-Year Phase-In	26.64%	42.56	23.48%	42.56	26.97%	24.99	21.83%	24.99	23.45%	34.41
	69.20%		66.04%		51.96%		46.82%		57.86%	
	67.35%		64.19%		50.81%		45.67%		55.73%	
12/31/19	26.57%	43.65	23.58%	43.65	27.48%	23.79	25.77%	23.79	23.25%	36.92
	70.22%		67.23%		51.27%		49.56%		60.17%	
12/31/20	26.66%	39.73	24.23%	39.73	27.31%	16.36	27.25%	16.36	23.39%	34.06
	66.39%		63.96%		43.67%		43.61%		57.45%	
12/31/21	26.62%	35.53	24.74%	35.53	27.09%	12.35	26.65%	12.35	23.16%	30.55
	62.15%		60.27%		39.44%		39.00%		53.71%	
12/31/22	26.26%	37.86	24.38%	37.86	25.93%	12.96	26.48%	12.96	22.65%	36.48
	64.12%		62.24%		38.89%		39.44%		59.13%	
12/31/23	26.65%	36.26	23.84%	36.26	25.38%	12.62	26.38%	12.62	23.81%	37.76
	62.91%		60.10%		38.00%		39.00%		61.57%	
12/31/24	26.64%	33.32	23.69%	33.32	25.09%	10.60	26.20%	10.60	23.97%	38.12
	59.96%		57.01%		35.69%		36.80%		62.09%	

History of Employer Contribution Rates

(continued)

Employer Contribution Rate (% of pay)

Valuation Date	CalPEPRA Rate Group #1 2.5% @ 67		CalPEPRA Rate Group #2 1.62% @ 65 (Plan T)		CalPEPRA Rate Group #2 2.5% @ 67		CalPEPRA Rate Group #2 1.62% @ 65 (Plan W)		CalPEPRA Rate Group #3 2.5% @ 67		CalPEPRA Rate Group #5 2.5% @ 67	
12/31/15 With 3-Year Phase-In	NC	8.92%	NC	6.56%	NC	8.35%	NC	6.68%	NC	9.25%	NC	10.12%
	UAAL ¹	9.22	UAAL	22.45	UAAL	22.45	UAAL	22.45	UAAL ²	1.42	UAAL	15.52
	Total	18.14%	Total	29.01%	Total	30.80%	Total	29.13%	Total	10.67%	Total	25.64%
	N/A		N/A		N/A		N/A		N/A		N/A	
12/31/16	NC	8.63%	NC	6.58%	NC	8.28%	NC	6.68%	NC	9.27%	NC	10.25%
	UAAL ³	7.25	UAAL	21.72	UAAL ⁴	21.72	UAAL	21.72	UAAL	0.00	UAAL	14.76
	Total	15.88%	Total	28.30%	Total	30.00%	Total	28.40%	Total	9.27%	Total	25.01%
12/31/17 With 3-Year Phase-In	NC	9.93%	NC	7.11%	NC	8.78%	NC	8.56%	NC	10.37%	NC	11.32%
	UAAL ⁵	9.58	UAAL	25.05	UAAL ⁶	25.05	UAAL	25.05	UAAL	0.00	UAAL	18.26
	Total	19.51%	Total	32.16%	Total	33.83%	Total	33.61%	Total	10.37%	Total	29.58%
	17.82%		29.78%		31.45%		31.23%		N/A		27.26%	
12/31/18 With 3-Year Phase-In	NC	9.93%	NC	7.12%	NC	8.78%	NC	8.73%	NC	10.02%	NC	11.32%
	UAAL ⁷	9.40	UAAL	26.24	UAAL ⁸	26.24	UAAL	26.24	UAAL ⁹	0.86	UAAL	19.76
	Total	19.33%	Total	33.36%	Total	35.02%	Total	34.97%	Total	10.88%	Total	31.08%
	18.48%		32.17%		33.83%		33.78%		N/A		29.92%	
12/31/19	NC	10.05%	NC	7.14%	NC	8.81%	NC	8.54%	NC	9.88%	NC	11.59%
	UAAL ¹¹	5.16	UAAL	27.38	UAAL ¹²	27.38	UAAL	27.38	UAAL	0.00	UAAL	19.54
	Total	15.21%	Total	34.52%	Total	36.19%	Total	35.92%	Total	9.88%	Total	31.13%
12/31/20	NC	9.89%	NC	7.06%	NC	8.37%	NC	8.43%	NC	9.86%	NC	11.73%
	UAAL ¹¹	5.03	UAAL	28.97	UAAL ¹³	28.97	UAAL	28.97	UAAL	0.00	UAAL	19.12
	Total	14.92%	Total	36.03%	Total	37.34%	Total	37.40%	Total	9.86%	Total	30.85%
12/31/21	NC	10.08%	NC ²⁰	7.09%	NC ²⁰	9.17%	NC	8.95%	NC	9.82%	NC	11.99%
	UAAL ¹¹	3.33	UAAL	26.14	UAAL ¹⁴	26.14	UAAL	26.14	UAAL	0.00	UAAL	16.37
	Total	13.41%	Total	33.23%	Total	35.31%	Total	35.09%	Total	9.82%	Total	28.36%
12/31/22	NC	10.03%	NC	7.29%	NC	9.24%	NC	7.82%	NC	9.97%	NC	11.89%
	UAAL ¹¹	3.61	UAAL	27.14	UAAL ¹⁵	27.14	UAAL	27.14	UAAL	0.00	UAAL	18.11
	Total	13.64%	Total	34.43%	Total	36.38%	Total	34.96%	Total	9.97%	Total	30.00%
12/31/23	NC	10.25%	NC	7.34%	NC	9.15%	NC	7.88%	NC	9.95%	NC	11.95%
	UAAL ¹¹	2.93	UAAL	26.78	UAAL ¹⁶	26.78	UAAL	26.78	UAAL	0.00	UAAL	18.31
	Total	13.18%	Total	34.12%	Total	35.93%	Total	34.66%	Total	9.95%	Total	30.26%
12/31/24	NC	10.47%	NC	7.37%	NC	9.09%	NC	9.27%	NC	9.87%	NC	12.06%
	UAAL ¹¹	3.01	UAAL	25.96	UAAL ¹⁷	25.96	UAAL	25.96	UAAL	0.00	UAAL	16.71
	Total	13.48%	Total	33.33%	Total	35.05%	Total	35.23%	Total	9.87%	Total	28.77%

¹ The net UAAL contribution rates for County and O.C. IHSS Public Authority (i.e., excluding U.C.I and Department of Education) is 5.57% as of December 31, 2015.

² This is the UAAL rate for O.C. Sanitation District for FY 17–18 before reflecting the additional UAAL contributions made during calendar year 2016.

³ The net UAAL contribution rates for County and O.C. IHSS Public Authority (i.e., excluding U.C.I and Department of Education) is 4.18% as of December 31, 2016.

⁴ This is the UAAL rate for O.C. Children and Families Commission for FY 18–19 before reflecting the additional UAAL contributions made during calendar year 2017.

⁵ The net UAAL contribution rates for County and O.C. IHSS Public Authority (i.e., excluding U.C.I., Department of Education and Cypress Recreation and Parks) is 6.09% (or 4.61% after the three-year phase-in) as of December 31, 2017.

⁶ The net UAAL contribution rate for O.C. Children and Families Commission is 3.13% (or 1.04% after the three-year phase-in) as of December 31, 2017.

⁷ The net UAAL contribution rates for County and O.C. IHSS Public Authority (i.e., excluding U.C.I., Department of Education and Cypress Recreation and Parks) is 5.80% (or 5.06% after the three-year phase-in) as of December 31, 2018.

⁸ The net UAAL contribution rate for O.C. Children and Families Commission is 4.30% (or 3.26% after the three-year phase-in) as of December 31, 2018.

⁹ This is the UAAL rate for O.C. Sanitation District for FY 20–21 before reflecting the additional UAAL contributions made during calendar year 2019.

History of Employer Contribution Rates

(continued)

Employer Contribution Rate (% of pay)

Valuation Date	CalPEPRA Rate Group #9 2.5% @ 67		CalPEPRA Rate Group #10 2.5% @ 67		CalPEPRA Rate Group #11 2.5% @ 67		CalPEPRA Rate Group #12 2.5% @ 67		CalPEPRA Rate Group #6 2.7% @ 57		CalPEPRA Rate Group #7 2.7% @ 57		CalPEPRA Rate Group #8 2.7% @ 57	
12/31/15	NC	10.57%	NC	8.81%	NC	12.23%	NC	9.25%	NC	15.00%	NC	20.04%	NC	15.30%
	UAAL	13.79	UAAL	20.53	UAAL	0.00	UAAL ¹⁸	22.08	UAAL	25.32	UAAL	39.16	UAAL	23.81
With 3-Year Phase-In	Total 24.36%		Total 29.34%		Total 12.23%		Total 31.33%		Total 40.32%		Total 59.20%		Total 39.11%	
	N/A		N/A		N/A		N/A		38.20%		57.42%		38.09%	
12/31/16	NC	10.40%	NC	8.99%	NC	9.98%	NC	7.59%	NC	15.24%	NC	19.39%	NC	14.84%
	UAAL	11.46	UAAL	18.35	UAAL	0.00	UAAL ¹⁹	9.69	UAAL	26.06	UAAL	38.19	UAAL	22.27
12/31/17	NC	11.02%	NC	10.41%	NC	12.03%	NC	9.36%	NC	16.63%	NC	19.29%	NC	15.44%
	UAAL	12.74	UAAL	17.62	UAAL	1.44	UAAL	0.00	UAAL	33.00	UAAL	41.07	UAAL	23.09
With 3-Year Phase-In	Total 23.76%		Total 28.03%		Total 13.47%		Total 9.36%		Total 49.63%		Total 60.36%		Total 38.53%	
	22.51%		26.15%		12.51%		N/A		45.37%		56.65%		36.24%	
12/31/18	NC	11.13%	NC	10.16%	NC	12.33%	NC	10.32%	NC	16.76%	NC	19.04%	NC	15.27%
	UAAL ¹⁰	15.29	UAAL	15.90	UAAL	0.22	UAAL	1.77	UAAL	34.41	UAAL	42.56	UAAL	24.99
With 3-Year Phase-In	Total 26.42%		Total 26.06%		Total 12.55%		Total 12.09%		Total 51.17%		Total 61.60%		Total 40.26%	
	25.79%		25.12%		12.33%		N/A		49.04%		59.75%		39.11%	
12/31/19	NC	11.14%	NC	10.05%	NC	12.25%	NC	10.37%	NC	16.82%	NC	18.46%	NC	15.66%
	UAAL	0.39	UAAL	14.06	UAAL	3.01	UAAL	0.19	UAAL	36.92	UAAL	43.65	UAAL	23.79
12/31/20	NC	10.98%	NC	9.82%	NC	11.80%	NC	10.51%	NC	16.26%	NC	17.73%	NC	15.11%
	UAAL	0.00	UAAL	11.49	UAAL	2.85	UAAL	0.00	UAAL	34.06	UAAL	39.73	UAAL	16.36
12/31/21	NC	11.18%	NC	9.87%	NC	11.97%	NC	10.48%	NC	16.11%	NC	17.76%	NC	15.29%
	UAAL	0.00	UAAL	9.37	UAAL	1.02	UAAL	0.00	UAAL	30.55	UAAL	35.53	UAAL	12.35
12/31/22	NC	10.79%	NC	9.98%	NC	12.04%	NC	10.48%	NC	16.11%	NC	18.07%	NC	15.89%
	UAAL	0.00	UAAL	10.50	UAAL	2.45	UAAL	0.00	UAAL	36.48	UAAL	37.86	UAAL	12.96
12/31/23	NC	11.32%	NC	10.10%	NC	12.26%	NC	10.67%	NC	16.05%	NC	17.74%	NC	15.85%
	UAAL	0.00	UAAL	10.51	UAAL	1.57	UAAL	0.00	UAAL	37.76	UAAL	36.26	UAAL	12.62
12/31/24	NC	11.48%	NC	9.95%	NC	11.91%	NC	10.52%	NC	16.07%	NC	17.05%	NC	15.96%
	UAAL	0.00	UAAL	10.08	UAAL	1.72	UAAL	0.00	UAAL	38.12	UAAL	33.32	UAAL	10.60
	Total 11.48%		Total 20.03%		Total 13.63%		Total 10.52%		Total 54.19%		Total 50.37%		Total 26.56%	

¹⁰ This is the UAAL rate for Transportation Corridor Agency for FY 20–21 before reflecting the additional UAAL contributions made during calendar year 2019.

¹¹ This is the net UAAL contribution rate for County and O.C. IHSS Public Authority without reflecting the UAAL contributions required for Vector Control, Cypress Recreation and Parks, U.C.I. and Department of Education.

¹² The net UAAL contribution rate for O.C. Children and Families Commission is 5.36% as of December 31, 2019.

¹³ The net UAAL contribution rate for O.C. Children and Families Commission is 5.98% as of December 31, 2020.

¹⁴ The net UAAL contribution rate for O.C. Children and Families Commission is 3.50% as of December 31, 2021.

¹⁵ The net UAAL contribution rate for O.C. Children and Families Commission is 4.79% as of December 31, 2022.

¹⁶ The net UAAL contribution rate for O.C. Children and Families Commission is 5.46% as of December 31, 2023.

¹⁷ The net UAAL contribution rate for O.C. Children and Families Commission is 5.63% as of December 31, 2024.

¹⁸ This is the UAAL rate for Law Library for FY 17–18 before reflecting the additional UAAL contributions made during calendar year 2016.

¹⁹ This is the UAAL rate for Law Library for FY 18–19 before reflecting the additional UAAL contributions made during calendar year 2017.

²⁰ After reflecting implementation of Plan U by Superior Court for their PEPRA members.

Summary of Active Membership

Valuation Date	Number	Annual Salary	Annual Average Salary	Increase in Average Salary (%)
12/31/15				
General	17,839	\$ 1,254,521,000	\$ 70,325	-1.77
Safety	3,686	378,590,000	102,710	1.31
Total	21,525	\$ 1,633,111,000	\$ 75,870	-1.22
12/31/16				
General	18,072	\$ 1,353,363,000	\$ 74,887	6.49
Safety	3,674	406,470,000	110,634	7.71
Total	21,746	\$ 1,759,833,000	\$ 80,927	6.67
12/31/17				
General	17,941	\$ 1,385,356,000	\$ 77,217	3.11
Safety	3,780	426,523,000	112,837	1.99
Total	21,721	\$ 1,811,879,000	\$ 83,416	3.08
12/31/18				
General	18,150	\$ 1,432,041,000	\$ 78,900	2.18
Safety	3,779	443,331,000	117,314	3.97
Total	21,929	\$ 1,875,372,000	\$ 85,520	2.52
12/31/19				
General	18,356	\$ 1,481,966,000	\$ 80,735	2.33
Safety	3,901	470,568,000	120,628	2.82
Total	22,257	\$ 1,952,534,000	\$ 87,727	2.58
12/31/20				
General	17,733	\$ 1,479,418,000	\$ 83,427	3.33
Safety	3,826	483,451,000	126,359	4.75
Total	21,559	\$ 1,962,869,000	\$ 91,046	3.78
12/31/21				
General	18,128	\$ 1,548,180,000	\$ 85,403	2.37
Safety	3,883	504,526,000	129,932	2.83
Total	22,011	\$ 2,052,706,000	\$ 93,258	2.43
12/31/22				
General	18,184	\$ 1,611,755,000	\$ 88,636	3.79
Safety	3,877	512,924,000	132,299	1.82
Total	22,061	\$ 2,124,679,000	\$ 96,309	3.27
12/31/23				
General	18,805	\$ 1,736,974,000	\$ 92,368	4.21
Safety	3,977	541,002,000	136,033	2.82
Total	22,782	\$ 2,277,976,000	\$ 99,990	3.82
12/31/24				
General	19,291	\$ 1,877,726,000	\$ 97,337	5.38
Safety	4,077	600,413,000	147,268	8.26
Total	23,368	\$ 2,478,139,000	\$ 106,048	6.06

Excludes Deferred and Pending members.

Summary of Retired Membership



Plan Year Ending	At Beginning of Year	Added to Rolls		Removed from Rolls		At End of Year	Annual Allowance (in 000's)	% Increase in Annual Allowance	Average Monthly Allowance
		Number	Annual Allowance (in 000's) ¹	Number	Annual Allowance (in 000's)				
2015	15,169	1,053	\$ 58,679	(412)	\$(12,077)	15,810	\$ 675,494	7.41	\$ 3,560
2016	15,810	989	51,759	(430)	(12,895)	16,369	714,358	5.75	3,637
2017	16,369	1,039	62,374	(461)	(15,155)	16,947	761,577	6.61	3,745
2018	16,947	1,155	82,438	(428)	(14,191)	17,674	829,824	8.96	3,913
2019	17,674	1,207	86,521	(461)	(15,215)	18,420	901,130	8.59	4,077
2020	18,420	1,449	104,439	(450)	(14,896)	19,419	990,673	9.94	4,251
2021	19,419	953	71,304	(546)	(20,271)	19,826	1,041,706	5.15	4,379
2022	19,826	1,381	111,237	(529)	(20,806)	20,678	1,132,137	8.68	4,563
2023	20,678	1,210	104,436	(605)	(26,794)	21,283	1,209,779	6.86	4,737
2024	21,283	1,018	90,874	(561)	(24,323)	21,740	1,276,330	5.50	4,892

Note: Annual allowances exclude RMBR and STAR COLA.

¹ Includes COLA granted during the plan year.

Development of Actuarial and Valuation Value of Assets

As of December 31, 2024

Plan Year Ending	Total Actual Fair Value Return (net)	Expected Fair Value Return (net)	Investment Gain/ (Loss)	Deferred Factor	Deferred Return
2020	\$ 1,982,757,000	\$ 1,155,523,000	\$ 827,234,000	0.0	\$ -
2021	3,273,348,000	1,293,495,000	1,979,853,000	0.2	395,971,000
2022	(2,106,139,000)	1,518,273,000	(3,624,412,000)	0.4	(1,449,765,000)
2023	2,258,475,000	1,361,890,000	896,585,000	0.6	537,951,000
2024	2,280,223,000	1,510,032,000	770,191,000	0.8	616,153,000

(1)	Total Deferred Return	\$ 100,310,000
(2)	Net Fair Value of Assets (Excludes \$155,101,000 in County Investment Account, \$40,624,000 in Prepaid Employer Contributions and \$17,594,000 in O.C. Sanitation District UAAL Deferred Account)	\$ 23,789,296,000
(3)	Actuarial Value of Assets (2) – (1)	\$ 23,688,986,000 ¹
(4)	Non-valuation Reserves	
	(a) Unclaimed member deposit	\$ -
	(b) Medicare medical insurance reserve	-
	(c) Subtotal	\$ -
(5)	Valuation Value of Assets (3) – (4)(c)	\$ 23,688,986,000
(6)	Deferred Return Recognized in Each of the Next 4 Years	
	(a) Amount recognized on 12/31/2025	\$ 4,443,000
	(b) Amount recognized on 12/31/2026	(391,527,000)
	(c) Amount recognized on 12/31/2027	333,355,000
	(d) Amount recognized on 12/31/2028	154,039,000
	(e) Subtotal (may not total exactly due to rounding)	\$ 100,310,000

¹ Ratio of Actuarial Value of Assets to Net Fair Value of Assets is 99.6% ((3) ÷ (2)).

Schedule of Funded Liabilities by Type

(Dollars in Thousands)



Valuation Date	(1) Active Member Contributions	(2) Liability for Inactive Participants	(3) Liability for Active Members (Employer Financed Portion)	Valuation Value of Assets	Portion of Accrued Liability Covered by Valuation Assets (%)		
					(1)	(2)	(3)
12/31/15	\$ 2,488,757	\$ 9,696,776	\$ 4,864,824	\$ 12,228,009	100	100	0.87
12/31/16	2,654,599	10,109,528	5,169,334	13,102,978	100	100	6.56
12/31/17	2,815,839	11,121,965	5,697,623	14,197,125	100	100	4.55
12/31/18	2,980,108	12,018,354	5,704,887	14,994,420	100	99.97	0.00
12/31/19	3,116,707	13,131,453	5,668,570	16,036,869	100	98.39	0.00
12/31/20	3,167,835	14,109,921	5,627,219	17,525,117	100	100	4.40
12/31/21	3,364,884	14,921,449	5,729,740	19,488,761	100	100	20.99
12/31/22	3,387,061	16,421,755	5,577,853	20,691,659	100	100	15.83
12/31/23	3,479,433	17,528,353	5,780,255	22,135,285	100	100	19.51
12/31/24	3,648,907	18,363,403	6,246,312	23,688,986	100	100	26.84



Actuarial Methods and Assumptions

Economic Assumptions

The information and analysis used in selecting each assumption that has a significant effect on this actuarial valuation is shown in the January 1, 2020 through December 31, 2022 Actuarial Experience Study dated August 11, 2023. Unless otherwise noted, all actuarial assumptions and methods shown below apply to members for all tiers. These assumptions were adopted by the Board.¹

- Net Investment Return:** 7.00%; net of investment expenses and administrative expenses.
- Member Contribution Crediting Rate:** 5.00%, compounded semi-annually.
- Inflation Rate:** Increase of 2.50% per year.
- Cost of Living Adjustments:** Retiree COLA increases of 2.75% per year subject to a 3.0% maximum change per year. The actual COLA granted by OCERS on April 1, 2025 has been reflected in the December 31, 2024 valuation.
- Payroll Growth:** Inflation of 2.50% per year plus “across the board” real salary increases of 0.50% per year.
- Increase in Internal Revenue Code Section 401(a)(17) Compensation Limit:** Increase of 2.50% per year from the valuation date.
- Increase in Section 7522.10 Compensation Limit:** Increase of 2.50% per year from the valuation date.
- Individual Salary Increases:** Inflation at 2.50% per year, plus “across the board” real salary increases of 0.50% per year, plus the following merit and promotion increases:

Annual Rate of Compensation Increase (%)

Inflation: 2.50% per year, plus “across the board” real salary increases of 0.50% per year, plus the following merit and promotion increases:		
Years of Service	General	Safety
Less than 1	5.00	12.00
1-2	7.25	10.00
2-3	6.50	8.75
3-4	5.50	7.75
4-5	4.50	6.75
5-6	3.75	5.75
6-7	3.00	5.00
7-8	2.75	3.75
8-9	2.00	3.00
9-10	1.80	2.75
10-11	1.60	2.00
11-12	1.50	1.85
12-13	1.40	1.85
13-14	1.30	1.85
14-15	1.25	1.85
15-16	1.25	1.60
16-17	1.15	1.60
17-18	1.10	1.60
18-19	1.10	1.60
19-20	0.90	1.50
20 & over	0.90	1.50

In addition to the individual salary increase assumptions, we have applied an average of two hours of additional salary annually for leap-year salary adjustment.

¹ The Board decided to defer the change in the allocation of normal cost associated with providing COLA benefits for legacy Safety members with 30 or more years of service until after OCERS has the opportunity to fully vet the impact of the change.

Actuarial Methods and Assumptions

(continued)

Demographic Assumptions

Post-Retirement Mortality Rates:

Healthy:

For General Members: Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

For Safety Members: Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females), with rates decreased by 5% for females, projected generationally with two-dimensional mortality improvement scale MP-2021.

Disabled:

For General Members: Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates decreased by 5% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

For Safety Members: Pub-2010 Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates decreased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

All Beneficiaries:

For Beneficiaries not currently in pay status: Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

For Beneficiaries in pay status: Pub-2010 General Contingent Survivor Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 10% for males, projected generationally with the two-dimensional mortality improvement scale MP-2021.

The Pub-2010 mortality tables and adjustments as shown above reflect the mortality experience as of the measurement date. The generational projection is a provision for future mortality improvement.

Employee Contribution Rates:

For General Members: Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 5% for females, projected 30 years (from 2010) with the two-dimensional mortality improvement scale MP 2021, weighted 40% male and 60% female.

For Safety Members: Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females), with rates decreased by 5% for females, projected 30 years (from 2010) with the two-dimensional mortality improvement scale MP-2021, weighted 85% male and 15% female.

Pre-Retirement Mortality Rates:

For General Members: Pub-2010 General Employee Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2021.

For Safety Members: Pub-2010 Safety Employee Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2021.

Actuarial Methods and Assumptions

(continued)

Termination Rates Before Retirement

Mortality Rates

Age	Rate (%) ¹ Mortality			
	General		Safety	
	Male	Female	Male	Female
20	0.04	0.01	0.04	0.02
25	0.02	0.01	0.03	0.02
30	0.03	0.01	0.04	0.02
35	0.04	0.02	0.04	0.03
40	0.06	0.03	0.05	0.04
45	0.09	0.05	0.07	0.06
50	0.13	0.08	0.10	0.08
55	0.19	0.11	0.15	0.11
60	0.28	0.17	0.23	0.14
65	0.41	0.27	0.35	0.20
70	0.61	0.44	0.66	0.39

All General pre-retirement deaths are assumed to be non-service connected. For Safety, 90% of pre-retirement deaths are assumed to be non-service connected. The other 10% are assumed to be service connected.

Disability Incidence Rates

Age	Rate (%) Disability			
	General All Other ²	General OCTA ³	Safety - Law & Fire ⁴	Safety - Probation ⁵
20	0.00	0.00	0.00	0.00
25	0.00	0.00	0.02	0.03
30	0.01	0.03	0.08	0.08
35	0.03	0.20	0.19	0.13
40	0.07	0.36	0.34	0.18
45	0.13	0.46	0.46	0.26
50	0.21	0.56	1.22	0.36
55	0.28	0.72	3.38	0.49
60	0.30	1.04	5.40	0.22
65	0.30	1.68	7.50	0.00

¹ Generational projections beyond the base year (2010) are not reflected in the above mortality rates.

² 75% of General All Other disabilities are assumed to be service connected disabilities. The other 25% are assumed to be non-service connected.

³ 85% of General OCTA disabilities are assumed to be service connected disabilities. The other 15% are assumed to be non-service connected.

⁴ 100% of Safety Law Enforcement and Fire disabilities are assumed to be service connected disabilities.

⁵ 85% of Safety Probation disabilities are assumed to be service connected disabilities. The other 15% are assumed to be non-service connected.

Actuarial Methods and Assumptions

(continued)

Termination Rates Before Retirement (continued)

Termination Rates

Years of Service	Rate (%) Termination			
	General All Other	General OCTA	Safety - Law & Fire	Safety - Probation
Less than 1	11.25	16.50	4.00	12.50
1-2	7.25	11.50	3.00	11.50
2-3	6.50	9.25	2.50	9.50
3-4	5.50	8.25	2.25	5.00
4-5	5.25	7.75	2.00	4.00
5-6	4.75	6.50	1.75	3.25
6-7	4.25	4.25	1.25	2.75
7-8	4.00	4.00	1.20	2.75
8-9	3.50	3.50	1.15	2.50
9-10	3.00	2.75	1.10	1.75
10-11	2.50	2.75	1.05	1.50
11-12	2.00	2.50	1.00	1.50
12-13	1.75	2.50	0.95	1.25
13-14	1.75	2.25	0.65	1.00
14-15	1.60	2.25	0.60	0.75
15-16	1.50	2.00	0.55	0.75
16-17	1.40	2.00	0.50	0.75
17-18	1.30	1.75	0.45	0.75
18-19	1.20	1.75	0.40	0.50
19-20	1.00	1.25	0.30	0.25
20 & over	0.50	0.75	0.15	0.20

Election for Withdrawal of Contributions Rates

Years of Service	Rate (%) Election for Withdrawal of Contributions			
	General All Other	General OCTA	Safety - Law & Fire	Safety - Probation
Less than 5	25.00	35.00	25.00	20.00
5-9	17.50	30.00	25.00	20.00
10-14	17.50	25.00	12.50	20.00
15 & over	15.00	15.00	12.50	15.00

Actuarial Methods and Assumptions

(continued)

Retirement Rates

Age	Rate (%) ¹ Retirement			
	General		General Non-Enhanced ²	
	Less than 30 Years of Service	Greater than 30 Years of Service	Less than 30 Years of Service	Greater than 30 Years of Service
49	0.00	30.00	0.00	25.00
50	2.25	5.00	2.75	2.75
51	2.25	5.00	2.75	2.75
52	2.50	5.00	2.75	2.75
53	3.00	9.00	2.75	2.75
54	7.50	16.00	2.75	2.75
55	13.00	35.00	3.25	3.50
56	10.00	24.00	3.25	3.50
57	10.00	22.00	5.50	5.50
58	10.00	22.00	6.50	6.50
59	11.00	24.00	6.50	6.50
60	12.00	24.00	8.00	12.00
61	12.00	24.00	8.00	15.00
62	14.00	24.00	8.00	18.00
63	14.00	24.00	10.00	22.00
64	17.00	30.00	12.00	25.00
65	25.00	30.00	22.00	30.00
66	25.00	30.00	25.00	32.00
67	25.00	30.00	27.00	32.00
68	25.00	25.00	32.00	32.00
69	25.00	25.00	30.00	30.00
70	25.00	25.00	25.00	30.00
71	25.00	25.00	20.00	30.00
72	22.00	25.00	20.00	30.00
73	20.00	25.00	20.00	30.00
74	20.00	25.00	20.00	30.00
75	100.00	100.00	100.00	100.00

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

² These assumptions are also used for the CalPEPRA 1.62% @ 65 formula (Plan T and Plan W).

Actuarial Methods and Assumptions

(continued)

Retirement Rates (continued)

Age	Rate (%) ¹ Retirement					
	Safety Law (31664.1)		Safety Fire (31664.1)		Safety Probation (31664.1)	
	Less than 30 Years of Service	Greater than 30 Years of Service	Less than 30 Years of Service	Greater than 30 Years of Service	Less than 30 Years of Service	Greater than 30 Years of Service
45	2.50	16.00	2.00	10.00	3.00	5.00
46	2.50	16.00	2.00	10.00	3.00	5.00
47	2.50	16.00	2.00	10.00	3.00	5.00
48	2.50	16.00	2.00	10.00	3.00	5.00
49	12.00	16.00	2.00	10.00	3.00	5.00
50	18.00	20.00	4.50	10.00	9.00	12.00
51	18.00	20.00	4.50	10.00	7.00	10.00
52	18.00	20.00	4.50	10.00	5.00	9.00
53	20.00	35.00	9.00	20.00	7.00	9.00
54	24.00	35.00	12.00	25.00	7.00	12.00
55	24.00	35.00	12.00	25.00	12.00	30.00
56	24.00	35.00	12.00	25.00	18.00	30.00
57	24.00	35.00	20.00	25.00	25.00	30.00
58	24.00	40.00	20.00	30.00	25.00	30.00
59	24.00	40.00	25.00	30.00	18.00	30.00
60	30.00	40.00	25.00	30.00	20.00	40.00
61	30.00	40.00	25.00	30.00	20.00	40.00
62	30.00	40.00	25.00	30.00	20.00	40.00
63	30.00	40.00	25.00	30.00	20.00	40.00
64	30.00	40.00	25.00	30.00	20.00	40.00
65	100.00	100.00	100.00	100.00	100.00	100.00

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

Actuarial Methods and Assumptions

(continued)

Retirement Rates (continued)

Age	Rate (%) ¹ Retirement		
	General SJC (31676.12)	Safety Law (31664.2)	Safety Probation (31664.1)
50	4.00	12.00	8.00
51	4.00	12.50	9.00
52	4.00	13.00	10.00
53	4.00	18.00	12.00
54	4.00	19.00	14.00
55	4.00	35.00	24.00
56	5.00	25.00	23.00
57	6.00	25.00	25.00
58	7.00	25.00	25.00
59	9.00	30.00	35.00
60	10.00	40.00	40.00
61	12.00	40.00	40.00
62	13.00	40.00	40.00
63	13.00	40.00	40.00
64	19.00	40.00	40.00
65	22.00	100.00	100.00
66	26.00	100.00	100.00
67	26.00	100.00	100.00
68	26.00	100.00	100.00
69	26.00	100.00	100.00
70	45.00	100.00	100.00
71	45.00	100.00	100.00
72	45.00	100.00	100.00
73	45.00	100.00	100.00
74	45.00	100.00	100.00
75	100.00	100.00	100.00

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

Actuarial Methods and Assumptions

(continued)

Retirement Rates (continued)

Age	Rate (%) ¹ Retirement			
	CalPEPRA 2.5% @ 67 General Formula	CalPEPRA 2.7% @ 57 Safety Formula Probation	CalPEPRA 2.7% @ 57 Safety Formula Law	CalPEPRA 2.7% @ 57 Safety Formula Fire
50	0.00	3.00	11.50	6.00
51	0.00	3.00	12.00	6.50
52	5.50	3.50	12.50	8.00
53	2.00	3.50	16.50	10.00
54	2.00	6.00	17.50	12.00
55	2.75	12.00	30.00	20.00
56	3.75	12.00	20.00	19.00
57	5.50	15.00	20.00	21.00
58	7.50	25.00	25.00	25.00
59	7.50	25.00	30.00	30.00
60	7.50	40.00	40.00	40.00
61	7.50	40.00	40.00	40.00
62	14.00	40.00	40.00	40.00
63	14.00	40.00	40.00	40.00
64	15.00	40.00	40.00	40.00
65	20.00	100.00	100.00	100.00
66	22.00	100.00	100.00	100.00
67	23.00	100.00	100.00	100.00
68	23.00	100.00	100.00	100.00
69	23.00	100.00	100.00	100.00
70	25.00	100.00	100.00	100.00
71	25.00	100.00	100.00	100.00
72	25.00	100.00	100.00	100.00
73	25.00	100.00	100.00	100.00
74	25.00	100.00	100.00	100.00
75	100.00	100.00	100.00	100.00

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

Actuarial Methods and Assumptions

(continued)

Retirement Age and Benefit for Deferred Vested Members:

Membership and Reciprocity	% of Future ¹ Deferred Vested Members	Annual Salary Increases from Separation Date	Retirement Age for Members with Less Than Five Years of Service	Retirement Age for Members with Five or More Years of Service
General with Reciprocity	12.5%	3.9%	60	60
General without Reciprocity	87.5%	NA	70	58
Safety with Reciprocity	20.0%	4.5%	54	54
Safety without Reciprocity	80.0%	NA	70	54

¹ OCERS provides the reciprocity status for current deferred vested members in the valuation census data.

Liability Calculation for Current Deferred Vested Members:

Liability for a current deferred vested member is calculated based on salary (adjusted with the additional cash out assumptions for non-CalPEPRA members), service, and eligibility for reciprocal benefit as provided by the Retirement System. For those members without salary information that have three or more years of service, we used an average salary. For those members without salary information that have less than three years of service or for those members without service information, we assumed a refund of account balance.

Future Benefit Accruals:

1.0 year of service per year of employment. There is no assumption to anticipate conversion of unused sick leave at retirement.

Unknown Data for Members:

Same as those exhibited by members with similar known characteristics. If not specified, members are assumed to be male.

Form of Payment:

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

Inclusion of Deferred Vested Members:

All deferred vested members are included in the valuation.

Spousal Assumptions for Current Active and Deferred Vested Members:

Member Gender	% with Spouse at Retirement or Pre-Retirement Death	Spouse Age	Spouse Gender
Male Member	75%	3 Years Younger than Member	Female
Female Member	55%	2 Years Older than Member	Male

Nonbinary Member Assumptions:

A blended mortality table is used based on the sex-distinct mortality tables above and the proportion of males and females for General and Safety separately. A blended mortality is also used for the spouse of a nonbinary member with the opposite proportion of males and females used for the member.

The spousal assumptions for percentage with spouse at retirement or pre-retirement death and for spouse age are also blended based on the proportion of males and females for General and Safety separately.

Actuarial Methods and Assumptions

(continued)

Cash-out Assumptions: Additional compensation amounts are expected to be received during a member’s final average earnings period. The percentages used in this valuation are:

Years of Service	Rate (%)	
	Final One Year Salary	Final Three Year Salary
General Non-CalPEPRA	3.00%	3.20%
Safety Probation Non-CalPEPRA	N/A	3.50%
Safety Law Non-CalPEPRA	N/A	6.60%
Safety Fire Non-CalPEPRA	N/A	1.50%
General CalPEPRA	N/A	N/A
Safety Probation CalPEPRA	N/A	N/A
Safety Law CalPEPRA	N/A	N/A
Safety Fire CalPEPRA	N/A	N/A

The additional cash-out assumptions are the same for service and disability retirements.

Actuarial Value of Assets: Fair value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual and the expected return on a fair value basis, and is recognized over a five-year period.

Valuation Value of Assets: The Valuation Value of Assets is the Actuarial Value of Assets reduced by the value of the non-valuation reserves.

Actuarial Cost Method: Entry Age Actuarial Cost Method. Entry Age is the age on the valuation date minus the lesser of years of employment or years of benefit service. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are based on costs allocated as a level percentage of compensation. The normal cost rate is calculated assuming their Entry Age is the date they entered service with OCERS.

Please note that for Probation members who have prior benefit service in another General OCERS plan, the normal cost rate for the current plan is calculated assuming their Entry Age is the date they entered service with their current plan.

Amortization Policy: Effective December 31, 2013, the outstanding balance of the UAAL from the December 31, 2012 valuation was combined and re-amortized over a declining 20-year period. Any changes in UAAL due to actuarial gains or losses or due to changes in assumptions or methods will be amortized over separate 20-year periods. Any changes in UAAL due to plan amendments will be amortized over separate 15-year periods and any change in UAAL due to early retirement incentive programs will be amortized over a separate period of up to 5 years.



Summary of Major Plan Provisions

This section summarizes the major provisions of OCERS included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

Membership Eligibility:

Membership with OCERS begins with the day of employment in an eligible position by the County or a participating employer.

Non-CalPEPRA General Plans:

2.5% @ 55 Plans

(Orange County Sanitation District¹ and Law Library²)

Plan G

General members hired before September 21, 1979.

Plan H

General members hired on or after September 21, 1979.

¹ Sanitation District members within Supervisors and Professional unit hired on or after October 1, 2010 are in Plan B.

² Improvement is prospective only for service after June 23, 2005.

2.7% @ 55 Plans

(City of San Juan Capistrano, Orange County Employees except bargaining unit AFSCME members, Orange County Superior Court, Orange County Local Agency Formation Commission³, Orange County Employees Retirement System⁴, Children and Family Commission⁵ and Orange County Fire Authority)

Plan I

General members hired before September 21, 1979.

Plan J

General members hired on or after September 21, 1979.

³ Improvement is prospective only for service after June 23, 2005.

⁴ Improvement for management employees is prospective only for service after June 30, 2005.

⁵ Improvement is prospective only for service after December 22, 2005.

2.0% @ 55 Plans

(Transportation Corridor Agency, Cemetery District⁶ and General OCFA employees effective July 1, 2011)

Plan M

General members hired before September 21, 1979.

Plan N

General members hired on or after September 21, 1979.

⁶ Improvement is prospective only for service after December 7, 2007.

1.62% @ 65 Plans

(Orange County Employees, Orange County Superior Court, Orange County Local Agency Formation Commission and Orange County Managers Unit)

Plan O

County OCEA members and Superior Court members rehired on or after May 7, 2010, LAFCO members rehired on or after July 1, 2010 and County Managers unit members rehired on or after August 17, 2010 and not electing to rejoin Plan I.

Plan P

County OCEA members and Superior Court members hired on or after May 7, 2010, LAFCO members hired on or after July 1, 2010 and County Managers unit members hired on or after August 17, 2010 and not electing Plan J.

2.0% @ 57 Plan

(City of San Juan Capistrano)

Plan S

General members hired on or after July 1, 2012.

All Other General Employers:

Plan A

General members hired before September 21, 1979.

Plan B

General members hired on or after September 21, 1979 and Sanitation District members within Supervisors and Professional unit hired on or after October 1, 2010.

Summary of Major Plan Provisions

(continued)

Membership Eligibility: (continued)

Non-CalPEPRA Safety Plans:

3% @ 50 Plans

(Law Enforcement, Fire Authority and Probation)

Plan E

Safety members hired before September 21, 1979.

Plan F

Safety members hired on or after September 21, 1979 and before April 9, 2010 for Law Enforcement, before July 1, 2011 for Safety employees of OCFA Executive Management, and before July 1, 2012 for other OCFA Safety employees.

3% @ 55 Plans

(Law Enforcement and Fire Authority)

Plan Q

Safety Law Enforcement members rehired on or after April 9, 2010, Safety employees of OCFA Executive Management rehired on or after July 1, 2011, and other OCFA Safety employees rehired on or after July 1, 2012 and previously in Plan E.

Plan R

Safety Law Enforcement members hired on or after April 9, 2010, Safety employees of OCFA Executive Management hired on or after July 1, 2011, and other OCFA Safety employees hired on or after July 1, 2012.

CalPEPRA General Plans:

1.62% @ 65 Plan

(Orange County Employees except County Attorneys, Orange County Employees Retirement System except Management Employees, Children and Family Commission, Local Agency Formation Commission, and Orange County Superior Court)

Plan T

General members with membership dates on or after January 1, 2013.

2.5% @ 67 Plan

(All Other General Employers, Orange County Attorneys, Orange County Superior Court¹, Orange County Employees Retirement System Management Employees)

Plan U

General Non-Orange County Transportation Authority members with membership dates on or after January 1, 2013 and Orange County Transportation Authority members with membership dates on or after January 1, 2015.

1.62% @ 65 Plan

(City of San Juan Capistrano)

Plan W

General members with membership dates on or after January 1, 2016 and not electing Plan U.

CalPEPRA Safety Plans:

2.7% @ 57 Plan

(Law Enforcement, Fire Authority and Probation Members)

Plan V

Safety members with membership dates on or after January 1, 2013.

¹ Orange County Superior Court adopted Plan U (2.5% at 67 Plan) on a go forward basis for all existing employees in Plan T (1.62% at 65 Plan) and any future PEPRA eligible employees with an effective date of July 1, 2023.

Summary of Major Plan Provisions

(continued)

Final Compensation for Benefit Determination:

<i>Plans A, E, G, I, M, O and Q</i>	Highest consecutive twelve months of compensation earnable. (§31462.1) (FAS1)
<i>Plans B, F, H, J, N, P, R and S</i>	Highest consecutive thirty-six months of compensation earnable. (§31462) (FAS3)
<i>Plan T</i>	Highest consecutive thirty-six months of pensionable compensation. (§7522.32 and §7522.34) (FAS3)
<i>Plans U, V and W</i>	Highest consecutive thirty-six months of pensionable compensation. (§7522.10(c), §7522.32 and §7522.34) (FAS3)

Service:

Years of service. (Yrs) are generally based on a member's employment during a period of time for which deductions are made from their compensation.

Service Retirement Eligibility:

<i>Plans A, B, G, H, I, J, M, N, O, P, S, T, and W</i>	Age 50 with 10 years of service, or age 70 regardless of service, or after 30 years, regardless of age. (§31672)
	All part-time employees over age 55 with 10 years of employment may retire with 5 years of service.
<i>Plan U</i>	Age 52 with 5 years of service (§7522.20(a)) or age 70 regardless of service. (§31672.3)
<i>Plans E, F, Q and R</i>	Age 50 with 10 years of service, or age 70 regardless of service, or after 20 years, regardless of age. (§31663.25)
	All part-time employees over age 55 with 10 years of employment may retire with 5 years of service.
<i>Plan V</i>	Age 50 with 5 years of service (§7522.20(d)) or age 70 regardless of service. (§31672.3)

Summary of Major Plan Provisions

(continued)

Benefit Formula: General Plans

General Plans	Retirement Age	Benefit Formula
2.5% @ 55		
<i>Plan G (\$31676.18)</i> <i>Tier 1</i>	50	(2.00% x FAS1 x Yrs)
	55	(2.50% x FAS1 x Yrs)
	60	(2.50% x FAS1 x Yrs)
	62	(2.62% x FAS1 x Yrs) ¹
	65 or later	(2.62% x FAS1 x Yrs) ¹
<i>Plan H (\$31676.18)</i> <i>Tier 2</i>	50	(2.00% x FAS3 x Yrs)
	55	(2.50% x FAS3 x Yrs)
	60	(2.50% x FAS3 x Yrs)
	62	(2.50% x FAS3 x Yrs)
	65 or later	(2.50% x FAS3 x Yrs)

¹ Reflects benefit factors from Plan A as they provide a better benefit than those under 2.5% @ 55.

2.7% @ 55		
<i>Plan I (\$31676.19)</i> <i>Tier 1</i>	50	(2.00% x FAS1 x Yrs)
	55	(2.70% x FAS1 x Yrs)
	60	(2.70% x FAS1 x Yrs)
	62	(2.70% x FAS1 x Yrs)
	65 or later	(2.70% x FAS1 x Yrs)
<i>Plan J (\$31676.19)</i> <i>Tier 2</i>	50	(2.00% x FAS3 x Yrs)
	55	(2.70% x FAS3 x Yrs)
	60	(2.70% x FAS3 x Yrs)
	62	(2.70% x FAS3 x Yrs)
	65 or later	(2.70% x FAS3 x Yrs)
2.0% @ 55		
<i>Plan M (\$31676.16)</i> <i>Tier 1</i>	50	(1.43% x FAS1 x Yrs)
	55	(2.00% x FAS1 x Yrs)
	60	(2.34% x FAS1 x Yrs) ²
	62	(2.62% x FAS1 x Yrs) ²
	65 or later	(2.62% x FAS1 x Yrs) ²
<i>Plan N (\$31676.16)</i> <i>Tier 2</i>	50	(1.43% x FAS3 x Yrs)
	55	(2.00% x FAS3 x Yrs)
	60	(2.26% x FAS3 x Yrs)
	62	(2.37% x FAS3 x Yrs)
	65 or later	(2.43% x FAS3 x Yrs) ³

¹ Reflects benefit factors from Plan A as they provide a better benefit than those under 2.5% @ 55.

² Reflects benefit factors from Plan A as they provide a better benefit than those under 2.0% @ 55.

³ Reflects benefit factors from Plan B as they provide a better benefit than those under 2.0% @ 55.

Summary of Major Plan Provisions

(continued)

Benefit Formula: General Plans (continued)

General Plans	Retirement Age	Benefit Formula
1.62% @ 65		
<i>Plan O (\$31676.01)</i> <i>Tier 1</i>	50	$(0.79\% \times \text{FAS1} \times \text{Yrs})$
	55	$(0.99\% \times \text{FAS1} \times \text{Yrs})$
	60	$(1.28\% \times \text{FAS1} \times \text{Yrs})$
	62	$(1.39\% \times \text{FAS1} \times \text{Yrs})$
	65 or later	$(1.62\% \times \text{FAS1} \times \text{Yrs})$
<i>Plan P, Plan T and Plan W (\$31676.01)</i> <i>Tier 2</i>	50	$(0.79\% \times \text{FAS3} \times \text{Yrs})$
	55	$(0.99\% \times \text{FAS3} \times \text{Yrs})$
	60	$(1.28\% \times \text{FAS3} \times \text{Yrs})$
	62	$(1.39\% \times \text{FAS3} \times \text{Yrs})$
	65 or later	$(1.62\% \times \text{FAS3} \times \text{Yrs})$
2.0% @ 57		
<i>Plan S (\$31676.12)</i> <i>Tier 2</i>	50	$(1.34\% \times \text{FAS3} \times \text{Yrs})$
	55	$(1.77\% \times \text{FAS3} \times \text{Yrs})$
	60	$(2.34\% \times \text{FAS3} \times \text{Yrs})$
	62	$(2.62\% \times \text{FAS3} \times \text{Yrs})$
	65 or later	$(2.62\% \times \text{FAS3} \times \text{Yrs})$
<i>Plan A (\$31676.12)</i> <i>Tier 1</i>	50	$(1.34\% \times \text{FAS1} \times \text{Yrs})$
	55	$(1.77\% \times \text{FAS1} \times \text{Yrs})$
	60	$(2.34\% \times \text{FAS1} \times \text{Yrs})$
	62	$(2.62\% \times \text{FAS1} \times \text{Yrs})$
	65 or later	$(2.62\% \times \text{FAS1} \times \text{Yrs})$
1.67% @ 57.5		
<i>Plan B (\$31676.1)</i> <i>Tier 2</i>	50	$(1.18\% \times \text{FAS3} \times \text{Yrs})$
	55	$(1.49\% \times \text{FAS3} \times \text{Yrs})$
	60	$(1.92\% \times \text{FAS3} \times \text{Yrs})$
	62	$(2.09\% \times \text{FAS3} \times \text{Yrs})$
	65 or later	$(2.43\% \times \text{FAS3} \times \text{Yrs})$
2.5% @ 67		
<i>Plan U (\$7522.20(a))</i>	52	$(1.00\% \times \text{FAS3} \times \text{Yrs})$
	55	$(1.30\% \times \text{FAS3} \times \text{Yrs})$
	60	$(1.80\% \times \text{FAS3} \times \text{Yrs})$
	62	$(2.00\% \times \text{FAS3} \times \text{Yrs})$
	65	$(2.30\% \times \text{FAS3} \times \text{Yrs})$
	67 or later	$(2.50\% \times \text{FAS3} \times \text{Yrs})$

Summary of Major Plan Provisions

(continued)

Benefit Formula: Safety Plans

Safety Plans	Retirement Age	Benefit Formula
3% @ 50		
<i>Plan E (§31664.1)</i> <i>Tier 1</i>	50	(3.00% x FAS1 x Yrs)
	55	(3.00% x FAS1 x Yrs)
	60 or later	(3.00% x FAS1 x Yrs)
<i>Plan F (§31664.1)</i> <i>Tier 2</i>	50	(3.00% x FAS3 x Yrs)
	55	(3.00% x FAS3 x Yrs)
	60 or later	(3.00% x FAS3 x Yrs)
3% @ 55		
<i>Plan Q (§31664.2)</i> <i>Tier 1</i>	50	(2.29% x FAS1 x Yrs)
	55	(3.00% x FAS1 x Yrs)
	60 or later	(3.00% x FAS1 x Yrs)
<i>Plan R (§31664.2)</i> <i>Tier 2</i>	50	(2.29% x FAS3 x Yrs)
	55	(3.00% x FAS3 x Yrs)
	60 or later	(3.00% x FAS3 x Yrs)
2.7% @ 57		
<i>Plan V (§7522.25(d))</i>	50	(2.00% x FAS3 x Yrs)
	55	(2.50% x FAS3 x Yrs)
	57 or later	(2.70% x FAS3 x Yrs)

Summary of Major Plan Provisions

(continued)

Maximum Benefit:

<i>Plans A, B, E, F, G, H, I, J, M, N, O, P, Q, R, S, T and W</i>	100% of Highest Average Compensation. (§31676.01, §31676.1, §31676.12, §31676.16, §31676.18, §31676.19, §31664.1, §31664.2)
<i>Plans U and V</i>	None

Ordinary Disability:

General Plans:

Plans A, B, G, H, I, J, M, N, O, P, S, T, U and W

Eligibility Five years of service. (§31720)

Benefit Formula

- **Plans A, G, I, M, and O:**
1.8% per year of service. If the benefit does not exceed one-third of Final Compensation, the service is projected to 62, but the total benefit cannot be more than one-third of Final Compensation. (§31727.1)

- **Plans B, H, J, N, P, S, T, U and W:**
1.5% per year of service. If the benefit does not exceed one-third of Final Compensation, the service is projected to 65, but the total benefit cannot be more than one-third of Final Compensation. (§31727)

Safety Plans:

Plans E, F, Q, R and V

Eligibility Five years of service. (§31720)

Benefit Formula 1.8% per year of service. If the benefit does not exceed one-third of Final Compensation, the service is projected to 55, but the total benefit cannot be more than one-third of Final Compensation (§31727.2)

For all members, 100% of the service retirement benefit will be paid, if greater.

Line-of-Duty Disability:

All Members:

Eligibility No age or service requirements. (§31720)

Benefit Formula 50% of the Final Compensation or 100% of Service Retirement benefit, if greater. (§31727.4)

Pre-Retirement Death:

All Members:

Eligibility None

Benefit Refund of member contributions with interest plus one month's compensation for each year of service to a maximum of six month's compensation. (§31781) A lump sum benefit in the amount of \$1,000 is payable upon death of a member (with 10 years of service) to his/her eligible beneficiary. (§31790)

Death in line of duty 50% of Final Compensation or 100% of Service Retirement benefit, if greater, payable to spouse or minor-children. (§31787)

Or

Vested Members:

Eligibility Five years of service.

Benefit 60% of the greater of Service or Ordinary Disability Retirement benefit payable to eligible surviving spouse (§31765.1, §31781.1), in lieu of §31781.

Summary of Major Plan Provisions

(continued)

Death After Retirement:

All Members:

Service or Ordinary Disability Retirement 60% of member's unmodified allowance continued to eligible spouse. (§31760.1) A lump sum benefit in the amount of \$1,000 is payable upon death of a member (with 10 years of service) to his/her eligible beneficiary. (§31790) An eligible spouse is a surviving spouse who was married to or registered with the member one year prior to the effective retirement date. Certain surviving spouses or domestic partners may also be eligible if marriage or domestic partnership was at least two years prior to the date of death and the surviving spouse or domestic partner has attained age 55. (§31760.1)

Line-of-Duty Disability 100% of member's allowance continued to eligible spouse. (§31786) A lump sum benefit in the amount of \$1,000 is payable upon death of a member (with 10 years of service) to his/her eligible beneficiary. (§31790)

Withdrawal Benefits:

Less than Five Years of Service Refund of accumulated member contributions with interest or earned benefit at age 70. (§31628) Effective January 1, 2003, a member may also elect to leave their contributions on deposit in the retirement fund. (§31629.5)

Five or More Years of Service Refund of accumulated employee contributions with interest. If contributions left on deposit, a member is entitled to earned benefits commencing at any time after eligible to retire. (§31700)

Post-Retirement

Cost-of-Living Benefits:

Future changes based on Consumer Price Index to a maximum of 3% per year, excess "banked." (§31870.1)

Supplemental Benefit:

Non-vested supplemental COLA and medical benefits are also paid by the System to eligible retirees and survivors. These benefits have been excluded from this valuation.

Member Contributions:

Non-CalPEPRA General Plans:

Plan A

Basic

Provide for an average annuity at age 60 equal to 1/200 of FAS1. (§31621.5)

Cost-of-Living

Provide for 50% of future Cost-of-Living costs.

Plan B

Basic

Provide for an average annuity at age 60 equal to 1/120 of FAS3. (§31621)

Cost-of-Living

Provide for 50% of future Cost-of-Living costs.

Plans G, H, I and J

Basic

Provide for an average annuity at age 55 equal to 1/100 of FAS3 (FAS1 for Plans G and I). (§31621.8)

Cost-of-Living

Provide for 50% of future Cost-of-Living costs.

Plans M, N, O and P

Basic

Provide for an average annuity payable at age 60 equal to 1/120 of FAS3 (FAS1 for Plans M and O). (§31621)

Cost-of-Living

Provide for 50% of future Cost-of-Living costs.

Plan S

Basic

Provide for an average annuity at age 60 equal to 1/100 of FAS3. (§31621.2)

Cost-of-Living

Provide for 50% of future Cost-of-Living costs.

Summary of Major Plan Provisions

(continued)

Member Contributions: (continued)

Non-CalPEPRA Safety Plans:

Plans E and Q

Basic Provide for an average annuity at age 50 equal to 1/200 FAS1. (\$31639.5)

Cost-of-Living Provide for 50% of future Cost-of-Living costs.

Plans F and R

Basic Provide for an average annuity at age 50 equal to 1/100 of FAS3. (\$31639.25)

Cost-of-Living Provide for 50% of future Cost-of-Living costs.

CalPEPRA Plans:

Plans T, U, V and W 50% of total Normal Cost rate.

Other Information: Non-CalPEPRA Safety members with 30 or more years of benefit service are exempt from paying member contributions. This also applies for General members hired on or before March 7, 1973.

Note: The summary of major plan provisions is designed to outline principal plan benefits as interpreted for purposes of the actuarial valuation.

Experience Analysis

(2015 - 2024)
(Dollars in Thousands)



Gains & Losses in Unfunded Actuarial Accrued Liabilities During Years Ended December 31, Resulting from Differences Between Assumed Experience & Actual Experience (Dollar Amounts in Thousands)

Type of Activity	Gains (or Losses) Per Year				
	2015	2016	2017	2018	2019
Retirements	\$ (62,070)	\$ -	\$ -	\$ -	\$ -
Pay Increases	282,696	(204,603)	66,399	71,908	52,716
COLA Increases	119,367	186,039	95,796	(24,279)	(131,220)
Investment Income	(229,138)	(113,103)	24,401	(255,908)	(50,514)
Other	10,056	(4,119)	5,316	(143,172)	(161,090)
Gain (or Loss) During Year From Experience	\$ 120,911	\$ (135,786)	\$ 191,912	\$ (351,451)	\$ (290,108)
Nonrecurring Items:					
Method and Procedure Changes	-	92,587 ³	-	-	-
Plan Amendments and Assumption Changes	-	-	(853,538)	-	-
Composite Gain (or Loss) During Year	\$ 120,911	\$ (43,199)	\$ (661,626)	\$ (351,451)	\$ (290,108)

Gains & Losses in Unfunded Actuarial Accrued Liabilities During Years Ended December 31, Resulting from Differences Between Assumed Experience & Actual Experience (Dollar Amounts in Thousands)

Type of Activity	Gains (or Losses) Per Year				
	2020	2021	2022	2023	2024
Retirements	\$ -	\$ -	\$ -	\$ -	\$ -
Pay Increases	62,291	87,162	(27,467)	(84,355)	(298,367)
COLA Increases	123,844 ¹	(148,830)	(261,281)	(14,660)	(15,757)
Investment Income	370,675	767,019	(59,849)	158,556	134,890
Other	(193,593)	(10,716)	(2,978)	(83,899)	19,793
Gain (or Loss) During Year From Experience	\$ 363,217	\$ 694,635	\$ (351,575)	\$ (24,358)	\$ (159,441)
Nonrecurring Items:					
Method and Procedure Changes	37,783 ²	-	-	-	-
Plan Amendments and Assumption Changes	(24,273)	-	-	(144,967)	-
Composite Gain (or Loss) During Year	\$ 376,727	\$ 694,635	\$ (351,575)	\$ (169,325)	\$ (159,441)

¹ Beginning with the December 31, 2020 valuation, the COLA for the upcoming April 1 is reflected in the valuation.

² Effect of reallocating present value benefits between NC and AAL.

³ Includes leap year salary adjustment, revised benefit and eligibility service credits from pension administration system and automatic continuance benefit for child beneficiary.

The Acorns

Every Number Represents Someone We Serve

Each acorn represents a beginning: a contribution made, a career supported, and a promise carried forward. Through disciplined stewardship and a long-term view, these seeds help grow the lasting retirement security OCERS provides to its members and retirees. The Statistical Section gives shape to that story through numbers, trends, and historical data. But behind every number is a person: a member, retiree, beneficiary, family, or employer whose future is connected to the strength of the system.

Together, these data points reflect more than performance over time. They represent the people OCERS serves every day, and the commitment to protect retirement security for generations to come.





Statistical Section Review

The Statistical Section of the Annual Comprehensive Financial Report provides additional information in order to promote a more comprehensive understanding of the financial statements, note disclosures and supplemental information.

The Governmental Accounting Standards Board (GASB) established five categories of information to be provided in the Statistical Section: Financial Trends, Revenues, Expenses, Demographic and Economic, and Operating Information.

This section provides multi-year trend information to facilitate an understanding of how OCERS as an organization has changed over time.

Information of financial trends, revenues and expenses for the last ten years is presented in the Schedules of Changes in Fiduciary Net Position, Schedule and Graph of Fiduciary Additions by Source, and Schedule and Graph of Expenses by Type.

Schedule of Changes in Fiduciary Net Position - Pension Trust Fund

2016 – 2025
(Dollars in Thousands)

Years Ended December 31	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Additions										
Employer Contributions	\$ 567,196	\$ 572,104	\$ 580,905	\$ 653,793	\$ 659,807	\$ 698,791	\$ 719,691	\$ 749,776	\$ 846,363	\$ 886,888
Employee Contributions	258,297	262,294	270,070	279,373	279,384	271,334	269,999	277,455	302,545	313,190
Investment Income/(Loss)	1,060,040	1,938,025	(326,145)	2,182,666	2,172,339	3,221,132	(2,059,364)	2,324,556	2,331,477	3,885,353
Net Securities Lending	1,203	1,610	1,517	1,142	845	933	774	925	768	688
Total Additions	\$ 1,886,736	\$ 2,774,033	\$ 526,347	\$ 3,116,974	\$ 3,112,375	\$ 4,192,190	\$ (1,068,900)	\$ 3,352,712	\$ 3,481,153	\$ 5,086,119
Deductions										
Benefits	\$ 717,976	\$ 764,344	\$ 828,278	\$ 900,902	\$ 973,325	\$ 1,045,738	\$ 1,139,715	\$ 1,216,248	\$ 1,285,410	\$ 1,355,857
Administrative Expenses	16,870	17,002	18,284	19,171	20,428	21,473	23,546	29,056	31,181	31,942
Total Deductions	\$ 734,846	\$ 781,346	\$ 846,562	\$ 920,073	\$ 993,753	\$ 1,067,211	\$ 1,163,261	\$ 1,245,304	\$ 1,316,591	\$ 1,387,799
Changes in Fiduciary Net Position	\$ 1,151,890	\$ 1,992,687	\$ (320,215)	\$ 2,196,901	\$ 2,118,622	\$ 3,124,979	\$ (2,232,161)	\$ 2,107,408	\$ 2,164,562	\$ 3,698,320

Schedule of Changes in Fiduciary Net Position - Health Care Fund - County

2016 – 2025
(Dollars in Thousands)



Years Ended December 31	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Additions										
Employer Contributions	\$ 42,411	\$ 59,864	\$ 52,520	\$ 54,788	\$ 41,559	\$ 41,049	\$ 41,889	\$ -	\$ 6,404	\$ 16,401
Investment Income/(Loss)	16,902	34,087	(5,888)	43,523	40,706	66,688	(38,483)	48,959	44,133	65,885
Net Securities Lending	21	32	31	25	19	21	18	20	16	13
Total Additions	\$ 59,334	\$ 93,983	\$ 46,663	\$ 98,336	\$ 82,284	\$ 107,758	\$ 3,424	\$ 48,979	\$ 50,553	\$ 82,299
Deductions										
Benefits	\$ 30,818	\$ 32,042	\$ 33,290	\$ 35,012	\$ 36,784	\$ 37,262	\$ 37,013	\$ 36,837	\$ 35,885	\$ 36,269
Administrative Expenses	22	22	20	20	22	23	23	24	24	23
Total Deductions	\$ 30,840	\$ 32,064	\$ 33,310	\$ 35,032	\$ 36,806	\$ 37,285	\$ 37,036	\$ 36,861	\$ 35,909	\$ 36,292
Changes in Fiduciary Net Position	\$ 28,494	\$ 61,919	\$ 13,353	\$ 63,304	\$ 45,478	\$ 70,473	\$ (33,612)	\$ 12,118	\$ 14,644	\$ 46,007

Schedule of Changes in Fiduciary Net Position - Health Care Fund - OCFA

2016 – 2025
(Dollars in Thousands)

Years Ended December 31	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Additions										
Employer Contributions	\$ 2,414	\$ 2,380	\$ 4,536	\$ 2,111	\$ 1,976	\$ 16,773	\$ 2,932	\$ 26,245	\$ 30,588	\$ 26,052
Investment Income/(Loss)	2,845	5,113	(725)	5,288	4,140	6,746	(4,705)	7,305	8,920	18,076
Net Securities Lending	3	4	4	3	2	2	2	4	3	3
Total Additions	\$ 5,262	\$ 7,497	\$ 3,815	\$ 7,402	\$ 6,118	\$ 23,521	\$ (1,771)	\$ 33,554	\$ 39,511	\$ 44,131
Deductions										
Benefits	\$ 3,867	\$ 3,978	\$ 5,077	\$ 5,018	\$ 5,539	\$ 5,999	\$ 6,658	\$ 7,157	\$ 7,735	\$ 8,285
Administrative Expenses	22	27	30	21	22	24	22	23	22	22
Total Deductions	\$ 3,889	\$ 4,005	\$ 5,107	\$ 5,039	\$ 5,561	\$ 6,023	\$ 6,680	\$ 7,180	\$ 7,757	\$ 8,307
Changes in Fiduciary Net Position	\$ 1,373	\$ 3,492	\$ (1,292)	\$ 2,363	\$ 557	\$ 17,498	\$ (8,451)	\$ 26,374	\$ 31,754	\$ 35,824

Schedule of Changes in Fiduciary Net Position - Custodial Fund - OCTA

2016 – 2025
(Dollars in Thousands)

Years Ended December 31	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Additions										
Employer OPEB Contributions	N/A	N/A	N/A	\$ 613	\$ 613	\$ 605	\$ 655	\$ 794	\$ 17,669	\$ 1,338
Investment Income/(Loss)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>3,250</u>	<u>2,350</u>	<u>2,715</u>	<u>(3,402)</u>	<u>3,003</u>	<u>2,564</u>	<u>5,600</u>
Total Additions	\$ -	\$ -	\$ -	\$ 3,863	\$ 2,963	\$ 3,320	\$ (2,747)	\$ 3,797	\$ 20,233	\$ 6,938
Deductions										
Employer OPEB Payments	N/A	N/A	N/A	\$ 1,318	\$ 1,383	\$ 1,419	\$ 1,466	\$ 1,531	\$ 1,754	\$ 2,042
Administrative Expenses	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>20</u>	<u>22</u>	<u>23</u>	<u>23</u>	<u>23</u>	<u>23</u>	<u>23</u>
Total Deductions	\$ -	\$ -	\$ -	\$ 1,338	\$ 1,405	\$ 1,442	\$ 1,489	\$ 1,554	\$ 1,777	\$ 2,065
Changes in Fiduciary Net Position	\$ -	\$ -	\$ -	\$ 2,525	\$ 1,558	\$ 1,878	\$ (4,236)	\$ 2,243	\$ 18,456	\$ 4,873

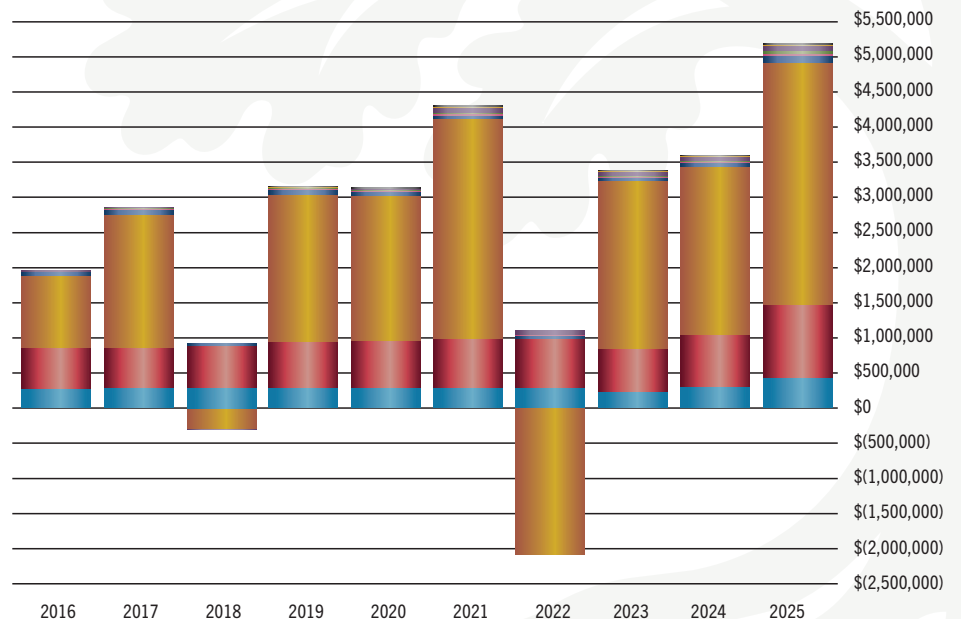
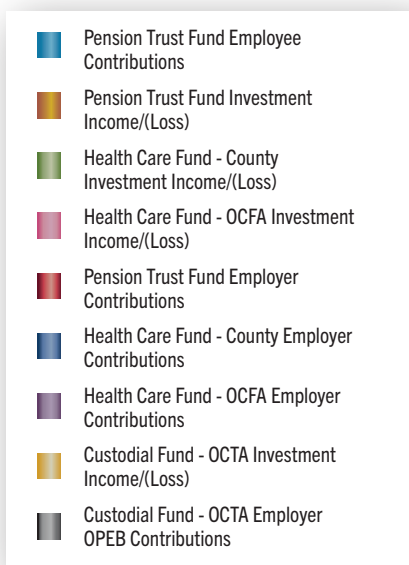
N/A: Detailed information not available. This is a 10-year schedule. Information in this schedule is not available prior to 2019 due to the implementation of GASB 84. Additional years will be added to this schedule in future fiscal years until 10 years of data is presented.

Schedule and Graph of Fiduciary Additions by Source

2016 – 2025
(Dollars in Thousands)



Years Ended December 31	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Pension Trust Fund										
Employee Contributions	\$ 258,297	\$ 262,294	\$ 270,070	\$ 279,373	\$ 279,384	\$ 271,334	\$ 269,999	\$ 277,455	\$ 302,545	\$ 313,190
Employer Contributions	567,196	572,104	580,905	653,793	659,807	698,791	719,691	749,776	846,363	886,888
Investment Income/(Loss) ¹	1,061,243	1,939,635	(324,628)	2,183,808	2,173,184	3,222,065	(2,058,590)	2,325,481	2,332,245	3,886,041
Health Care Fund - County										
Employer Contributions	42,411	59,864	52,520	54,788	41,559	41,049	41,889	-	6,404	16,401
Investment Income/(Loss) ¹	16,923	34,119	(5,857)	43,548	40,725	66,709	(38,465)	48,979	44,149	65,898
Health Care Fund - OCFA										
Employer Contributions	2,414	2,380	4,536	2,111	1,976	16,773	2,932	26,245	30,588	26,052
Investment Income/(Loss) ¹	2,848	5,117	(721)	5,291	4,142	6,748	(4,703)	7,309	8,923	18,079
Custodial Fund - OCTA										
Employer OPEB Contributions	N/A	N/A	N/A	613	613	605	655	794	17,669	1,338
Investment Income/(Loss) ¹	N/A	N/A	N/A	3,250	2,350	2,715	(3,402)	3,003	2,564	5,600
Total	\$ 1,951,332	\$ 2,875,513	\$ 576,825	\$ 3,226,575	\$ 3,203,740	\$ 4,326,789	\$ (1,069,994)	\$ 3,439,042	\$ 3,591,450	\$ 5,219,487



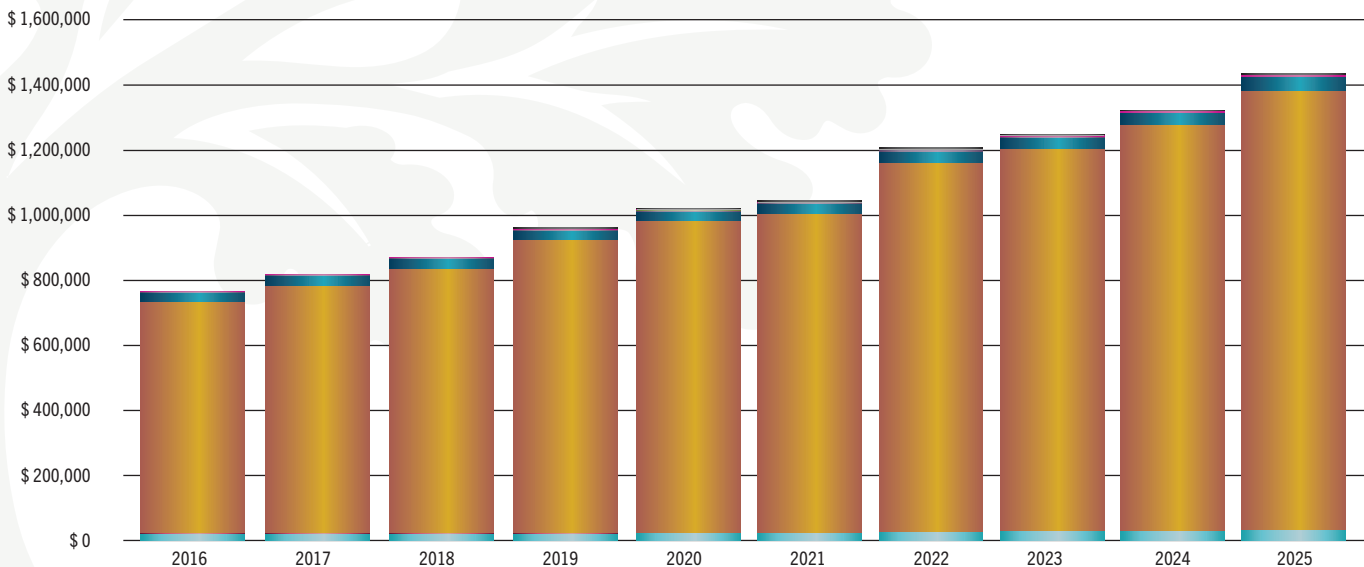
N/A: Detailed information not available.

¹ Investment income (loss) includes net appreciation/(depreciation) less investment manager fees, investment department expenses, security lending fees, and commission recapture.

Schedule and Graph of Expenses by Type

2016 – 2025
(Dollars in Thousands)

Years Ended December 31	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Pension Trust Fund										
Administrative	\$ 16,870	\$ 17,002	\$ 18,284	\$ 19,171	\$ 20,428	\$ 21,473	\$ 23,546	\$ 29,056	\$ 31,181	\$ 31,942
Withdrawals										
Separation	9,411	9,294	10,681	9,458	6,883	8,323	12,810	8,497	10,483	11,637
Death	4,232	4,572	3,252	3,791	4,664	6,126	9,429	6,254	7,717	4,813
Benefits	704,333	750,478	814,345	887,653	961,778	1,031,289	1,117,476	1,201,497	1,267,210	1,339,407
Health Care Fund - County										
Administrative	22	22	20	20	22	23	23	24	24	23
Benefits	30,818	32,042	33,290	35,012	36,784	37,262	37,013	36,837	35,885	36,269
Health Care Fund - OCFA										
Administrative	22	27	30	21	22	24	22	23	22	22
Benefits	3,867	3,978	5,077	5,018	5,539	5,999	6,658	7,157	7,735	8,285
Custodial Fund - OCTA										
Administrative	N/A	N/A	N/A	20	22	23	23	23	23	23
Benefits	N/A	N/A	N/A	1,318	1,383	1,419	1,466	1,531	1,754	2,042
Total	\$ 769,575	\$ 817,415	\$ 884,979	\$ 961,482	\$ 1,037,525	\$ 1,111,961	\$ 1,208,466	\$ 1,290,899	\$ 1,362,034	\$ 1,434,463



Pension Fund Administrative	Health Care Fund - County Administrative	Custodial Fund - OCTA Administrative
Pension Fund Withdrawals	Health Care Fund - County Benefits	Custodial Fund - OCTA Benefits
Pension Fund Benefits	Health Care Fund - OCFA Administrative	Health Care Fund - OCFA Benefits

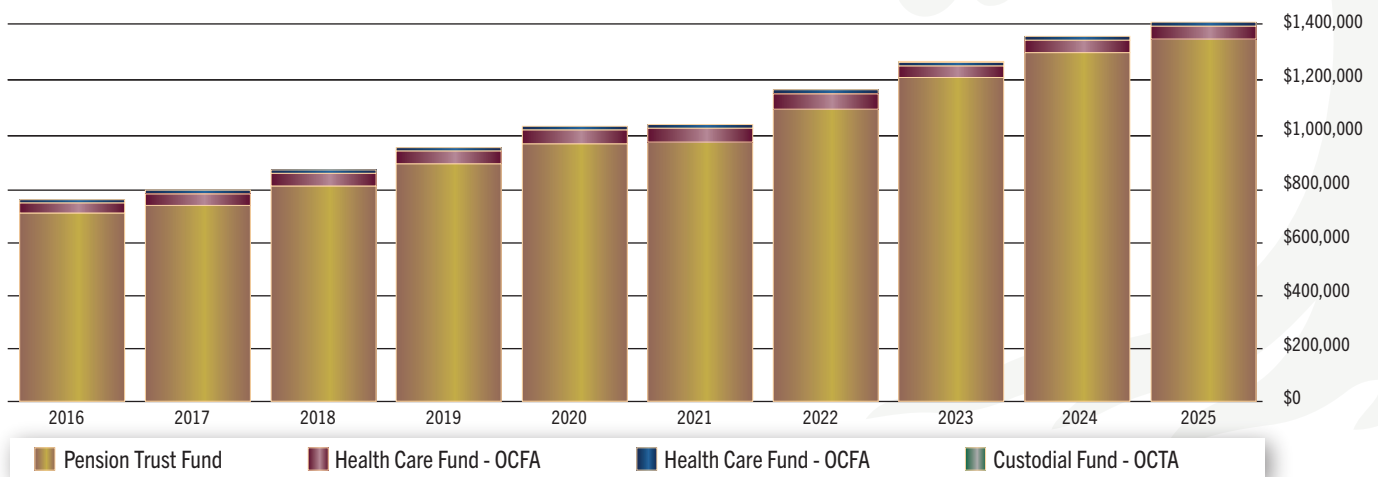
N/A: Detailed information not available.

Schedule and Graph of Benefit Expenses by Type

2016–2025
(Dollars in Thousands)



Years Ended December 31	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Pension Trust Fund										
Participant Benefits										
Service Retiree Payroll										
General	\$ 475,838	\$ 502,396	\$ 545,028	\$ 593,394	\$ 644,351	\$ 691,732	\$ 743,783	\$ 795,885	\$ 855,440	\$ 895,322
Safety	167,723	180,747	199,029	218,482	238,671	252,733	280,824	300,286	303,608	336,887
Service Retiree Payroll	643,561	683,143	744,057	811,876	883,022	944,465	1,024,607	1,096,171	1,159,048	1,232,209
Disability Retiree Payroll										
General	25,891	29,462	29,177	31,474	30,831	31,980	33,119	32,859	33,321	33,321
Safety	34,497	37,179	40,541	43,653	46,993	53,789	58,192	71,277	73,248	73,249
Disability Retiree Payroll	60,388	66,641	69,718	75,127	77,824	85,769	91,311	104,136	106,569	106,570
Total Participant Benefits										
General	501,729	531,858	574,205	624,868	675,182	723,712	776,902	828,744	888,760	928,643
Safety	202,220	217,926	239,570	262,135	285,664	306,522	339,016	371,563	376,857	410,136
Total Participant Benefits	703,949	749,784	813,775	887,003	960,846	1,030,234	1,115,918	1,200,307	1,265,617	1,338,779
Membership Withdrawals and Refunds										
General Membership	12,778	13,063	12,288	12,536	10,693	12,897	18,311	13,451	15,264	14,404
Safety Membership	865	803	1,645	713	854	1,552	3,928	1,300	2,936	2,046
Total Withdrawals and Refunds	13,643	13,866	13,933	13,249	11,547	14,449	22,239	14,751	18,200	16,450
Death Benefits										
Total Death Benefits	384	694	570	650	932	1,055	1,558	1,190	1,593	628
Total Pension Trust Fund	717,976	764,344	828,278	900,902	973,325	1,045,738	1,139,715	1,216,248	1,285,410	1,355,857
Health Care Fund - County										
Health Care	30,818	32,042	33,290	35,012	36,784	37,262	37,013	36,837	35,885	36,269
Health Care Fund - OCFA										
Health Care	3,867	3,978	5,077	5,018	5,539	5,999	6,658	7,157	7,735	8,285
Custodial Fund - OCTA										
Employer OPEB Payments	N/A	N/A	N/A	1,318	1,383	1,419	1,466	1,531	1,754	2,042
Total	\$ 752,661	\$ 800,364	\$ 866,645	\$ 942,250	\$1,017,031	\$1,090,418	\$1,184,852	\$1,261,773	\$1,330,784	\$1,402,453



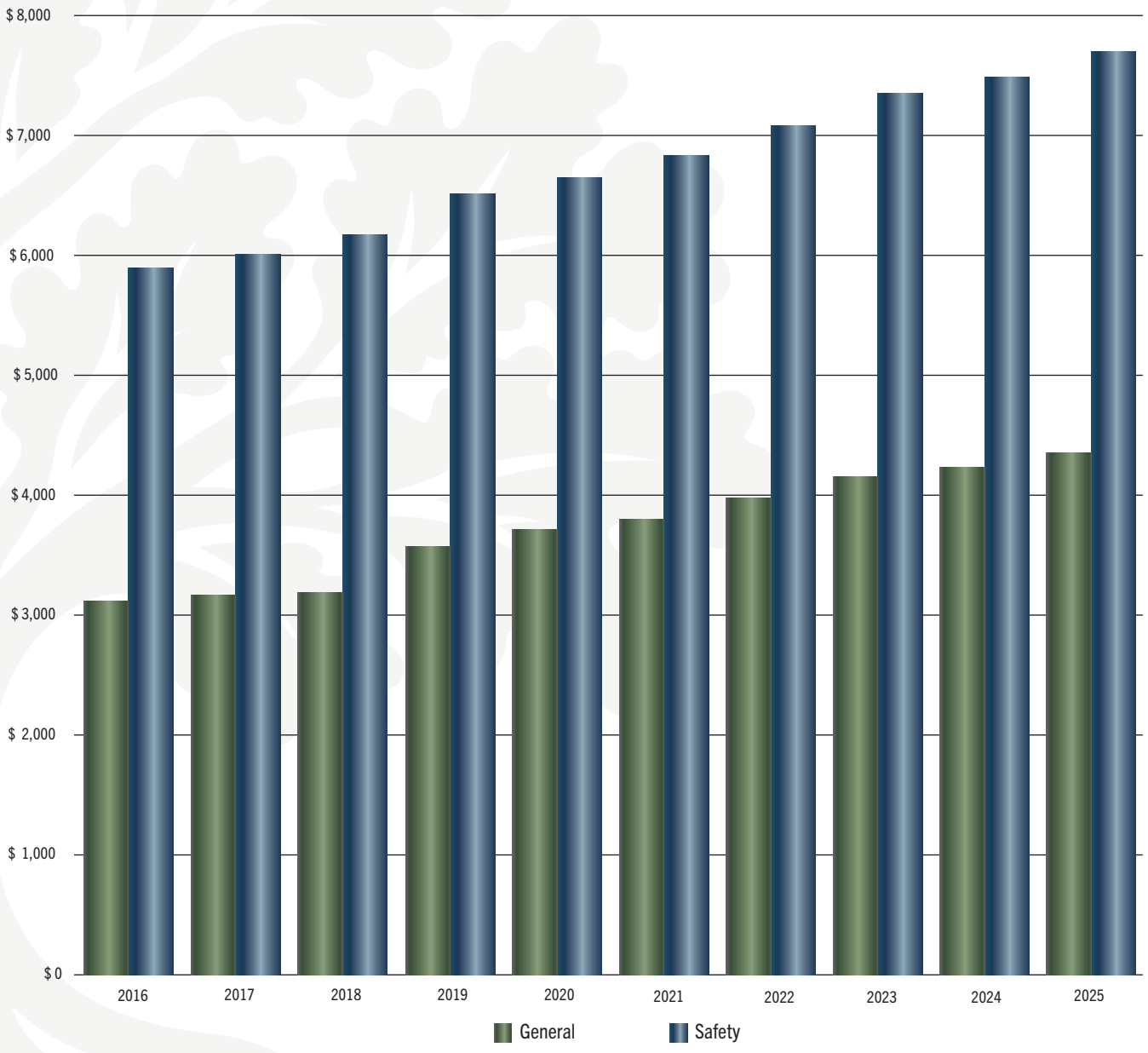
N/A: Detailed information not available.



Schedule and Graph of Average Monthly Pension Check

2016 – 2025

Years Ended December 31	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General	\$ 3,142	\$ 3,244	\$ 3,372	\$ 3,520	\$ 3,686	\$ 3,791	\$ 3,944	\$ 4,093	\$ 4,237	\$ 4,396
Safety	\$ 5,917	\$ 6,017	\$ 6,245	\$ 6,499	\$ 6,680	\$ 6,825	\$ 7,048	\$ 7,277	\$ 7,470	\$ 7,693



Source: OCERS' Pension Administration System Solution

Schedule of Average Pension Benefit Payments by Years of Service



Service Retirement Effective Dates	Years of Service						
	0-5	5-10	10-15	15-20	20-25	25-30	30 & Over
Period 1/1/16-12/31/16							
Average Monthly Pension Benefits	\$ 427	\$ 1,244	\$ 2,135	\$ 2,886	\$ 4,272	\$ 5,549	\$ 6,782
Monthly Final Average Salary	\$ 8,298	\$ 6,907	\$ 6,911	\$ 6,580	\$ 7,383	\$ 7,651	\$ 7,762
Number of Retired Members	24	56	121	120	113	195	163
Period 1/1/17-12/31/17							
Average Monthly Pension Benefits	\$ 541	\$ 1,215	\$ 2,073	\$ 3,062	\$ 4,513	\$ 5,851	\$ 7,069
Monthly Final Average Salary	\$ 7,952	\$ 6,800	\$ 6,844	\$ 6,810	\$ 7,743	\$ 7,975	\$ 7,931
Number of Retired Members	21	47	122	147	112	190	153
Period 1/1/18-12/31/18							
Average Monthly Pension Benefits	\$ 554	\$ 1,190	\$ 1,943	\$ 2,879	\$ 4,681	\$ 6,074	\$ 7,439
Monthly Final Average Salary	\$ 10,584	\$ 7,287	\$ 6,904	\$ 6,859	\$ 8,134	\$ 8,246	\$ 8,561
Number of Retired Members	23	62	125	144	127	205	208
Period 1/1/19-12/31/19							
Average Monthly Pension Benefits	\$ 367	\$ 1,424	\$ 2,332	\$ 3,073	\$ 4,831	\$ 6,475	\$ 7,324
Monthly Final Average Salary	\$ 7,568	\$ 8,243	\$ 7,509	\$ 6,985	\$ 8,088	\$ 8,591	\$ 8,249
Number of Retired Members	31	54	121	150	135	249	191
Period 1/1/20-12/31/20							
Average Monthly Pension Benefits	\$ 536	\$ 1,475	\$ 2,149	\$ 3,422	\$ 4,697	\$ 6,151	\$ 6,825
Monthly Final Average Salary	\$ 9,267	\$ 8,556	\$ 6,784	\$ 7,473	\$ 8,046	\$ 8,340	\$ 7,917
Number of Retired Members	29	59	128	166	237	281	288
Period 1/1/21-12/31/21							
Average Monthly Pension Benefits	\$ 540	\$ 1,524	\$ 2,361	\$ 3,532	\$ 5,406	\$ 6,602	\$ 7,219
Monthly Final Average Salary	\$ 9,897	\$ 8,823	\$ 7,781	\$ 7,749	\$ 9,348	\$ 8,941	\$ 8,377
Number of Retired Members	27	53	87	102	142	112	128
Period 1/1/22-12/31/22							
Average Monthly Pension Benefits	\$ 644	\$ 1,545	\$ 2,631	\$ 3,798	\$ 5,690	\$ 7,481	\$ 8,077
Monthly Final Average Salary	\$ 10,744	\$ 9,289	\$ 8,821	\$ 8,432	\$ 9,473	\$ 10,023	\$ 9,238
Number of Retired Members	33	91	117	127	226	210	224
Period 1/1/23-12/31/23							
Average Monthly Pension Benefits	\$ 421	\$ 1,584	\$ 2,815	\$ 3,837	\$ 5,083	\$ 7,496	\$ 7,399
Monthly Final Average Salary	\$ 10,111	\$ 9,737	\$ 9,249	\$ 8,347	\$ 8,452	\$ 10,150	\$ 8,439
Number of Retired Members	29	60	61	114	188	181	210
Period 1/1/24-12/31/24							
Average Monthly Pension Benefits	\$ 694	\$ 1,327	\$ 2,567	\$ 3,465	\$ 5,492	\$ 7,146	\$ 7,233
Monthly Final Average Salary	\$ 11,500	\$ 8,155	\$ 9,495	\$ 7,856	\$ 9,323	\$ 9,720	\$ 8,340
Number of Retired Members	26	78	79	110	125	160	144
Period 1/1/25-12/31/25							
Average Monthly Pension Benefits	\$ 558	\$ 1,481	\$ 2,628	\$ 4,318	\$ 5,872	\$ 8,692	\$ 8,097
Monthly Final Average Salary	\$ 10,590	\$ 9,184	\$ 8,844	\$ 9,405	\$ 9,982	\$ 11,686	\$ 9,236
Number of Retired Members	29	67	104	110	160	183	150

Source: OCERS' Pension Administration System Solution

Schedule of Pension Benefit Recipients by Type of Benefit

December 31, 2025

Monthly Benefit	Normal Retirement for Age and Service	Survivor Payment - Normal Retirement	Service-Connected Disability Retirement	Nonservice-Connected Disability Retirement	Survivor Payment - Disability Retirement	DRO (Domestic Relations Order Payees)	Active Deaths	Total
\$1-500	512	103	-	2	12	78	7	714
\$501-1,000	907	227	-	5	20	131	38	1,328
\$1,001-1,500	1,024	213	2	30	32	114	69	1,484
\$1,501-2,000	1,103	165	17	49	20	105	72	1,531
\$2,001-2,500	1,037	153	84	47	20	80	31	1,452
\$2,501-3,000	1,106	133	176	20	24	59	26	1,544
\$3,001-3,500	1,057	124	195	14	42	45	10	1,487
\$3,501-4,000	1,030	90	128	18	35	42	5	1,348
\$4,001-4,500	969	97	79	3	19	33	4	1,204
\$4,501-5,000	857	63	82	7	20	18	3	1,050
\$5,001-5,500	796	66	98	2	23	8	7	1,000
\$5,501-6,000	814	50	89	1	13	12	5	984
\$6,001-6,500	725	54	66	1	10	7	2	865
\$6,501-7,000	633	31	42	2	8	3	2	721
Over \$7,000	4,943	136	396	3	41	7	6	5,532
Total	<u>17,513</u>	<u>1,705</u>	<u>1,454</u>	<u>204</u>	<u>339</u>	<u>742</u>	<u>287</u>	<u>22,244</u>

Definition of Terms

Eligible Spouse: A member's spouse is considered eligible if the member has been legally married for at least one year at the time of retirement and remains married throughout the member's retirement. Eligible Spouse also includes Qualified Domestic Partner registered in accordance with applicable Family Law provisions.

Eligible Child: An eligible child is an unmarried child under the age of 18, or under the age of 22 if a full-time student. This includes adopted children. Eligible Child can also include a stepchild living or domiciled with the member at the time of the member's death for purposes of an active member Nonservice-connected or Service-connected death benefit only.

Schedule of Pension Benefit Recipients by Option Selected

December 31, 2025



Monthly Benefit	UM	OP1	OP2	OP3	OP4	DB	UMC	O2C	O3C	O4C	SCDC	NSCDC	LSRC	AN	Total
\$1-500	473	1	25	3	2	77	98	6	7	4	-	6	1	11	714
\$501-1,000	855	1	49	1	6	131	229	13	3	2	2	21	15	-	1,328
\$1,001-1,500	999	1	52	1	3	114	231	14	1	2	5	51	10	-	1,484
\$1,501-2,000	1,123	1	36	3	6	105	177	10	5	-	-	55	10	-	1,531
\$2,001-2,500	1,119	1	40	4	4	80	166	10	2	1	-	23	2	-	1,452
\$2,501-3,000	1,266	1	24	1	10	59	146	15	2	-	-	18	2	-	1,544
\$3,001-3,500	1,240	-	19	2	5	45	161	8	-	-	-	5	2	-	1,487
\$3,501-4,000	1,142	-	24	3	7	42	122	2	1	-	1	4	-	-	1,348
\$4,001-4,500	1,023	-	16	1	11	33	102	14	-	3	-	-	1	-	1,204
\$4,501-5,000	918	-	11	2	15	18	76	9	-	-	-	-	1	-	1,050
\$5,001-5,500	870	-	17	-	9	8	90	5	-	-	-	1	-	-	1,000
\$5,501-6,000	873	-	21	-	10	12	61	4	-	-	2	1	-	-	984
\$6,001-6,500	767	-	15	2	8	7	58	7	-	-	-	1	-	-	865
\$6,501-7,000	660	-	10	1	6	3	36	4	1	-	-	-	-	-	721
Over \$7,000	<u>5,198</u>	<u>4</u>	<u>66</u>	<u>2</u>	<u>72</u>	<u>7</u>	<u>159</u>	<u>21</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>-</u>	<u>5,532</u>
Total	<u>18,526</u>	<u>10</u>	<u>425</u>	<u>26</u>	<u>174</u>	<u>741</u>	<u>1,912</u>	<u>142</u>	<u>22</u>	<u>12</u>	<u>11</u>	<u>187</u>	<u>45</u>	<u>11</u>	<u>22,244</u>

Definition of Options:

UM: Unmodified -- Maximum retirement allowance

OP1: Option 1 -- Reduced retirement allowance, at death of retiree beneficiary receives remaining balance on account

OP2: Option 2 -- Reduced retirement allowance

OP3: Option 3 -- Reduced retirement allowance

OP4: Option 4 -- Reduced retirement allowance

DB: DRO benefit -- Benefit as provided in Domestic Relations Order

UMC: Unmodified continuance -- Beneficiary receives 60% of maximum retirement allowance

O2C: Option 2 continuance -- Beneficiary receives same monthly allowance

O3C: Option 3 continuance -- Beneficiary receives 50% of monthly allowance

O4C: Option 4 continuance -- Multiple beneficiaries receive allowance as previously approved

SCDC: SCD continuance -- Service Connected Disability

NSCDC: NSCD continuance -- Non Service Connected Disability

LSRC: Lump sum and reduced continuance

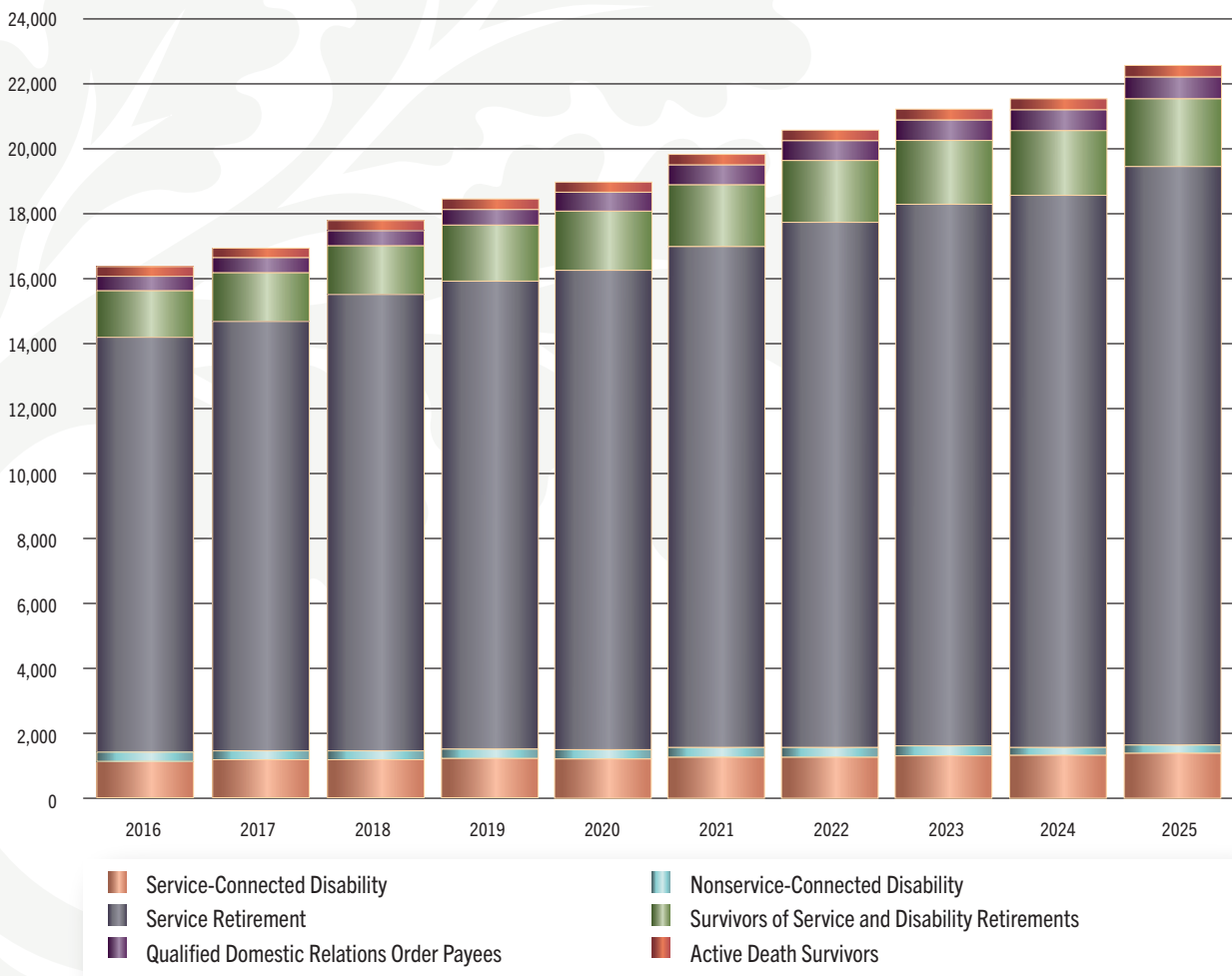
AN: Annuity



Schedule and Graph of Pension Benefit Recipients

2016 – 2025

Years Ended December 31	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Service-Connected Disability	1,161	1,185	1,232	1,261	1,289	1,333	1,364	1,412	1,434	1,454
Nonservice-Connected Disability	257	261	250	244	236	228	224	216	211	204
Service Retirement	12,768	13,240	13,827	14,448	15,339	15,607	16,311	16,754	17,103	17,513
Survivors of Service and Disability Retirements	1,448	1,496	1,559	1,631	1,678	1,744	1,820	1,911	1,982	2,044
Qualified Domestic Relations Order Payees	426	455	495	530	573	616	662	693	716	742
Active Death Survivors	309	310	311	306	304	298	297	297	294	287
Total	<u>16,369</u>	<u>16,947</u>	<u>17,674</u>	<u>18,420</u>	<u>19,419</u>	<u>19,826</u>	<u>20,678</u>	<u>21,283</u>	<u>21,740</u>	<u>22,244</u>



Source: OCERS' Pension Administration System Solution

Schedule of Average Retirement Age

2016 – 2025



Years Ended December 31	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General	59.44	60.79	61.30	61.14	61.02	60.49	60.70	60.77	60.03	60.36
Safety	53.58	55.09	55.15	54.53	54.15	53.63	55.33	54.21	53.39	52.99

Schedule of Average Years of Service at Retirement

2016 – 2025

Years Ended December 31	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General	19.56	21.41	22.08	21.95	23.18	20.87	21.99	23.40	21.72	21.76
Safety	22.81	23.92	24.60	24.36	23.87	22.16	21.82	21.93	19.88	21.64

Schedule of Beneficiaries Receiving a Pension

2016 – 2025

Years Ended December 31	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General	1,514	1,540	1,593	1,652	1,685	1,728	1,780	1,854	1,906	1,944
Safety	243	266	277	285	297	314	337	354	370	387
Total	<u>1,757</u>	<u>1,806</u>	<u>1,870</u>	<u>1,937</u>	<u>1,982</u>	<u>2,042</u>	<u>2,117</u>	<u>2,208</u>	<u>2,276</u>	<u>2,331</u>

Schedule of Active and Deferred Members

2016 – 2025

Years Ended December 31	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General										
Active	18,072	17,941	18,150	18,356	17,733	18,128	18,184	18,805	19,291	18,639
Deferred	4,940	5,341	5,547	6,004	6,280	6,680	7,323	8,014	8,804	9,532
Safety										
Active	3,674	3,780	3,779	3,901	3,826	3,883	3,877	3,977	4,077	4,158
Deferred	430	462	479	516	538	558	571	565	573	600
Total	<u>27,116</u>	<u>27,524</u>	<u>27,955</u>	<u>28,777</u>	<u>28,377</u>	<u>29,249</u>	<u>29,955</u>	<u>31,361</u>	<u>32,745</u>	<u>32,929</u>

Source: OCERS' Pension Administration System Solution

Schedule of Participating Employers - Pension Plan

2016 – 2025

Years Ended December 31	Total	Orange County	OCTA	OC Superior Court	OC Fire Authority	OC Sanitation District	City of San Juan Capistrano	Trans- portation Corridor Agencies	All Other Employers	
2016	Number of Covered Employees	21,525	16,574	1,409	1,462	1,224	572	75	63	146
	Percentage to Total System	100%	77.00%	6.55%	6.79%	5.69%	2.66%	0.35%	0.29%	0.68%
2017	Number of Covered Employees	21,746	16,756	1,372	1,486	1,263	578	80	68	143
	Percentage to Total System	100%	77.05%	6.31%	6.83%	5.81%	2.66%	0.37%	0.31%	0.66%
2018	Number of Covered Employees	21,721	16,778	1,313	1,455	1,288	592	81	64	150
	Percentage to Total System	100%	77.24%	6.04%	6.70%	5.93%	2.73%	0.37%	0.29%	0.69%
2019	Number of Covered Employees	21,929	17,048	1,279	1,419	1,262	616	78	62	165
	Percentage to Total System	100%	77.75%	5.83%	6.47%	5.75%	2.81%	0.36%	0.28%	0.75%
2020	Number of Covered Employees	22,257	17,160	1,350	1,419	1,416	608	76	61	167
	Percentage to Total System	100%	77.10%	6.07%	6.38%	6.36%	2.73%	0.34%	0.27%	0.75%
2021	Number of Covered Employees	21,559	16,474	1,322	1,399	1,457	618	67	54	168
	Percentage to Total System	100%	76.42%	6.13%	6.48%	6.76%	2.87%	0.31%	0.25%	0.78%
2022	Number of Covered Employees	22,011	16,899	1,315	1,384	1,508	620	51	61	173
	Percentage to Total System	100%	76.78%	5.97%	6.28%	6.85%	2.82%	0.23%	0.28%	0.79%
2023	Number of Covered Employees	22,061	16,915	1,279	1,437	1,528	605	55	55	187
	Percentage to Total System	97%	74.25%	5.61%	6.30%	6.71%	2.66%	0.24%	0.24%	0.82%
2024	Number of Covered Employees	22,782	17,581	1,264	1,459	1,560	608	55	59	196
	Percentage to Total System	100%	77.17%	5.55%	6.40%	6.85%	2.67%	0.24%	0.26%	0.86%
2025	Number of Covered Employees	22,797	17,324	1,401	1,485	1,607	635	54	62	229
	Percentage to Total System	100%	75.99%	6.15%	6.51%	7.05%	2.79%	0.24%	0.27%	1.00%

Source: OCERS' Pension Administration System Solution

History of Actuarial Assumption Rates

For the Period January 1945 - December 2025



The table shown below is a comprehensive history of the change in interest rate assumption and the salary assumption rates corresponding to the Orange County Employees Retirement System since the inception of the System. These rates are adopted by the Retirement Board and used by the consulting actuary in the creation of the actuarial valuation of the System.

Specifically, the interest rate assumption estimates the rate at which the funds of the System’s investment portfolio will realize earnings over many years into the future. The salary assumption rate estimates the relative increases in the salary of a member from the date of the valuation to the estimated date of separation of the member from active service.

Effective Date	Interest Rate	Salary Assumption Rate
1/1/45	2.50%	0.00%
7/1/62	3.50%	0.00%
12/31/65	4.00%	0.00%
7/1/69	4.50%	0.00%
6/30/70	5.00%	0.00%
8/31/73	5.75%	0.00%
7/1/75	6.00%	0.00%
7/1/81	7.25%	5.00%
7/1/89	7.50%	5.50%
7/1/91	8.00%	6.00%
7/1/96	8.00%	3.50%
7/1/00	8.00%	5.50%
7/1/03	7.50%	4.50%
12/31/04	7.75%	3.50% ¹
12/31/07	7.75%	3.50% ²
12/31/11	7.75%	3.50% ³
12/31/12	7.25%	3.25% ⁴
12/31/14	7.25%	3.25% ⁴
12/31/17	7.00%	3.25% ⁴
12/31/20	7.00%	3.00% ⁴

¹ Inflation per year plus merit and promotion increases ranging from 0.6% to 0.7%

² Inflation per year plus merit and promotion increases ranging from 1% to 10%

³ Inflation per year plus 0.25% across-the-board real salary increases plus merit and promotion increases ranging from 1% to 14%

⁴ Inflation per year plus 0.50% across-the-board real salary increase

Source: The Segal Company

The Full Oak

Standing Strong After 80 Years.

For 80 years, OCERS has grown from a promise of security into a lasting system of service, stewardship, and trust.

Like the full oak, its strength is found in every part working together: the roots of responsible governance, the trunk of financial stability, the branches of investment, the leaves of careful measurement, and the acorns that represent generations to come.

The Glossary brings clarity to the language and structure found throughout this report. It serves as a final guide, helping connect each term, section, and detail to the larger story of OCERS' work on behalf of its members, retirees, beneficiaries, employers, and the Orange County community.

Standing strong after eight decades, OCERS' legacy is not only measured in years, but in people. From those who helped shape the system in its earliest days to the team carrying its mission forward today, the full oak represents a shared commitment to service, security, and a future built together.





Glossary of Terms

Accrual Basis

The recording of the financial effects on a government of transactions and other events and circumstances that have financial consequences for the government in the periods in which those transactions, events and circumstances occur, rather than only in the periods in which cash is received or paid by the government.

Accumulated Plan Benefits

Benefits attributable under the provisions of a pension plan to employees for services rendered to the benefit information date.

Actuarial Accrued Liability

The actuarial accrued liability, as determined by a particular cost method, equals the total present value of benefits that is attributable to past service credit.

Actuarial Assumptions

Assumptions used in the actuarial valuation process as to the occurrence of future events affecting pension costs, such as mortality, withdrawal, disablement and retirement; changes in compensation and national pension benefits; rates of investments earnings and asset appreciation or depreciation; procedures used to determine the actuarial value of assets; characteristics of future entrants for open group actuarial cost methods and other relevant items.

Actuarial Determined Contribution

A target or recommended contribution to a defined benefit pension plan for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.

Actuarial Gain (Loss)

A measure of the difference between actuarial and expected experience based upon a set of actuarial assumptions. Examples include higher than expected salaries increases (loss) and a higher return on fund assets than anticipated (gain).

Actuarial Present Value

The discounted value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of actuarial assumptions.

Amortization

1. The portion of the cost of a limited-life or intangible asset charged as an expense during a particular period.
2. The reduction of debt by regular payments of principal and interest sufficient to retire the debt by maturity.

Annual Comprehensive Financial Report (Annual Report)

The Annual Report is the official annual report of a governmental entity. It includes the basic financial statements and their related notes prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, required supplementary information, extensive introductory material and a detailed statistical section.

Cost-sharing Multiple-employer Defined Benefit Pension Plan (cost-sharing pension plan)

A multiple-employer defined benefit pension plan in which the pension obligations to the employees of more than one employer are pooled and pension plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

Discount Rate

The single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the total of the following:

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected (under the requirements of GASB Statement No. 67) to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term expected rate of return, calculated using the long-term expected rate of return on pension plan investments.
2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.

Glossary of Terms

(Continued)

Entry Age Actuarial Cost Method

A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on the level basis over the earnings or services of the individual between entry age and assumed exit age(s).

Generally Accepted Accounting Principles (GAAP)

Generally Accepted Accounting Principles (GAAP) are a collection of commonly followed accounting rules and standards for financial reporting. The purpose of GAAP is to ensure transparency and consistency for financial reporting.

Independent Auditor's Report

In the context of a financial audit, a statement by the auditor describing the scope of the audit and the auditing standards applied in the examination, and setting forth the auditor's opinion on the fairness of presentation of the basic financial statements in conformity with generally accepted accounting principles (GAAP).

Money-weighted Rate of Return

A method of calculating period-by-period returns on pension plan investments that adjusts for the changing amounts actually invested. For purposes of GASB Statement No. 67, money-weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense.

Net Pension Liability

The liability of employers and non-employer contributing entities to plan members for benefits provided through a defined benefit pension plan.

Normal Cost

The ongoing annual cost allocated to the system by a particular actuarial cost method for providing benefits (future cost). Normal cost payments are made during the working lifetime of the member.

Pension Contribution

The amount paid into a pension plan by an employer (and/or employee), pursuant to the terms of the plan, state law, actuarial calculations or some other basis for determinations.

Pension Trust Fund

A fund used to account for public employee retirement benefits. Pension trust funds use the accrual basis of accounting and have a capital maintenance focus.

Total Pension Liability

The portion of the actuarial present value of projected benefit payments that is attributed to past periods of member service in conformity with the requirements of GASB Statement No. 67.

Unfunded Actuarial Accrued Liability (UAAL)

The excess of the actuarial accrued liability over the actuarial value of assets represents the unfunded actuarial accrued liability.

UAAL Amortization Payment

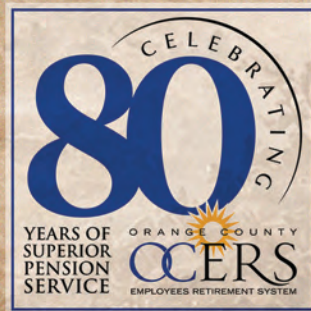
The UAAL amortization payment is the portion of pension contributions, which is designed to pay off (amortize) the UAAL in a systematic fashion. Equivalently, it is a series of periodic payments required to pay off a debt.

A Legacy Sealed *for Tomorrow*

As we celebrate 80 years of service, stewardship, and commitment to our members, we honor our past by preserving this milestone for future generations.

This time capsule captures our story, our values, and our vision.

Our roots run deep.
Our purpose endures.
Our legacy continues.





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