



October 8, 2026

MEMORANDUM

TO: Members of the Board of Trustees
Employees' Retirement System of Georgia

FROM: James A. Potvin, Executive Director

SUBJECT: Bi-Monthly Meeting of the Board of Trustees
Monthly Meeting - Investment Committee
Thursday, October 15, 2026

The bi-monthly meeting of the Board of Trustees of the Employees' Retirement System will be held on **Thursday, October 15, 2026 at 10:30 A.M.** Trustees, interested parties, and members of the public may attend in person or remotely.

To access the meeting by conference call, dial toll free (646) 828-7666 and enter your meeting ID as 160 330 3613. Please make sure to list yourself in the name field. Video teleconference instructions will be sent separately to the Board and other internal staff.

The meeting will be held in the Employees' Retirement System Board Room, First Floor, Two Northside 75, Atlanta, Georgia. Parking spaces at the front of the building will be reserved for Board members.

Please see the attached agenda package.

The **Investment Committee** meeting will precede the Board meeting at **9:00 A.M.** in the Investment Conference Room, Suite 500, Two Northside 75, Atlanta, Georgia. The agenda for the Investment Committee meeting, as well as teleconference instructions, will be mailed separately by the Division of Investment Services.

c:

Bryan Webb

Katie Stoff

Ryan Kolb

Rick Dunn

Alison Kaye

Chase Jones

Chloe Satterfield

Christine Killacky

Patrick Mock

Graham Stewart

Brent Churchwell

Austin Trott

Hayley Corbitt

Hayley Williams

Bailey Sailors

Tarika Jackson

Dan Regenstein

Autumn Cole

Ed Koebel

Ben Mobley

Darby Carraway

Bill Cary

Mike Majure

Laura Lanier

Mike Jackson

Jason Branch



**AGENDA
BI-MONTHLY MEETING OF BOARD OF TRUSTEES
EMPLOYEES' RETIREMENT SYSTEM
October 15, 2026
10:30 A.M.**

1. Call to order by Chair.
2. Approve minutes of bi-monthly meeting of August 20, 2026. [Agenda Package A]
3. Ratify action of Investment Committee at monthly meetings of August 20, 2026 and September 17, 2026. [Agenda Package B]
4. Review the Secretary's Report. [Agenda Package C]
5. Presentation by Independent Auditors for ERS and approval of FY26 Audit Report. [Agenda Package E]
6. Other business.
7. Adjournment.

EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA
MINUTES OF BI-MONTHLY MEETING OF BOARD OF TRUSTEES
BETA BUILDING, BOARD ROOM, FIRST FLOOR
August 20, 2026
10:30 A.M.

The following Trustees were in attendance: Rebecca Sullivan, Chair; Homer Bryson, Vice Chair; Steve McCoy; and Ben Utt. Rhonda Wilson attended via teleconference. Greg Griffin was absent.

Administrative and support personnel in attendance: Jim Potvin, Executive Secretary (Executive Director); Michelle Heinecke, Executive Assistant to the Director; Angie Surface, Deputy Director and Peach State Reserves Division Director; Susan Anderson, Chief Operating Officer and Member Services Division Director; LaToya Rogers-Bradley, Member Services Assistant Division Director; Ollie Pulver, Office Administrator; Kelly Moody, Legislative Affairs Division Director; Georgiana Pennell, Legal and Policy Research Analyst; Chris Hackett, Information Technology Division Director; Danielle Templeton, Communications Division Director; Jennifer Peake, Employer Services Division Director; Anna Geist, Quality Assurance Senior Manager; Nicole McGlathery, Human Resources Division Director; Patrice Newark, Human Resources Generalist; Keith Badalamente, Senior Systems Development and Support Manager; Laura Lanier, Chief Financial Officer, Mike Jackson, Controller, Ameritis Kersey, Senior Staff Accountant, Teachers Retirement System of Georgia; and Katie Stoff, Senior Assistant Attorney General, State Law Department.

Also present were Kate Maier, Human Resources Director and Angie Ledford, Human Resources Section Manager, Department of Public Safety; Chase Jones, Education Division Coordinator, Office of Planning and Budget; Patrick Mock, House B&R Retirement Analyst and Appropriations Education Subcommittee Analyst, Office of the Governor; James Sommerville, Chuck Freedman, Chuck Clay, Robert Riddle, and Barbara Heard, Georgia State Retirees Association; and a number of retirees.

Chair Rebecca Sullivan called the meeting to order.

Motion was made by Ben Utt, seconded by Homer Bryson, and unanimously adopted to approve the Minutes of the bi-monthly meeting of June 18, 2026.

Motion was made by Homer Bryson, seconded by Ben Utt, and unanimously passed approving and confirming all actions of the Investment Committee as set forth in the Investment Committee Minutes of June 18, 2026 and July 16, 2026.

Mr. Potvin presented the amended FY2027 and preliminary FY2028 proposed budgets for approval, focusing on the proposed FY2027 column.

Controllable Expenses:

- **Personal Services**
 - The FY2027 budget did not include any provision for general employee raises for this year, so there was no adjustment to the overall compensation budget.
 - Fringe benefits significantly decreased due to the decrease in premiums for the State Health Benefit Plan paid as an agency.
- **Operating Expenses**
 - The Proposed FY2028 expense for equipment has increased to \$600,000 due to a replacement of servers at the end of their lifespan as well as about fifty new laptops as the beginning of an agency-wide computer refresh.
 - Insurance premiums have increased modestly to cover expenses such as cybersecurity to meet statewide standards.
 - Real Estate Rentals have increased by 3%.
 - Contractual Services also have a small net increase.

Uncontrollable Expenses:

- Contractual Services
 - Peach State Reserves (PSR) fees have increased to account for continued growth in the Georgia State Employees' Pension System (GSEPS) population and the number of accounts managed by Alight.
 - DIS Services have a relatively modest increase of about \$400,000.
 - Financial Services have very little change.
 - Uncontrollable expenses have about a \$600,000 overall increase.
- The Public School Employees Retirement System (PSERS) ADEC and the Georgia Military Pension Fund (GMPF) ADEC have no difference between the FY2027 Current Annual Operating Budget (AOB) and the proposed budget.
- There is a small appropriation of \$10,400 due to the agency's role as Social Security Administrator.
- A payment of \$26,750,000 intended by the General Assembly and the Governor to be passed through to COLA-eligible ERS retirees as one-time payments is also included in overall numbers.

The Cost Distribution section shows the expenses charged across the various systems. The direct costs are assigned to the appropriate systems. The costs shared across the systems are estimated according to the relative effort used in each expense category and assigned to the appropriate system.

Motion was made by Steve McCoy, seconded by Homer Bryson, and unanimously adopted to approve the proposed FY2027 and FY2028 budget.

Mr. Potvin asked for a consideration of one-time payments totaling \$26.75 million for eligible ERS retirees to be approved for distribution prior to October 1, 2026.

Motion was made by Homer Bryson, seconded by Steve McCoy, and unanimously adopted to approve distribution of the one-time payments before October 1, 2026.

Motion was made by Ben Utt, seconded by Homer Bryson, and unanimously adopted to approve the new medical board member, Fayyaz Ul Haq, MD.

Motion was made by Homer Bryson, seconded by Ben Utt, and unanimously adopted to elect James "Jim" Sommerville as a trustee to a four-year term beginning August 20, 2026 to fill the position that was previously held by Frank Thach.

Mr. Potvin read aloud a thank-you card from Mr. Thach for his recognition and framed resolution presented at the previous bi-monthly board meeting of June 18, 2026.

Mr. Potvin reviewed the Secretary's Report, pointing out the following:

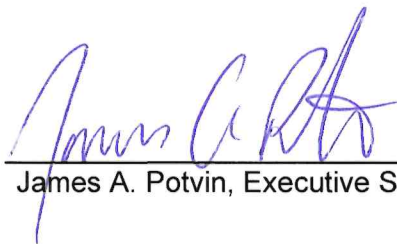
- From June 30, 2025 to June 30, 2026, the ERS market value increased from \$18.6 billion to \$21.4 billion.
- All systems combined assets increased 14.9% in market value from June 30, 2025 to June 30, 2026.
- The assets for the PSRs 401K and 457 plans combined increased from \$3.6 billion to \$4.4 billion.
- The agency's rate of return exceeded the 7% objective with 17.47% reported for FY2026.
- In July 2026, the rate of return was slightly negative, with an increase in August back to 1.6%.

- Through the end of FY2026, ERS received nearly \$1 billion of employee and employer contributions, as well as a \$100 million extraordinary appropriation from HB 973, signed by the Governor in April.
- PSERS active membership has been declining for the past six months.
- As of July 31, 2026, the total number of retiree benefit payments has finally crossed 80,000 across all systems.
- The number of new retirements for FY2026 and FY2027 remain similar to the patterns of previous years.
- Because of the transition to the new Workday system, active membership data for GSEPS last month is not fully recorded but will be corrected in the coming months.
- Project Updates
 - Communications
 - Current compliance with the 2027 ADA Title II WCAG accessibility standards ahead of the April deadline extension.
 - In the process of moving the ERSGA website to a new updated platform to ease maintenance and enhance security.
 - In addition to website updates and direct communications, a new educational video is being developed to further explain the enhanced match for certain law enforcement officers that fall under SB 452.
 - Employer Services
 - Transitioning employer reporting, funding, and new hire enrollment following the July 2026 GA@WORK implementation.
 - Human Resources
 - Training efforts to employees and managers on how to move over data such as performance plans to GA@WORK are ongoing.
 - Information Technology
 - Applications development have been heavily involved with tasks such as stabilizing the interfaces and receiving incoming files into the GA@WORK platform.
 - Operations have continued ongoing testing on the agency's internal network as well as starting to procure equipment for the data center in the new office building.
 - Peach State Reserves
 - Updated the GaBreeze system to reflect all 3,000 of the law enforcement officers under SB 452 that have at least 6 years of creditable service, making them eligible for the higher match.
- Mr. Potvin also spoke about his attendance at the recent annual National Association of State Retirement Administrators (NASRA) conference, highlighting the following:
 - Other state retirement systems are preparing for pension administration system upgrades ranging up to eleven years from start to finish and costing tens of millions of dollars.
 - In contrast, ERSGA has met two of its expectations of the main components of the new system from a technological standpoint, with the third component – the presentation layer – expected to be fully transitioned from Delphi to C Sharp by the end of FY2027.
 - The system upgrade has been completed in a cost-effective manner utilizing mostly internal staff and two contract programmers, and is expected to serve the agency for ten to fifteen years before any new upgrades will need to be considered.
 - There will also be more effort put into policies surrounding AI utilization and acceptable use as well as further cautious investigation into AI tools that might enhance agency performance.

- There is also current legislative preparation for the post-election transition to a new Governor that will be brought to the Board at a later meeting in this fiscal year.

Mr. Potvin completed the secretary's report.

With no further business, motion was made by Homer Bryson, seconded by Ben Utt, and unanimously adopted to adjourn the meeting.



James A. Potvin, Executive Secretary

Approved and adopted this 15th day of October 2026.

Rebecca Sullivan, Chair

MINUTES OF REGULARLY SCHEDULED MEETING - AUGUST 20, 2026

**EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA
INVESTMENT COMMITTEE**

MEMBERS PRESENT: Ben Utt, Chair
Homer Bryson
Steven N. McCoy
Rebecca Sullivan

NON-VOTING MEMBER: James A. Potvin

STAFF PRESENT: Charles W. Cary, Jr.
Michael K. Majure
Alina Bortis
Steven B. Futch
Matthew L. Wolfersberger
Angie Surface

LOCATION: Division of Investment Services' Conference Room
Beta Building
Atlanta, Georgia

1. Call to Order

The meeting was called to order by the Chair, Mr. Utt.

2. Adoption of Minutes of Previous Meeting

A motion was made by Mr. Bryson, and seconded by Ms. Sullivan, to adopt the Minutes of the July 16, 2026 Regularly Scheduled Meeting of the Investment Committee. After full discussion, the motion was unanimously adopted.

3. Approval of Motion to Close Meeting

A motion was made by Mr. Bryson, and seconded by Ms. Sullivan, to close the meeting to the public for the purpose of executive session. After full discussion, the motion was unanimously adopted. Accompanying affidavit to support the closing of a public meeting is shown in Minutes Exhibit "1".

4. Approval of Motion to Re-Open Meeting

A motion was made by Mr. Bryson, and seconded by Ms. Sullivan, to re-open the meeting to the public, thereby ending executive session. After full discussion, the motion was unanimously adopted.

5. Adoption of Staff Presentations and Recommendations

A motion was made by Mr. Bryson, and seconded by Ms. Sullivan, to adopt staff presentations and recommendations. After full discussion, the motion was unanimously adopted.

MINUTES OF REGULARLY SCHEDULED MEETING - AUGUST 20, 2026

Employees' Retirement System Investment Committee

Page 2

6. Deferred Compensation

Quarterly Performance Report

Ms. Bortis presented the Quarterly Performance Report to the Investment Committee.
(Minutes Exhibit "2")

7. Adjournment

There being no further business, a motion was made by Mr. Bryson, and seconded by Ms. Sullivan, to adjourn the meeting. The motion passed unanimously. The Chair declared the meeting adjourned.

Respectfully submitted,

Ben Utt, Chair

MINUTES OF REGULARLY SCHEDULED MEETING - SEPTEMBER 17, 2026

**EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA
INVESTMENT COMMITTEE**

MEMBERS PRESENT:

Ben Utt, Chair
Homer Bryson
Steven N. McCoy
Rebecca Sullivan

NON-VOTING MEMBER:

James A. Potvin

STAFF PRESENT:

Charles W. Cary, Jr.
Michael K. Majure
Steven B. Futch
Matthew L. Wolfersberger
Angie Surface

LOCATION:

Division of Investment Services' Conference Room
Beta Building
Atlanta, Georgia

1. Call to Order

The meeting was called to order by the Chair, Mr. Utt.

2. Adoption of Minutes of Previous Meeting

A motion was made by Mr. Bryson, and seconded by Ms. Sullivan, to adopt the Minutes of the August 20, 2026 Regularly Scheduled Meeting of the Investment Committee. After full discussion, the motion was unanimously adopted.

3. Approval of Motion to Close Meeting

A motion was made by Mr. McCoy, and seconded by Ms. Sullivan, to close the meeting to the public for the purpose of executive session. After full discussion, the motion was unanimously adopted. Accompanying affidavit to support the closing of a public meeting is shown in Minutes Exhibit "1".

4. Approval of Motion to Re-Open Meeting

A motion was made by Mr. Bryson, and seconded by Ms. Sullivan, to re-open the meeting to the public, thereby ending executive session. After full discussion, the motion was unanimously adopted.

5. Adoption of Staff Presentations and Recommendations

A motion was made by Mr. McCoy, and seconded by Mr. Bryson, to adopt staff presentations and recommendations. After full discussion, the motion was unanimously adopted.

MINUTES OF REGULARLY SCHEDULED MEETING - SEPTEMBER 17, 2026

Employees' Retirement System Investment Committee

Page 2

6. Adjournment

There being no further business, a motion was made by Mr. McCoy, and seconded by Mr. Bryson, to adjourn the meeting. The motion passed unanimously. The Chair declared the meeting adjourned.

Respectfully submitted,

Ben Utt, Chair

Secretary's Report

October 15, 2026

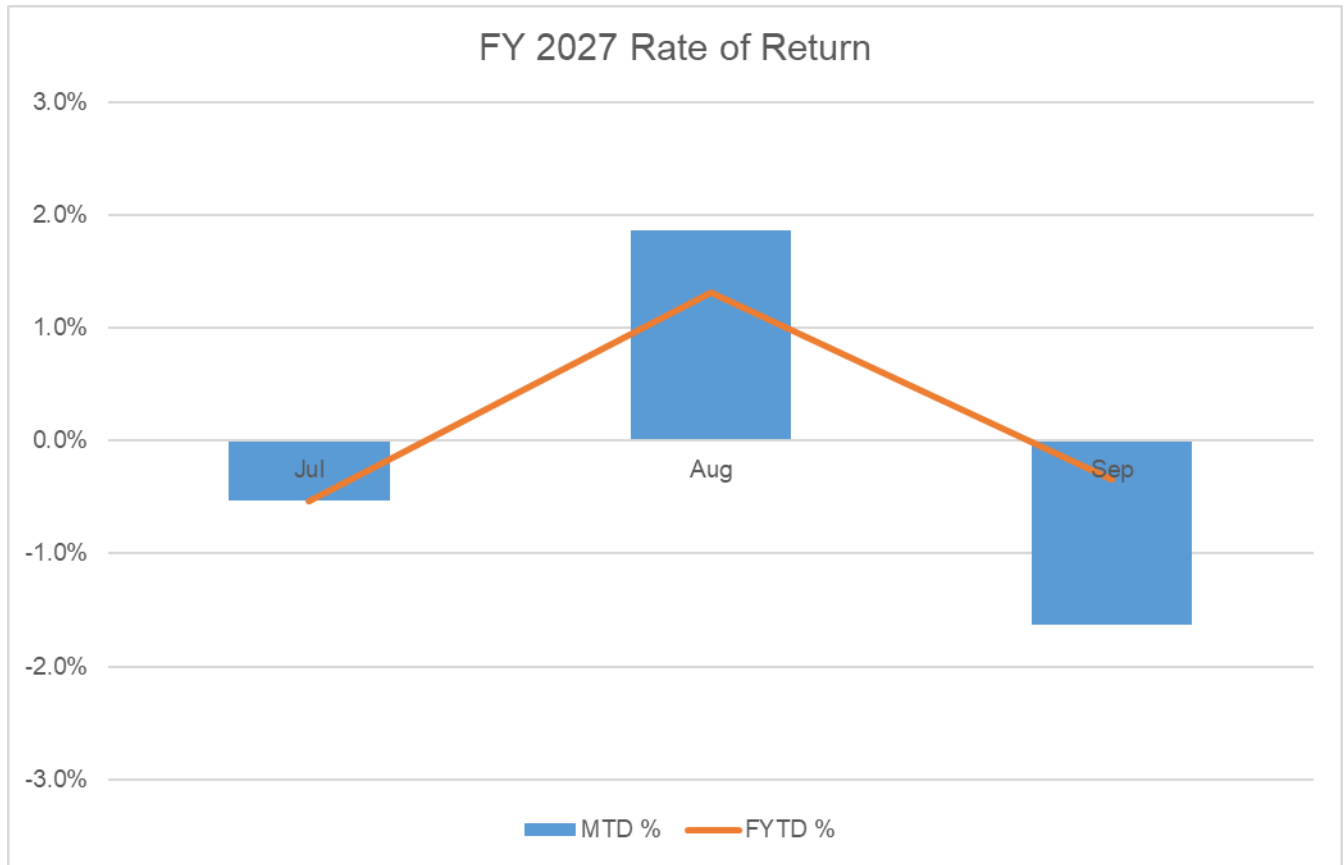


Employees' Retirement
System of Georgia

Fund Market Values

	6/30/2026	7/31/2026	8/31/2026	9/30/2026
<u>Plan</u>	<u>Market Value</u>	<u>Market Value</u>	<u>Market Value</u>	<u>Market Value</u>
ERS	\$21,369,191,015	\$21,192,581,151	\$21,560,738,465	\$21,134,794,470
JRS	719,908,800	713,378,388	724,008,361	709,837,864
LRS	50,083,668	49,610,328	50,322,975	49,383,234
PSERS	1,495,290,486	1,486,003,150	1,508,662,980	1,479,406,292
GMPF	62,471,611	62,328,213	63,479,420	62,418,028
SEAD-Active	579,230,881	575,758,664	586,291,146	576,193,224
SEAD-OPEB	1,950,420,997	1,934,263,996	1,965,203,242	1,928,804,727
SBF	318,897,573	317,150,199	323,007,990	317,607,214
Total	\$26,545,495,033	\$26,331,074,089	\$26,781,714,579	\$26,258,445,052
PSR 401(k)	\$3,482,124,180	\$3,474,377,075	\$3,566,023,251	\$3,519,444,697
PSR 457	912,909,418	902,007,336	915,500,093	896,301,029
GDCP	\$168,146,409	\$167,446,874	\$168,198,445	\$164,965,752

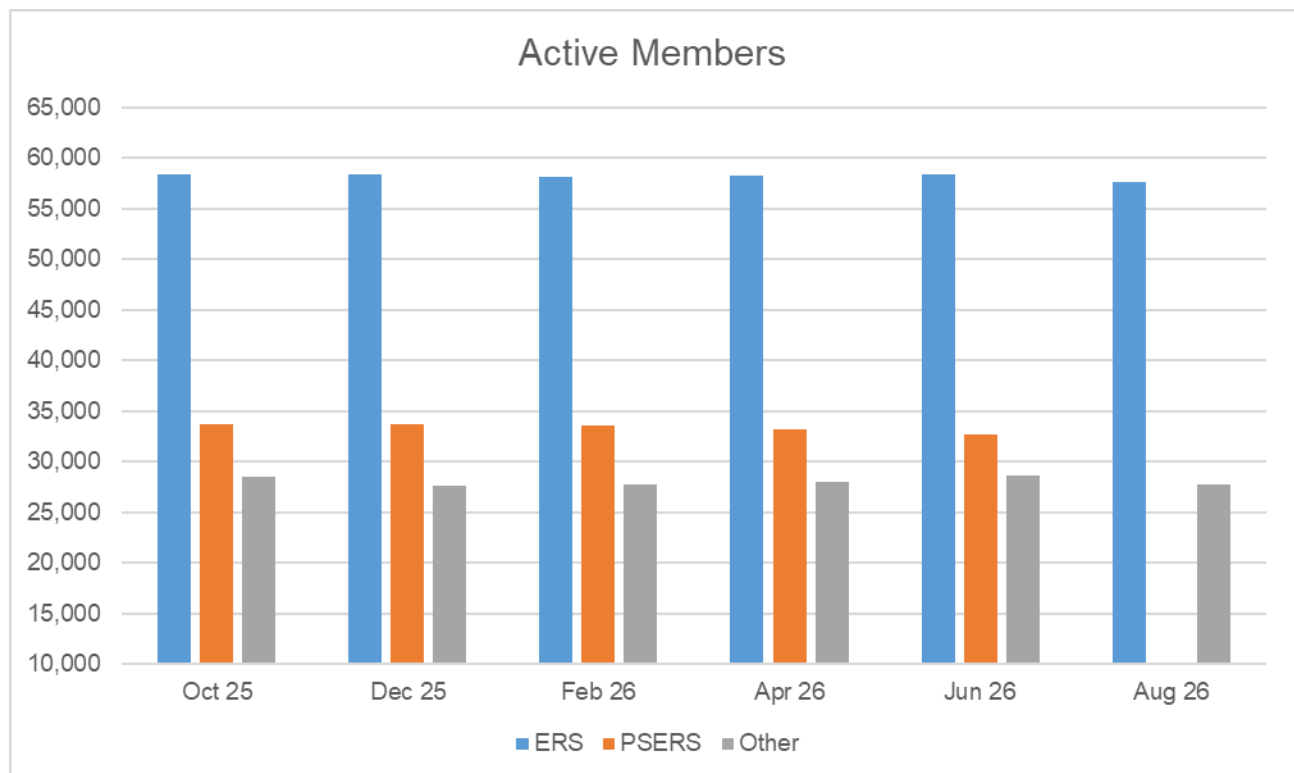
Investment Rates of Return



Contributions Received Through 8/30/2026

Plan	EE Contributions		ER Contributions		Total
ERS	\$	7,835,206	\$	157,668,237	\$ 165,503,443
JRS		1,132,258		1,347,804	2,480,061
LRS		72,562		0	72,562
PSERS		0		5,922,000	5,922,000
GDCP		3,200,306		0	3,200,306
GMPF		0		450,878	450,878
Total	\$	12,240,332	\$	165,388,919	\$ 177,629,251

Active Contributing Members



Retiree Benefit Payments through 9/30/2026

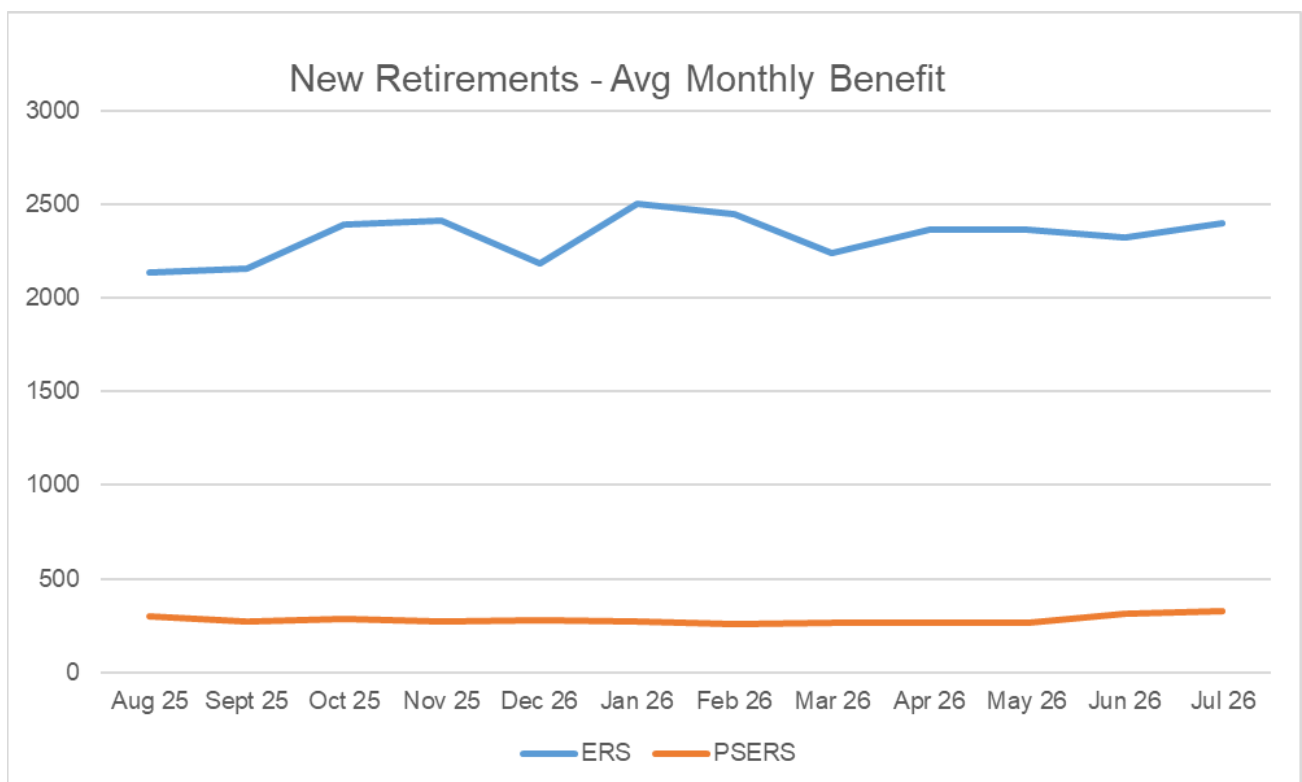
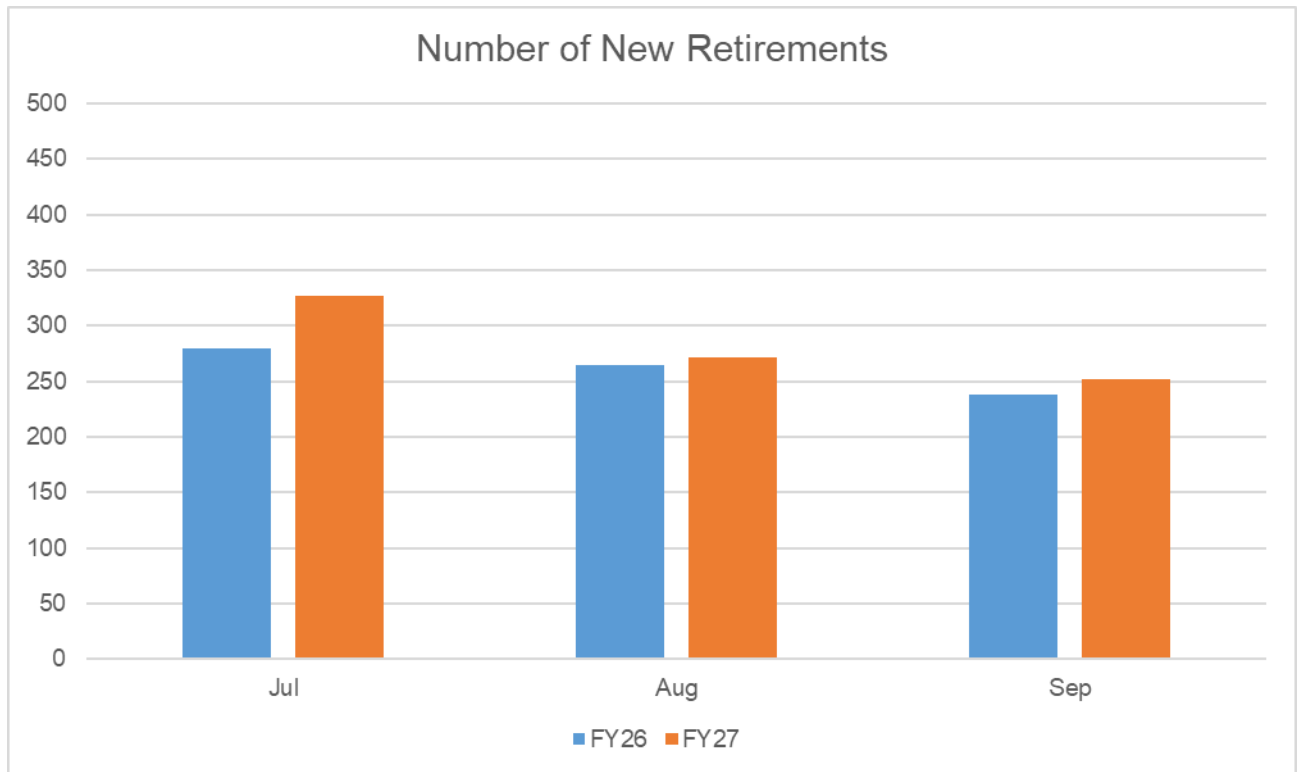
ERS distributes monthly benefits to **80,083** retirees and beneficiaries. Below represents the monthly retiree payroll for all plans as of **September 30, 2026**. (Includes PLOPs, month of death checks, and retro payments.)

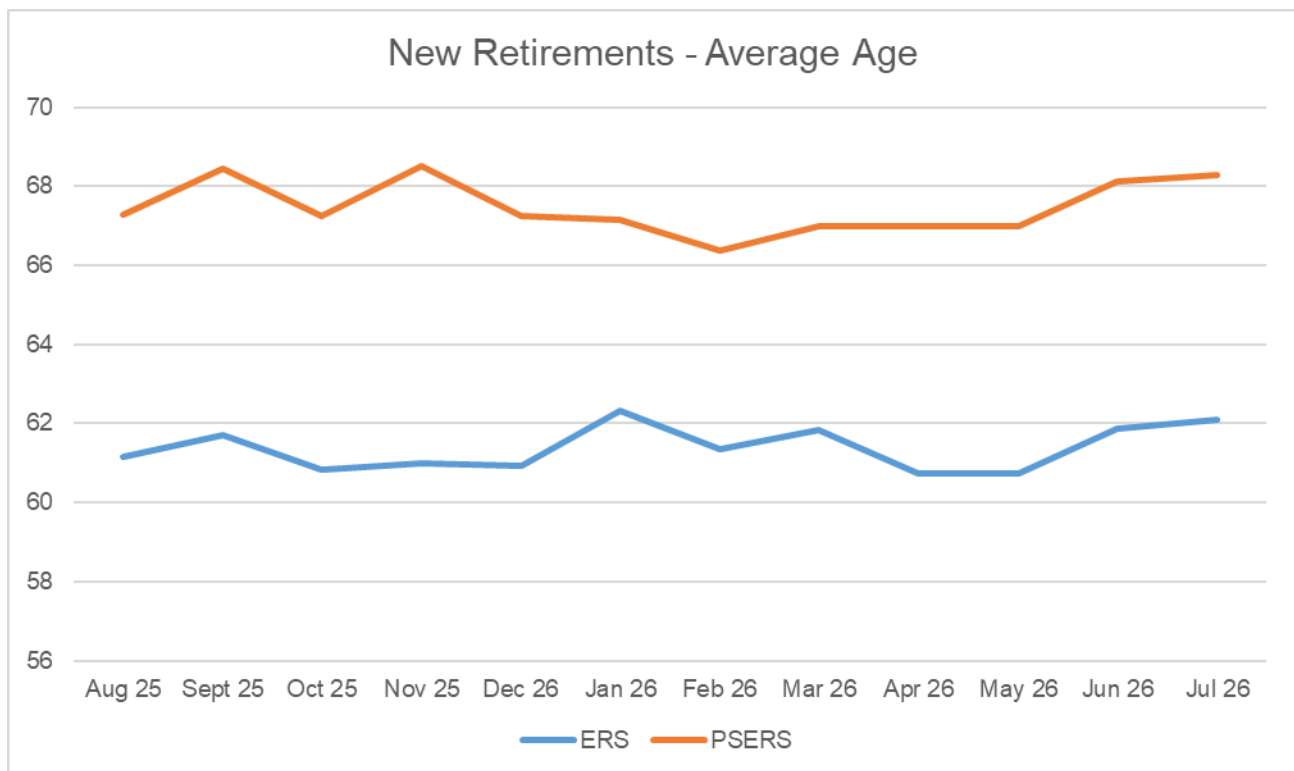
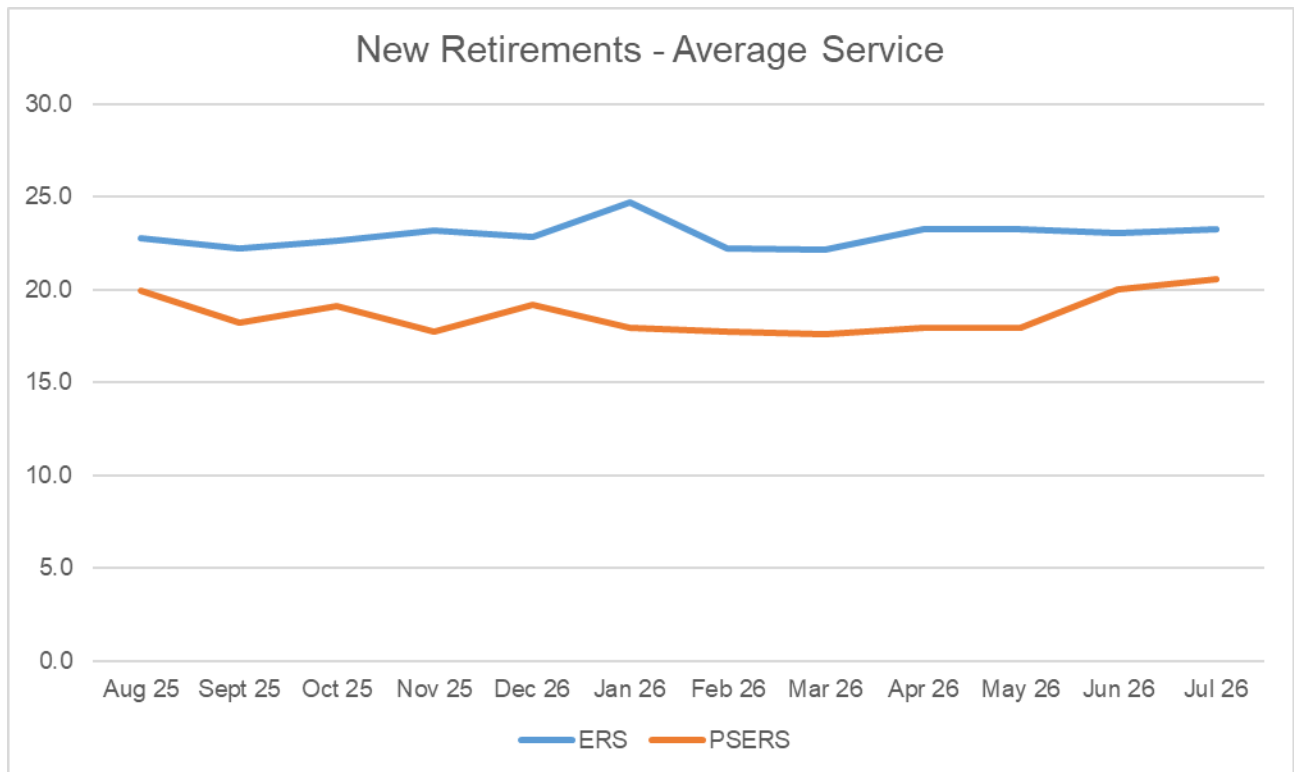
Plan	FY2026	FYTD2027	Retirees	Retirees	Total Retirees
			Aug 2026	Sept 2026	Sept 30, 2026
ERS	\$1,500,545,959	\$387,219,914	155	159	56,034
LRS	1,964,547	492,094	0	1	284
PSERS	82,577,829	20,935,270	114	87	21,422
JRS	40,273,785	10,515,868	0	1	525
GMPF	1,837,965	468,580	3	4	1,798
SCJRF	172,017	43,004	0	0	3
DARF	22,731	5,683	0	0	2
GDCP	10,503	10,842	0	0	0
Total	\$1,627,405,336	\$419,691,255	272	252	80,068

Supplemental Guaranteed Lifetime Income (SGLI)

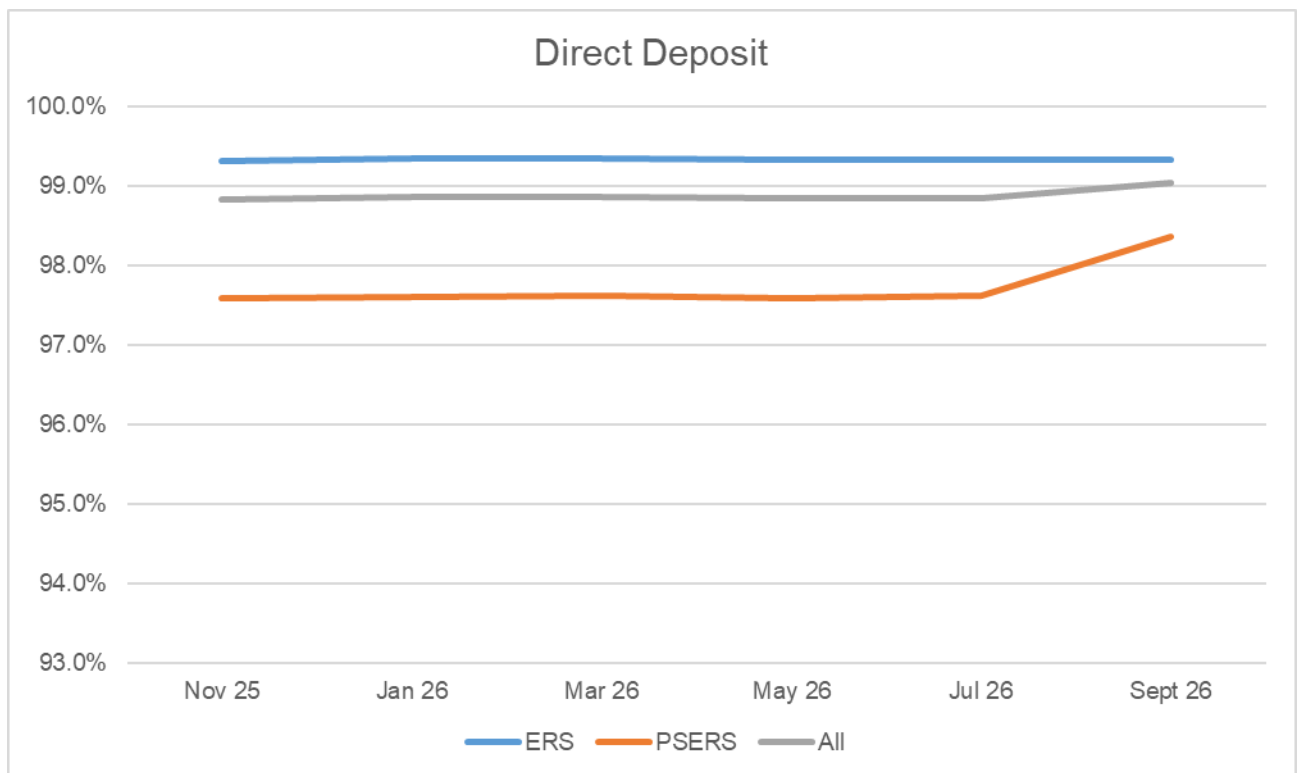
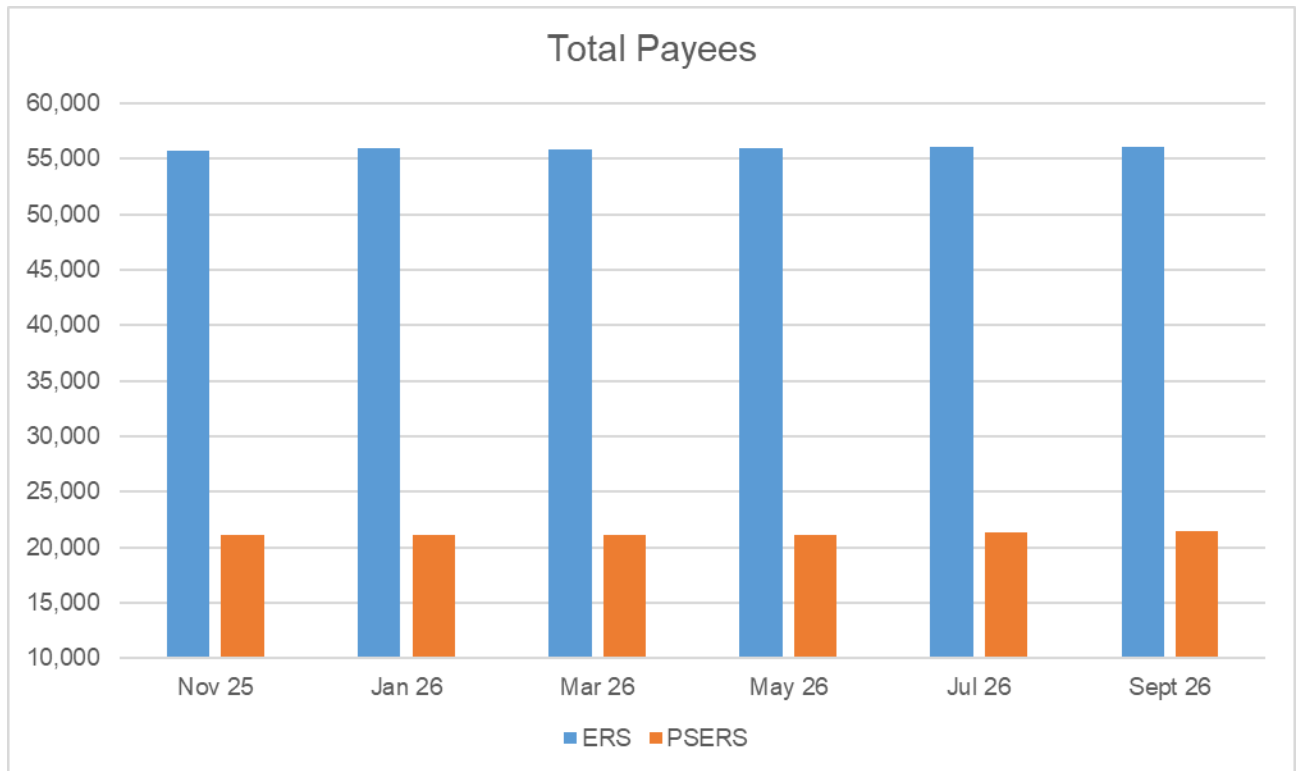
SGLI	FY2026	FYTD2027	Retirees	Retirees	Total Retirees
			Aug 2026	Sept 2026	Sept 30, 2026
No Refund	\$74,045	\$21,576	0	0	8
With Refund	33,960	9,144	0	0	7
Total	\$108,004	\$30,720	0	0	15

New Retirements

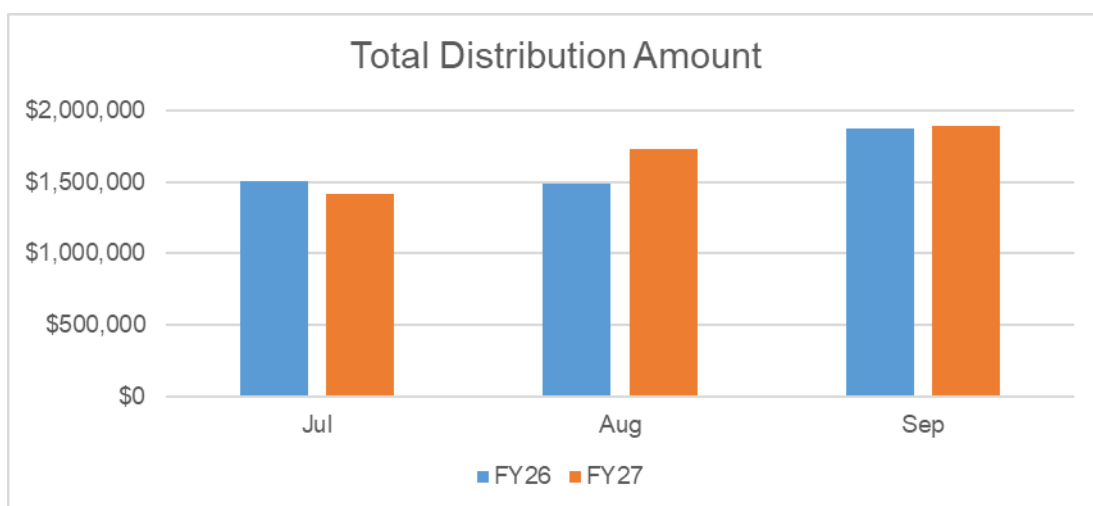
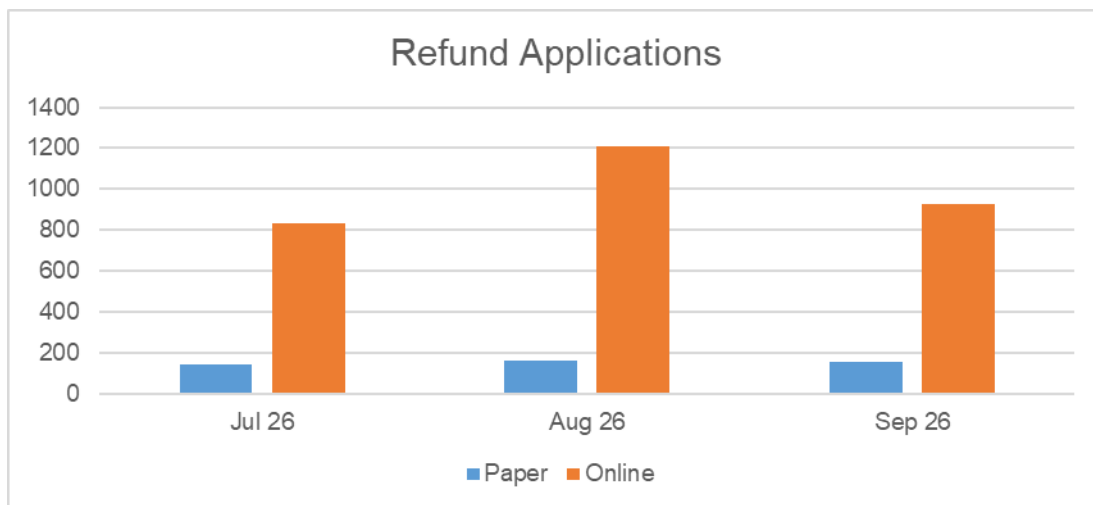
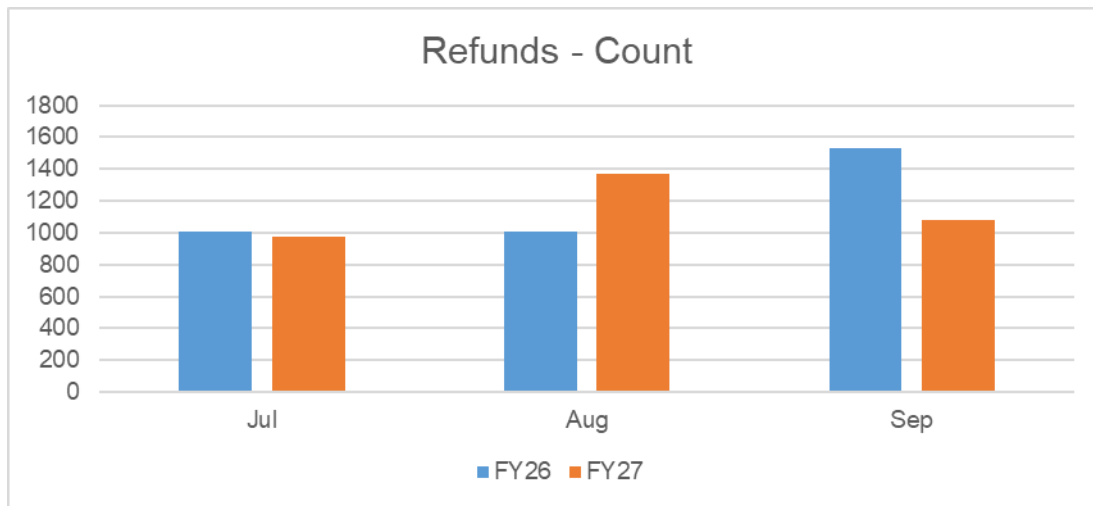




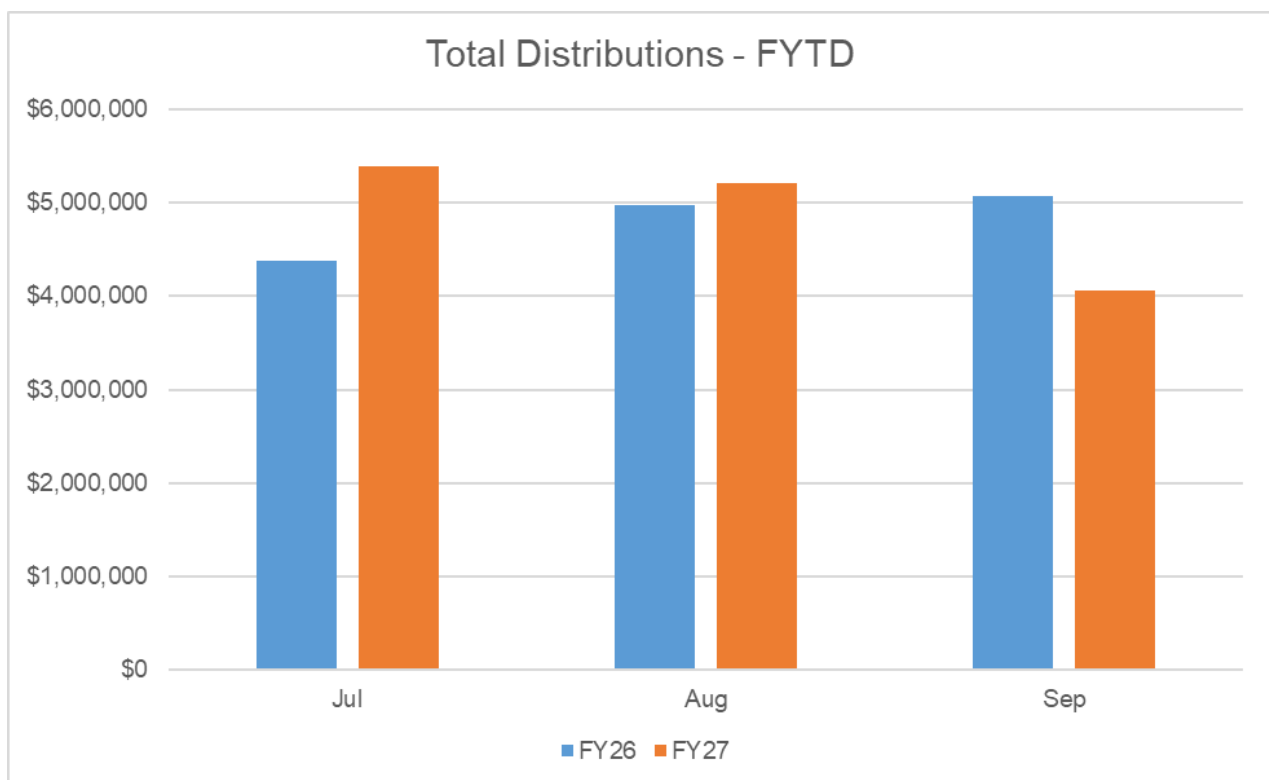
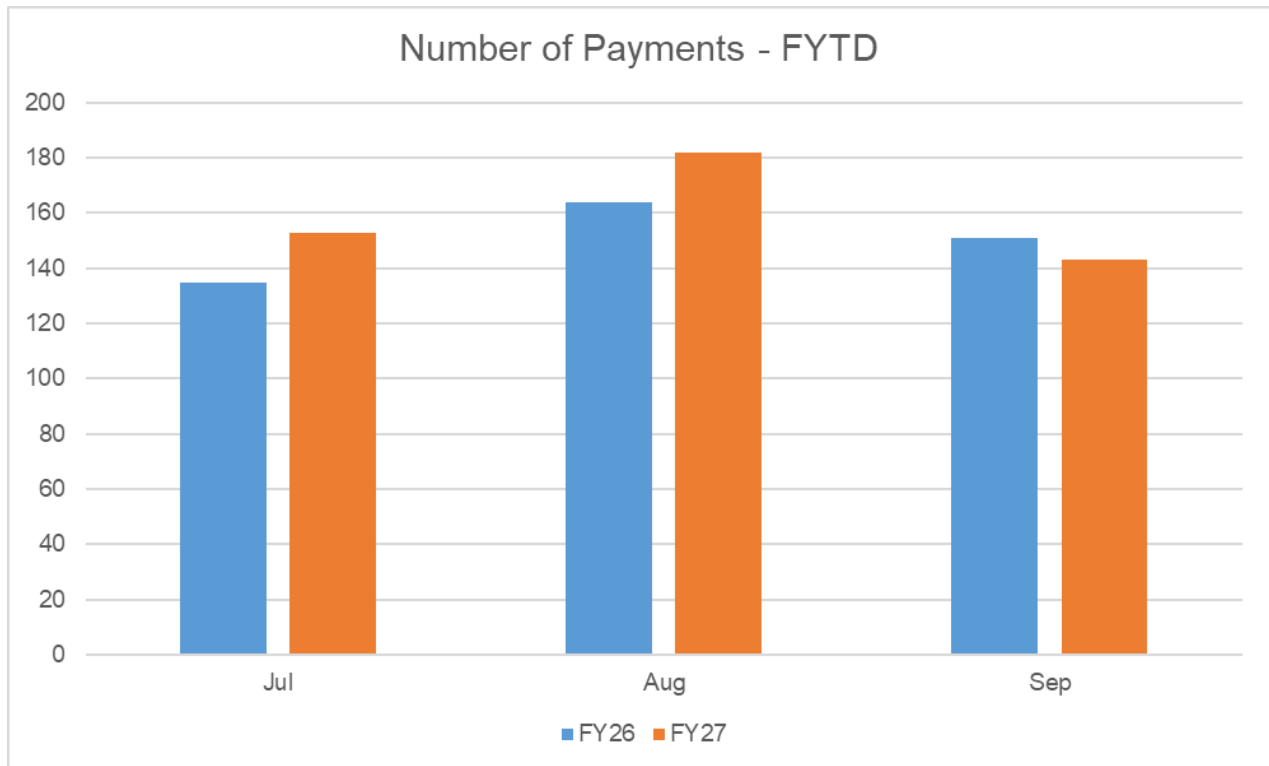
Payees



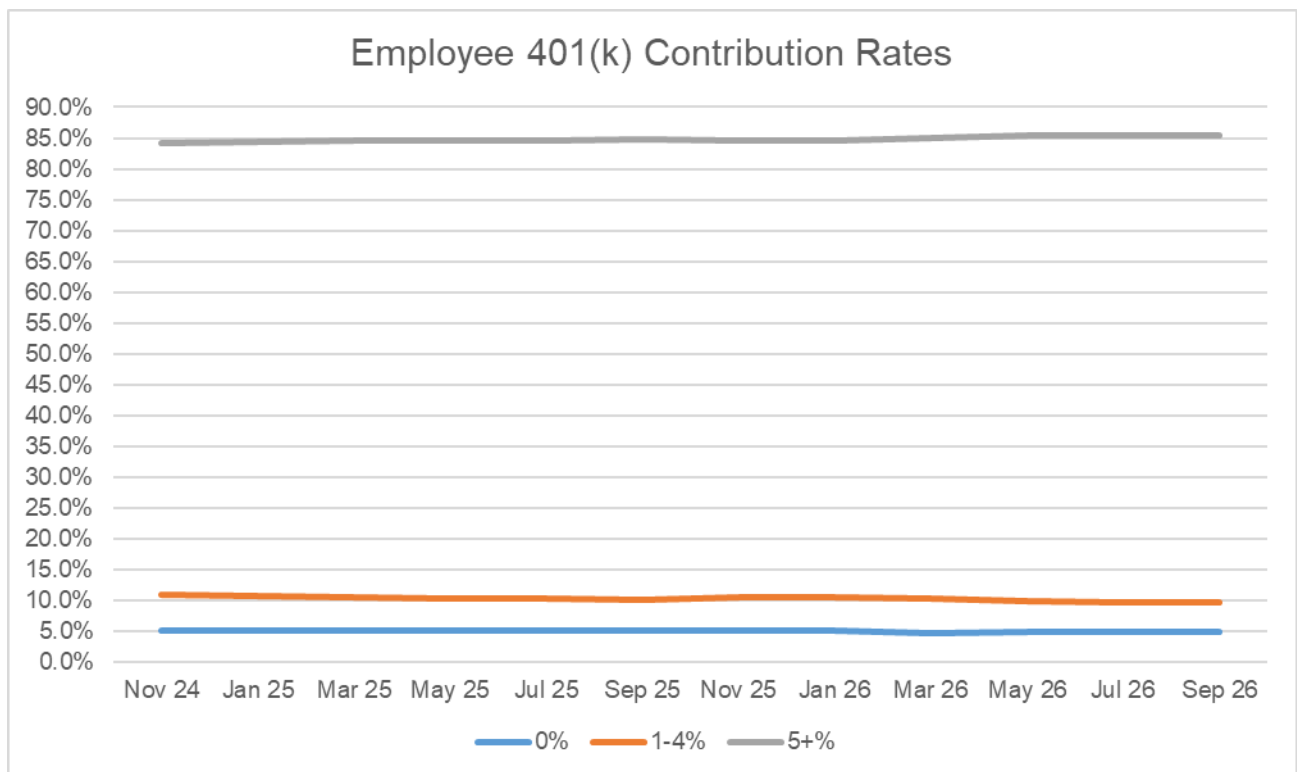
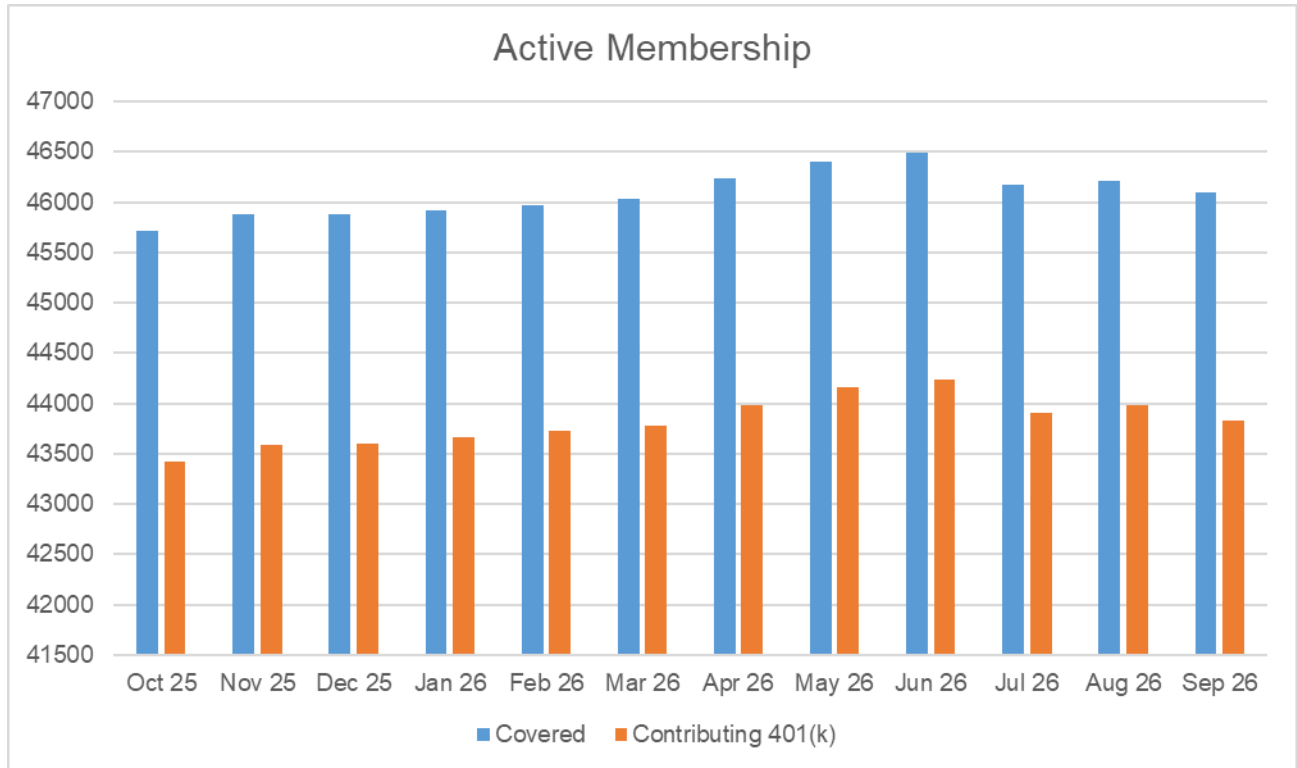
Terminated Members receiving Refunds

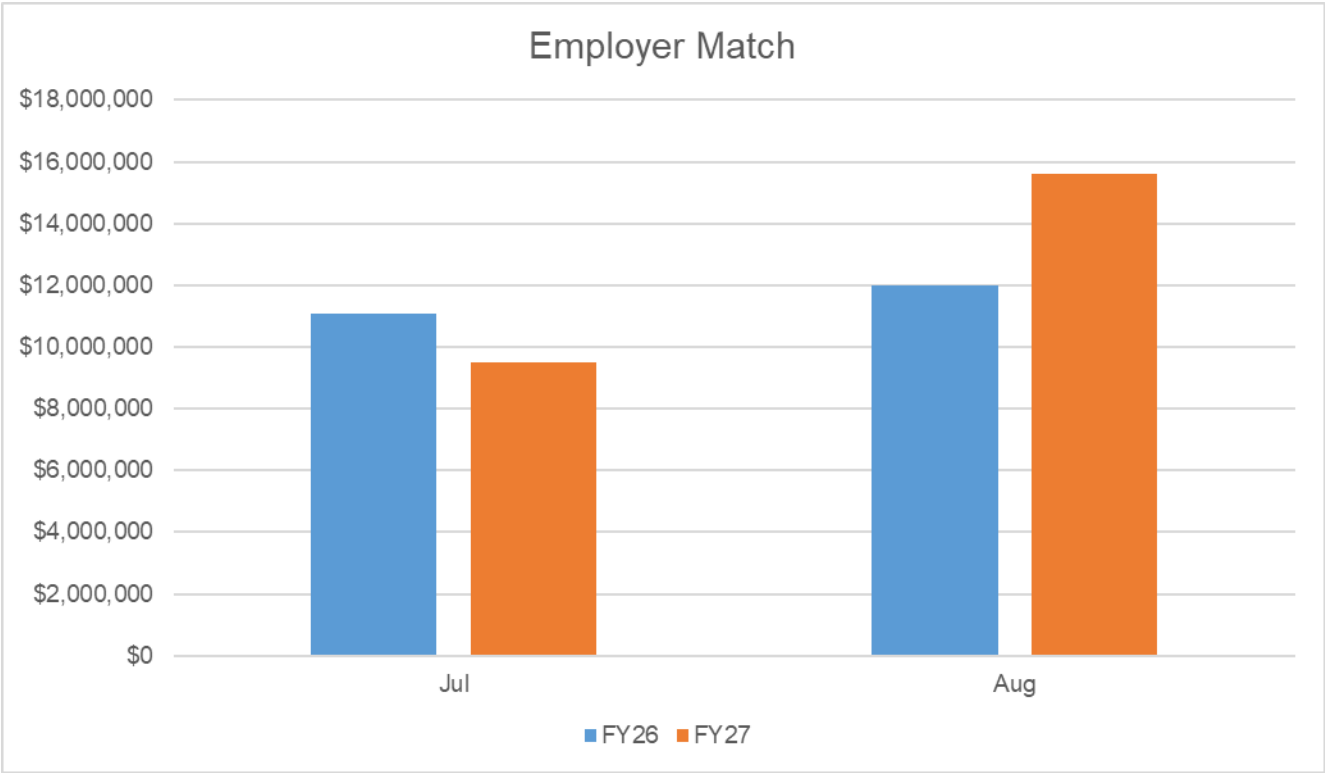


GTLI Payments

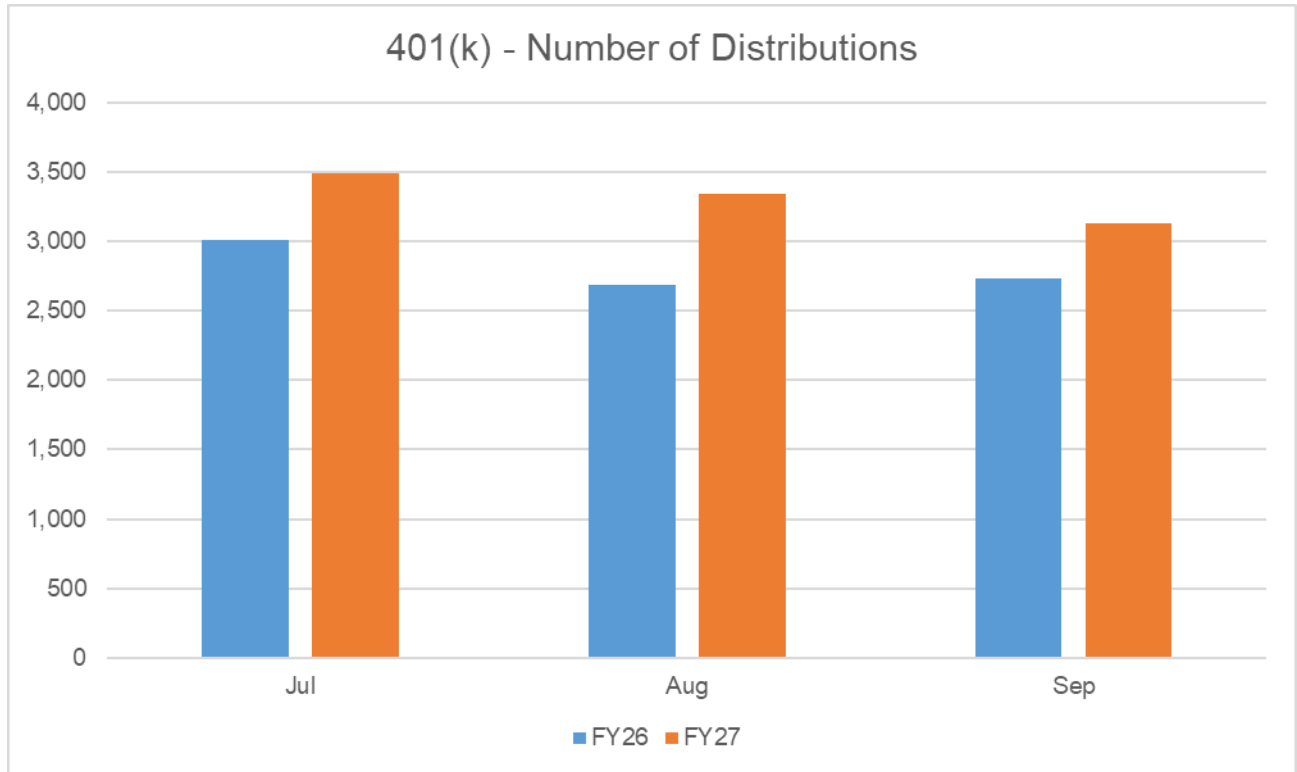


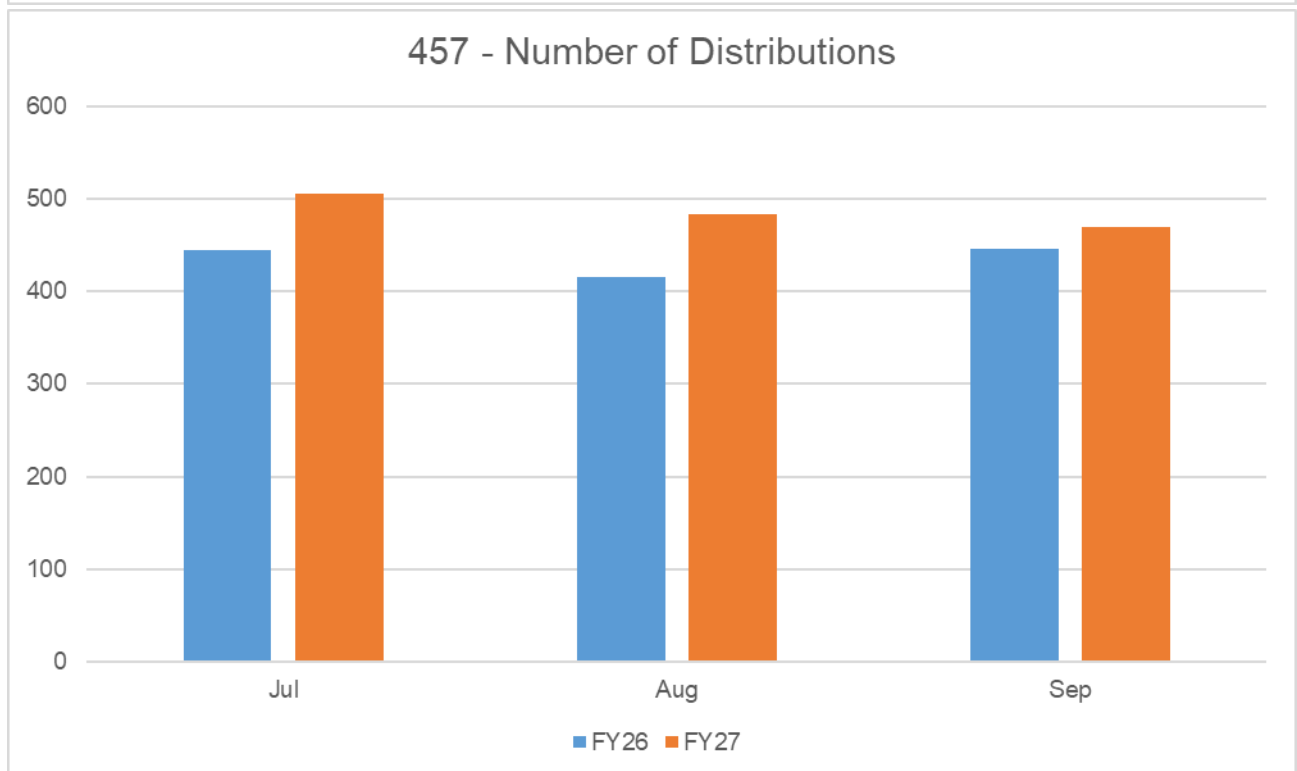
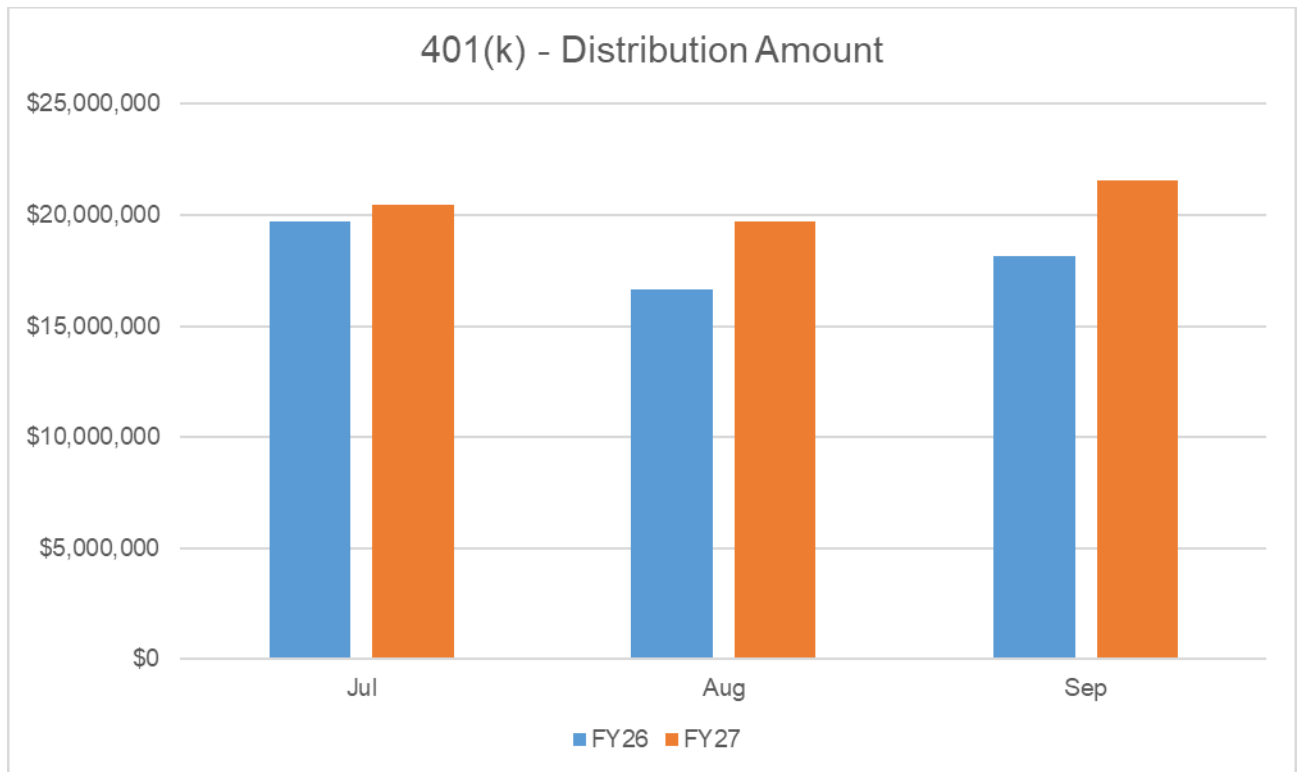
GSEPS

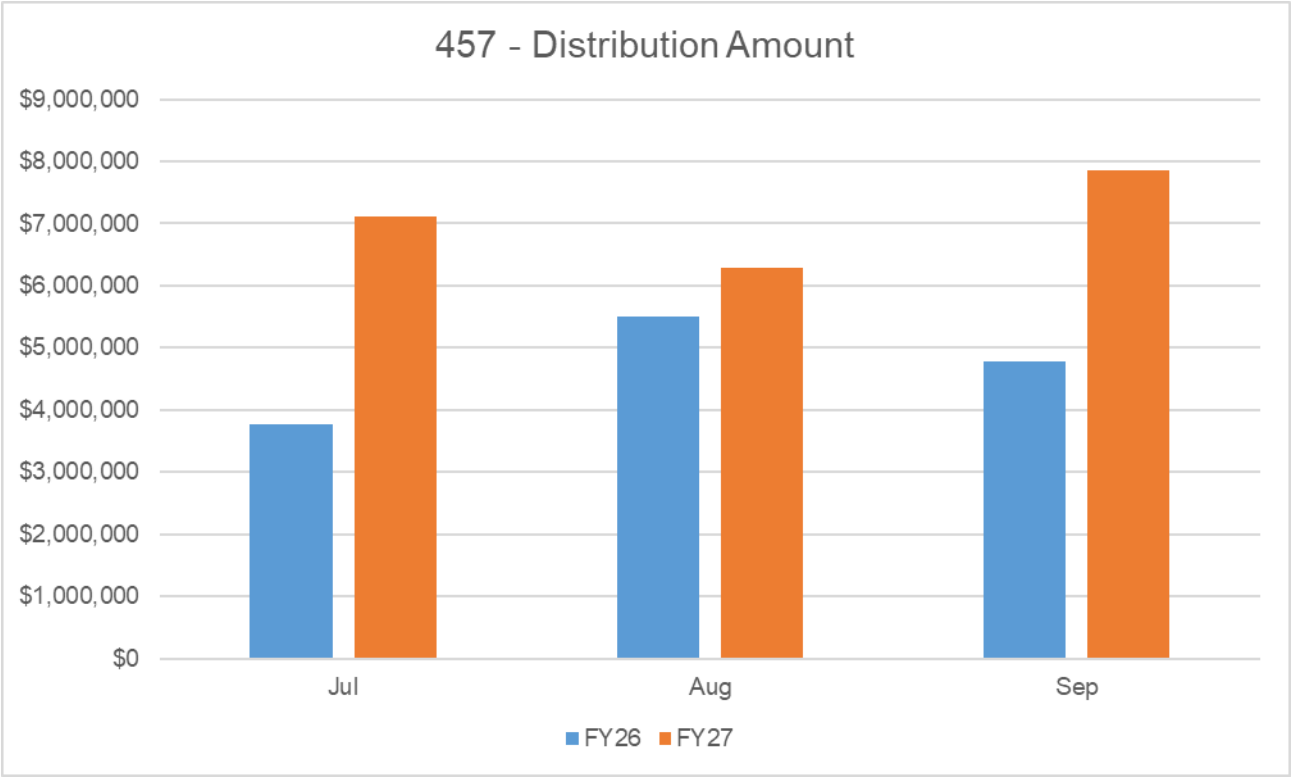




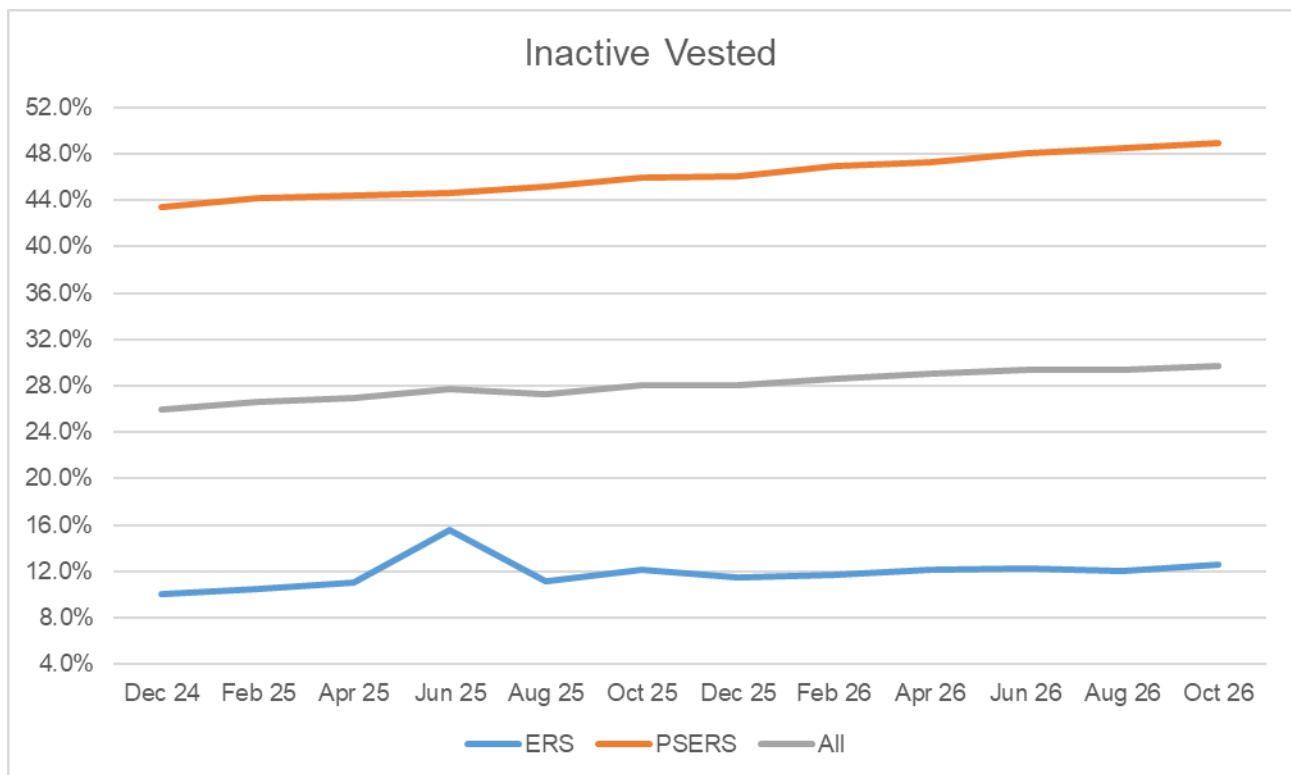
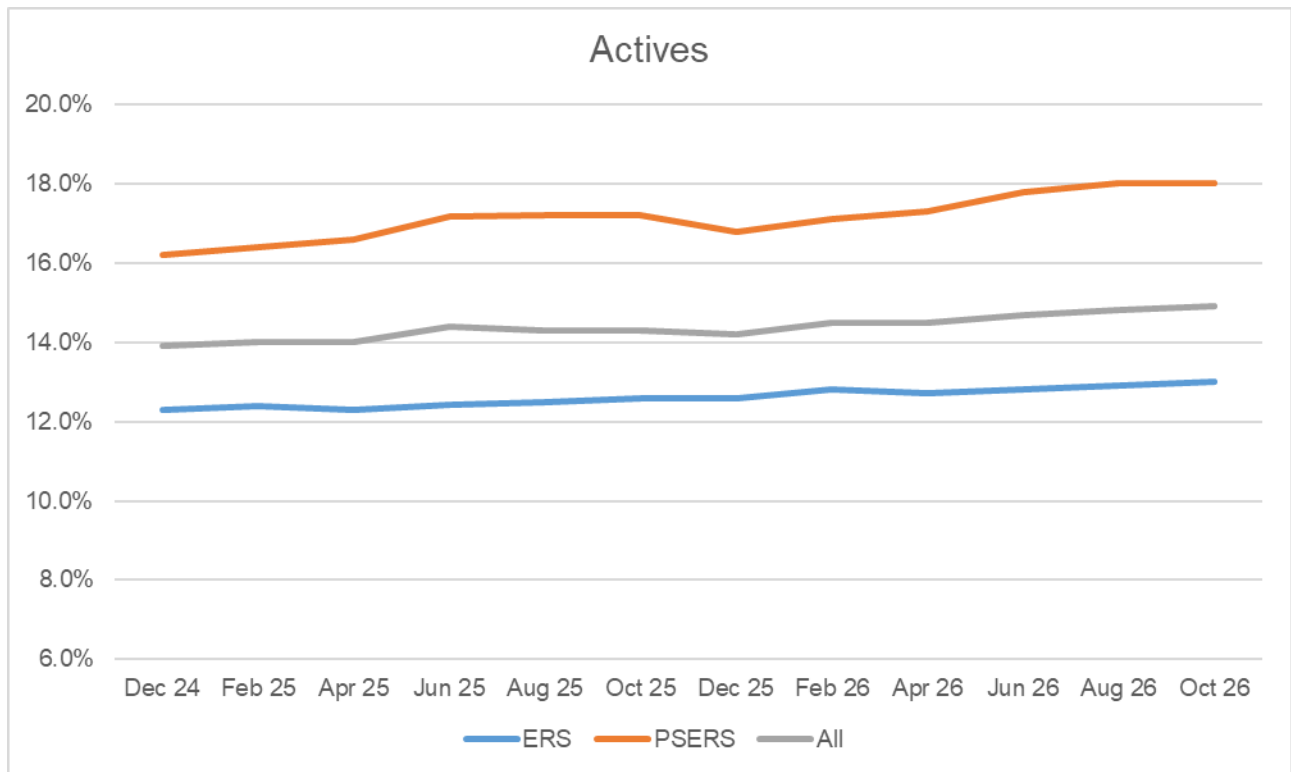
Peach State Reserves Distributions





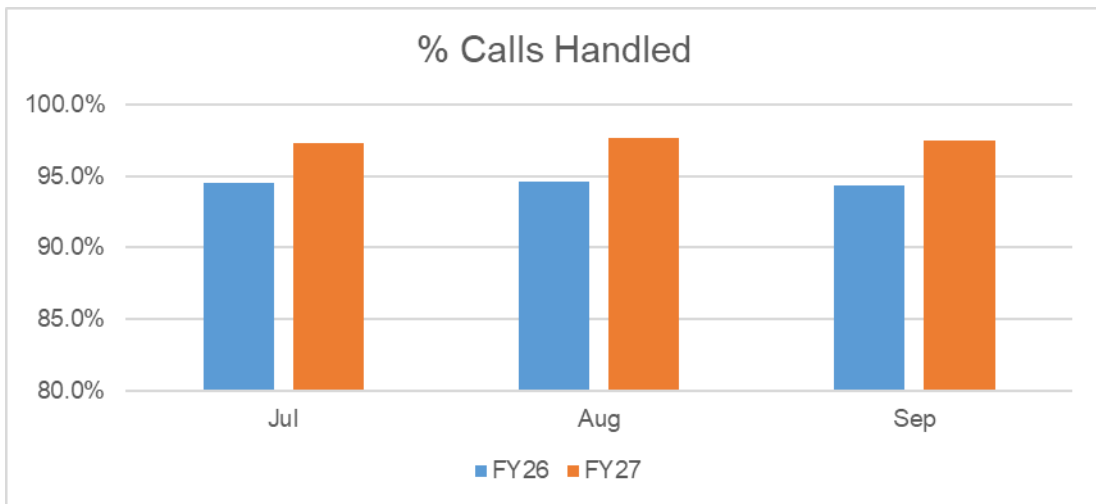
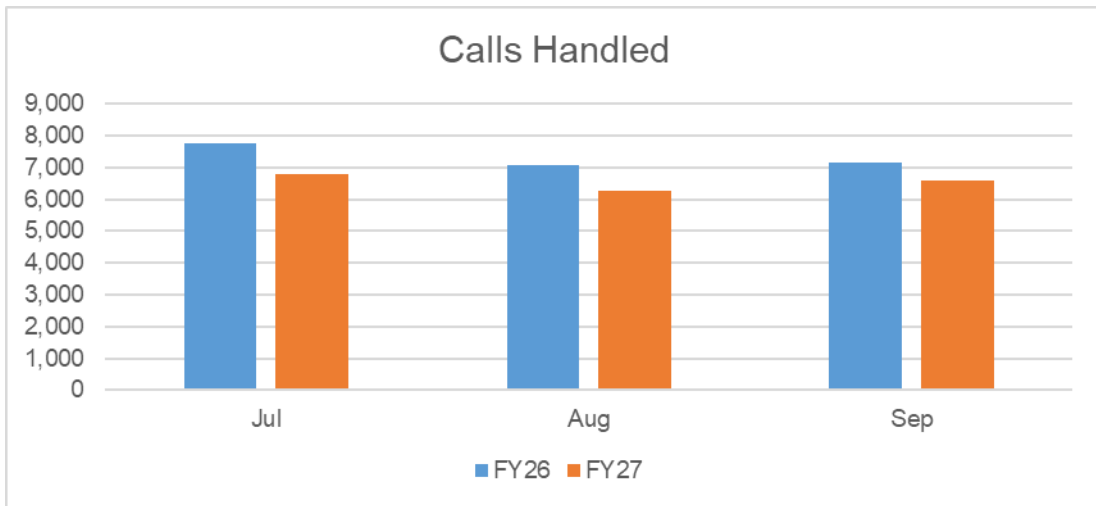
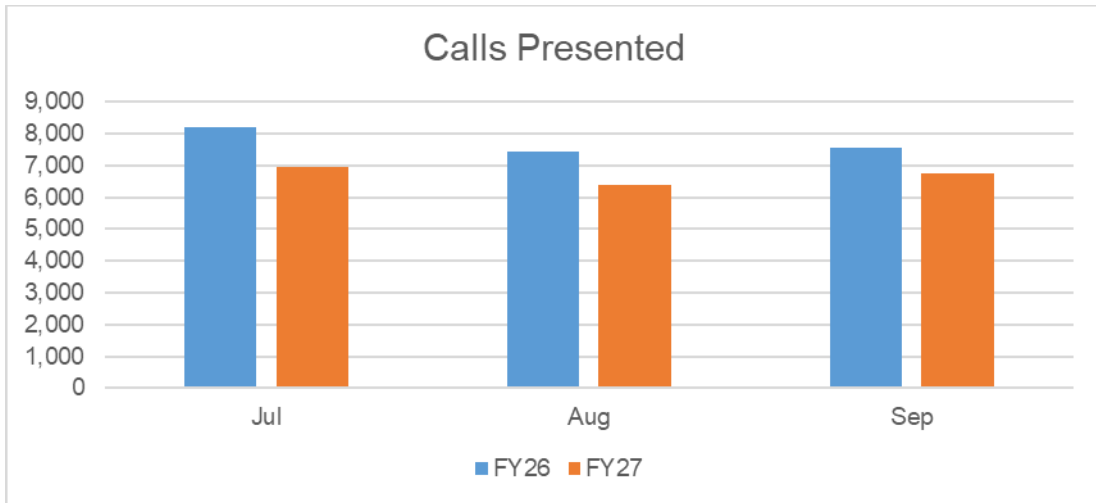


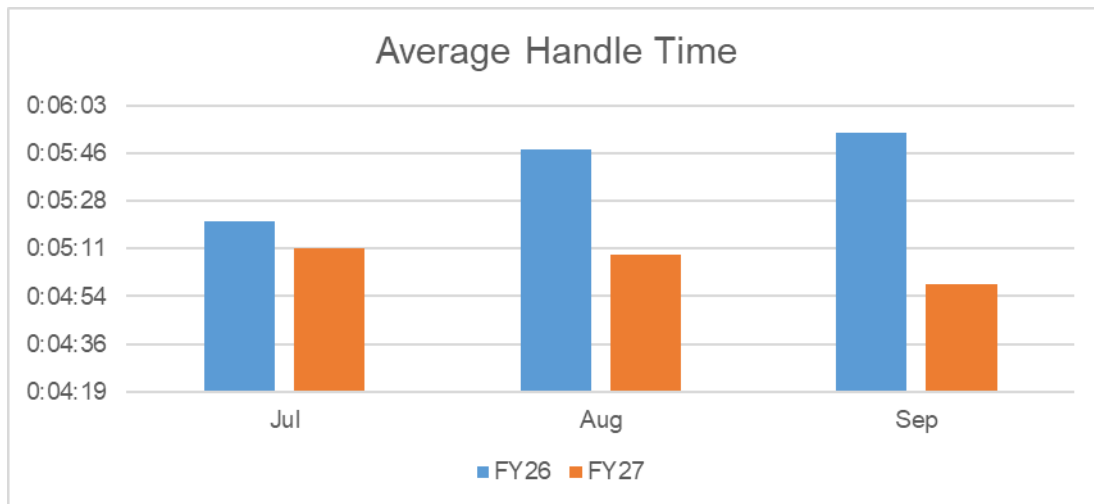
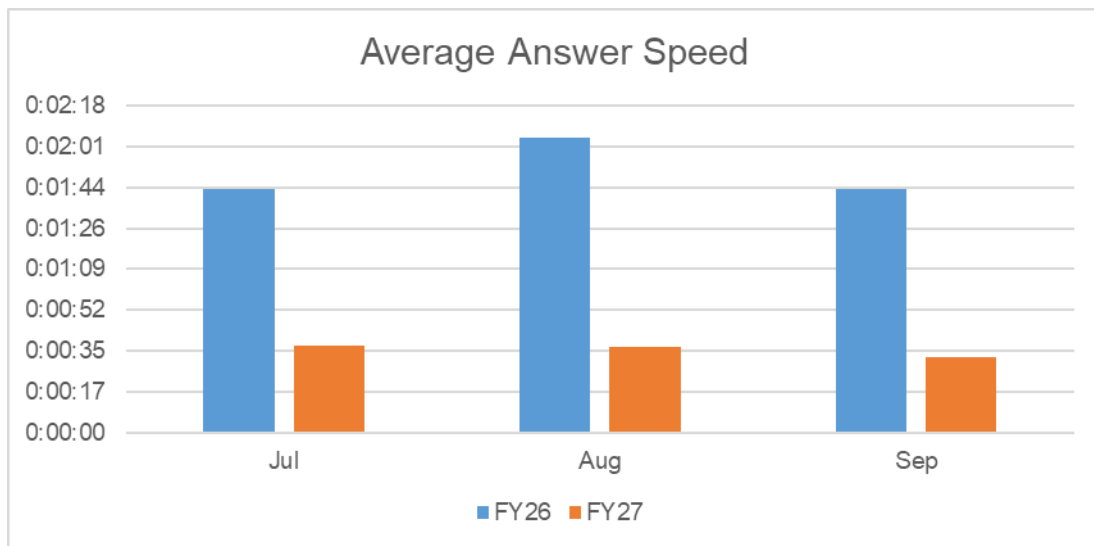
Retirement Eligible



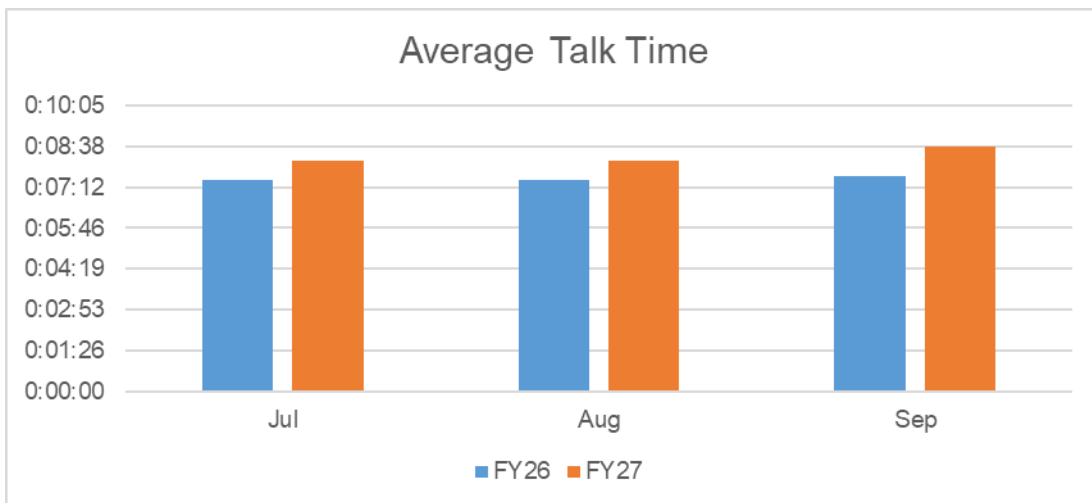
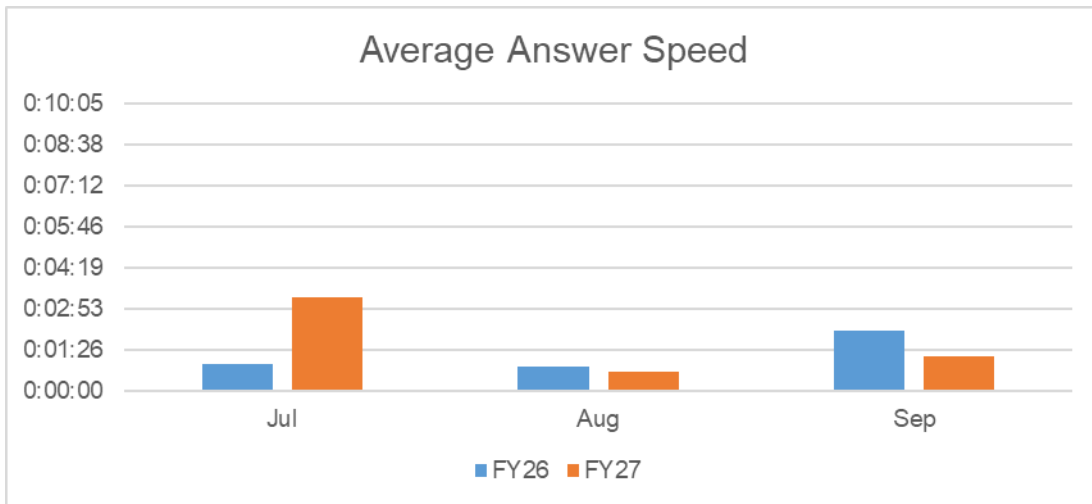
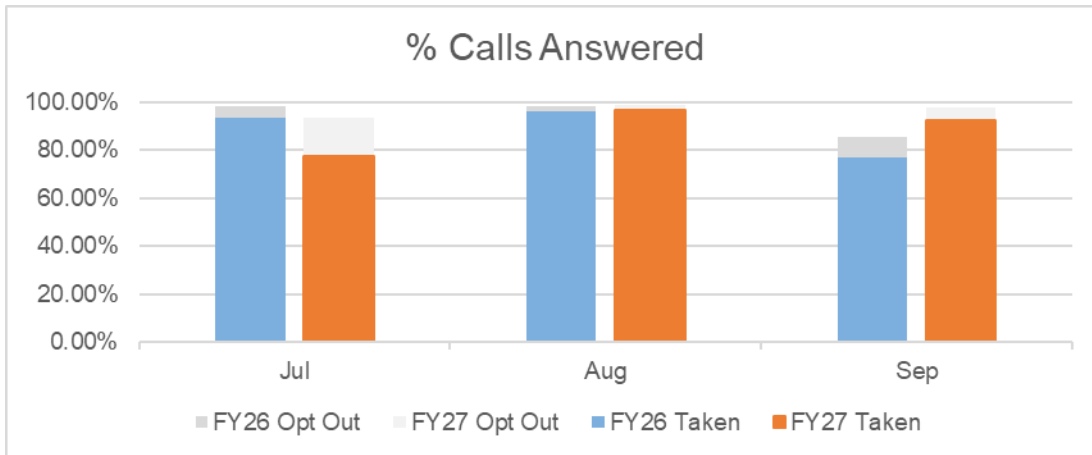
Call Center Statistics

ERSGA

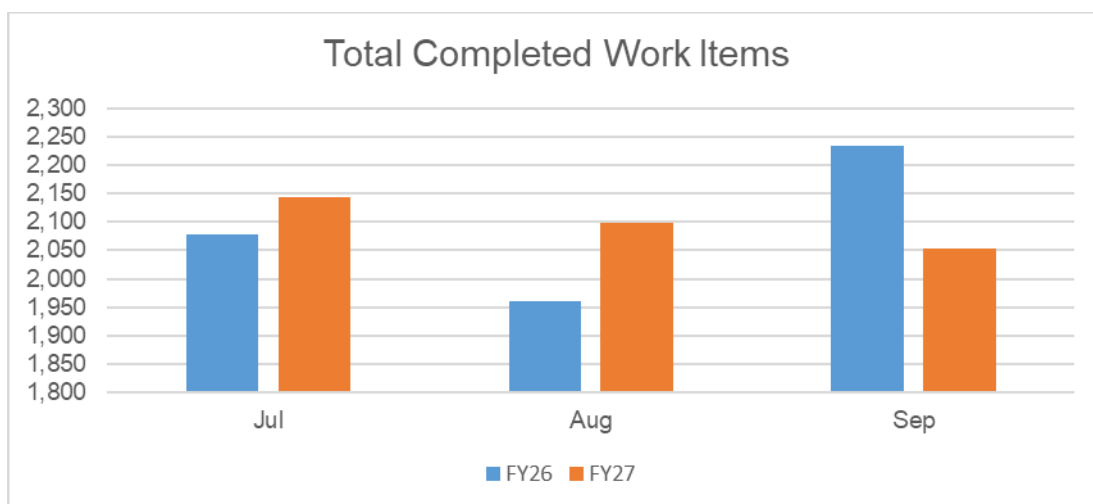
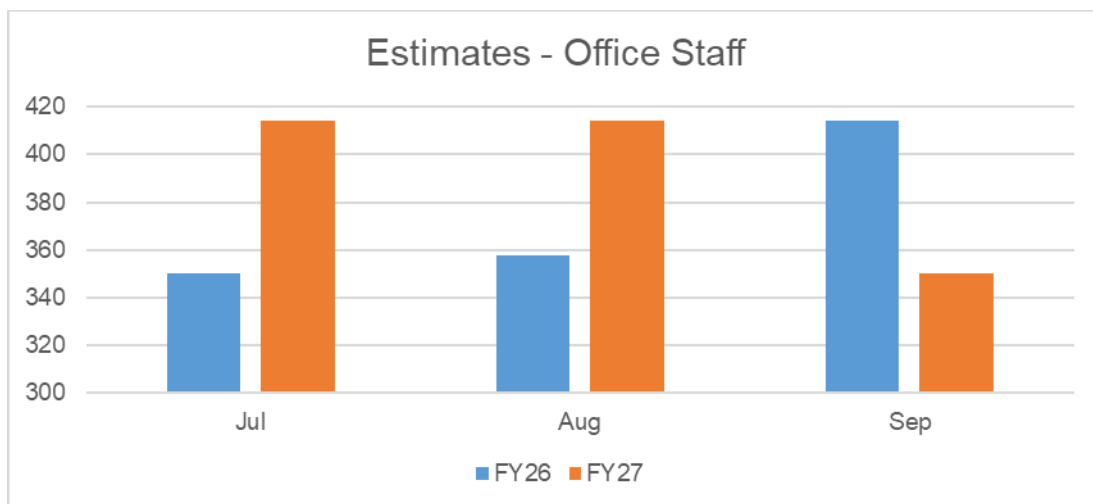
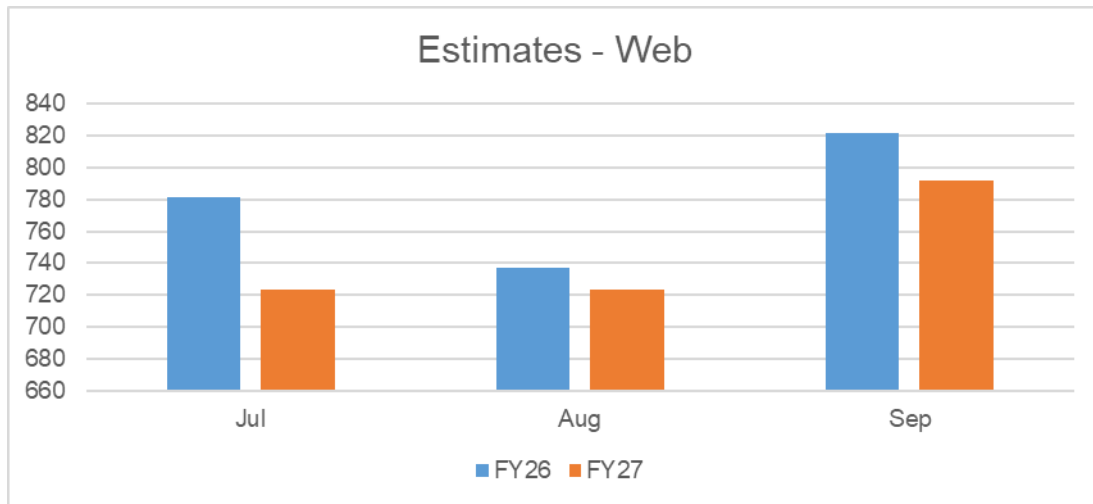




Peach State Reserves



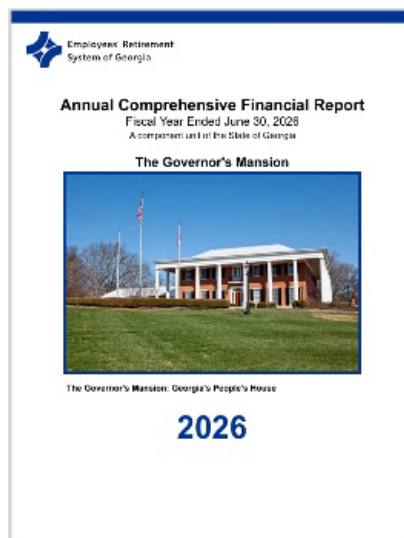
Member Services Statistics



Project Updates

Communications

- Logo Rebrand Initiative
 - Full integration of the new logo across internal and external agency materials and communications
 - Very positive feedback received regarding the agency's updated visual identity
- Website and ADA Compliance
 - Approval of website wireframes, establishing the look and layout of ERSGA's new digital front door
 - Website development underway, with launch anticipated in early 2027
 - Current compliance with ADA Title II WCAG 2.1 Level AA accessibility standards, ahead of the April 26, 2027 compliance deadline
 - Collaboration with the Legislative Division to resolve a complex accessibility challenge, identifying and implementing a solution to make the website's legislative maps ADA compliant
- Retirement Education Campaign
 - Rescheduling of the agency's National Retirement Security Month educational campaign to early 2027 to complement ongoing education efforts and coincide with the anticipated website launch
 - Campaign planning centered on a timely message: a new year, a fresh look at retirement readiness, and a refreshed website to help members take the next step
- Annual Comprehensive Financial Report
 - Completion of the Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2026
 - Theme: The Georgia Governor's Mansion

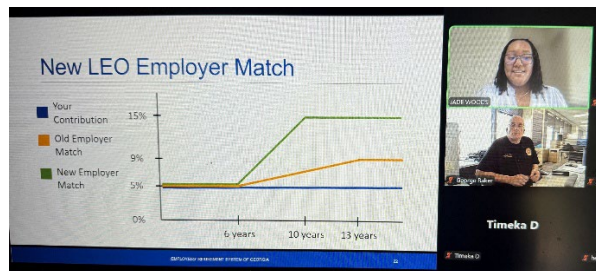


- Annual Statements
 - Collaboration with Alight, Member Services, Quality Assurance, and Peach State Reserves to update the ERS Annual Statement to reflect ADA accessibility standards to the greatest extent possible
 - Improving readability and accessibility in advance of the March 2027 statement distribution

- Peach State Reserves
 - Collaboration with Alight on the annual Low Saver Campaign, launching in October
- Post-Retirement Benefit Adjustment
 - Completion of communications for the ERS One-Time Payment Post-Retirement Benefit Adjustment for September 2026
- Law Enforcement Employer Match Video
 - Coordination of the video shoot for the new Law Enforcement Employer Match benefit
 - Video production underway to translate the enhanced match into clear, practical guidance: how the benefit works and how eligible officers can receive their full employer match
 - Special recognition to Ollie Pulver, whose support as production assistant brought valuable teamwork!



- Promotion Update
 - Promotion of Jade Woods to Communications Specialist III
 - Completed the GTA Digital Academy program
 - Delivered first virtual presentation on the new Law Enforcement Employer Match benefit

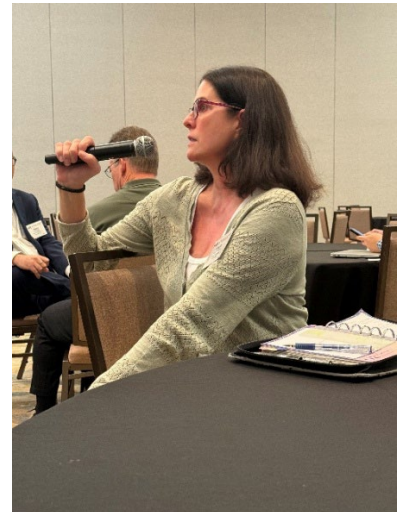


- Presentations and Outreach
 - Danielle Templeton represented the State of Georgia as the keynote speaker at the Fire & Police Pension Association of Colorado (FPPA) Employer Summit, presenting *Protecting the Protectors*
 - Showcased Georgia's commitment to helping public servants protect their financial futures
 - Brought back insights from Colorado pension professionals, making the trip an opportunity to teach and to learn
 - Presented *Protecting the Protectors* as the closing keynote to the Georgia Association of Women in Public Safety (GAWP) Conference in Brasstown Bald

- Presentation to the Georgia Association of Superior Court Judicial Assistants (GASCJA) in Savannah



- Conferences and Professional Engagement
 - Attended the Georgia State Retirees Association (GSRA) Annual Meeting, where Jim Potvin presented
 - Attended the National Association of Government Defined Contribution Administrators (NAGDCA) Annual Conference with Jim Potvin and Angie Surface
 - Danielle Templeton serves on NAGDCA's Annual Conference Committee, contributing to educational programming for public-sector retirement professionals nationwide



Employer Services

- Implementation milestones are complete for several projects. Follow-up work continues to resolve GA@WORK payroll and integration issues, validate reporting and funding results, and reinforce new procedures through training and production support.
- Next Gen and GA@WORK Readiness - Implementation complete; stabilization underway
 - Purpose: Support operations following the July 2026 GA@WORK implementation and stabilize employer reporting, funding, and reconciliation.
 - Key Achievements
 - Supported the July 2026 GA@WORK implementation.
 - Completed initial employer communications, training, and deployment support.
 - Implemented pension election process enhancements. Form revisions and submission improvements are detailed below.
 - In progress, next steps
 - Support employers through the initial production reporting cycles and reinforce new procedures as questions arise.
 - Monitor payroll contribution data, employer reporting, and funding activity to identify recurring discrepancies.

- Work with SAO, TRS, IT, and integration partners to resolve payroll and integration issues and validate corrections in production.
 - Refine guidance and provide additional training as processes are clarified and system issues are resolved.
 - The project remains underway because reliable ongoing operations require both system corrections and consistent employer use of the new processes.
- Funding Model Transition for GA@WORK - Configuration complete; reconciliation and employer follow-up underway
 - Purpose: Align employer funding with GA@WORK and ensure payments are accurately matched to reports and invoices.
 - Key Achievements
 - Transitioned impacted employers to the ACH Credit funding model supporting GA@WORK.
 - Updated PARIS and Employer Self Service configuration.
 - Removed obsolete ACH Draft/ARIS funding options where applicable.
 - Partnered with SAO, OST, and employers on funding implementation.
 - In progress, next steps
 - Monitor settlement and payment activity and reconcile receipts to monthly reports and invoices.
 - Resolve unmatched payments, funding differences, and outstanding balances with employers and partner agencies.
 - Coordinate resolution of differences related to payroll contribution data and integration reporting.
 - Reinforce payment submission instructions and employer reconciliation procedures.
 - Follow-up remains necessary while employers adjust to the new funding process and reporting discrepancies are resolved.
- Monthly Employer Reporting Process Modernization – Implementation complete; data validation and process refinement underway.
 - Purpose: Use GA@WORK payroll contribution data to populate Monthly Summary Reports, reduce manual entry, and strengthen reconciliation controls.
 - Key Achievements
 - Implemented the revised Monthly Summary Report process beginning with July 2026 reporting.
 - Automated population of current-month salary and pension contribution totals for applicable employers using GA@WORK payroll data.
 - Streamlined monthly reporting process for both employers and ERSGA team by significantly reducing manual data entry, balancing activities, and follow-up required for reporting submissions.
 - Developed employer guidance and communication for supporting for revised reporting process, expectations for handling for discrepancies, prior-period corrections, and outstanding invoices.
 - In progress, next steps
 - Continue validating salary, contributions, Percent Time, and Posting Month and coordinating corrections with Payroll, Integration, and IT.
 - September reporting includes over 2,500 Contribution Salary errors. IT is deriving salary from deductions for impacted records with Percent Time = 100%; 250+ salary issues with Percent Time other than 100% require manual review and correction.
 - Integration issues continue to require substantial cleanup and reconciliation. Additional testing, employer training, and procedure updates are needed before the process can consistently deliver the intended reduction in manual work.

- Employer Portal Form Upload – Web upload function live; workflow refinement employer support underway
 - Purpose: Improve electronic submission of employer and member forms and supporting documentation.
 - Key Achievements and next steps
 - Added web upload instructions to updated forms to direct employers to the Employer Portal submission option.
 - Continue supporting employers and staff in using the upload process and confirming that submitted documents are received and routed for review.
 - Remaining work includes training, testing the submission and review workflow, and resolving issues identified through use.
- Employer and Member Pension Election Forms – Form updates complete; ongoing use and submission support continue
 - Purpose: Make pension election forms clearer, more effective, and easier to submit.
 - Key Achievements and next steps
 - Enhanced the Age 60 and Age 65 election forms and Other Pension Plans form to improve instructions and capture the information needed for review.
 - Partnered with TRS to create a shared ERS/TRS Vested Membership Election form and support consistent election documentation between the two systems.
 - Updated these forms with the new ERSGA logo and web upload instructions.
 - Continue reinforcing election and submission requirements and addressing questions identified through employer and member use.
- PSERS Rehired Retiree Reporting Form Revisions – Form updates complete; employer education and follow up underway
 - Purpose: Improve identification and timely reporting of PSERS rehired retirees and reduce reporting delays and potential overpayments.
 - Key Achievements and next steps
 - Recently completed revisions to the PSERS Rehired Retiree Reporting Form and instructions, including stronger employee disclosure and attestation language.
 - Updated instructions to require completion at hire and submission to ERSGA within five business days, replacing the previous 30-day submission timeframe.
 - Enhanced guidance on employer reporting responsibilities and potential liability for unreported rehired retirees.
 - Clarified reporting requirements, exclusions, and employee election provisions.
 - The revised form is ready in time for the GASPA presentation. Remaining work focuses on employer awareness, correct use of the form, and timely submission.
- PSERS Presentation at the GASPA Fall Conference – New project; presentation development underway
 - Purpose: Help school district human resources and personnel professionals understand PSERS eligibility, enrollment, and employer reporting responsibilities.
 - In progress, next steps
 - Employer Services representatives will present at the Georgia Association of School Personnel Administrators (GASPA) Fall Conference on November 2, 2026 St. Simons Island.
 - Prepare presentation materials and speaker notes covering PSERS eligibility and enrollment, contribution and rehired retiree reporting,
 - Address PSERS rehired retiree identification and reporting, common reporting issues, and ERSGA tools and resources. Highlight the recently updated PSERS Rehired Retiree Reporting Form and submission requirements.
 - Keep the PSERS eligibility and enrollment content focused on PSERS, with brief ERS/TRS distinctions where needed to clarify coverage and hiring questions.

- Legislative Implementation for HB 1302 and HB 297 - In progress; reporting and system impacts under review.
 - Purpose: Evaluate legislative changes affecting employer reporting and coordinate implementation activities.
 - In progress, next steps
 - Continue assessing the impacts of HB 1302 and HB 297.
 - Coordinate requirements with affected employers, Legislative Affairs, SAO, and partner agencies.
 - Determine employer reporting changes and related guidance or training needs.
 - Evaluate required employer account updates in PARIS and GA@WORK. Implementation remains underway while requirements and system changes are determined; GA@WORK stabilization and cleanup also compete for staff capacity.

Human Resources

- Continuing to make progress and acclimate to GA@WORK. For core HR within ERSGA, the transition has been fairly smooth and positive.
- ERSGA is currently working with some colleges and universities to schedule recruitment fairs for this fiscal year.
- Enhancing ERSGA's Employer Brand and Talent Attraction Efforts:
 - Continuing to evaluate opportunities to strengthen our careers website presence and better communicate what makes ERSGA a great place to work.
 - Determining ways to modernize ERSGA's careers presence that reflect our workplace culture, employee experience, and career opportunities.
- Collaborating with leaders to identify high potential candidates and create development plans
- Currently in the process of completing FY27 employee performance management plans.
- Revising the HR Employee Handbook for distribution in January 2027.
- Completed the revision of the Agency Teleworking Policy to reflect ADA and FMLA considerations and establish clear expectations for Georgia-based telework, supporting compliance, operational needs, and consistent policy application.
- Completed updates to HR forms and policies in August 2026 to reflect ERSGA's new branding.
- Conducted FMLA Training for new managers in September 2026; will be conducting refresher training for existing managers in November 2026.
- Attended the NCPER's HR Summit in October 2026.
- Will be attending the upcoming HR Director's Retreat in October 2026.
- Currently recruiting for Document Processor and Customer Care Group Specialist.

Information Technology

Applications Development

- Wells Fargo Account Verification System integration is live in Record and Report only mode.
- TrackIT – 105 tickets closed, with about half pertaining to assisting with processing and data modifications.
- A lot of correspondence changes to accommodate new logo and ADA Compliance
- A lot of work assisting Employer Services with Workday File issues (research – Contribution file, rehired retiree file, int1209 daily turn around process)
- Update to Federal Tax calculation process on lump-sum payouts.

Operations

- ERSGA utilized its new systems patching solution Action1 to patch all 170 of its Windows servers within three weeks.
- New Building update: Network rack layout designs have been created and the latest Quantum backup tape libraries have been procured.

Security

- LayerX AI visibility tool broadly deployed in “view only” mode, currently collecting AI usage information to guide policy development.

- Optimization of the vulnerability management process (move to top 10 lists for streamlined guidance of resolving existing vulnerabilities)
- Integration of all DMZ servers with the NXLog agent management tool

Support Center

- Support Center has closed 297 workorders and trouble tickets since the last Board Meeting
- Completed Monthly Endpoint Patch Cycle for Sep 26 – 93% devices successfully patched
- Pre-Evaluation and Testing for Oct Patch Cycle In Prog
- Assisted ITSEC Team with implementation and testing of new Layer X monitoring Tool

Legislative Affairs

- 29 Legislative Affairs Inquiries
- 629 Legislative Documentation Updates
- 116 Legal Inquiry Research Requests
- 72 Open Records Requests and Request for Production of Documents Inquiries
- Legislative
 - Implementation of HB 1302 and HB 297 with Employer Services Division
 - Scheduled and held progress meetings with Employer Services to determine how changes impact employer reporting
 - Completed extensive analysis of legislative bills not passed during the 2025-2026 Legislative Biennium
 - Updated Legislative Ideas documentation for the 2027 Legislative Session
 - Held internal meetings to discuss Legislative Agenda for the upcoming 2027-2028 Legislative Biennium
 - Met with PAC Director and Staff to discuss proposed legislation impacting certain Prosecutors
 - Meetings with Senate President Pro Tempore's office to discuss 2027-2028 Legislative Session
 - Completed major updates to the Legislative System Snapshot with 6/30 data
 - Created drafts related to relevant Agency Legislation Initiatives
 - Submitted one Agency Legislation Initiative to the Governor's Office
- Legislative Maps
 - Provided 6/30/2026 data to FiscalNote to refresh data in Maps and refreshed Legislative Map data which is now live on the ERSOA website
 - Updated information in the District One-Pagers for Legislators with new data and a refreshed color scheme with the new ERSOA logo
 - Met with FiscalNote representatives and determined ADA-compliant solution for display of maps on the website and ADA-compliant solution for FiscalNote which is now live on the ERSOA website
- Legal
 - Completed Meetings, Communication, and Documentation relating to open legal issues
- Trustee Training
 - Completed overhaul of Trustee Training Documentation Process
 - Developed updated Trustee Training Hours Log for Trustee Training documentation
 - Created Form Letter for Trustees to receive upon Training Completion
 - Established updated Trustee Training Reminder Dates documentation
 - Updated calendar documentation for Trustee Training due dates

Member Services

- Onboard Dr. Byrd as part of the Medical Board
- HB 1234 – Assignment of GTLI Benefits – first payments directly to a Funeral Home have been made
- Provide auditors (KPMG) with requested audit data

Office Administration & Doc Center

- Assist with logistics for the August 25 All Employees Meeting

- Promote the 2026/27 State Charitable Contributions Program (SCCP)

Peach State Reserves

- GA@WORK - ERSGA is still work with the GA@WORK and Alight teams to identify all PSR issues associated with the GA@WORK implementation. Once the issues and impacted employees have been identified, we will work with legal determine corrective actions.
- NAGDCA conference - Jim, Angie and Danielle attended the annual NAGDCA conference at the end of September. Sessions included valuable information on the economic landscape, legislative items impacting DC plans, AI, decumulation and plan leakage.

Quality Assurance

- ERS One-Time Payment Post-Retirement Benefit Adjustment paid September 2026 – Over 52 thousand payees received the one-time payment equal to 5% of the annual ERS benefit in pay at the time the one-time payment was processed, to a maximum payment of \$555.36.
- Redesign of the ERS integrated statement increasing ADA compliance nearing completion.
- Projects in progress for 2027 ERS integrated statements and PRS statements.
- PARIS batch and ad hoc correspondence updates to wording and formatting for over 130 letters nearing completion.
- PARIS.Net / PARIS re-write initial testing nearing completion for phases E through H. Retested and completed over 100 issue work items within the last two months.
- Initial phase of bank account verification process implemented.
- Redesign of the PSERS statement increasing ADA compliance completed.
- Completed Employer contribution rate updates for July 2027.

EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA
Investment Balances at Fair Value
As of Month Ended
(amounts in 000's)

	<u>Jul 26</u>	<u>Aug 26</u>
Employees' Retirement System	\$ 21,192,581	\$ 21,560,738
Public School Employees Retirement System	1,486,003	1,508,663
State Employees Assurance Dept - Active	575,759	586,291
State Employees Assurance Dept - OPEB	1,934,264	1,965,203
Survivors Benefit Fund	317,150	323,008
Georgia Judicial Retirement System	713,378	724,008
Georgia Defined Contribution Plan	167,447	168,198
Legislative Retirement System	49,610	50,323
Georgia Military Pension Plan	62,328	63,479
	<u>\$ 26,498,520</u>	<u>\$ 26,949,911</u>

PEACH STATE RESERVES
Participant Balances at Fair Value
As of Month Ended
(amounts in 000's)

	<u>Jul 26</u>	<u>Aug 26</u>
457 Plan	\$ 902,007	\$ 915,500
401(k) Plan	3,474,377	3,566,023
	<u>\$ 4,376,384</u>	<u>\$ 4,481,523</u>

EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA
Cash Contributions Received
(amounts in 000's)

	Jul 26	Aug 26	Fiscal Year to Date	
			2027	2026
Employees' Retirement System	\$ 71,288	\$ 113,129	\$ 184,417	\$ 167,439
Public School Employees Retirement	5,926	2,969	8,895	10,257
Georgia Judicial Retirement System	1,215	1,331	2,546	2,995
Georgia Defined Contribution Plan	1,683	1,980	3,663	3,402
Legislative Retirement System	36	36	72	74
Superior Court Judges Retirement Fund	14	14	28	28
District Attorneys Retirement Fund	2	2	4	4
Georgia Military Pension Plan	451	226	677	697
	<u>\$ 80,615</u>	<u>\$ 119,687</u>	<u>\$ 200,302</u>	<u>\$ 184,896</u>

*Note: Funding for the above systems is provided through one or more of the following sources:
employee contributions, employer contributions, and state appropriations.*

PEACH STATE RESERVES
Cash Contributions Received
(amounts in 000's)

	Jul 26	Aug 26	Fiscal Year to Date	
			2027	2026
457 Plan	\$ 1,555	\$ 2,322	\$ 3,877	\$ 3,761
401(k) Plan	24,820	39,000	63,820	60,733
	<u>\$ 26,375</u>	<u>\$ 41,322</u>	<u>\$ 67,697</u>	<u>\$ 64,494</u>

EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA

Statement of Expenses - All Programs

	July 2026	August 2026	Year to Date FY 2027	Budget FY 2027	YTD as % of Budget	Remaining Budget
Personal Services	\$ 1,122,497	\$ 1,151,507	\$ 2,274,004	\$ 14,023,530	16.2%	\$ 11,749,526
Regular Operating Expenses	19,229	11,933	31,162	573,900	5.4%	542,738
Equipment	-	208,000	208,000	600,000	34.7%	392,000
Computer Charges	166,585	72,180	238,765	1,231,279	19.4%	992,514
Real Estate Rentals	58,444	58,444	116,888	701,400	16.7%	584,512
Telecommunications	9,588	9,769	19,357	182,000	10.6%	162,643
Contractual Services	(97,143)	2,884,102	2,786,959	20,827,331	13.4%	18,040,372
TOTAL OPERATING EXPENSE FUND	\$ 1,279,200	\$ 4,395,935	\$ 5,675,135	\$ 38,139,440	14.9%	\$ 32,464,305
Social Security Administration *	\$ 1,734	\$ 867	\$ 2,601	\$ 10,400	25.0%	\$ 7,799
HB 974 - FY 2027 Appropriations Bill	-	-	-	26,750,000	0.0%	26,750,000
Georgia Military Pension Fund *	450,878	225,439	676,317	2,705,268	25.0%	2,028,951
Public School Employees Retirement Fund *	5,922,000	2,961,000	8,883,000	35,532,000	25.0%	26,649,000
TOTAL BUDGETED EXPENSES	\$ 7,653,812	\$ 7,583,241	\$ 15,237,053	\$ 103,137,108	14.8%	\$ 87,900,055
FUNDING SOURCES:						
Other Funds	\$ 1,279,200	\$ 4,395,935	\$ 5,675,135	\$ 38,139,440	14.9%	\$ 32,464,305
State Funds	6,374,612	3,187,306	9,561,918	64,997,668	14.7%	55,435,750
TOTAL FUNDING BY TYPE	\$ 7,653,812	\$ 7,583,241	\$ 15,237,053	\$ 103,137,108	14.8%	\$ 87,900,055
EXPENSES BY PROGRAM:						
System Administration	\$ 1,273,096	\$ 3,937,787	\$ 5,210,883	\$ 59,380,787	8.8%	\$ 54,169,904
Deferred Compensation	7,838	459,015	466,853	5,519,053	8.5%	5,052,200
Georgia Military Pension Fund *	450,878	225,439	676,317	2,705,268	25.0%	2,028,951
Public School Employees Retirement System *	5,922,000	2,961,000	8,883,000	35,532,000	25.0%	26,649,000
TOTAL EXPENSES BY PROGRAM	\$ 7,653,812	\$ 7,583,241	\$ 15,237,053	\$ 103,137,108	14.8%	\$ 87,900,055

* Expenditures of state appropriated funds only

EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA
Statement of Expenses - Retirement System Administration
Other Funds Only

	July 2026	August 2026	Year to Date FY 2027	Budget FY 2027	YTD as % of Budget	Remaining Budget
Personal Services	\$ 1,071,823	\$ 1,100,833	\$ 2,172,656	\$ 13,377,295	16.2%	\$ 11,204,639
Regular Operating Expenses	19,229	8,301	27,530	508,400	5.4%	480,870
Equipment	-	208,000	208,000	600,000	34.7%	392,000
Computer Charges	166,585	72,180	238,765	1,202,779	19.9%	964,014
Real Estate Rentals	56,280	56,280	112,560	675,400	16.7%	562,840
Telecommunications	9,588	9,769	19,357	182,000	10.6%	162,643
Contractual Services	(52,143)	2,481,557	2,429,414	16,074,513	15.1%	13,645,099
TOTAL EXPENSES	<u>\$ 1,271,362</u>	<u>\$ 3,936,920</u>	<u>\$ 5,208,282</u>	<u>\$ 32,620,387</u>	16.0%	<u>\$ 27,412,105</u>

EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA
Statement of Expenses - Deferred Comp Administration
Other Funds Only

	July 2026	August 2026	Year to Date FY 2027	Budget FY 2027	YTD as % of Budget	Remaining Budget
Personal Services	\$ 50,674	\$ 50,674	\$ 101,348	\$ 646,235	15.7%	\$ 544,887
Regular Operating Expenses	-	3,632	3,632	65,500	5.5%	61,868
Computer Charges	-	-	-	28,500	0.0%	28,500
Real Estate Rentals	2,164	2,164	4,328	26,000	16.6%	21,672
Contractual Services	(45,000)	402,545	357,545	4,752,818	7.5%	4,395,273
TOTAL EXPENSES	<u>\$ 7,838</u>	<u>\$ 459,015</u>	<u>\$ 466,853</u>	<u>\$ 5,519,053</u>	8.5%	<u>\$ 5,052,200</u>

Financial Section

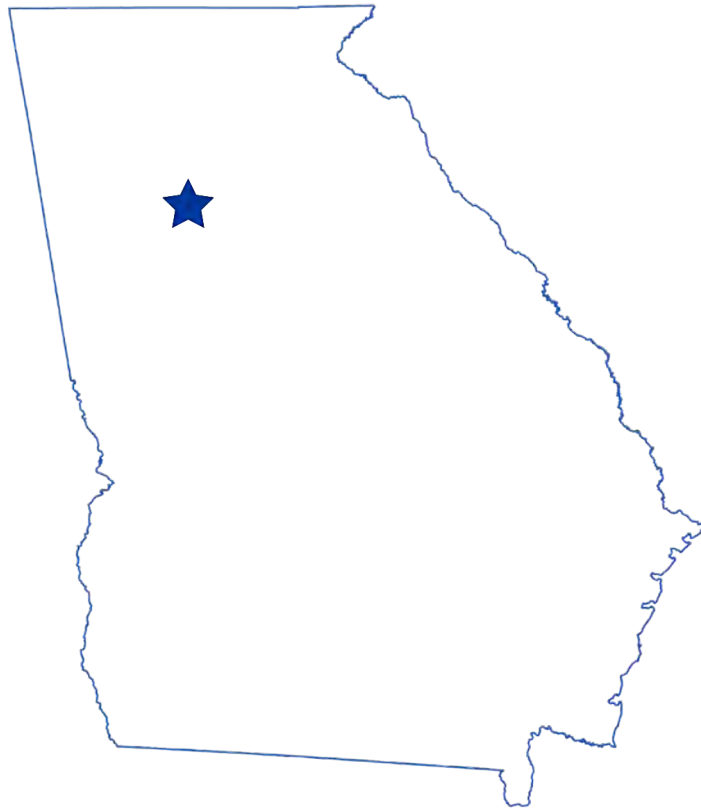
The People's House



Current Governor's Mansion located in Atlanta's Buckhead Neighborhood



**Employees' Retirement
System of Georgia**



The Georgia Governor's Mansion

The Georgia Governor's Mansion is located at 391 West Paces Ferry Road NW in Atlanta.

Known as "The People's House," the Mansion is more than a residence. It is a place where history meets community.

Nestled in northeast Atlanta, this elegant 30-room home has welcomed generations of Georgians since 1967. Today, it is the home of Georgia's 83rd Governor, Brian P. Kemp, and First Lady Marty Kemp, who reside there with their daughters while continuing a long tradition of public service.

The Mansion stands as a reminder that leadership lives not just within its walls, but in the people it serves. It is a place where citizens can connect with Georgia's history, celebrate its traditions, and experience firsthand one of the state's most unique landmarks.



KPMG LLP
Suite 2000
303 Peachtree Street, NE
Atlanta, GA 30308-3210

Independent Auditors' Report

The Board of Trustees
Employees' Retirement System of Georgia:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the fiduciary activities and business-type activities of the Employees' Retirement System of Georgia (the System), a component unit of the State of Georgia, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the fiduciary activities and business-type activities of the System, as of June 30, 2026, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

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. Our responsibilities under those standards are further described in the Auditors' 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.

Responsibilities of Management for the Financial Statements

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

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

Auditors' 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 auditors' 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.

(continued)

Financial Section



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis and the schedules of employers' and nonemployer contributions – defined benefit plans, schedules of employers' and nonemployer net pension/OPEB liability (asset) and related ratios – defined benefit plans, schedules of changes in employers' and nonemployer net pension/OPEB liability (asset) – defined benefit plans, schedule of investment returns, schedules of the System's proportionate share of the net OPEB liability (asset), schedules of the System's contributions to OPEB plans, and the notes to 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 administrative expenses – contributions and expenses and the schedule of investment expenses 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 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 comprehensive financial report. The other information comprises the introductory, investment, actuarial, and statistical sections but does not include the basic financial statements and our auditors' 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.

(continued)

Financial Section



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 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.

KPMG LLP

Atlanta, Georgia

September 25, 2026

Financial Section

Management's Discussion and Analysis (Unaudited)

June 30, 2026

This section provides a discussion and analysis of the financial performance of the System for the year ended June 30, 2026. The discussion and analysis of the System's financial performance is within the context of the accompanying basic financial statements, notes to the financial statements, required supplementary schedules, and additional information following this section.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to Employees' Retirement System of Georgia, Two Northside 75, Suite 300, Atlanta, GA 30318.

Overview of Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The System administers two categories of funds: fiduciary funds and a proprietary fund. Information related to the financial statements of the funds is presented in the notes to the financial statements.

Fiduciary funds are used to account for resources held for the benefit of parties outside of the System. The primary focus of the System's fiduciary funds is the accumulation of resources for and the payment of pension and OPEB benefits. The System maintains four types of fiduciary funds: (1) defined benefit pension trust funds which are used to report resources held in trust for pensions for retirees and beneficiaries covered by ERS, PSERS, LRS, GJRS, GMPF, SCJRF, and DARF; (2) a defined benefit OPEB trust fund, which is used to report resources held in trust for other postemployment benefits of retirees and beneficiaries covered by SEAD-OPEB; (3) defined contribution pension trust funds, which are used to accumulate contributions and earnings in the accounts of participants covered by GDCP, the 401(k) Plan, and the 457 Plan; and (4) a custodial fund, which is used to report resources held by the SBF in a custodial capacity for other plans.

Proprietary funds, which include enterprise and internal services funds, are used to account for the System's activities that are similar to private-sector businesses. The System maintains one proprietary fund, which is an enterprise fund, SEAD-Active. The primary focus of the System's enterprise fund is the accumulation of resources for, and payment of, group term life insurance benefits for active members of ERS, LRS, and GJRS covered by SEAD-Active.

The basic financial statements comprise statements for both fiduciary and proprietary funds along with notes to the basic financial statements. The fiduciary fund financial statements include (1) *Combining Statement of Fiduciary Net Position*, (2) *Defined Benefit Plans – Combining Statement of Fiduciary Net Position*, (3) *Combining Statement of Changes in Fiduciary Net Position*, and (4) *Defined Benefit Plans – Combining Statement of Changes in Fiduciary Net Position*. The proprietary fund financial statements include (1) *Statement of Net Position*, (2) *Statement of Revenues, Expenses, and Changes in Net Position*, and (3) *Statement of Cash Flows*.

The System prepares its financial statements on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB). These statements provide information about the System's overall financial status.

Description of the Financial Statements

Fiduciary Funds

The *Combining Statement of Fiduciary Net Position* is the statement of financial position presenting information that includes the fiduciary funds' assets and liabilities, with the balance representing the Net Position Restricted for Pensions and OPEB and SBF. The investments of the funds in this statement are presented at fair value. This statement is presented on page 27.

(continued)

Financial Section

Management's Discussion and Analysis (Unaudited)

The *Combining Statement of Changes in Fiduciary Net Position* reports how the fiduciary funds' net position changed during the fiscal year. The additions include contributions to the retirement plans from employers, nonemployer, and members; group term life insurance premiums; participant fees; and net investment income, which includes interest and dividends and the net increase in the fair value of investments, net of investment expenses. The deductions include benefit payments, life insurance death benefit payments, refunds of member contributions and interest, and administrative expenses. This statement is presented on page 29.

The *Defined Benefit Plans' Combining Statement of Fiduciary Net Position* and the *Combining Statement of Changes in Fiduciary Net Position* present the financial position and changes in financial position for each of the defined benefit plans administered by the System. These statements are on pages 28 and 30, respectively.

Proprietary Fund

The *Statement of Net Position* is the statement of financial position presenting information that includes the assets and liabilities, with the balance representing the net position. This statement is presented on page 31.

The *Statement of Revenues, Expenses, and Changes in Net Position* distinguishes operating revenues and expenses from nonoperating items. Principal operating revenues result from insurance premiums from members, while operating expenses result from death benefit payments and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. This statement is presented on page 32.

The *Statement of Cash Flows* provides information about cash receipts and cash payments during the year. When used in conjunction with related disclosures and information in the other financial statements, the statement provides relevant information about the plan's ability to generate future net cash flows, the plan's ability to meet its obligations as they come due, and presents the reasons for differences between operating income and associated cash receipts and payments. This statement is presented on page 33.

Notes to Financial Statements are presented to provide the information necessary for a full understanding of the financial statements. The notes to the financial statements begin on page 34.

Financial Section

Management's Discussion and Analysis (Unaudited)

Financial Summary

A summary of the System's net position of the fiduciary funds at June 30, 2026, is as follows (dollars in thousands):

	Net position		Amount change	Percentage change
	2026	2025		
<u>Assets:</u>				
Cash, cash equivalents, and receivables	\$ 423,475	470,383	(46,908)	(10.0)%
Investments	30,813,308	26,528,051	4,285,257	16.2
Capital assets, net	1,199	930	269	28.9
Net OPEB asset	3,432	2,159	1,273	59.0
Total assets	31,241,414	27,001,523	4,239,891	15.7
Deferred outflows of resources	634	869	(235)	(27.0)
<u>Liabilities:</u>				
Due to brokers, accounts payable, and insurance premiums payable	36,405	35,977	428	1.2
Due to other funds/plans and participating systems	579,230	495,735	83,495	16.8
Total liabilities	615,635	531,712	83,923	15.8
Deferred inflows of resources	1,104	800	304	38.0
Net position	\$ 30,625,309	26,469,880	4,155,429	15.7 %

A summary of the System's net position of the proprietary fund at June 30, 2026, is as follows (dollars in thousands):

	Net position		Amount change	Percentage change
	2026	2025		
<u>Assets:</u>				
Cash, cash equivalents, and receivables	\$ 168	114	54	47.4 %
Investments	579,230	495,735	83,495	16.8
Total assets	579,398	495,849	83,549	16.8
<u>Liabilities:</u>				
Accounts payable and other liabilities	51	74	(23)	(31.1)
Net position	\$ 579,347	495,775	83,572	16.9 %

Financial Section

Management's Discussion and Analysis (Unaudited)

A summary of the changes in the System's net position of the fiduciary funds for the year ended June 30, 2026, is as follows (dollars in thousands):

	Changes in net position		Amount change	Percentage change
	2026	2025		
Additions:				
Employer contributions	\$ 1,254,021	1,605,086	(351,065)	(21.9)%
Nonemployer contributions	49,733	47,733	2,000	4.2
Member contributions	318,157	305,731	12,426	4.1
Participant fees	727	713	14	2.0
Insurance premiums	2,288	2,449	(161)	(6.6)
Net investment income	4,586,858	2,851,966	1,734,892	60.8
Other	16	16	—	—
Total additions	6,211,800	4,813,694	1,398,106	29.0
Deductions:				
Benefit payments	1,959,030	1,924,554	34,476	1.8
Refunds	20,918	23,659	(2,741)	(11.6)
Death benefits	52,494	56,074	(3,580)	(6.4)
Administrative expenses	23,929	23,111	818	3.5
Total deductions	2,056,371	2,027,398	28,973	1.4
Change in net position	\$ 4,155,429	2,786,296	1,369,133	49.1
Beginning of year	26,469,880	23,683,584	2,786,296	11.8
End of year	30,625,309	26,469,880	4,155,429	15.7

Financial Section

Management's Discussion and Analysis (Unaudited)

A summary of the changes in the System's net position of the proprietary fund for the year ended June 30, 2026, is as follows (dollars in thousands):

	Changes in net position		Amount change	Percentage change
	2026	2025		
<u>Operating revenue:</u>				
Insurance premiums	\$ 503	521	(18)	(3.4) %
Total operating revenue	503	521	(18)	(3.4)
<u>Operating expenses:</u>				
Death benefits	2,938	3,082	(144)	(4.7)
Administrative expenses	114	114	—	0.0
Total operating expenses	3,052	3,196	(144)	(4.5)
Total operating loss	(2,549)	(2,675)	126	4.7
<u>Other nonoperating revenue:</u>				
Allocation of investment income from pooled investment fund, net	86,121	53,087	33,034	62.2
Change in net position	\$ 83,572	50,412	33,160	65.8 %

The net position of the proprietary fund increased by \$83.57 million to \$579.35 million at June 30, 2026, compared to \$495.78 million at June 30, 2025. The increase in net position was primarily due to positive equity market returns, which were 23.3% this year.

Financial Section

Management's Discussion and Analysis (Unaudited)

Detailed Analysis

The following table presents the investment allocation at June 30, 2026, and 2025:

	2026	2025
<u>Asset allocation at June 30 (in percentages):</u>		
Equities:		
Domestic	46.5 %	48.2 %
International	16.4	14.6
Private equity	2.7	2.8
Domestic obligations:		
U.S. treasuries	12.7	15.5
Corporate and other bonds	7.2	5.1
International obligations:		
Corporates	0.3	0.3
Mutual funds	—	—
Commingled funds	14.1	13.4
Real estate	0.1	0.1
<u>Asset allocation at June 30 (in thousands):</u>		
Equities:		
Domestic	\$ 14,343,509	\$ 12,795,772
International	5,011,479	3,874,372
Private equity	845,865	737,995
Domestic obligations:		
U.S. treasuries	3,921,528	4,116,359
Corporate and other bonds	2,205,483	1,315,739
International obligations:		
Corporates	98,698	97,148
Mutual funds	9,915	9,170
Commingled funds	4,332,129	3,558,193
Real estate	44,702	23,303
	<u>\$ 30,813,308</u>	<u>\$ 26,528,051</u>

The total investment portfolio at June 30, 2026 increased by \$4.3 billion, or 16.2%, from June 30, 2025. U.S. Real GDP was uneven over the past fiscal year but grew at a 2.3% rate, essentially matching the year before. Inflation reaccelerated during the year, driven largely by higher energy prices, peaking at 4.2% in May before moderating to 3.5% in June. After cutting rates three times in the fall of 2025, the Federal Reserve held steady through the first half of 2026. The reacceleration in inflation and a new Federal Reserve chairman have raised the possibility of a rate increase in the coming fiscal year. The unemployment rate held steady at 4.2%, signaling continued resilience in the labor market. Against this backdrop, U.S. equities returned 23.3% and foreign equities, excluding China and Hong Kong, gained 31.0%.

(continued)

Financial Section

Management's Discussion and Analysis (Unaudited)

Investment performance is calculated using a time-weighted rate of return using the Daily Valuation Method. The time-weighted rate of return for the fiscal year ended June 30, 2026, was 17.5%, with a 23.3% return for equities, a 7.1% return for private equity, and a 3.0% return for fixed income. The five-year annualized rate of return at June 30, 2026, was 8.1%, with a 10.7% return for equities, a 10.0% return for private equity, and a 0.6% return for fixed income.

A money-weighted return is weighted by the amount of dollars in the fund at the beginning and end of the performance period. A money-weighted return is highly influenced by the timing of cash flows into and out of the fund and is a better measure of an entity or person who controls the cash flows into or out of the fund. The non-discretionary cash flows for the plan, primarily contributions and benefit payments, have a considerable impact on the money-weighted returns of the portfolio. The money-weighted rate of return for the fiscal year ended June 30, 2026, was 14.6%, compared to 12.6% for the fiscal year ended June 30, 2025.

Additions – The System accumulates resources needed to fund benefit payments through contributions and returns on invested funds. In fiscal year 2026, total contributions decreased \$336.6 million, or 17.2%, primarily due to a \$400 million reduction in extraordinary state fund contributions from the prior year. In fiscal year 2025, the State contributed \$500 million to address the funded ratio in ERS while this amount was \$100 million in fiscal year 2026. The increase after consideration of these one-time funds was largely due to ERS salary increases. Net investment income was \$4.6 billion, driven by equity market gains, reflecting strong investment performance of 17.5% in 2026, compared with 12.0% in 2025.

Deductions – For fiscal year 2026, total deductions increased \$29.0 million, or 1.4%, primarily because of an increase in benefit and refund payments of \$31.7 million, or 1.6%. These payments increased in part due to continued additional use of the improved online registration process, but also due to an increase in the average value of benefit payments. Multiple plans had cost-of-living adjustments, and the ERS plan had a one-time additional payout of benefits from state fund contributions. Death benefits decreased \$3.6 million, or 6.4%, primarily due to a decrease in the number of death claims and average claim amount during 2026. Administrative expenses increased by \$0.8 million, or 3.5%, primarily due to increased personal services costs, due to salary increases and promotions, and in temporary services, due to contractors continuing to assist with a pension system modernization project.

Operating and nonoperating revenue – The proprietary fund accumulates resources needed to fund death benefit payments through premiums earned and returns on invested funds. Effective January 1, 2009, the plan was closed to new members. In fiscal year 2026, total premiums earned decreased \$18.0 thousand, or 3.4%, primarily due to lower membership in the plan. Allocation of investment income from the pooled investment fund, net of related expenses, was \$86.1 million in 2026 compared to \$53.1 million in 2025. Net investment income, driven largely by equity market gains, reflected strong investment performance of 17.5% in 2026, compared with 12.0% in 2025.

Operating expenses – For fiscal year 2026, death benefits decreased by \$143.7 thousand, or 4.7%. This decrease in death benefits in 2026 is the result of fewer active employee deaths. The SEAD-Active membership while continuing to age will also leave employment and become beneficiaries of the SEAD-OPEB plan.

Currently Known Facts, Decisions, or Conditions

Several actuarial developments affected the System's financial position during fiscal year 2026, including revised demographic assumptions resulting from experience studies, changes in employer contribution requirements for GJRS, and changes in funded status across the System's plans. The discussions below summarize the impact of these developments on plan funding and financial condition.

Under GASB Statements No. 67, *Financial Reporting for Pension Plans- an amendment of GASB Statement No. 25* and GASB Statement No. 68, *Accounting and Financial Reporting for Pensions- an amendment of GASB Statement No. 27*, pension plans report both funding and accounting measures of their obligations. The Actuarially Determined Employer Contribution (ADEC) serves as a funding measure that estimates the contributions needed to finance pension benefits, while the Net Pension Liability (NPL) serves as the primary accounting measure reported in governmental financial statements. Although actuarial valuations continue to include measures such as the Actuarial Accrued Liability (AAL) and

Financial Section

Management's Discussion and Analysis (Unaudited)

Unfunded Actuarial Accrued Liability (UAAL), the System primarily uses those measures to evaluate funding progress and long-term plan sustainability.

The Actuarial Section discusses employer ADEC rates for all plans in the Member and Employer Contribution Rates tables. Overall, ADEC rates remained stable across the System's plans. The only significant exception was GJRS, where the employer contribution rate increased from 6.43% in 2025 to 8.89% in 2026. The funded surplus for GJRS has been decreasing as the surplus has been amortized and the plan moves toward the long-term target of being 100% funded. As the funded surplus decreases, the ADEC must increase to a level closer to the normal cost of the plan.

The Actuarial Section also presents each plan's UAAL and funded ratio in the Schedules of Funding Progress - Defined Benefit Plans. In general, the UAAL declined, or funded surpluses increased, across the System's plans during the year. Except for GJRS, funded ratios increased because investment returns exceeded actuarial expectations. In GJRS, revised COLA assumptions increased the UAAL and reduced the funded ratio from 105.0% as of June 30, 2024 to 99.9% as of June 30, 2025.

The System also revised demographic and other actuarial assumptions for all plans to reflect the results of the experience investigation covering the five-year period ended June 30, 2024. These changes included updated mortality tables, higher withdrawal rates, lower disability retirement rates, and revised retirement rate assumptions. Together, these updates affected the actuarial valuations prepared by the System's actuary. Further information is available in the Actuarial Section and at <https://ers.ga.gov/gasb>.

Financial Section

Combining Statement of Fiduciary Net Position

June 30, 2026

(In thousands)

	Defined contribution plans					Custodial fund		
	Defined benefit plans	Pooled Investment Fund	Georgia Defined Contribution Plan	401(k) Plan	457 Plan	Eliminations	Total	Survivors Benefit Fund
Assets								
Cash and cash equivalents	\$ 23,648	203,153	13,956	36,553	3,443	—	280,753	86
Receivables:								
Contributions	46,143	—	1,353	4,124	150	—	51,770	—
Interest and dividends	—	81,090	1,254	87	41	—	82,472	—
Due from brokers for securities sold	—	4,527	—	—	—	—	4,527	—
Other	3,360	—	—	441	66	—	3,867	—
Unremitted insurance premiums	344	—	—	—	—	(344)	—	—
Total receivables	49,847	85,617	2,607	4,652	257	(344)	142,636	—
Investments - at fair value:								
Domestic obligations:								
U.S. treasuries	—	3,768,276	153,252	—	—	—	3,921,528	—
Corporate and other bonds	—	2,205,483	—	—	—	—	2,205,483	—
International obligations:								
Corporates	—	98,698	—	—	—	—	98,698	—
Equities:								
Domestic	—	14,292,263	—	35,408	15,838	—	14,343,509	—
International	—	5,009,097	—	1,277	1,105	—	5,011,479	—
Private equity	—	845,865	—	—	—	—	845,865	—
Mutual funds	—	—	—	4,892	5,023	—	9,915	—
Commingled funds	—	—	—	3,441,004	891,125	—	4,332,129	—
Real Estate	—	44,702	—	—	—	—	44,702	—
Equity in pooled investment fund	25,647,367	—	—	—	—	(25,966,265)	(318,898)	318,898
Total investments	25,647,367	26,264,384	153,252	3,482,581	913,091	(25,966,265)	30,494,410	318,898
Capital assets, net	1,199	—	—	—	—	—	1,199	—
Net OPEB asset	3,432	—	—	—	—	—	3,432	—
Total assets	25,725,493	26,553,154	169,815	3,523,786	916,791	(25,966,609)	30,922,430	318,984
Deferred outflows of resources	634	—	—	—	—	—	634	—
Liabilities								
Accounts payable and other liabilities	22,066	2,743	644	3,731	2,246	—	31,430	—
Due to brokers for securities purchased	—	4,916	—	—	—	—	4,916	—
Insurance premiums payable	403	—	—	—	—	(344)	59	—
Due to participating systems	—	26,545,495	—	—	—	(25,966,265)	579,230	—
Total liabilities	22,469	26,553,154	644	3,731	2,246	(25,966,609)	615,635	—
Deferred inflows of resources	1,104	—	—	—	—	—	1,104	—
Net position restricted for:								
Pensions and OPEB	\$ 25,702,554	—	169,171	3,520,055	914,545	—	30,306,325	—
Survivors Benefit Fund	\$ —	—	—	—	—	—	—	318,984

See accompanying notes to financial statements.

Financial Section

Defined Benefit Plans - Combining Statement of Fiduciary Net Position

June 30, 2026

(In thousands)

Defined benefit pension plans								Defined benefit OPEB plan	
	Employees' Retirement System	Public School Employees Retirement System	Legislative Retirement System	Georgia Judicial Retirement System	Georgia Military Pension Fund	Superior Court Judges Retirement Fund	District Attorneys Retirement Fund	State Employees' Assurance Department OPEB	Defined benefit plans total
Assets									
Cash and cash equivalents	\$ 22,589	156	78	661	53	9	2	100	23,648
Receivables:									
Contributions	45,119	1	1	1,022	—	—	—	—	46,143
Interest and dividends	—	—	—	—	—	—	—	—	—
Due from brokers for securities sold	—	—	—	—	—	—	—	—	—
Other	2,747	608	—	—	5	—	—	—	3,360
Unremitted insurance premiums	—	—	—	—	—	—	—	344	344
Total receivables	47,866	609	1	1,022	5	—	—	344	49,847
Investments - at fair value:									
Domestic obligations:									
U.S. treasuries	—	—	—	—	—	—	—	—	—
Corporate and other bonds	—	—	—	—	—	—	—	—	—
International obligations:									
Corporates	—	—	—	—	—	—	—	—	—
Equities:									
Domestic	—	—	—	—	—	—	—	—	—
International	—	—	—	—	—	—	—	—	—
Private equity	—	—	—	—	—	—	—	—	—
Mutual funds	—	—	—	—	—	—	—	—	—
Commingled funds	—	—	—	—	—	—	—	—	—
Real Estate	—	—	—	—	—	—	—	—	—
Equity in pooled investment fund	21,369,191	1,495,290	50,084	719,909	62,472	—	—	1,950,421	25,647,367
Total investments	21,369,191	1,495,290	50,084	719,909	62,472	—	—	1,950,421	25,647,367
Capital assets, net	1,199	—	—	—	—	—	—	—	1,199
Net OPEB asset	3,432	—	—	—	—	—	—	—	3,432
Total assets	21,444,277	1,496,055	50,163	721,592	62,530	9	2	1,950,865	25,725,493
Deferred outflows of resources	634	—	—	—	—	—	—	—	634
Liabilities									
Accounts payable and other liabilities	18,876	1,205	148	1,267	100	3	—	467	22,066
Due to brokers for securities purchased	—	—	—	—	—	—	—	—	—
Insurance premiums payable	395	—	1	7	—	—	—	—	403
Due to participating systems	—	—	—	—	—	—	—	—	—
Total liabilities	19,271	1,205	149	1,274	100	3	—	467	22,469
Deferred inflows of resources	1,104	—	—	—	—	—	—	—	1,104
Net position restricted for pensions and OPEB	\$ 21,424,536	1,494,850	50,014	720,318	62,430	6	2	1,950,398	25,702,554

See accompanying notes to financial statements.

Financial Section

Combining Statement of Changes in Fiduciary Net Position

Year ended June 30, 2026

(In thousands)

		Defined contribution plans				Custodial fund	
	Defined benefit plans	Pooled Investment Fund	Georgia Defined Contribution Plan	401(k) Plan	457 Plan	Total	Survivors Benefit Fund
Additions:							
Contributions:							
Employer	\$ 1,091,322	—	—	162,699	—	1,254,021	—
Nonemployer	49,733	—	—	—	—	49,733	—
Member	57,004	—	18,489	220,819	21,845	318,157	—
Participant fees	—	—	—	689	38	727	—
Insurance premiums	2,288	—	—	—	—	2,288	—
Administrative expense allotment	16	—	—	—	—	16	—
Investment income (loss):							
Net increase (decrease) in fair value of investments	—	3,492,677	(820)	553,021	139,000	4,183,878	—
Interest and dividends	118	509,614	5,447	928	298	516,405	—
Other	—	—	—	650	258	908	—
Less: investment expenses	(11,625)	(11,720)	(85)	(3,816)	(891)	(28,137)	—
Allocation of investment income	3,857,026	(3,990,571)	—	—	—	(133,545)	47,349
Net investment income	3,845,519	—	4,542	550,783	138,665	4,539,509	47,349
Total additions	5,045,882	—	23,031	934,990	160,548	6,164,451	47,349
Deductions:							
Benefit payments	1,662,072	—	12	223,126	73,820	1,959,030	—
Refunds of member contributions and interest	7,839	—	13,079	—	—	20,918	—
Death benefits	52,494	—	—	—	—	52,494	—
Administrative expenses	17,613	—	1,339	4,545	432	23,929	—
Total deductions	1,740,018	—	14,430	227,671	74,252	2,056,371	—
Change in net position	3,305,864	—	8,601	707,319	86,296	4,108,080	47,349
Net position restricted for pensions and OPEB and SBF:							
Beginning of year	22,396,690	—	160,570	2,812,736	828,249	26,198,245	271,635
End of year	<u>\$ 25,702,554</u>	<u>—</u>	<u>169,171</u>	<u>3,520,055</u>	<u>914,545</u>	<u>30,306,325</u>	<u>318,984</u>

See accompanying notes to financial statements.

Financial Section

Defined Benefit Plans - Combining Statement of Changes in Fiduciary Net Position

Year ended June 30, 2026

(In thousands)

Defined benefit pension plans								Defined benefit OPEB plan	
	Employees' Retirement System	Public School Employees Retirement System	Legislative Retirement System	Georgia Judicial Retirement System	Georgia Military Pension Fund	Superior Court Judges Retirement Fund	District Attorneys Retirement Fund	State Employees' Assurance Department OPEB	Defined benefit plans total
Additions:									
Contributions:									
Employer	\$ 1,083,274	—	—	5,072	2,781	172	23	—	1,091,322
Nonemployer	8,300	38,069	—	3,364	—	—	—	—	49,733
Member	47,512	2,607	436	6,449	—	—	—	—	57,004
Participant fees	—	—	—	—	—	—	—	—	—
Insurance premiums	—	—	—	—	—	—	—	2,288	2,288
Administrative expense allotment	10	—	—	—	—	3	3	—	16
Investment income (loss):									
Net increase (decrease) in fair value of investments	—	—	—	—	—	—	—	—	—
Interest and dividends	118	—	—	—	—	—	—	—	118
Other	—	—	—	—	—	—	—	—	—
Less: investment expenses	(10,242)	(456)	(18)	(220)	(7)	—	—	(682)	(11,625)
Allocation of investment income	3,212,774	225,673	7,568	108,678	9,254	—	—	293,079	3,857,026
Net investment income	3,202,650	225,217	7,550	108,458	9,247	—	—	292,397	3,845,519
Total additions	4,341,746	265,893	7,986	123,343	12,028	175	26	294,685	5,045,882
Deductions:									
Benefit payments	1,535,560	82,256	1,965	40,266	1,830	172	23	—	1,662,072
Refunds of member contributions and interest	6,745	725	88	281	—	—	—	—	7,839
Death benefits	—	—	—	—	—	—	—	52,494	52,494
Administrative expenses	12,475	2,068	453	1,238	348	3	3	1,025	17,613
Total deductions	1,554,780	85,049	2,506	41,785	2,178	175	26	53,519	1,740,018
Change in net position	2,786,966	180,844	5,480	81,558	9,850	—	—	241,166	3,305,864
Net position restricted for pensions and OPEB:									
Beginning of year	18,637,570	1,314,006	44,534	638,760	52,580	6	2	1,709,232	22,396,690
End of year	<u>\$ 21,424,536</u>	<u>1,494,850</u>	<u>50,014</u>	<u>720,318</u>	<u>62,430</u>	<u>6</u>	<u>2</u>	<u>1,950,398</u>	<u>25,702,554</u>

See accompanying notes to financial statements.

Financial Section

Statement of Net Position - State Employees' Assurance Department Active Members Fund

June 30, 2026
(In thousands)

Assets:		
Cash and cash equivalents	\$	109
Receivables:		
Unremitted insurance premiums		59
Investments - at fair value:		
Equity share of pooled investment fund		579,230
Total assets		579,398
Liabilities:		
Accounts payable and other liabilities		51
Total liabilities		51
Total net position	\$	579,347

See accompanying notes to financial statements.

Financial Section

Statement of Revenues, Expenses, and Changes in Net Position - State Employees' Assurance Department Active Members Fund

Year ended June 30, 2026
(In thousands)

Operating revenue:	
Insurance premiums	\$ 503
Total operating revenue	<u>503</u>
Operating expenses:	
Death benefits	2,938
Administrative expenses	<u>114</u>
Total operating expenses	<u>3,052</u>
Total operating loss	<u>(2,549)</u>
Other nonoperating revenues (expenses):	
Allocation of investment income from pooled investment fund	86,196
Less: investment expenses	<u>(75)</u>
Total other nonoperating revenues	<u>86,121</u>
Increase in net position	83,572
Total net position:	
Beginning of year	<u>495,775</u>
End of year	<u><u>\$ 579,347</u></u>

See accompanying notes to financial statements.

Financial Section

Statement of Cash Flows - State Employees' Assurance Department Active Members Fund

Year ended June 30, 2026
(In thousands)

Cash flows from operating activities:	
Insurance premiums received	\$ 506
Death benefits paid	(2,938)
Administrative fees paid	(136)
Net cash used in operating activities	(2,568)
Cash flows from investing activities:	
Withdrawals from pooled investment fund	2,699
Investment expenses paid	(75)
Net cash provided by investing activities	2,624
Net decrease in cash and cash equivalents	56
Cash and cash equivalents, beginning of year	53
Cash and cash equivalents, end of year	109
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	(2,549)
Changes in assets and liabilities:	
Unremitted Insurance Premiums	3
Accounts payable and other liabilities	(22)
Net cash used in operating activities	\$ (2,568)

See accompanying notes to financial statements.

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Notes to Financial Statements

June 30, 2026

(1) General

The accompanying basic financial statements of the Employees' Retirement System of Georgia, including all plans and funds administered by the System, comprise the Employees' Retirement System of Georgia (ERS), Public School Employees Retirement System (PSERS), Legislative Retirement System (LRS), Georgia Judicial Retirement System (GJRS), Georgia Military Pension Fund (GMPF), Superior Court Judges Retirement Fund (SCJRF), District Attorneys Retirement Fund (DARF), State Employees' Assurance Department Retired and Vested Inactive Members Trust Fund (SEAD-OPEB), Georgia Defined Contribution Plan (GDCP), State of Georgia Employees' Qualified Trust Deferred Compensation Plan (401(k) Plan), State of Georgia Employees' Deferred Compensation Plan (457 Plan), Survivors Benefit Fund (SBF), and State Employees' Assurance Department Active Members Fund (SEAD-Active). All significant transactions among the various systems, departments, and funds have been eliminated. The Boards of Trustees, comprising active and retired members, ex officio state employees, and gubernatorial appointees, are ultimately responsible for the administration of the System.

(2) Authorizing Legislation and Plan Descriptions

Each plan and fund, including benefit and contribution provisions, was established and can be amended by state law. The following summarizes authorizing legislation and the plan description of each retirement fund:

- (a) ERS is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly during the 1949 Legislative Session for the purpose of providing retirement allowances for employees of the State of Georgia and its political subdivisions. ERS is directed by a Board of Trustees (ERS Board) and has the powers and privileges of a corporation. There were 343 employers and 1 nonemployer contributing entity participating in the plan during 2026. Total participation in ERS at June 30, 2026 was 195,145 as detailed in the following chart:

ERS Membership as of June 30, 2026



Benefits

The ERS Plan supports three benefit tiers: Old Plan (Tier 1), New Plan (Tier 2), and Georgia State Employees' Pension and Savings Plan (GSEPS) (Tier 3). Employees under the Old Plan started membership prior to July 1, 1982, and are subject to plan provisions in effect prior to July 1, 1982. Members hired on or after July 1, 1982, but prior to January 1, 2009, are New Plan members subject to modified plan provisions. Effective January 1, 2009, new state employees and rehired state employees who did not retain membership rights under the Old or New Plans are members of GSEPS. ERS members hired prior to January 1, 2009, also have the option to irrevocably change their membership to GSEPS.

Under the Old Plan, the New Plan, and GSEPS, a member may retire and receive normal retirement benefits after completion of 10 years of creditable service and attainment of age 60 or 30 years of creditable service,

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Notes to Financial Statements

June 30, 2026

regardless of age. Additionally, there are some provisions allowing for early retirement after 25 years of creditable service for members under age 60.

Retirement benefits paid to members are based upon the monthly average of the member's highest 24 consecutive calendar months of salary, multiplied by the number of years of creditable service, multiplied by the applicable benefit factor. Annually, postretirement cost-of-living adjustments may also be made to members' benefits, provided the members were hired prior to July 1, 2009. The normal retirement pension is payable monthly for life; however, options are available for distribution of the member's monthly pension, at reduced rates, to a designated beneficiary upon the member's death. Death and disability benefits are also available through ERS.

Contributions and Vesting

Member contributions under the Old Plan are 4% of annual compensation, up to \$4,200, plus 6% of annual compensation in excess of \$4,200. Under the Old Plan, the state pays member contributions in excess of 1.25% of annual compensation. These state contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the New Plan and GSEPS are 1.25% of annual compensation. The state is required to contribute at a specified percentage of active member payrolls, determined annually by actuarial valuation. The state contributions are not at any time refundable to the member or his/her beneficiary.

Pursuant to the Official Code of Georgia Annotated (O.C.G.A.) 47-2-292, the employer contributions for local tax commissioners and their employees who took office or were employed prior to July 1, 2012 are funded by the State of Georgia on behalf of the local county employer. Pursuant to O.C.G.A. 47-2-290, the employer contribution for certain State Court employees is funded by the state on behalf of the local county employer.

Employer and nonemployer contributions as a percentage of covered payroll required for fiscal year 2026 were based on the June 30, 2023 actuarial valuation for the Old Plan, New Plan, and GSEPS, as follows:

	Old Plan (Tier 1)	New Plan (Tier 2)	GSEPS (Tier 3)
Employer and nonemployer:			
Normal	2.41 %	7.16 %	3.52 %
Employer paid for member	4.75 %	— %	— %
Accrued liability	21.99 %	21.99 %	21.99 %
Total	<u>29.15 %</u>	<u>29.15 %</u>	<u>25.51 %</u>

Members become vested after 10 years of membership service. Upon termination of employment, member contributions with accumulated interest are refundable upon request by the member. However, if an otherwise vested member terminates and withdraws his/her member contributions, the member forfeits all rights to retirement benefits.

- (b) PSERS is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly in 1969 for the purpose of providing retirement allowances for public school employees who are not eligible for membership in the Teachers Retirement System of Georgia. The ERS Board, plus two additional trustees, administers PSERS (PSERS Board). There were 192 employers and 1 nonemployer contributing entity participating in the plan during 2026. Total participation in PSERS at June 30, 2026 was 116,504 as detailed in the chart on the following page:

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June 30, 2026

PSERS Membership as of June 30, 2026



Benefits

A member may retire and elect to receive normal monthly retirement benefits after completion of 10 years of creditable service and attainment of age 65. A member may choose to receive reduced benefits after age 60 and upon completion of 10 years of service.

Upon retirement, the member will receive a monthly benefit of \$17.00, multiplied by the number of years of creditable service. Death and disability benefits are also available through PSERS. Additionally, PSERS may make periodic cost-of-living adjustments to the monthly benefits.

Contributions and Vesting

Individuals who became members prior to July 1, 2012 contribute \$4 per month for nine months each fiscal year. Individuals who became members on or after July 1, 2012 contribute \$10 per month for nine months each fiscal year. The State of Georgia, although not the employer of PSERS members, is required by statute to make employer contributions actuarially determined and approved and certified by the PSERS Board.

Employer contributions required for the year ended June 30, 2026 were \$997.99 per active member and were based on the June 30, 2023 actuarial valuation.

Members become vested after 10 years of creditable service. Upon termination of employment, member contributions with accumulated interest are refundable upon request by the member. However, if an otherwise vested member terminates and withdraws his/her member contributions, the member forfeits all rights to retirement benefits.

- (c) LRS is a single-employer defined benefit pension plan established by the Georgia General Assembly from 1967–1971, and later reestablished in 1979, for the purpose of providing retirement allowances for all members of the Georgia General Assembly. LRS is administered by the ERS Board. There was one employer in the plan for 2026. Total participation in LRS at June 30, 2026 was 689 as detailed in the chart on the following page:

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LRS Membership as of June 30, 2026



Benefits

A member's normal retirement is after eight years of creditable service and attainment of age 65, or eight years of membership service (four legislative terms) and attainment of age 62. A member may retire early and elect to receive a monthly retirement benefit after completion of eight years of membership service and attainment of age 60; however, the retirement benefit is reduced by 5% for each year the member is under age 62.

Upon retirement, the member will receive a monthly service retirement allowance of \$36, multiplied by the number of years of creditable service for members who contributed prior to January 1, 2022. Effective for all active members contributing on and after January 1, 2022, the benefit formula is \$50 per month for each year of service, with the exception of members who serve as presiding officer of the House of Representatives (Speaker) who will receive an additional benefit of \$200 per month for each year of such presiding creditable service. Death benefits are also available through the plan.

Contributions and Vesting

Effective July 1, 2022 each member contributes \$165 per month, except that the Speaker contributes \$825 per month. The state pays member contributions of 4.75% less \$7 of annual compensation. Employer contributions are actuarially determined and approved and certified by the ERS Board.

There were no employer contributions required for the year ended June 30, 2026, based on the June 30, 2023 actuarial valuation.

Members become vested after eight years of creditable service. Upon termination of employment, member contributions with accumulated interest are refundable upon request by the member. However, if an otherwise vested member terminates and withdraws his/her member contributions, the member forfeits all rights to retirement benefits.

- (d) GJRS is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly in 1998 for the purpose of providing retirement allowances for judges and solicitors general of the state courts and juvenile court judges in Georgia, superior court judges of the State of Georgia, district attorneys of the State of Georgia, certain other employees of the General Assembly of the State of Georgia, and their survivors and other beneficiaries.

The GJRS was also created to serve the members and beneficiaries of the Trial Judges and Solicitors Retirement Fund, the Superior Court Judges Retirement System, and the District Attorneys Retirement System (collectively, the Predecessor Retirement Systems). As of June 30, 1998, any person who was an active, inactive, or retired member or beneficiary of the Predecessor Retirement Systems was transferred to GJRS in the same status effective July 1, 1998. All assets of the Predecessor Retirement Systems were transferred to GJRS as of July 1, 1998. The ERS Board and three additional trustees administer GJRS

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Notes to Financial Statements

June 30, 2026

(GJRS Board). There were 90 employers and 1 nonemployer contributing entity participating in the plan during 2026. Total participation in GJRS at June 30, 2026 was 1,184 as detailed in the following chart:

GJRS Membership as of June 30, 2026



Benefits

The normal retirement for GJRS is age 60, with 16 years of creditable service; however, a member may retire at age 60 with a minimum of 10 years of creditable service.

Annual retirement benefits paid to members are computed as 66⅔% of state-paid salary at retirement for district attorneys and superior court judges and 66⅔% of the average over 24 consecutive months for trial judges and solicitors, plus 1% for each year of creditable service over 16 years, not to exceed 24 years. Early retirement benefits paid to members are computed as the pro rata portion of the normal retirement benefit, based on service not to exceed 16 years. Death, disability, and spousal benefits are also available.

Contributions and Vesting

Members are required to contribute 7.5% of their annual salary. Those who became members prior to July 1, 2012 must also contribute an additional 2.5% of their annual salary if spousal benefit is elected. Employer contributions are actuarially determined and approved and certified by the GJRS Board.

Pursuant to O.C.G.A. 47-23-81, the employer contributions for state court judges and solicitors are funded by the State of Georgia on behalf of the local county employers and pursuant to O.C.G.A. 47-23-82, the employer contributions for juvenile court judges are funded by the state on behalf of local county employers.

Employer and nonemployer contributions required for fiscal year 2026 were based on the June 30, 2023 actuarial valuation, as follows:

Employer and nonemployer:	
Normal	13.74 %
Accrued liability	(4.85)
Total	8.89 %

Members become vested after 10 years of creditable service. Upon termination of employment, member contributions with accumulated interest are refundable upon request by the member. However, if an otherwise vested member terminates and withdraws his/her member contributions, the member forfeits all rights to retirement benefits.

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June 30, 2026

- (e) GMPF is a single-employer defined benefit pension plan established on July 1, 2002, by the Georgia General Assembly for the purpose of providing retirement allowances and other benefits for members of the Georgia National Guard (the National Guard). The ERS Board administers the GMPF.

Membership

As of June 30, 2026, GMPF had 1,793 retirees and beneficiaries currently receiving benefits. Active and inactive plan member information is maintained by one employer, the Georgia Department of Defense.

Benefits

A member becomes eligible for benefits upon attainment of age 60, with 20 or more years of creditable service (including at least 15 years of service as a member of the National Guard), having served at least 10 consecutive years as a member of the National Guard immediately prior to discharge, and having received an honorable discharge from the National Guard.

The retirement allowance is payable for life in the amount of \$50 per month, plus \$5 per month for each year of creditable service in excess of 20 years. The maximum benefit is \$100 per month.

Contributions and Vesting

Employer contributions are actuarially determined and approved and certified by the ERS Board. There are no member contributions required.

Employer contributions required for the year ended June 30, 2026 were \$199.87 per active member and were based on the June 30, 2023 actuarial valuation.

A member becomes vested after 20 years of creditable service (including at least 15 years of service as a member of the National Guard), having served at least 10 consecutive years as a member of the National Guard immediately prior to discharge, and having received an honorable discharge from the National Guard.

- (f) SCJRF is a single-employer defined benefit pension plan established by the Georgia General Assembly in 1945 for the purpose of providing retirement benefits to the superior court judges of the State of Georgia. SCJRF is directed by its own Board of Trustees (SCJRF Board). The ERS Board and SCJRF Board entered into a contract for the System to administer the plan effective July 1, 1995.

Membership

As of June 30, 2026, SCJRF had three retirees and beneficiaries currently receiving benefits and no active members. No new members are allowed in SCJRF.

Benefits

The normal retirement for SCJRF is age 68, with 19 years of creditable service, with a benefit of two-thirds the salary paid to superior court judges. A member may also retire at age 65, with a minimum of 10 years of creditable service, with a benefit of one-half the salary paid to superior court judges. Death, disability, and spousal benefits are also available.

Contributions and Vesting

Employer contributions are not actuarially determined, but are provided on an as-needed basis to fund current benefits.

- (g) DARF is a multiple-employer defined benefit pension plan established by the Georgia General Assembly in 1949 for the purpose of providing retirement benefits to the district attorneys of the State of Georgia. DARF is

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Notes to Financial Statements

June 30, 2026

directed by its own Board of Trustees (DARF Board). The ERS Board and DARF Board entered into a contract for the System to administer the plan effective July 1, 1995.

Membership

As of June 30, 2026, DARF had two retirees and beneficiaries currently receiving benefits and no active members. No new members are allowed into DARF.

Benefits

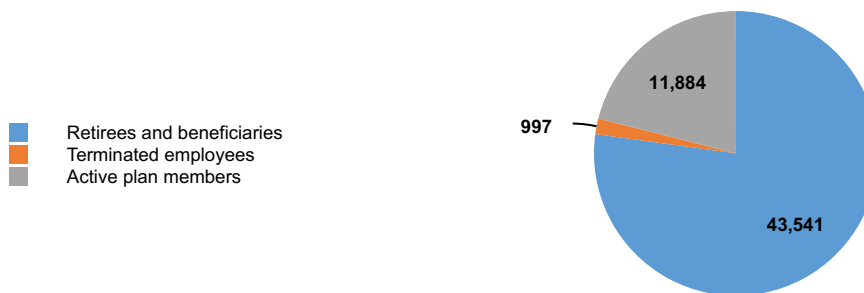
Persons appointed as district attorney emeritus shall receive an annual benefit of \$15,000, or one-half of the state salary received by such person as a district attorney for the calendar year immediately prior to the person's retirement, whichever is greater.

Contributions and Vesting

Employer contributions are not actuarially determined, but are provided on an as-needed basis to fund current benefits.

- (h) SEAD-OPEB is a cost-sharing multiple-employer defined benefit other postemployment benefit plan created in 2007 by the Georgia General Assembly to amend Title 47 of the O.C.G.A., relating to retirement, so as to establish a fund for the provision of term life insurance to retired and vested inactive members of ERS, LRS, and GJRS. Effective July 1, 2009, no newly hired members of any Georgia public retirement system are eligible for term life insurance under SEAD. The SEAD-OPEB trust fund accumulates the premiums received from the aforementioned retirement systems, including interest earned on deposits and investments of such payments from retired and vested inactive members. There were 344 employers and 1 nonemployer contributing entity participating in the plan during 2026. Total participation in SEAD-OPEB at June 30, 2026 was 56,422 as detailed in the following chart:

SEAD Membership as of June 30, 2026



Employee contribution rates as a percentage of member's salaries for the fiscal year ended June 30, 2026, were as follows: ERS Old Plan – 0.45% and ERS New Plan, LRS, and GJRS – 0.23%. ERS Old Plan members were hired prior to July 1, 1982, and New Plan members were hired on or after July 1, 1982, but prior to January 1, 2009.

Georgia law provides that employee contributions to the plan shall be in an amount established by the Board of Trustees (SEAD Board) not to exceed one-half of 1% of the member's earnable compensation. There were no employer contributions required for the fiscal year ended June 30, 2026.

According to the policy terms covering the lives of members, insurance coverage is provided on a monthly, renewable term basis, and no return premiums or cash value are earned. The net position represents the excess accumulation of investment income and premiums over benefit payments and expenses, and is held as a reserve for payment of death benefits under existing policies.

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Notes to Financial Statements

June 30, 2026

The amount of insurance for a retiree with creditable service prior to April 1, 1964 is the full amount of insurance under SEAD-Active in effect on the date of retirement. The amount of insurance for a service retiree with no creditable service prior to April 1, 1964 is 70% of the amount of insurance under SEAD-Active at age 60 or at termination, if earlier. Life insurance proceeds are paid in a lump sum to the beneficiary upon death of the retiree.

Administrative costs for the plan are determined based on the plan's share of overhead costs to accumulate and invest funds, obtain actuarial services, and to process benefit payments to beneficiaries. Administrative fees are financed from the assets of the plan.

- (i) GDCP is a defined contribution plan established by the Georgia General Assembly in July 1992 for the purpose of providing retirement allowances for state employees who are not members of a public retirement or pension system and do not participate in Social Security. GDCP is administered by the ERS Board. There were 43 employers participating in the plan during 2026. There were 150,908 members as of June 30, 2026.

Benefits

A member may retire and elect to receive periodic payments after attainment of age 65. The payments will be based upon mortality tables and interest assumptions adopted by the ERS Board. If a terminated member has less than \$5,000 credited to his/her account, the ERS Board has the option of requiring a lump-sum distribution to the member. Upon the death of a member, a lump-sum distribution equaling the amount credited to his/her account will be paid to the member's designated beneficiary.

Contributions and Vesting

Members are required to contribute 7.5% of their annual salary and vest immediately in the plan upon contribution. There are no employer contributions. Earnings will be credited to each member's account as adopted by the ERS Board. Upon termination of employment, the amount of the member's account is refundable upon request by the member.

- (j) The 401(k) Plan was established by the State of Georgia Employee Benefit Plan Council in accordance with Georgia Law 1985, as amended, O.C.G.A. Sections 45-18-50 through 45-18-58, and Section 401(k) of the Internal Revenue Code (IRC). On October 1, 1994, activity commenced when the 401(k) Plan became available to employees of the State of Georgia Community Service Boards (CSBs). On December 1, 1998, the 401(k) Plan became available to employees of the Georgia Lottery Corporation (GLC). On July 1, 2005, the Plan became available to employees of Fayette County Board of Education; however, on July 1, 2020, Fayette County Board of Education discontinued participation. On July 1, 2006, the Plan became available to employees of Walton County Board of Education; however, on May 20, 2025, Walton County Board of Education discontinued participation. On January 1, 2010, the Plan became available to employees of Henry County Board of Education, and on July 1, 2017, the Plan became available to employees of the Baldwin County Board of Education.

Effective July 1, 1998, the State of Georgia Employee's Deferred Compensation Group Trust (the Master Trust) was formed for the State of Georgia Deferred Compensation Program to serve as the funding medium for the 401(k) Plan. At that time, the 401(k) Plan began operating on an employee elective deferral basis for all state employees working at least 1,000 hours in a 12-month period. In 2021, eligibility was expanded to only exclude temporary employees. All assets of the 401(k) Plan are held in trust for the exclusive benefit of the participants and their beneficiaries. The assets of the 401(k) Plan are commingled in the Master Trust with the 401(k) trust owning units of the Master Trust. Participant contributions are invested according to the participant's investment election. If the participant does not make an election, investments are automatically defaulted to a Lifecycle Fund based on the participant's date of birth.

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Notes to Financial Statements

June 30, 2026

Effective July 1, 2005 (HB 275), the ERS Board became the trustee of the 401(k) Plan. Alight Solutions and J.P. Morgan hold, administer, and invest the assets of the Master Trust.

Contributions and Vesting

Participating CSBs, the GLC, and Henry County Board of Education offer employer contributions—some matching, some automatic, and some a combination of both—to eligible employees at various rates (limited to a maximum of \$350,000 base salary in calendar year 2025 and \$360,000 in calendar year 2026). As of January 1, 2009, individual participants may defer up to 80% of eligible compensation, or up to limits prescribed by the IRC (whichever is less).

Effective January 1, 2009, in accordance with O.C.G.A. 47-2-350 through 47-2-360, newly hired state employees, as well as rehired state employees who did not maintain eligibility for the ERS Old Plan or New Plan, are members of GSEPS. From January 1, 2009 to June 30, 2014, the GSEPS tier included automatic enrollment in the 401(k) Plan at a contribution rate of 1% of salary. Effective July 1, 2014, in accordance with HB 764, the employee contribution rate for automatic enrollment increased from 1% to 5%.

During the 2022 legislative session, the Georgia General Assembly approved a change to the GSEPS 401(k) employer match structure. The new structure increased the match and added a years-of-service component. Starting July 1, 2022, the employer match is dollar per dollar, up to 5% of pay, and GSEPS members with at least 6 years of service who are contributing a minimum of 5%, will get an additional half percent Employer match for every full year of service in excess of five years, up to a maximum match of 9%. Plan participants who are not employees of the GLC, a CSB, or Henry County Board of Education, or who are not GSEPS eligible, do not receive any employer contributions in their 401(k) Plan.

All employer contributions are subject to a vesting schedule, which determines eligibility to receive all or a portion of the employer contribution balance at the time of any distribution from the account after separation from all state service. Vesting is determined based on the schedule as follows:

Less than 1 year	— %
1	20
2	40
3	60
4	80
5 or more years	100

For CSB/GLC participants whose services terminated prior to January 1, 2010 but after December 31, 2001, the following vesting schedule applies:

Less than 2 years	— %
2	20
3	40
4	60
5	80
6 or more years	100

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Notes to Financial Statements

June 30, 2026

For CSB/GLC participants whose services terminated prior to January 1, 2002, the following vesting schedule applies:

Less than 3 years	— %
3	20
4	40
5	60
6	80
7 or more years	100

Employee contributions and earnings thereon are 100% vested at all times. The 401(k) Plan also allows participants to roll over amounts from other qualified plans to their respective account in the 401(k) Plan on approval by the 401(k) Plan administrator. Such rollovers are 100% vested at the time of transfer.

Participation

As of June 30, 2026, the 401(k) Plan had 87,512 participants with a balance. A total of 444 employers transmitted contributions to the plan during 2026.

Distributions

The participant may receive the value of his or her vested accounts upon attaining age 59½, qualifying financial hardship, or 30 days after retirement or other termination of service; employer contribution balances are only eligible for distribution upon separation from service. Upon the death of a participant, his or her beneficiary shall be entitled to the vested value of his or her accounts. Employees who die while actively employed and eligible for 401(k) Plan employer-matching contributions become fully vested in employer contributions upon death. Distributions are made in installments or in a lump sum.

- (k) The 457 Plan was established by the State Personnel Board in accordance with Georgia Law 1974, page 198 as amended, O.C.G.A. Sections 45-18-30 through 45-18-36, and Section 457 of the IRC. The 457 Plan is available to employees of the State of Georgia and county health departments and permits such employees to defer a portion of their annual salary until future years. Employee contributions and earnings thereon are 100% vested at all times.

Effective July 1, 1998, the Master Trust was formed for the State of Georgia Deferred Compensation Program to serve as the funding medium for the 457 Plan. All assets of the 457 Plan are held in trust for the exclusive benefit of the participants and their beneficiaries. The assets of the 457 Plan are commingled in the Master Trust with the 457 trust owning units of the Master Trust. Participant contributions are invested according to the participant's investment election. If the participant does not make an election, investments are automatically defaulted to a lifecycle fund based on the participant's date of birth.

Effective July 1, 2005 (HB 275), the ERS Board became the trustee of the 457 Plan. Alight Solutions and J.P. Morgan hold, administer, and invest the assets of the Master Trust.

Participation

As of June 30, 2026, the 457 Plan had 10,704 participants with a balance. A total of 299 employers transmitted contributions to the plan during 2026.

Distributions

The balance in the employee's account in the 457 Plan is not available to the employee until age 59½, termination, retirement, death, or unforeseeable emergency, as defined in the 457 Plan. Upon the death of a

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participant, his or her beneficiary shall be entitled to the vested value of his or her accounts. Distributions are made in installments or in a lump sum.

- (l) SBF was established under O.C.G.A. 47-2-128(c)(3) within the ERS trust solely for maintaining group term life insurance coverage for members of the plan. All assets of SBF are therefore limited to the payment of benefits and expenses for such coverage and cannot be used to pay pension benefits of ERS. SBF is shown on the financial statements separately as a custodial fund to reflect ERS's custodial responsibility and to account for assets held for distribution to SEAD-Active and SEAD-OPEB. SBF may only be used to pay benefits or expenses of SEAD-OPEB or SEAD-Active with authorization by the ERS Board. An actuarial valuation is not prepared, as there are no funding requirements.
- (m) SEAD-Active is a cost-sharing multiple-employer life insurance plan created in 2007 by the Georgia General Assembly to amend Title 47 of the O.C.G.A., relating to retirement, so as to establish a fund for the provision of term life insurance to active members of ERS, LRS, and GJRS. Effective July 1, 2009, no newly hired members of any Georgia public retirement system are eligible for term life insurance under SEAD. The SEAD-Active fund accumulates the premiums received from the aforementioned retirement systems, including interest earned on deposits and investments of such payments from active members. There were 344 employers and 1 nonemployer contributing entity participating in the plan during 2026. As of June 30, 2026, there were 11,884 active plan members in SEAD-Active.

Employee contribution rates as a percentage of member's salaries for the fiscal year ended June 30, 2026 were as follows: ERS Old Plan – 0.05% and ERS New Plan, LRS, and GJRS – 0.02%. ERS Old Plan members were hired prior to July 1, 1982 and new plan members were hired on or after July 1, 1982, but prior to January 1, 2009.

Georgia law provides that employee contributions to the plan shall be in an amount established by the SEAD Board not to exceed one-half of 1% of the member's earnable compensation. There were no employer contributions required for the fiscal year ended June 30, 2026.

According to the policy terms covering the lives of members, insurance coverage is provided on a monthly, renewable term basis, and no return premiums or cash value are earned. The net position represents the excess accumulation of investment income and premiums over benefit payments and expenses, and is held as a reserve for payment of death benefits under existing policies.

The amount of insurance coverage is equal to 18 times monthly earnable compensation, frozen at age 60. For members with no creditable service prior to April 1, 1964, the amount decreases from age 60 by one-half of 1% per month until age 65, at which point the member will be covered for 70% of the age-60 coverage. Life insurance proceeds are paid in a lump sum to the beneficiary upon death of the member.

Administrative costs for the plan are determined based on the plan's share of overhead costs to accumulate and invest funds, obtain actuarial services, and to process benefit payments to beneficiaries. Administrative fees are financed from the assets of the plan.

(3) Significant Accounting Policies and System Asset Matters

(a) Basis of Accounting

The System's financial statements are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. The System follows the reporting requirements established by the GASB.

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Fiduciary funds include the defined benefit plans and defined contribution plans, which are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Contributions to the defined benefit pension plans and OPEB plan are recognized when due, based on statutory requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Contributions to the deferred compensation plans are recognized as received. The SBF is a custodial fund and accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. The proprietary fund comprises the SEAD-Active plan. This fund is accounted for on the flow of economic resources measurement focus and uses the accrual basis of accounting. The principal operating revenues are derived from insurance premiums. Operating expenses include the cost of claims and related expenses.

(b) Reporting Entity

The System is a component unit of the State of Georgia; however, it is accountable for its own fiscal matters and presentation of its separate financial statements. The System has considered potential component units under GASB Statements No. 80, *Blending Requirements for Certain Component Units*, No. 61, *The Financial Reporting Entity's Omnibus – An Amendment of GASB Statement No. 14 and No. 34*, and No. 39, *Determining Whether Certain Organizations are Component Units*, and determined there were no component units of the System.

(c) Cash and Cash Equivalents

Cash and cash equivalents, reported at cost, include cash on deposit at banks and cash on deposit with the investment custodian.

(d) Investments

Investments are reported at fair value and, in some cases, net asset value (NAV) as a practical expedient to fair value. Additionally, real estate held for investment is valued at acquisition cost. Equity securities traded on a national or international exchange are valued at the last reported sales price. Investments in private investment companies are valued utilizing the NAVs provided by the underlying private investment companies as a practical expedient. The Pooled Investment Fund (the Fund) applies the practical expedient to its investments in private investment companies on an investment-by-investment basis, consistent with the Fund's entire position in a particular investment, unless it is probable that the Fund will sell a portion of an investment at an amount different from the NAV of the investment. Private equity fair value is measured using the valuation of the underlying companies as reported by the general partner. These investments, in the form of limited partnerships, reflect values and related performance on a quarter-lag basis due to the nature of the investments and the time it takes to value them. The estimated fair value of investments without readily determinable market values could differ significantly if a ready market for these assets existed. Fixed income securities are valued based primarily on quoted market prices provided by independent pricing sources. Global foreign exchange holdings are translated using a third-party vendor. Investment income is recognized as earned by the System. There are no investments in, loans to, or leases with parties related to the System.

The System utilizes various investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, foreign currency, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

The System's policy with regard to the allocation of invested assets is established on a cost basis in compliance with Georgia statute. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension and OPEB plans. The table on the following page was the System's adopted asset allocation policy as of June 30, 2026:

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Notes to Financial Statements

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Asset class	Target allocation
Fixed income	25%-45%
Equities	55%-75%
Alternative investments	0%-10%
Total	100%

Approximately 12.7% of the investments held in trust for pension and OPEB benefits are invested in debt securities of the U.S. government. The System has no investments in any one organization, other than those issued by the U.S. government and its instrumentalities, that represent 5% or more of the System's net position restricted for pensions, OPEB, and SBF.

For the year ended June 30, 2026, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 14.6%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

(e) Capital Assets

The System has two categories of capital assets, which are tangible capital assets and intangible right-to-use subscription assets.

Tangible capital assets, including software development costs, are stated at cost less accumulated depreciation and reside in ERS. The capitalization thresholds are \$5 thousand for equipment purchased prior to October 1, 2024, or \$10 thousand for equipment purchased October 1, 2024, or later, and \$1 million for software. Depreciation on tangible capital assets is computed using the straight-line method over estimated useful lives of 3 to 10 years. Depreciation expense is included in administrative expenses. Maintenance and repairs are charged to administrative expenses when incurred. When tangible assets are retired or otherwise disposed of, the costs and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the *Combining Statement of Changes in Fiduciary Net Position* in the period of disposal.

The following table summarizes the estimated useful life by class:

Tangible Capital Asset Class	Estimated Useful Life
Computer equipment	3-7 years
Computer software	3-10 years

Intangible right-to-use subscription assets are assets that convey control of the right to use another entity's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time, in an exchange or exchange-like transaction. For eligible contracts with a term greater than 12 months, the System records intangible right-to-use subscription assets and related subscription liabilities, if applicable, at the commencement date of the contract. The intangible right-to-use subscription asset is calculated from the initial measurement of the subscription liability, plus any payments made to the vendor at or before the commencement of the contract term, plus any applicable implementation costs. The System has adopted a capitalization threshold of \$100,000. These assets are included within Capital assets, net on the *Combining Statement of Fiduciary Net Position*.

Subscription liabilities represent the System's obligation to make subscription payments and are measured at the present value of expected future subscription payments over the contract term. These liabilities are included within accounts payable and other liabilities on the *Combining Statement of Fiduciary Net Position*.

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When the interest rate is not provided in the contract, the System has elected to calculate the present value using the State's incremental borrowing rate.

Amortization of intangible right-to-use subscription assets is computed using the straight-line method over the shorter of the term of the contract or the estimated remaining useful life of the underlying asset. Interest expense is recognized over the contract term. Amortization and interest expenses are included in the Administrative expenses or investment expense on the *Combining Statement of Changes in Fiduciary Net Position*.

For contracts that contain both a subscription component and a non-subscription component, the components are accounted for separately except when it is not practicable and the System accounts for both components as a single subscription-based information technology arrangement. Contracts that are entered into at or near the same time with the vendor are considered part of the same contract when the contracts are negotiated as a package with a single objective.

(f) Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the net OPEB liabilities, deferred outflows/inflows of resources, and OPEB expenses, information about the fiduciary net positions of the SEAD-OPEB Plan and the State OPEB Fund (Plans) and additions to/deductions from the Plans' fiduciary net positions have been determined on the same basis as they are reported by the Plans. For this purpose, the Plans recognize benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(g) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of net position and changes therein. Actual results could differ from those estimates.

(h) New Accounting Pronouncements

Pronouncements effective for the 2026 financial statements:

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*, effective for fiscal years beginning after June 15, 2025. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The System adopted the provisions and reporting requirements of GASB Statement No. 103. Management's Discussion and Analysis is limited to the related topics in the specified sections that are material to the System, provides analysis of why balances and results of operations changed, and avoids duplication. The *Statement of Revenues, Expenses, and Changes in Net Position-State Employees' Assurance Department Active Members Fund* distinguishes between operating and nonoperating revenues and expenses.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, effective for fiscal years beginning after June 15, 2025. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. The System adopted the reporting requirements of GASB Statement No. 104. Subscription-Based Information Technology Arrangements are separately disclosed in Note 6, Capital Assets.

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Notes to Financial Statements

June 30, 2026

Pronouncements issued, but not yet implemented:

In December 2025, the GASB issued Statement No. 105, *Subsequent Events*, effective for fiscal years beginning after June 15, 2026. The primary objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. This Statement defines subsequent events as events that occur after the date of the financial statements but before the date the financial statements are available to be issued and requires the date through which subsequent events have been evaluated to be disclosed. Additionally, this Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. The System is in the process of evaluating the impact of this pronouncement on its financial statements.

(4) Investment Program

The System maintains sufficient cash to meet its immediate liquidity needs. Cash not immediately needed is invested as directed by the ERS Board. All investments are held by agent custodial banks in the name of the System. State statutes and the System's investment policy authorize the System to invest in a variety of short-term and long-term securities as follows:

(a) Cash and Cash Equivalents

Custodial credit risk is the risk that in the event a depository institution or counterparty fails, the System would not be able to recover the value of its deposits or investments. The System does not have a formal policy relating to custodial credit risk. The carrying amount of the System's deposits totaled \$280.9 million at June 30, 2026, with actual bank balances of \$285.6 million. The System's bank balances of \$263.2 million are fully insured through the Federal Deposit Insurance Corporation, an independent agency of the U.S. government. Deposit amounts not covered under FDIC in the amount of \$145.3 thousand are included in the State's Secure Deposit Program (SDP) and are fully insured. In 2018, the State of Georgia implemented the SDP, a multi-bank pledging pool. The SDP requires participating banks that accept public deposits in Georgia to operate under the policy and procedures of the program. For disclosure purposes, all deposits of participants in the SDP are considered to be fully insured. The remaining bank deposits of \$22.3 million are uninsured and uncollateralized. The System's noncash investments are held in the System's name and are not exposed to custodial credit risk.

The System engages in repurchase and reverse repurchase agreements as part of the securities lending program. The System and the broker exchange cash for direct obligations of the U.S. government or obligations unconditionally guaranteed by agencies of the U.S. government or U.S. corporations. The System or broker promises to repay the cash received plus interest at a specific date in the future in exchange for the same securities.

Short-term securities authorized but not currently used are:

- U.S. Treasury obligations.
- Commercial paper, with a maturity of 180 days or less. Commercial paper is an unsecured promissory note issued primarily by corporations for a specific amount and maturing on a specific day. The System considers for investment only commercial paper of the highest quality, rated P-1 and/or A-1 by national credit rating agencies.

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- Master notes, an overnight security administered by a custodian bank and an obligation of a corporation whose commercial paper is rated P-1 and/or A-1 by national credit rating agencies.

Investments in commercial paper or master notes are limited to no more than \$500 million in any one name.

(b) Investments

Fixed income investments, managed by the Division of Investment Services (the Division), are authorized in the following instruments:

- U.S. and foreign government obligations. At June 30, 2026, the System held U.S. Treasury bonds of approximately \$3.9 billion.
- U.S. and foreign corporate obligations. At June 30, 2026, the System held U.S. corporate bonds of approximately \$2.2 billion and international corporate bonds of approximately \$98.7 million.
- Obligations unconditionally guaranteed by agencies of the U.S. government. At June 30, 2026, the System did not hold agency bonds.
- Private placements are authorized under the same general restrictions applicable to corporate bonds. At June 30, 2026, the System did not hold private placements.

Mortgage investments are authorized to the extent that they are secured by first mortgages on improved real property located in the State of Georgia.

Real estate is authorized by statute. The allocation shall not exceed 10.0% of the System's plan assets. At June 30, 2026, the System held real estate of approximately \$44.7 million, which is 0.1% of the System's total assets.

Equity securities are also authorized by statute for investment as a complement to the System's fixed income portfolio and as a long-term inflation hedge. By statute, no more than 75.0% of the total invested assets on a historical cost basis may be placed in equities. Equity holdings in any one corporation may not exceed 5.0% of the outstanding equity of the issuing corporation. The equity portfolio is managed by the Division, in conjunction with independent advisors. Buy/sell decisions are based on securities meeting rating criteria established by the ERS Board, in-house research considering such matters as yield, growth, and sales statistics, and analysis of independent market research. Equity trades are approved and executed by the Division's staff. Common stocks eligible for investment are approved by the Investment Committee of the ERS Board before being placed on an approved list.

Equity investments are authorized in the following instruments:

- Domestic equities are securities domiciled in the United States. At June 30, 2026, the System held domestic equities of approximately \$14.3 billion, excluding the 401(k) and 457 Plans.
- International equities, including American Depositary Receipts (ADR), are not domiciled in the United States. At June 30, 2026, the System held international equities of approximately \$2.31 billion and ADRs of approximately \$2.70 billion, excluding the 401(k) and 457 Plans.

Alternative investments are authorized by statute to provide portfolio diversification and to enhance the risk-adjusted rate of return for the retirement fund that benefits the members of the System. By statute, the allocation to alternative investments shall not, in the aggregate, exceed 10.0% of the System's plan assets at any time. Further, in any calendar year, new commitments to alternative investments shall not, in the

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aggregate, exceed 1.0% of the System's plan assets until the first occurrence that 4.5% of the assets have been invested, at which time there shall be no limit on the percentage of commitments that may be made in any calendar year, subject to compliance with other provisions of the statute. At June 30, 2026, the System held private equity investments of approximately \$845.9 million, which is 2.7% of the System's total assets.

The Master Trust invests in various mutual funds, common collective trust funds, and separate accounts, as selected by participants. Each participant is allowed to select and invest contributions into investment options that own one or more commingled funds, as authorized by the ERS Board. Participants may also contribute to a self-directed brokerage account that offers investments in various mutual funds and equities. At June 30, 2026, the deferred compensation plans held commingled funds of approximately \$4.3 billion, mutual funds of approximately \$9.9 million, domestic equities of approximately \$51.2 million, and international equities of approximately \$2.4 million.

Substantially all of the investments of ERS, PSERS, LRS, GJRS, GMPF, SEAD-OPEB, SBF, and SEAD-Active are pooled into one common investment fund. Units in the pooled common investment fund are allocated to the respective plans based on the cost of assets contributed, and additional units are allocated to the participating plans based on the market value of the pooled common investment fund at the date of contribution. Net income of the pooled common investment fund is allocated monthly to the participating plans, based on the number of units outstanding during the month.

The units and fair value of each plan's equity in the pooled common investment fund at June 30, 2026, were as shown in the following table (dollars in thousands):

	Fair value	Units
Employees' Retirement System	\$ 21,369,191	2,006,573
Public School Employees Retirement System	1,495,290	140,703
Legislative Retirement System	50,084	4,713
Georgia Judicial Retirement System	719,909	67,741
Georgia Military Pension Fund	62,472	5,878
State Employees' Assurance Department - OPEB	1,950,421	183,529
Total defined benefit plans	25,647,367	2,409,137
Survivors Benefit Fund	318,898	30,007
State Employees' Assurance Department - Active	579,230	54,504
Total in pooled investment funds	<u>\$ 26,545,495</u>	<u>2,493,648</u>

Fair Value Measurements: The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the inputs used in valuation and gives the highest priority to unadjusted quoted prices in active markets and requires that observable inputs be used in the valuations when available. The disclosure of fair value estimates in the hierarchy is based on whether the significant inputs into the valuations are observable. In determining the level of the hierarchy in which the estimate is disclosed, the highest level, Level 1, is given to unadjusted quoted prices in active markets and the lowest level, Level 3, to unobservable inputs.

The three levels of the fair value hierarchy are as follows:

Level 1 – Valuations based on unadjusted quoted prices for identical instruments in active markets that the System has the ability to access.

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Level 2 – Valuations based on 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 based on inputs that are unobservable and significant to the overall fair value measurement.

The System also has investments held through limited partnerships for which fair value is estimated using the NAV reported by the general partner as a practical expedient to fair value. Such investments have not been categorized within the fair value hierarchy.

The System has real estate investments held at acquisition value. Such investments are not included in the fair value schedule.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The System's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each investment. The following table shows the fair value leveling of the System's investments (in thousands):

Investments by fair value level	Fair value measures using			Total
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Equities:				
Domestic	\$ 14,343,509	—	—	14,343,509
International	4,977,013	34,466	—	5,011,479
Obligations:				
Domestic:				
U.S. treasuries	3,921,528	—	—	3,921,528
Corporate bonds	—	2,205,483	—	2,205,483
International:				
Corporate bonds	—	98,698	—	98,698
Mutual funds	9,915	—	—	9,915
Commingled funds	149,777	4,182,352	—	4,332,129
Total investments by fair value level	<u>\$ 23,401,742</u>	<u>6,520,999</u>	<u>—</u>	<u>29,922,741</u>
Investments measured at NAV*				
Private equity funds				845,865
Total				<u>\$ 30,768,606</u>

*Certain investments that are measured at fair value using the NAV per share (or its equivalent) as a practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the *Combining Statement of Fiduciary Net Position*.

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Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Equity securities in Level 2 are valued using prices quoted for similar instruments in active markets. Equity securities classified in Level 3, if any, are valued using third-party valuations not currently observable in the market.

Debt securities classified in Level 1 are valued using prices quoted in active markets. Debt securities classified in Level 2 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features, and ratings. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. These securities have nonproprietary information that is readily available to market participants, from multiple independent sources, which are known to be actively involved in the market.

Mutual funds and commingled funds classified in Level 1 are valued using prices quoted in active markets for those investment types. Commingled funds classified in Level 2 are valued using observable underlying inputs that are market corroborated.

Unfunded commitments, redemption frequency, and redemption notice period relative to the System's alternative investments for which the System utilized NAV or its equivalent relative to the determination of fair value at June 30, 2026, are noted in the following table (in thousands):

	Investments measured at NAV	Unfunded commitments	Redemption frequency (if currently eligible)	Redemption notice period
Private equity funds	\$ 845,865	523,162	not eligible	N/A

Investments in privately-held limited partnerships are valued using the NAV provided by the general partner as of March 31 of each fiscal year, adjusted by the System for cash flows through June 30. The quarterly values of the partnership investments provided from the general partner are reviewed by the System to determine if any adjustments are necessary. The types of partnership strategies held include control distressed, oil and gas energy, growth equity, leveraged buyouts, co-investment, and mezzanine debt. One of the 46 partnerships held is a secondary investment and is in or nearing the wind-up phase of the fund. The remaining investments typically have an approximate life of 10–12 years. These investments are considered illiquid since the nature of these private investments prohibits redemption with the fund; instead, distributions are received from the general partner through liquidation of the underlying assets of the fund. The System currently has no plans to sell any of the investments prior to their liquidation, resulting in these assets being carried at the NAV estimated by the general partner and adjusted for second quarter cash flows by the System.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the System. O.C.G.A. 47-20-84 limits investments to investment-grade securities. It is the System's investment policy to require that the bond portfolio be of high quality and chosen with respect to maturity ranges, coupon levels, refunding characteristics, and marketability. The System's policy is to require that new purchases of bonds be restricted to high-grade bonds rated no lower than "A" by any nationally recognized statistical rating organization. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. The quality ratings of investments in fixed income securities as described by Standard & Poor's and by Moody's Investors Service, which are nationally recognized statistical rating organizations, at June 30, 2026, are shown in the table on the following page (in thousands):

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Quality ratings of fixed income investments held at June 30, 2026		
Investment type	Standard and Poor's/ Moody's quality rating	June 30, 2026 fair value
Domestic obligations:		
U.S. treasuries		\$ 3,921,528
Corporates	AAA/Aaa	103,953
	AA/Aaa	183,179
	AA/Aa	888,796
	AA/A	385,066
	A/Aa	195,183
	A/A	355,729
	BBB/Baa	93,577
Total domestic corporates		2,205,483
International obligations:		
Corporates	AA/Aa	98,698
Total international corporates		98,698
Total fixed income investments		\$ 6,225,709

Mutual funds, commingled funds, and various equities of the deferred compensation plans are not considered to have credit risk and do not require disclosure of credit risk rating.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issuer. At June 30, 2026, the System did not have debt or equity investments in any one organization, other than those issued or guaranteed by the U.S. government or its agencies, which represented greater than 5% of total investments.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. While the System has no formal interest rate risk policy, active management of the bond portfolio incorporates interest rate risk to generate improved returns. This risk is managed within the portfolio using the effective duration method. This method is widely used in the management of fixed income portfolios and quantifies to a much greater degree the sensitivity to interest rate changes when analyzing a bond portfolio with call options, prepayment provisions, and any other cash flows. Effective duration makes assumptions regarding the most likely timing and amounts of variable cash flows and is best utilized to gauge the effect of a change in interest rates on the fair value of a portfolio. It is believed that the reporting of effective duration found in the table on the following page quantifies to the fullest extent possible the interest rate risk of the System's fixed income assets (in thousands):

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Effective duration of fixed income assets			
Fixed income type	Fair value June 30, 2026	Percentage of all fixed income assets	Effective duration (years)
Domestic obligations:			
U.S. treasuries	\$ 3,921,528	63.0 %	6.0
Corporates	2,205,483	35.4	4.7
International obligations:			
Corporates	98,698	1.6	0.6
Total	<u>\$ 6,225,709</u>	<u>100.0 %</u>	5.5

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. The System's currency risk exposures, or exchange rate risks, primarily reside within the System's international equity investment holdings. The System's asset allocation and investment policies allow for active and passive investments in international securities. The System's Board-adopted foreign exchange risk management policy is to minimize risk and protect the investments from negative impact by hedging foreign currency exposures with foreign exchange instruments when market conditions and circumstances are deemed appropriate. Foreign exchange instruments are used to protect the value of noncash investments from currency movements. The System's foreign exchange risk management policy does not quantify limitations on foreign currency-denominated investments. As of June 30, 2026, the System's exposure to foreign currency risk in U.S. Dollars, excluding the 401(k) and 457 Plans, is highlighted in the table on the following page (in thousands):

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International investment securities at fair value as of June 30, 2026				
Currency	Cash/cash equivalents	Equities	Fixed income	Total
Australian Dollar	\$ —	78,117	—	78,117
Brazilian Real	—	38,259	—	38,259
British Pound Sterling	—	172,471	—	172,471
Canadian Dollar	—	88,408	—	88,408
Chilean Peso	—	2,852	—	2,852
Colombian Peso	—	2,231	—	2,231
Czech Koruna	—	4,408	—	4,408
Danish Krone	—	41,148	—	41,148
Euro	—	676,985	—	676,985
Hungarian Forint	—	4,649	—	4,649
Indian Rupee	—	113,085	—	113,085
Indonesian Rupiah	—	4,342	—	4,342
Israeli Shekel	—	14,511	—	14,511
Japanese Yen	—	306,842	—	306,842
Malaysian Ringgit	8	11,109	—	11,117
Mexican Peso	—	21,257	—	21,257
New Zealand Dollar	—	2,069	—	2,069
Norwegian Krone	—	4,504	—	4,504
Philippine Peso	—	2,731	—	2,731
Polish Zloty	—	10,381	—	10,381
Qatari Riyal	—	3,617	—	3,617
Singapore Dollar	—	34,994	—	34,994
South African Rand	—	27,009	—	27,009
South Korean Won	—	347,142	—	347,142
Swedish Krona	—	81,181	—	81,181
Swiss Franc	—	45,034	—	45,034
Taiwan Dollar	—	149,476	—	149,476
Thai Baht	—	11,139	—	11,139
UAE Dirham	—	13,671	—	13,671
Total holdings subject to foreign currency risk	8	2,313,622	—	2,313,630
Investment securities payable in U.S. dollars	—	2,695,475	98,698	2,794,173
Total international investment securities - at fair value	\$ 8	5,009,097	98,698	5,107,803

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(5) Securities Lending Program

State statutes and ERS Board policies permit the System to lend its securities to broker/dealers with a simultaneous agreement to return the collateral for the same securities in the future. The System is presently involved in securities lending programs or repurchase and reverse repurchase agreements that act as securities lending programs with major brokerage firms. The System lends equity and fixed income securities for varying terms and receives a fee. The System reports the net loan fee income earned as investment income on the *Combining Statement of Changes in Fiduciary Net Position*. During a loan, the System continues to receive dividends and interest as the owner of the loaned securities. The brokerage firms pledge collateral securities consisting of U.S. government and agency securities, mortgage-backed securities issued by a U.S. government agency, corporate bonds, and equities. The collateral value must be equal to at least 102% to 109% of the loaned securities' value, depending on the type of collateral security.

Securities loaned totaled approximately \$2.1 billion at fair value at June 30, 2026. The collateral value was equal to 103.3% of the loaned securities' value at June 30, 2026. The System's lending collateral was held in the System's name by the triparty custodian.

Loaned securities are included in the accompanying *Combining Statement of Fiduciary Net Position* since the System maintains ownership. The related collateral securities are not recorded as assets on the System's *Combining Statement of Fiduciary Net Position*, and a corresponding liability is not recorded, since the System is deemed not to have the ability to pledge or trade the collateral securities. In accordance with the criteria set forth in GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*, the System is deemed not to have the ability to pledge or sell the collateral securities, since the System's lending contracts do not address whether the lender can pledge or sell the collateral securities without a borrower default, the System has not previously demonstrated that ability, and there are no indications of the System's ability to pledge or sell the collateral securities.

(6) Capital Assets

The following is a summary of capital assets and amortization/depreciation information as of and for the year ended June 30, 2026 (dollars in thousands):

	Balance at June 30, 2025	Additions	Disposals	Balance at June 30, 2026
Capital assets:				
Equipment	\$ 2,781	185	(268)	2,698
Computer software	14,345	—	—	14,345
Intangible right-to-use subscriptions	109	546	(109)	546
	<u>17,235</u>	<u>731</u>	<u>(377)</u>	<u>17,589</u>
Accumulated amortization/depreciation for:				
Equipment	(1,879)	(294)	268	(1,905)
Computer software	(14,345)	—	—	(14,345)
Intangible right-to-use subscriptions	(81)	(168)	109	(140)
	<u>(16,305)</u>	<u>(462)</u>	<u>377</u>	<u>(16,390)</u>
Capital assets, net	<u>\$ 930</u>	<u>269</u>	<u>—</u>	<u>1,199</u>

The System enters into contracts to use other entities' information technology software to support the System. The contract term used in the measurement of the subscription liability includes the options to extend or terminate the

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contract when it is reasonably certain that the System will exercise that option. Variable payments that are fixed in substance, such as contracts that provide for increases in the future minimum annual subscription, are included in the measurement of the subscription liability. The System's current contracts expire at various dates through fiscal year 2031.

The outstanding subscription liability as of June 30, 2026 was \$293.6 thousand. The total future minimum subscription payments under the subscription agreements are as follows:

Future Minimum Subscription Payments (dollars in thousands)			
Year Ended	Principal		Interest
2027	\$	141	\$ 8
2028		47	4
2029		48	3
2030		50	1
2031		—	—

(7) Commitments

As of June 30, 2026, the System had committed to fund certain private equity partnerships for a total capital commitment of approximately \$1.4 billion. Of this amount, approximately \$523.2 million remained unfunded and is not recorded on the System's *Combining Statement of Fiduciary Net Position*.

(8) Net Pension Liability (Asset) of Employers and Nonemployer - ERS, PSERS, LRS, GJRS, GMPF

The components of the net pension liability (asset) of the participating employers and nonemployer at June 30, 2026, were as follows (dollars in thousands):

	ERS	PSERS	LRS	GJRS	GMPF
Total pension liability	\$21,849,716	\$1,393,234	\$ 29,548	\$626,373	\$65,118
Plan fiduciary net position	21,424,536	1,494,850	50,014	720,318	62,430
Employers' and nonemployer net pension liability (asset)	<u>\$ 425,180</u>	<u>\$ (101,616)</u>	<u>\$(20,466)</u>	<u>\$(93,945)</u>	<u>\$ 2,688</u>
Plan fiduciary net position as a percentage of the total pension liability	98.05 %	107.29 %	169.26 %	115.00 %	95.87 %

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of June 30, 2025, using the actuarial assumptions shown on the following page, applied to all periods included in the measurement:

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	ERS	PSERS	LRS	GJRS	GMPF
Inflation	2.5%	2.5%	2.5%	2.5%	2.5%
Salary increases	3.00 - 6.75%, including inflation	N/A	N/A	3.75%, including inflation	N/A
Investment rate of return	7.00%, net of pension plan investment expense, including inflation	7.00%, net of pension plan investment expense, including inflation	7.00%, net of pension plan investment expense, including inflation	7.00%, net of pension plan investment expense, including inflation	7.00%, net of pension plan investment expense, including inflation
Cost-of-living adjustment	1.20%, annually for members hired before July 1, 2009	1.50% semi-annually	1.50% semi-annually for members hired before July 1, 2009	1.25% annually for members hired before July 1, 2009	N/A

ERS, LRS, GJRS, & GMPF*:

Mortality rates are as follows:

- The Pub-2016 General Employee Table, set back 3 years for males and set back 2 years for females, projected generationally with the MP-2021 Projection Scale is used while in active service.
- The Pub-2016 Family of Tables projected generationally with the MP-2021 Projection Scale and with further adjustments are used for post-retirement mortality assumptions as on the following table:

Participant type	Membership table	Set forward (+)/ setback (-)	Adjustment to rates
Service retirees	General retiree	Male: +1; Female: +1	Male: 105%; Female: 107%
Disabled retirees	Non-safety disabled retiree	Male: +2; Female: +3	Male: 101%; Female: 109%
Beneficiaries	Contingent survivor	Male: +1; Female: +2	Male: 107%; Female: 100%

*Only service retirees participant type applies to GMPF.

PSERS:

Mortality rates are as follows:

- The Pub-2016 Family of Tables projected generationally with the MP-2021 Projection Scale, adjusted as follows, are used for mortality assumptions:

Participant type	Membership table	Set forward (+)/ setback (-)	Adjustment to rates
Active employees	General below-median employee	Male: -3; Female: -3	Male: 80%; Female: 90%
Service retirees	General retiree below-median	Male: +1; Female: +1	Male: 107%; Female: 108%
Disabled retirees	Non-safety disabled retiree	Male: +4; Female: +4	Male: 100%; Female: 100%
Beneficiaries	Contingent survivor below-median	Male: +3; Female: +2	Male: 109%; Female: 103%

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ERS, PSERS, LRS, GJRS, & GMPF:

The actuarial assumptions used in the June 30, 2025 valuation were based on the results of an actuarial experience study for the period July 1, 2019 – June 30, 2024.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges 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 and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return*
Fixed income	30.00 %	2.30 %
Domestic large equities	38.70	8.90
Domestic small equities	4.20	12.20
International developed market equities	14.90	7.60
International emerging market equities	7.20	9.60
Alternatives	5.00	12.80
Total	<u>100.00 %</u>	

* Rates shown are net of inflation.

Discount rate: The discount rate used to measure the total pension liability was 7.00% for all defined benefit pension plans. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that employer and nonemployer contributions will be made at the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability (asset) to changes in the discount rate: The following table presents the collective net pension liability (asset), calculated using the discount rate of 7.00%, as well as the collective net pension liability (asset) calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate (dollars in thousands):

Employers' and nonemployer net pension liability (asset)	1% Decrease (6.00%)	Current discount rate (7.00%)	1% Increase (8.00%)
Employees' Retirement System	\$ 2,786,712	425,180	(1,562,072)
Public School Employment Retirement System	52,338	(101,616)	(230,861)
Legislative Retirement System	(17,470)	(20,466)	(22,615)
Georgia Judicial Retirement System	(32,759)	(93,945)	(146,686)
Georgia Military Pension Fund	11,511	2,688	(4,438)

Actuarial valuation date: June 30, 2025, is the actuarial valuation date upon which the total pension liability is based. An expected total pension liability is determined as of June 30, 2026, using standard roll-forward techniques for the

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actual total pension liability both before and after the assumption changes based on the experience study prepared for the five-year period ending June 30, 2024. The difference between these two amounts is shown as a change in assumptions. The roll-forward calculation adds the annual normal cost (also called the service cost), subtracts the actual benefit payments and refunds for the plan year, and then applies the expected investment rate of return for the year. In addition, we have determined an expected total pension liability as of June 30, 2026, based on the total pension liability roll-forward in the June 30, 2025, GASB 67 report. The difference between this amount and the roll-forward of the actual total pension liability before the change in assumptions is reflected as an experience gain or loss for the year.

(9) Net OPEB Asset of Employers—SEAD-OPEB

The components of the net OPEB asset of the participating employers at June 30, 2026, were as follows (dollars in thousands):

Total OPEB liability	\$ 1,071,357
Plan fiduciary net position	1,950,398
Employers' net OPEB asset	<u>\$ (879,041)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	182.05 %

Actuarial assumptions: The total OPEB liability was determined by an actuarial valuation as of June 30, 2025, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases:	
ERS	3.00% - 6.75%, including inflation
GJRS	3.75%, including inflation
LRS	N/A
Investment rate of return	7.00%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rate	N/A

Mortality rates are as follows:

- The Pub-2016 General Employee Table, set back 3 years for males and set back 2 years for females, projected generationally with the MP-2021 Projection Scale is used while in active service.
- The Pub-2016 Family of Tables projected generationally with the MP-2021 Projection Scale and with further adjustments are used for post-retirement mortality assumptions were as follows:

Participant type	Membership table	Set forward (+)/ setback (-)	Adjustment to rates
Service retirees	General retiree	Male: +1; Female: +1	Male: 105%; Female: 107%
Disabled retirees	Non-safety disabled retiree	Male: +2; Female: +3	Male: 101%; Female: 109%
Beneficiaries	Contingent survivor	Male: +1; Female: +2	Male: 107%; Female: 100%

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The actuarial assumptions used in the June 30, 2025 valuation were based on the results of actuarial experience studies for the three pension systems that have members participating in the Fund, covering the period from July 1, 2019 - June 30, 2024.

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges 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 and by adding expected inflation.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return*
Fixed income	30.00 %	2.30 %
Domestic large equities	38.70	8.90
Domestic small equities	4.20	12.20
International developed market equities	14.90	7.60
International emerging market equities	7.20	9.60
Alternatives	5.00	12.80
Total	100.00 %	

* Rates shown are net of inflation.

Discount rate: The discount rate used to measure the total OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member insurance premiums will be made at the current contribution rates and that employer and nonemployer contributions will be made at the actuarially determined contribution rate. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the net OPEB asset to changes in the discount rate: The following table presents the collective net OPEB asset, calculated using the discount rate of 7.00%, as well as the collective net OPEB asset calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate (dollars in thousands):

	1% Decrease (6.00%)	Current discount rate (7.00%)	1% Increase (8.00%)
Employers' net OPEB asset	\$(746,476)	(879,041)	(988,563)

Actuarial valuation date: June 30, 2025, is the actuarial valuation date upon which the total OPEB liability is based. An expected total OPEB liability is determined as of June 30, 2026, using standard roll-forward techniques for the actual total OPEB liability both before and after the assumption changes based on the experience studies prepared for the five-year period ending June 30, 2024. The difference between these two amounts is shown as a change in assumptions. The roll-forward calculation adds the annual normal cost (also called the service cost), subtracts the

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actual benefit payments and refunds for the plan year, and then applies the expected investment rate of return for the year. In addition, we have determined an expected total OPEB liability as of June 30, 2026, based on the total OPEB liability roll-forward in the June 30, 2025, GASB 74 report. The difference between this amount and the roll-forward of the actual total OPEB liability before the change in assumptions is reflected as an experience gain or loss for the year.

(10) System Employees' Other Postemployment Benefits (OPEB)

Certain of the System's employees are members of the SEAD-OPEB and the Georgia State Employees Postretirement Benefit Fund. The notes to the financial statements that follow and required supplementary information on pages 80 and 81 are presented from the perspective of the System as an employer.

General Information about SEAD-OPEB

Plan description: SEAD-OPEB was created in 2007 by the Georgia General Assembly to amend Title 47 of the O.C.G.A., relating to retirement, so as to establish a fund for the provision of term life insurance to retired and vested inactive members of ERS, LRS, and GJRS. The plan is a cost-sharing multiple-employer defined benefit other postemployment benefit plan as defined in GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The SEAD-OPEB trust fund accumulates the premiums received from the aforementioned retirement plans, including interest earned on deposits and investments of such payments.

Benefits provided: The amount of insurance for a retiree with creditable service prior to April 1, 1964, is the full amount of insurance in effect on the date of retirement. The amount of insurance for a service retiree with no creditable service prior to April 1, 1964, is 70% of the amount of insurance in effect at age 60 or at termination, if earlier. Life insurance proceeds are paid in a lump sum to the beneficiary upon death of the retiree.

Contributions: Georgia law provides that employee contributions to the plan shall be in an amount established by the SEAD Board not to exceed one-half of 1% of the member's earnable compensation. There were no employer contributions required for the fiscal year ended June 30, 2026.

OPEB Asset, OPEB Expense (Benefit), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB SEAD-OPEB

At June 30, 2026, the System reported an asset of \$1.9 million for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2025. The total OPEB liability used to calculate the net OPEB asset was based on an actuarial valuation as of June 30, 2024. An expected total OPEB liability as of June 30, 2025, was determined using standard roll-forward techniques. The System's proportionate share of the net OPEB asset was based on actual member salaries reported to the SEAD-OPEB plan during the fiscal year ended June 30, 2025. At June 30, 2025, the employer's proportionate share was 0.277154%, which was a decrease of 0.010353% from its proportionate share measured as of June 30, 2024. For the year ended June 30, 2026, the System recognized an OPEB benefit of \$208.0 thousand, which is part of administrative expenses in the *Combining Statement of Changes in Fiduciary Net Position*.

Actuarial assumptions: The total SEAD-OPEB liability as of June 30, 2025, was determined by an actuarial valuation as of June 30, 2024, using the actuarial assumptions on the following page, applied to all periods included in the measurement:

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Inflation	2.50%
Salary increases	3.00 - 6.75%, including inflation
Investment rate of return	7.00%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rate	N/A

Mortality rates are as follows:

- The Pub-2010 General Employee Table, with no adjustments, projected generationally with the MP-2019 Projection Scale is used for both males and females while in active service.
- The Pub-2010 Family of Tables projected generationally with the MP-2019 Projection Scale and with further adjustments are used for post-retirement mortality assumptions as shown in the following table:

Participant type	Membership table	Set forward (+)/ setback (-)	Adjustment to rates
Service retirees	General healthy annuitant	Male: +1; Female: +1	Male: 105%; Female: 108%
Disability retirees	General disabled	Male: -3; Female: 0	Male: 103%; Female: 106%
Beneficiaries	General contingent survivors	Male: +2; Female: +2	Male: 106%; Female: 105%

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019.

The long-term expected rate of return on SEAD-OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of SEAD-OPEB plan investment expense and inflation) are developed for each major asset class. These ranges 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 and by adding expected inflation.

The target asset allocation and estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return*
Fixed income	30.00 %	1.90 %
Domestic large equities	43.20	9.30
Domestic small equities	4.30	13.00
International developed market equities	12.30	9.30
International emerging market equities	5.20	11.30
Alternatives	5.00	11.40
Total	100.00 %	

* Rates shown are net of inflation.

Discount rate: The discount rate used to measure the total SEAD-OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current

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contribution rate and that employer and nonemployer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the SEAD-OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on SEAD-OPEB plan investments was applied to all periods of projected benefit payments to determine the total SEAD-OPEB liability.

Sensitivity of the System's proportionate share of the net SEAD-OPEB asset to changes in the discount rate: The following table presents the System's proportionate share of the collective net SEAD-OPEB asset calculated using the discount rate of 7.00%, as well as the System's proportionate share of the collective net SEAD-OPEB asset calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate (dollars in thousands):

	1% decrease (6.00%)	Current discount rate (7.00%)	1% increase (8.00%)
System's proportionate share of the net OPEB asset	\$(1,506)	(1,871)	(2,171)

SEAD-OPEB plan fiduciary net position: Detailed information about the SEAD-OPEB plan's fiduciary net position is available in the 2025 Annual Comprehensive Financial Report, which is publicly available at <https://www.ers.ga.gov/post/annual-financial-reports>.

General Information about the Georgia State Employees Postemployment Benefit Fund (State OPEB Fund)

Plan description: Employees of State of Georgia (State) organizations as defined in O.C.G.A. 45-18-25 are provided OPEB through the State OPEB Fund—a cost-sharing multiple-employer defined benefit postemployment healthcare plan, reported as an employee trust fund and administered by a Board of Community Health (Board). Title 45 of the O.C.G.A. assigns the authority to establish and amend the benefit terms of the group health plan to the Board.

Benefits provided: The State OPEB Fund provides healthcare benefits for retirees and their dependents due under the group health plan for employees of State organizations (including technical colleges) and other entities authorized by law to contract with the Department of Community Health (DCH) for inclusion in the plan. Retiree medical eligibility is attained when an employee retires and is immediately eligible to draw a retirement annuity from ERS, GJRS, LRS, Teachers Retirement System (TRS), or PSERS. If elected, dependent coverage starts on the same day as retiree coverage. Medicare-eligible retirees are offered Standard and Premium Medicare Advantage plan options. Non-Medicare-eligible retiree plan options include Health Reimbursement Arrangement (HRA), Health Maintenance Organization (HMO), and a High Deductible Health Plan (HDHP). The State OPEB Fund also pays for administrative expenses of the fund. By law, no other use of the assets of the State OPEB Fund is permitted.

Contributions: As established by the Board, the State OPEB Fund is substantially funded on a pay-as-you-go basis: that is, the annual cost of providing benefits will be financed in the same year as claims occur. Contributions to the State OPEB Fund from the System were \$350.1 thousand for the year ended June 30, 2026. Active employees are not required to contribute to the State OPEB Fund.

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OPEB Liabilities, OPEB Expense (Benefit), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the State OPEB Fund

At June 30, 2026, the System reported an asset of approximately \$1.6 million for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2025. The total OPEB liability used to calculate the net OPEB asset was based on an actuarial valuation as of June 30, 2024. An expected total OPEB liability as of June 30, 2025, was determined using standard roll-forward techniques. The System's proportionate share of the net OPEB asset was actuarially determined based on employer contributions during the fiscal year ended June 30, 2025. At June 30, 2025, the System's proportionate share was 0.213725%, which was a decrease of 0.002595% from its proportionate share measured as of June 30, 2024. For the year ended June 30, 2026, the System recognized an OPEB benefit of \$175.5 thousand.

Actuarial assumptions: The total OPEB liability as of June 30, 2025, was determined by an actuarial valuation as of June 30, 2024, using the actuarial assumptions and other inputs in the following table, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2025:

Inflation	2.5%
Salary increases	3.00 - 6.75%, including inflation
Investment rate of return	7.00%, compounded annually, net of investment expense, and including inflation
Healthcare trend rate	6.50%
Ultimate trend rate	4.50%
Year of Ultimate trend rate	2032

Mortality rates are as follows:

- The Pub-2010 General Employee Mortality Table, with no adjustments, projected generationally with the MP-2019 Projection Scale.
- The Pub-2010 Family of Tables projected generationally with the MP-2019 Projection Scale and with further adjustments are used for post-retirement mortality assumptions as shown in the following table:

Participant type	Membership table	Set forward (+)/ setback (-)	Adjustment to rates
Service retirees	General healthy annuitant	Male: +1; Female: +1	Male: 105%; Female: 108%
Disability retirees	General disabled	Male: -3; Female: 0	Male: 103%; Female: 106%
Beneficiaries	General contingent survivors	Male: +2; Female: +2	Male: 106%; Female: 105%

The actuarial assumptions used in the June 30, 2024 valuation are based on the results of the most recent actuarial experience studies for the pension systems, which covered the five-year period ending June 30, 2019, and adopted by the ERS Board on December 17, 2020.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2024 valuation were based on a review of recent plan experience done concurrently with the June 30, 2024 valuation.

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Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculation.

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges 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 and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return*
Fixed income	30.00 %	3.45 %
Equities	70.00	9.30
Total	100.00 %	

* Rates shown are net of inflation.

Discount rate: The discount rate used to measure the total State OPEB liability, as of June 30, 2025, was 7.00%, the same as last year's rate. The projection of cash flows used to determine the discount rate assumed that contributions from members and from the employer will be made at the current level as averaged over the last five years, adjusted for annual projected changes in headcount. Based on those assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total OPEB liability. Projected future benefit payments for all current plan members were projected through 2124.

Sensitivity of the System's proportionate share of the net State OPEB asset to changes in the discount rate: The following table presents the System's proportionate share of the collective net OPEB asset calculated using the discount rate of 7.00%, as well as the System's proportionate share of the collective net OPEB asset calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current discount rate (dollars in thousands):

	1% decrease (6.00%)	Current discount rate (7.00%)	1% increase (8.00%)
System's proportionate share of the net OPEB asset	\$(1,080)	(1,561)	(1,975)

Sensitivity of the System's proportionate share of the net State OPEB liability (asset) to changes in the healthcare cost trend rates: The table on the following page presents the System's proportionate share of the collective net OPEB asset, as well as the System's proportionate share of the collective net OPEB asset calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates (dollars in thousands):

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	1% decrease	Current healthcare cost trend rate	1% increase
System's proportionate share of the net OPEB asset	\$(2,044)	(1,561)	(993)

State OPEB Fund fiduciary net position: Detailed information about the State OPEB Fund's fiduciary net position is available in the 2025 State of Georgia Annual Comprehensive Financial Report, which is publicly available at <https://sao.georgia.gov/statewide-reporting/acfr>.

OPEB Expense (Benefit) and Deferred Outflows of Resources and Deferred Inflows of Resources for SEAD-OPEB and State OPEB Fund

For the year ended June 30, 2026, the System recognized OPEB benefits related to SEAD-OPEB and the State OPEB Fund as shown in the following table (dollars in thousands):

	SEAD- OPEB plan	State OPEB fund	Total
OPEB benefit	\$(208)	(176)	(384)

At June 30, 2026, the System reported deferred outflows of resources and deferred inflows of resources related to SEAD-OPEB and the State OPEB Fund from the following sources (dollars in thousands):

	SEAD- OPEB plan	State OPEB fund	Total
Deferred outflows of resources:			
Difference between expected and actual experience	\$ 1	94	95
Change of assumptions	—	141	141
Net difference between projected and actual earnings on plan investments	—	—	—
Change in proportion and differences between the System's contributions and proportionate share of contributions	12	36	48
System's contributions subsequent to the measurement date	—	350	350
Total deferred outflows of resources	<u>\$ 13</u>	<u>621</u>	<u>634</u>
Deferred inflows of resources:			
Difference between expected and actual experience	\$ —	307	307
Change of assumptions	—	—	—
Net difference between projected and actual earnings on plan investments	231	566	797
Change in proportion and differences between the System's contributions and proportionate share of contributions	—	—	—
Total deferred inflows of resources	<u>\$ 231</u>	<u>873</u>	<u>1,104</u>

(continued)

Financial Section

Notes to Financial Statements

June 30, 2026

SEAD-OPEB amounts reported as deferred outflows of resources and deferred inflows of resources related to SEAD-OPEB will be recognized in OPEB expense (benefit) in the years shown in the following table (dollars in thousands):

Year ended June 30:	
2027	\$46
2028	(126)
2029	(96)
2030	(42)
Total	(218)

State OPEB Fund System contributions subsequent to the measurement date of \$350.1 thousand are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to State OPEB Fund will be recognized in OPEB expense (benefit) in the years shown in the following table (dollars in thousands):

Year ended June 30:	
2027	\$(58)
2028	(225)
2029	(236)
2030	(83)
Total	(602)

Financial Section

Required Supplementary Information (UNAUDITED)

Schedules of Employers' and Nonemployer Contributions - Defined Benefit Plans

Year ended June 30, 2026

(In thousands)

	Year ended	Actuarially determined contribution (a)	Contributions in relation to the actuarially determined contribution (b)	Contribution deficiency (excess) (a-b)	Covered payroll (c)	Contributions as a percentage of covered payroll (b/c)
Employees' Retirement System	6/30/2017	\$ 624,623	625,281	(658)	2,565,918	24.4 %
	6/30/2018	650,073	652,167	(2,094)	2,635,896	24.7
	6/30/2019	649,209	649,209	—	2,615,491	24.8
	6/30/2020	643,857	643,857	—	2,614,856	24.6
	6/30/2021	615,967	615,967	—	2,480,422	24.8
	6/30/2022	619,723	619,723	—	2,577,449	24.0
	6/30/2023	878,158	878,158	—	2,914,453	30.1
	6/30/2024	889,582	1,389,582	(500,000)	3,169,172	43.9
	6/30/2025	929,459	1,456,209	(526,750)	3,425,988	42.5
	6/30/2026	954,824	1,091,574	(136,750)	3,517,100	31.0
Public School Employees Retirement System¹	6/30/2017	26,277	26,277	—	N/A	N/A
	6/30/2018	29,276	29,276	—	N/A	N/A
	6/30/2019	30,263	30,263	—	N/A	N/A
	6/30/2020	32,496	32,496	—	N/A	N/A
	6/30/2021	30,264	30,264	—	N/A	N/A
	6/30/2022	32,491	32,491	—	N/A	N/A
	6/30/2023	35,182	35,182	—	N/A	N/A
	6/30/2024	32,357	32,357	—	N/A	N/A
	6/30/2025	36,773	36,773	—	N/A	N/A
	6/30/2026	38,069	38,069	—	N/A	N/A
Legislative Retirement System	6/30/2017	—	—	—	3,830	N/A
	6/30/2018	—	—	—	3,844	N/A
	6/30/2019	—	—	—	3,833	N/A
	6/30/2020	—	—	—	3,798	N/A
	6/30/2021	—	—	—	3,371	N/A
	6/30/2022	—	—	—	4,024	N/A
	6/30/2023	—	—	—	4,350	N/A
	6/30/2024	—	—	—	5,350	N/A
	6/30/2025	—	—	—	5,268	N/A
	6/30/2026	—	—	—	5,351	N/A

(continued)

Financial Section

Required Supplementary Information (UNAUDITED)

Schedules of Employers' and Nonemployer Contributions - Defined Benefit Plans

Year ended June 30, 2026

(In thousands)

	Year ended	Actuarially determined contribution (a)	Contributions in relation to the actuarially determined contribution (b)	Contribution deficiency (excess) (a-b)	Covered payroll (c)	Contributions as a percentage of covered payroll (b/c)
Georgia Judicial Retirement System	6/30/2017	\$ 6,684	6,684	—	59,695	11.2 %
	6/30/2018	6,566	6,566	—	60,572	10.8
	6/30/2019	5,254	5,254	—	60,532	8.7
	6/30/2020	6,464	6,464	—	63,835	10.1
	6/30/2021	6,070	6,070	—	63,421	9.6
	6/30/2022	9,962	9,962	—	62,426	16.0
	6/30/2023	5,299	5,299	—	65,990	8.0
	6/30/2024	5,758	5,758	—	68,930	8.4
	6/30/2025	7,836	7,836	—	73,026	10.7
	6/30/2026	8,436	8,436	—	80,709	10.5
Georgia Military Pension Fund ²	6/30/2017	2,018	2,018	—	N/A	N/A
	6/30/2018	2,377	2,377	—	N/A	N/A
	6/30/2019	2,537	2,537	—	N/A	N/A
	6/30/2020	2,611	2,611	—	N/A	N/A
	6/30/2021	2,684	2,684	—	N/A	N/A
	6/30/2022	2,697	2,697	—	N/A	N/A
	6/30/2023	2,841	2,841	—	N/A	N/A
	6/30/2024	2,793	2,793	—	N/A	N/A
	6/30/2025	2,781	2,781	—	N/A	N/A
	6/30/2026	2,781	2,781	—	N/A	N/A
State Employees' Assurance Department Retired and Vested Inactive Members Trust Fund	6/30/2017	—	—	—	N/A	N/A
	6/30/2018	—	—	—	N/A	N/A
	6/30/2019	—	—	—	N/A	N/A
	6/30/2020	—	—	—	N/A	N/A
	6/30/2021	—	—	—	N/A	N/A
	6/30/2022	—	—	—	N/A	N/A
	6/30/2023	—	—	—	N/A	N/A
	6/30/2024	—	—	—	N/A	N/A
	6/30/2025	—	—	—	N/A	N/A
	6/30/2026	—	—	—	N/A	N/A

This data, except for annual covered payroll, was provided by the System's actuary.

¹No statistics regarding covered payroll are available. Contributions are not based upon members' salaries but are simply \$4.00 per member, per month, for nine months, each fiscal year if hired prior to July 1, 2012 and \$10 per month, per member, for nine months, if hired on or after July 1, 2012.

²No statistics regarding covered payroll are available. Active and inactive plan member information is maintained by the Georgia Department of Defense. See accompanying notes to required supplementary schedules and accompanying independent auditors' report.

Financial Section

Required Supplementary Information (UNAUDITED)

Schedules of Employers' and Nonemployer Net Pension/OPEB Liability (Asset) and Related Ratios – Defined Benefit Plans

June 30, 2026

(In thousands)

	June 30, 2026	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Employees' Retirement System:										
Total pension liability	\$21,849,716	21,472,685	21,183,792	20,715,028	20,508,975	18,886,809	17,717,243	17,744,003	17,628,219	17,159,634
Plan fiduciary net position	21,424,536	18,637,570	16,681,931	14,749,438	13,830,510	16,547,905	13,502,286	13,617,472	13,517,186	13,098,299
Employers' and nonemployer net pension liability	<u>\$ 425,180</u>	<u>2,835,115</u>	<u>4,501,861</u>	<u>5,965,590</u>	<u>6,678,465</u>	<u>2,338,904</u>	<u>4,214,957</u>	<u>4,126,531</u>	<u>4,111,033</u>	<u>4,061,335</u>
Plan fiduciary net position as a percentage of the total pension liability	98.05 %	86.80 %	78.75 %	71.20 %	67.44 %	87.62 %	76.21 %	76.74 %	76.68 %	76.33 %
Covered payroll	\$ 3,517,100	3,425,988	3,169,172	2,914,453	2,577,449	2,480,422	2,614,856	2,615,491	2,635,896	2,565,918
Employers' and nonemployer net pension liability as a percentage of covered payroll	12.09 %	82.75 %	142.05 %	204.69 %	259.11 %	94.29 %	161.19 %	157.77 %	155.96 %	158.28 %
Public School Employees Retirement System:										
Total pension liability	\$ 1,393,234	1,406,701	1,346,366	1,288,530	1,263,626	1,224,416	1,134,724	1,107,495	1,072,165	1,013,163
Plan fiduciary net position	1,494,850	1,314,006	1,211,999	1,103,900	1,026,232	1,199,970	958,248	941,587	914,138	868,134
Employers' and nonemployer net pension liability (asset)	<u>\$ (101,616)</u>	<u>92,695</u>	<u>134,367</u>	<u>184,630</u>	<u>237,394</u>	<u>24,446</u>	<u>176,476</u>	<u>165,908</u>	<u>158,027</u>	<u>145,029</u>
Plan fiduciary net position as a percentage of the total pension liability	107.29 %	93.41 %	90.02 %	85.67 %	81.21 %	98.00 %	84.45 %	85.02 %	85.26 %	85.69 %
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Employers' and nonemployer net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Legislative Retirement System:										
Total pension liability	\$ 29,548	31,353	31,081	29,844	26,697	26,695	26,081	26,166	26,304	25,898
Plan fiduciary net position	50,014	44,534	41,602	38,290	36,031	42,713	34,568	34,540	34,189	32,981
Employer's net pension asset	<u>\$ (20,466)</u>	<u>(13,181)</u>	<u>(10,521)</u>	<u>(8,446)</u>	<u>(9,334)</u>	<u>(16,018)</u>	<u>(8,487)</u>	<u>(8,374)</u>	<u>(7,885)</u>	<u>(7,083)</u>
Plan fiduciary net position as a percentage of the total pension liability	169.26 %	142.04 %	133.85 %	128.30 %	134.96 %	160.00 %	132.54 %	132.00 %	129.98 %	127.35 %
Covered payroll	\$ 5,351	5,268	5,350	4,350	4,024	3,371	3,798	3,833	3,844	3,830
Employer's net pension asset as a percentage of covered payroll	(382.47)%	(250.21)%	(196.65)%	(194.16)%	(231.96)%	(475.17)%	(223.46)%	(218.47)%	(205.12)%	(184.93)%

(continued)

Financial Section

Required Supplementary Information (UNAUDITED)

Schedules of Employers' and Nonemployer Net Pension/OPEB Liability (Asset) and Related Ratios – Defined Benefit Plans

June 30, 2026

(In thousands)

	June 30, 2026	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Georgia Judicial Retirement System:										
Total pension liability	\$ 626,373	565,033	550,807	527,758	504,908	485,387	455,656	440,041	428,624	394,736
Plan fiduciary net position	720,318	638,760	595,187	547,867	516,554	605,426	485,930	479,372	466,657	441,182
Employers' and nonemployer net pension asset	<u>\$ (93,945)</u>	<u>(73,727)</u>	<u>(44,380)</u>	<u>(20,109)</u>	<u>(11,646)</u>	<u>(120,039)</u>	<u>(30,274)</u>	<u>(39,331)</u>	<u>(38,033)</u>	<u>(46,446)</u>
Plan fiduciary net position as a percentage of the total pension liability	115.00 %	113.05 %	108.06 %	103.81 %	102.31 %	124.73 %	106.64 %	108.94 %	108.87 %	111.77 %
Covered payroll	\$ 80,709	73,026	68,930	65,990	62,426	63,421	63,835	60,532	60,572	59,695
Employers' and nonemployer net pension asset as a percentage of covered payroll	(116.40)%	(100.96)%	(64.38)%	(30.47)%	(18.66)%	(189.27)%	(47.43)%	(64.98)%	(62.79)%	(77.81)%
Georgia Military Pension Fund:										
Total pension liability	\$ 65,118	63,472	61,840	60,010	57,458	54,739	47,883	45,639	43,204	40,085
Plan fiduciary net position	62,430	52,580	46,305	39,836	34,888	38,677	28,967	26,417	23,653	20,711
Employers' net pension liability	<u>\$ 2,688</u>	<u>10,892</u>	<u>15,535</u>	<u>20,174</u>	<u>22,570</u>	<u>16,062</u>	<u>18,916</u>	<u>19,222</u>	<u>19,551</u>	<u>19,374</u>
Plan fiduciary net position as a percentage of the total pension liability	95.87 %	82.84 %	74.88 %	66.38 %	60.72 %	70.66 %	60.50 %	57.88 %	54.75 %	51.67 %
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Employers' net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
State Employees' Assurance Department - Retired and Vested Inactive Members Trust Fund:										
Total OPEB liability	\$ 1,071,357	1,034,260	1,017,833	991,143	966,698	950,995	972,700	951,091	918,816	861,346
Plan fiduciary net position	1,950,398	1,709,232	1,579,095	1,432,148	1,334,285	1,566,821	1,256,718	1,233,856	1,189,462	1,121,251
Employer's net OPEB asset	<u>\$ (879,041)</u>	<u>(674,972)</u>	<u>(561,262)</u>	<u>(441,005)</u>	<u>(367,587)</u>	<u>(615,826)</u>	<u>(284,018)</u>	<u>(282,765)</u>	<u>(270,646)</u>	<u>(259,905)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	182.05 %	165.26 %	155.14 %	144.49 %	138.03 %	164.76 %	129.20 %	129.73 %	129.46 %	130.17 %
Covered payroll	\$ 879,220	939,269	963,888	989,420	982,303	1,030,717	1,135,433	1,211,274	1,328,485	1,383,860
Employers' net OPEB asset as a percentage of covered payroll	(99.98)%	(71.86)%	(58.23)%	(44.57)%	(37.42)%	(59.75)%	(25.01)%	(23.34)%	(20.37)%	(18.78)%

See accompanying notes to required supplementary schedule and accompanying independent auditors' report.

Financial Section

Required Supplementary Information (UNAUDITED)

Schedules of Changes in Employers' and Nonemployer Net Pension/OPEB Liability (Asset) – Defined Benefit Plans

June 30, 2026

(In thousands)

	June 30, 2026	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Employee's Retirement System:										
Total pension liability:										
Service cost	\$ 183,798	174,302	164,143	151,351	142,949	129,500	132,004	135,679	129,294	125,910
Interest	1,449,107	1,429,768	1,397,294	1,383,312	1,269,224	1,240,748	1,240,887	1,233,882	1,233,689	1,230,175
Benefit changes	—	—	—	—	67,351	—	65,702	42,097	31,097	30,563
Differences between expected and actual experience	209,791	201,888	414,699	166,133	(107,167)	86,061	25,736	155,573	180,655	72,315
Changes of assumptions	76,640	—	—	—	1,759,895	1,154,636	—	—	314,733	—
Benefit payments	(1,535,560)	(1,510,672)	(1,500,601)	(1,489,058)	(1,502,904)	(1,434,775)	(1,484,445)	(1,443,756)	(1,413,298)	(1,394,283)
Refunds of contributions	(6,745)	(6,393)	(6,771)	(5,685)	(7,182)	(6,604)	(6,644)	(7,691)	(7,585)	(9,033)
Net change in total pension liability	377,031	288,893	468,764	206,053	1,622,166	1,169,566	(26,760)	115,784	468,585	55,647
Total pension liability-beginning	21,472,685	21,183,792	20,715,028	20,508,975	18,886,809	17,717,243	17,744,003	17,628,219	17,159,634	17,103,987
Total pension liability-end (a)	21,849,716	21,472,685	21,183,792	20,715,028	20,508,975	18,886,809	17,717,243	17,744,003	17,628,219	17,159,634
Plan fiduciary net position:										
Contributions-employer	1,083,274	1,447,320	1,380,275	867,659	611,410	606,919	634,108	638,989	639,302	613,201
Contributions-nonemployer	8,300	8,889	9,307	10,499	8,313	9,048	9,749	10,220	12,865	12,080
Contributions-member	47,512	45,748	44,116	41,577	36,130	35,027	35,837	36,252	37,130	35,863
Administrative expense allotment	10	10	10	10	10	10	10	10	10	10
Net investment income (loss)	3,202,650	1,982,573	2,016,727	1,503,315	(1,855,595)	3,843,581	703,840	873,404	1,166,013	1,475,626
Benefit payments	(1,535,560)	(1,510,672)	(1,500,601)	(1,489,058)	(1,502,904)	(1,434,775)	(1,484,445)	(1,443,756)	(1,413,298)	(1,394,283)
Administrative expense	(12,475)	(11,836)	(10,570)	(9,389)	(7,577)	(7,587)	(7,641)	(7,142)	(8,056)	(8,732)
Refunds of contributions	(6,745)	(6,393)	(6,771)	(5,685)	(7,182)	(6,604)	(6,644)	(7,691)	(7,585)	(9,033)
Other ¹	—	—	—	—	—	—	—	—	(7,494)	—
Net change in plan fiduciary net position	2,786,966	1,955,639	1,932,493	918,928	(2,717,395)	3,045,619	(115,186)	100,286	418,887	724,732
Plan fiduciary net position-beginning	18,637,570	16,681,931	14,749,438	13,830,510	16,547,905	13,502,286	13,617,472	13,517,186	13,098,299	12,373,567
Plan fiduciary net position-end (b)	21,424,536	18,637,570	16,681,931	14,749,438	13,830,510	16,547,905	13,502,286	13,617,472	13,517,186	13,098,299
Net pension liability-end (a)-(b)	\$ 425,180	2,835,115	4,501,861	5,965,590	6,678,465	2,338,904	4,214,957	4,126,531	4,111,033	4,061,335

¹ The System is a participating employer in the Georgia State Employees Postemployment Benefit Fund and the State Employees' Assurance Department Retired and Vested Inactive Members Trust Fund. Pursuant to the requirements of GASB Statement No. 75, the fiscal year 2018 beginning Fiduciary Net Position was restated by \$7,494,507. The restatement of net position was made for reporting purposes to reflect the impact of recording the initial deferred outflows of resources, net OPEB liability, and net OPEB asset. For actuarial purposes, this adjustment was recognized in fiscal year 2018 and beginning fiduciary net position was not restated.

See accompanying notes to required supplementary schedule and accompanying independent auditors' report.

(continued)

Financial Section

Required Supplementary Information (UNAUDITED)

Schedules of Changes in Employers' and Nonemployer Net Pension/OPEB Liability (Asset) – Defined Benefit Plans

June 30, 2026

(In thousands)

	June 30, 2026	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Public School Employees Retirement System:										
Total pension liability:										
Service cost	\$ 16,423	15,736	14,999	14,292	14,109	14,332	14,017	13,762	13,180	12,788
Interest	95,565	91,529	87,563	85,960	83,301	80,388	78,414	75,923	73,643	72,157
Benefit changes	—	56,905	34,188	16,566	16,044	—	13,680	18,050	17,289	—
Differences between expected and actual experience	(18,656)	(26,229)	(3,660)	(20,666)	(5,427)	(12,739)	(12,220)	(8,159)	(3,943)	(3,665)
Changes of assumptions	(23,818)	—	—	—	—	74,759	—	—	21,354	—
Benefit payments	(82,256)	(77,008)	(74,478)	(70,691)	(68,203)	(66,415)	(66,090)	(63,637)	(61,820)	(59,378)
Refunds of contributions	(725)	(598)	(776)	(557)	(614)	(633)	(572)	(609)	(701)	(1,031)
Net change in total pension liability	(13,467)	60,335	57,836	24,904	39,210	89,692	27,229	35,330	59,002	20,871
Total pension liability-beginning	1,406,701	1,346,366	1,288,530	1,263,626	1,224,416	1,134,724	1,107,495	1,072,165	1,013,163	992,292
Total pension liability-end (a)	1,393,234	1,406,701	1,346,366	1,288,530	1,263,626	1,224,416	1,134,724	1,107,495	1,072,165	1,013,163
Plan fiduciary net position:										
Contributions-nonemployer	38,069	36,773	32,357	35,182	32,491	30,264	32,496	30,263	29,276	26,277
Contributions-member	2,607	2,600	2,479	2,347	2,256	2,222	2,338	2,256	2,162	2,084
Net investment income (loss)	225,217	142,293	150,356	113,088	(138,145)	277,705	49,913	60,553	78,418	97,715
Benefit payments	(82,256)	(77,008)	(74,478)	(70,691)	(68,203)	(66,415)	(66,090)	(63,637)	(61,820)	(59,378)
Administrative expense	(2,068)	(2,053)	(1,839)	(1,701)	(1,523)	(1,421)	(1,424)	(1,377)	(1,331)	(1,308)
Refunds of contributions	(725)	(598)	(776)	(557)	(614)	(633)	(572)	(609)	(701)	(1,031)
Net change in plan fiduciary net position	180,844	102,007	108,099	77,668	(173,738)	241,722	16,661	27,449	46,004	64,359
Plan fiduciary net position-beginning	1,314,006	1,211,999	1,103,900	1,026,232	1,199,970	958,248	941,587	914,138	868,134	803,775
Plan fiduciary net position-end (b)	1,494,850	1,314,006	1,211,999	1,103,900	1,026,232	1,199,970	958,248	941,587	914,138	868,134
Net pension liability-end (a)-(b)	\$ (101,616)	92,695	134,367	184,630	237,394	24,446	176,476	165,908	158,027	145,029

See accompanying notes to required supplementary schedule and accompanying independent auditors' report.

(continued)

Financial Section

Required Supplementary Information (UNAUDITED)

Schedules of Changes in Employers' and Nonemployer Net Pension/OPEB Liability (Asset) – Defined Benefit Plans

June 30, 2026

(In thousands)

	June 30, 2026	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Legislative Retirement System:										
Total pension liability:										
Service cost	\$ 647	648	640	459	461	366	372	366	359	357
Interest	2,123	2,110	2,023	1,805	1,804	1,840	1,844	1,850	1,875	1,892
Benefit changes	—	—	—	3,147	—	—	—	—	—	—
Differences between expected and actual experience	(198)	(600)	468	(446)	(412)	(643)	(485)	(428)	(481)	(655)
Changes of assumptions	(2,324)	—	—	—	—	813	—	—	447	—
Benefit payments	(1,965)	(1,876)	(1,894)	(1,818)	(1,818)	(1,720)	(1,795)	(1,856)	(1,772)	(1,763)
Refunds of contributions	(88)	(10)	—	—	(33)	(42)	(21)	(70)	(22)	(75)
Net change in total pension liability	(1,805)	272	1,237	3,147	2	614	(85)	(138)	406	(244)
Total pension liability-beginning	31,353	31,081	29,844	26,697	26,695	26,081	26,166	26,304	25,898	26,142
Total pension liability-end (a)	29,548	31,353	31,081	29,844	26,697	26,695	26,081	26,166	26,304	25,898
Plan fiduciary net position:										
Contributions-employer	—	—	—	—	—	—	—	—	—	—
Contributions-member	436	427	439	494	344	290	325	339	323	327
Net investment income (loss)	7,550	4,841	5,162	3,947	(4,848)	9,928	1,824	2,228	2,962	3,741
Benefit payments	(1,965)	(1,876)	(1,894)	(1,818)	(1,818)	(1,720)	(1,795)	(1,856)	(1,772)	(1,763)
Administrative expense	(453)	(450)	(395)	(364)	(327)	(311)	(305)	(290)	(283)	(224)
Refunds of contributions	(88)	(10)	—	—	(33)	(42)	(21)	(70)	(22)	(75)
Net change in plan fiduciary net position	5,480	2,932	3,312	2,259	(6,682)	8,145	28	351	1,208	2,006
Plan fiduciary net position-beginning	44,534	41,602	38,290	36,031	42,713	34,568	34,540	34,189	32,981	30,975
Plan fiduciary net position-end (b)	50,014	44,534	41,602	38,290	36,031	42,713	34,568	34,540	34,189	32,981
Net pension asset-end (a)-(b)	\$ (20,466)	(13,181)	(10,521)	(8,446)	(9,334)	(16,018)	(8,487)	(8,374)	(7,885)	(7,083)

See accompanying notes to required supplementary schedule and accompanying independent auditors' report.

Financial Section

Required Supplementary Information (UNAUDITED)

Schedules of Changes in Employers' and Nonemployer Net Pension/OPEB Liability (Asset) – Defined Benefit Plans

June 30, 2026

(In thousands)

	June 30, 2026	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Georgia Judicial Retirement System:										
Total pension liability:										
Service cost	\$ 16,471	15,283	15,096	13,920	14,428	13,494	13,375	13,350	13,019	12,514
Interest	38,133	37,215	35,654	34,109	32,785	32,131	31,047	30,267	28,666	26,826
Benefit changes	8,162	3,334	6,278	4,650	760	—	693	1,065	3,442	3,419
Differences between expected and actual experience	3,879	(3,281)	2,857	5,445	5,621	(2,712)	(24)	(5,250)	6,379	5,258
Changes of assumptions	35,242	—	—	—	—	17,839	—	—	7,466	—
Benefit payments	(40,266)	(38,007)	(36,299)	(34,959)	(34,050)	(30,958)	(29,263)	(27,462)	(24,934)	(21,784)
Refunds of contributions	(281)	(318)	(537)	(315)	(23)	(63)	(213)	(553)	(150)	(166)
Net change in total pension liability	61,340	14,226	23,049	22,850	19,521	29,731	15,615	11,417	33,888	26,067
Total pension liability-beginning	565,033	550,807	527,758	504,908	485,387	455,656	440,041	428,624	394,736	368,669
Total pension liability-end (a)	626,373	565,033	550,807	527,758	504,908	485,387	455,656	440,041	428,624	394,736
Plan fiduciary net position:										
Contributions-employer	5,072	5,765	3,701	2,944	7,585	3,830	4,022	3,117	4,725	4,081
Contributions-nonemployer	3,364	2,071	2,057	2,355	2,377	2,240	2,442	2,137	1,841	2,603
Contributions-member	6,449	6,047	5,619	6,018	5,466	5,190	5,005	5,469	4,910	4,906
Net investment income (loss)	108,458	69,240	73,873	56,274	(69,334)	140,103	25,414	30,827	39,877	49,259
Benefit payments	(40,266)	(38,007)	(36,299)	(34,959)	(34,050)	(30,958)	(29,263)	(27,462)	(24,934)	(21,784)
Administrative expense	(1,238)	(1,225)	(1,094)	(1,004)	(893)	(846)	(849)	(820)	(794)	(728)
Refunds of contributions	(281)	(318)	(537)	(315)	(23)	(63)	(213)	(553)	(150)	(166)
Net change in plan fiduciary net position	81,558	43,573	47,320	31,313	(88,872)	119,496	6,558	12,715	25,475	38,171
Plan fiduciary net position-beginning	638,760	595,187	547,867	516,554	605,426	485,930	479,372	466,657	441,182	403,011
Plan fiduciary net position-end (b)	720,318	638,760	595,187	547,867	516,554	605,426	485,930	479,372	466,657	441,182
Net pension asset-end (a)-(b)	\$ (93,945)	(73,727)	(44,380)	(20,109)	(11,646)	(120,039)	(30,274)	(39,331)	(38,033)	(46,446)

See accompanying notes to required supplementary schedule and accompanying independent auditors' report.

Financial Section

Required Supplementary Information (UNAUDITED)

Schedules of Changes in Employers' and Nonemployer Net Pension/OPEB Liability (Asset) – Defined Benefit Plans

June 30, 2026

(In thousands)

	June 30, 2026	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Georgia Military Pension Fund:										
Total pension liability:										
Service cost	\$ 157	153	152	153	155	106	95	97	84	89
Interest	4,379	4,267	4,142	3,966	3,778	3,443	3,284	3,109	2,964	2,732
Benefit changes	—	—	—	—	—	—	—	—	—	—
Differences between expected and actual experience	(1,328)	(1,034)	(785)	49	313	142	162	449	116	1,356
Changes of assumptions	268	—	—	—	—	4,593	—	—	1,093	—
Benefit payments	(1,830)	(1,754)	(1,679)	(1,616)	(1,527)	(1,428)	(1,297)	(1,220)	(1,138)	(1,042)
Net change in total pension liability	1,646	1,632	1,830	2,552	2,719	6,856	2,244	2,435	3,119	3,135
Total pension liability-beginning	63,472	61,840	60,010	57,458	54,739	47,883	45,639	43,204	40,085	36,950
Total pension liability-end (a)	65,118	63,472	61,840	60,010	57,458	54,739	47,883	45,639	43,204	40,085
Plan fiduciary net position:										
Contributions-employer	2,781	2,781	2,793	2,841	2,697	2,684	2,611	2,537	2,377	2,018
Contributions-member	—	—	—	—	—	—	—	—	—	—
Net investment income (loss)	9,247	5,601	5,661	4,012	(4,693)	8,709	1,485	1,683	1,928	2,262
Benefit payments	(1,830)	(1,754)	(1,679)	(1,616)	(1,527)	(1,428)	(1,297)	(1,220)	(1,138)	(1,042)
Administrative expense	(348)	(353)	(306)	(289)	(266)	(255)	(249)	(236)	(225)	(244)
Net change in plan fiduciary net position	9,850	6,275	6,469	4,948	(3,789)	9,710	2,550	2,764	2,942	2,994
Plan fiduciary net position-beginning	52,580	46,305	39,836	34,888	38,677	28,967	26,417	23,653	20,711	17,717
Plan fiduciary net position-end (b)	62,430	52,580	46,305	39,836	34,888	38,677	28,967	26,417	23,653	20,711
Net pension liability-end (a)-(b)	\$ 2,688	10,892	15,535	20,174	22,570	16,062	18,916	19,222	19,551	19,374

See accompanying notes to required supplementary schedule and accompanying independent auditors' report.

Financial Section

Required Supplementary Information (UNAUDITED)

Schedules of Changes in Employers' and Nonemployer Net Pension/OPEB Liability (Asset) – Defined Benefit Plans

June 30, 2026

(In thousands)

	June 30, 2026	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
State Employees' Assurance Department Retired and Vested Inactive Members Trust Fund:										
Total OPEB Liability:										
Service cost	\$ 2,000	2,137	2,228	2,318	2,551	2,957	3,237	3,617	3,695	3,959
Interest	70,560	69,285	67,632	65,897	64,643	69,011	67,796	65,708	63,242	61,076
Benefit changes	—	—	—	—	—	—	—	—	—	—
Differences between expected and actual experience	2,618	1,079	6,764	6,841	3,562	(2,342)	(4,670)	366	4,697	—
Changes of assumptions	14,413	—	—	—	—	(36,651)	—	—	22,085	—
Death benefits	(52,494)	(56,074)	(49,934)	(50,611)	(55,053)	(54,680)	(44,754)	(37,416)	(36,249)	(36,058)
Refunds of contributions	—	—	—	—	—	—	—	—	—	—
Net change in total OPEB liability	37,097	16,427	26,690	24,445	15,703	(21,705)	21,609	32,275	57,470	28,977
Total OPEB liability-beginning	1,034,260	1,017,833	991,143	966,698	950,995	972,700	951,091	918,816	861,346	832,369
Total OPEB liability-end	1,071,357	1,034,260	1,017,833	991,143	966,698	950,995	972,700	951,091	918,816	861,346
Plan fiduciary net position:										
Contributions - employer	—	—	—	—	—	—	—	—	—	1
Insurance premiums - member	2,288	2,449	2,533	2,624	2,641	2,817	3,088	3,328	3,599	3,793
Net investment income (loss)	292,397	184,787	195,255	146,685	(179,369)	362,663	65,248	79,193	101,542	125,550
Death benefits	(52,494)	(56,074)	(49,934)	(50,611)	(55,053)	(54,680)	(44,754)	(37,416)	(36,249)	(36,058)
Administrative expense	(1,025)	(1,025)	(907)	(835)	(755)	(697)	(720)	(716)	(681)	(576)
Other	—	—	—	—	—	—	—	5	—	—
Net change in plan fiduciary net position	241,166	130,137	146,947	97,863	(232,536)	310,103	22,862	44,394	68,211	92,710
Plan fiduciary net position-beginning	1,709,232	1,579,095	1,432,148	1,334,285	1,566,821	1,256,718	1,233,856	1,189,462	1,121,251	1,028,541
Plan fiduciary net position-end (b)	1,950,398	1,709,232	1,579,095	1,432,148	1,334,285	1,566,821	1,256,718	1,233,856	1,189,462	1,121,251
Net OPEB asset-end (a)-(b)	\$ (879,041)	(674,972)	(561,262)	(441,005)	(367,587)	(615,826)	(284,018)	(282,765)	(270,646)	(259,905)

See accompanying notes to required supplementary schedule and accompanying independent auditors' report.

Financial Section

Required Supplementary Information (UNAUDITED)

Schedule of Investment Returns

Year ended June 30, 2026

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Pooled Investment Fund:										
Annual money-weighted rate of return, net of investment expense	14.6%	12.6%	13.6%	4.7%	(18.7)%	19.4%	(3.6)%	(1.8)%	0.6%	2.9%

See accompanying notes to required supplementary schedule and accompanying independent auditors' report.

Financial Section

Required Supplementary Information (UNAUDITED)

Schedules of the System's Proportionate Share of the Net OPEB Liability (Asset)

Year ended June 30, 2026

(In thousands)

	June 30, 2026	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
SEAD-OPEB:									
System's proportion of the net OPEB asset	0.277154 %	0.287507 %	0.26697 %	0.254545 %	0.231607 %	0.211823 %	0.201267 %	0.200064 %	0.192864 %
System's proportionate share of the net OPEB asset	\$ (1,871)	\$ (1,614)	\$ (1,177)	\$ (936)	\$ (1,426)	\$ (602)	\$ (569)	\$ (541)	\$ (501)
System's covered payroll	2,710	2,884	2,748	2,607	2,511	2,524	2,567	2,770	2,809
System's proportionate share of the net OPEB asset as a percentage of its covered payroll	(69.03) %	(55.95) %	(42.85) %	(35.89) %	(56.81) %	(23.84) %	(22.17) %	(19.55) %	(17.85) %
Plan fiduciary net position as a percentage of the total OPEB asset	165.26 %	155.14 %	144.49 %	138.03 %	164.76 %	129.20 %	129.73 %	129.46 %	130.17 %
State OPEB Fund:									
System's proportion of the net OPEB liability (asset)	0.213725 %	0.216320 %	0.211143 %	0.201743 %	0.198205 %	0.191555 %	0.189291 %	0.181584 %	0.185830 %
System's proportionate share of the net OPEB liability (asset)	\$ (1,561)	\$ (545)	\$ 598	\$ 906	\$ 545	\$ 2,156	\$ 2,350	\$ 4,749	\$ 7,571
System's covered payroll	8,144	7,595	6,888	5,929	5,713	5,700	5,578	5,415	5,265
System's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	(19.17) %	(7.18) %	8.69 %	15.29 %	9.53 %	37.82 %	42.13 %	87.71 %	143.81 %
System's fiduciary net position as a percentage of the total OPEB liability (asset)	131.40 %	110.27 %	87.75 %	80.03 %	87.58 %	59.71 %	56.57 %	31.48 %	17.34 %

Schedules above are intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to required supplementary schedules and accompanying independent auditors' report.

Financial Section

Required Supplementary Information (UNAUDITED)

Schedules of the System's Contributions to OPEB Plans

Year ended June 30, 2026

(In thousands)

	June 30, 2026	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
SEAD-OPEB:									
Contractually required contribution*	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Contributions in relation to the contractually required contribution	—	—	—	—	—	—	—	—	—
Contribution deficiency (excess)	—	—	—	—	—	—	—	—	—
System's covered payroll	2,630	2,710	2,884	2,748	2,607	2,511	2,524	2,567	2,770
Contributions as a percentage of a covered payroll	— %	— %	— %	— %	— %	— %	— %	— %	— %
State OPEB Fund:									
Contractually required contribution	\$ 350	\$ 383	\$ 973	\$ 375	\$ 284	\$ 301	\$ 288	\$ 1,012	\$ 905
Contributions in relation to the contractually required contribution	350	383	973	375	284	301	288	1,012	905
Contribution deficiency (excess)	—	—	—	—	—	—	—	—	—
System's covered payroll	8,527	8,144	7,595	6,888	5,929	5,713	5,700	5,578	5,415
Contributions as a percentage of a covered payroll	4.11 %	4.71 %	12.81 %	5.45 %	4.78 %	5.26 %	5.05 %	18.15 %	16.71 %

*Employer contributions are not currently required for the SEAD-OPEB plan.

Schedules above are intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to required supplementary schedules and accompanying independent auditors' report.

Financial Section

Notes to Required Supplementary Information (UNAUDITED)

June 30, 2026

Required Supplementary Information Schedules for the System as the Plan:

(1) Schedule of Employers' and Nonemployer Contributions – Defined Benefit Plans

This schedule presents the required contributions and the percent of required contributions actually contributed. This trend information displays a 10-year presentation.

(2) Schedule of Employers' and Nonemployer Net Pension/OPEB Liability (Asset) and Related Ratios – Defined Benefit Plans

The components of the net pension/OPEB liability (asset) as of the fiscal year end and the fiduciary net position as a percentage of the total pension/OPEB liability (asset) as of that date are presented in this schedule. This trend information displays a 10-year presentation.

(3) Schedule of Changes in Employers' and Nonemployer Net Pension/OPEB Liability (Asset) – Defined Benefit Plans

Net pension/OPEB liability (asset), which is measured as total pension/OPEB liability less the amount of the fiduciary net position, is presented in this schedule. This trend information displays a 10-year presentation.

(4) Schedule of Investment Returns

This schedule presents historical trend information about the annual money-weighted rate of return on plan investments, net of plan investment expense. This trend information displays a 10-year presentation.

(5) Individual Plan Information

This note provides information about changes of benefit terms, changes of assumptions, and methods and assumptions used in calculations of actuarially determined contributions.

(a) Employees' Retirement System

Changes of benefit terms –

- A one-time 3% payment was granted to certain retirees and beneficiaries effective July 2016.
- A one-time 3% payment was granted to certain retirees and beneficiaries effective July 2017.
- Two one-time 2% payments were granted to certain retirees and beneficiaries effective July 2018 and January 2019.
- Two one-time 3% payments were granted to certain retirees and beneficiaries effective July 2019 and January 2020.
- Two one-time 3% payments were granted to certain retirees and beneficiaries effective July 2021 and January 2022.

Changes of assumptions – The ERS Board adopted a new funding policy on March 15, 2018 and then amended it on June 18, 2020. In accordance with this funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for the June 30, 2017 actuarial valuation and further reduced from 7.40% to 7.30% for the June 30, 2018 actuarial valuation. On April 21, 2022, the Board adopted a new funding policy superseding and replacing this funding policy.

On December 17, 2020, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System based on the experience study prepared for the five-year period ending June 30, 2019. Primary among the changes were the updates to rates of mortality, retirement, withdrawal, and salary increases. This also included a change to the long-term assumed investment rate of return to

(continued)

Financial Section

Notes to Required Supplementary Information (UNAUDITED)

June 30, 2026

7.00%. These assumptions change were first reflected in the calculation of the June 30, 2021 ERS Total Pension Liability.

On April 21, 2022, the Board adopted a new funding policy which, in part, provides that the Actuarial Accrued Liability and Normal Cost of the System will include a prefunded variable COLA for eligible retirees and beneficiaries of the System. Under the new policy, future COLAs are provided through a profit-sharing mechanism using the System's asset performance. After studying the parameters of this new policy, the assumption for future COLAs was set at 1.05%. Previously, no future COLAs were assumed. In addition, the funding policy set the assumed rate of return at 7.20% for the June 30, 2021 valuation and established a new Transitional Unfunded Actuarial Accrued Liability as of June 30, 2021, which will be amortized over a closed 20-year period. Based on the funding policy, the assumed investment rate of return was reduced from 7.20% to 7.10% for the June 30, 2023 actuarial valuation and then reduced from 7.10% to 7.00% for the June 30, 2024 actuarial valuation.

On December 11, 2025, the Board accepted recommended changes to the assumptions utilized by the System based on the experience study prepared for the five-year period ending June 30, 2024. Primary among the changes were the updates to rates of mortality, retirement, disability, withdrawal, and salary increases. This also included a change to the COLA assumption from 1.05% to 1.20%.

(b) Public School Employees' Retirement System

Changes of benefit terms –

- The monthly benefit accrual rate was increased from \$14.75 to \$15.00 per year of creditable service effective July 1, 2017.
- The monthly benefit accrual rate was increased from \$15.00 to \$15.25 per year of creditable service effective July 1, 2018 for members retiring on or after August 1, 2012.
- The monthly benefit accrual rate was increased from \$15.25 to \$15.50 per year of creditable service effective July 1, 2019 for members retiring on or after August 1, 2012.
- The monthly benefit accrual rate was increased from \$15.50 to \$15.75 per year of credible service effective July 1, 2021 for members retiring on or after August 1, 2012.
- The monthly benefit accrual rate was increased from \$15.75 to \$16.00 per year of credible service effective July 1, 2022 for members retiring on or after August 1, 2012.
- The monthly benefit accrual rate was increased from \$16.00 to \$16.50 per year of creditable service effective July 1, 2023 for members retiring on or after August 1, 2012.
- Effective July 1, 2024, the monthly benefit accrual rate was increased from \$15.00 to \$17.00 per year of creditable service for members retiring before August 1, 2012, and was increased from \$16.50 to \$17.00 per year of creditable service for members retiring on or after August 1, 2012.

Changes of assumptions – The PSERS Board adopted a new funding policy on March 15, 2018, and then amended it on December 17, 2020. In accordance with this funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for the June 30, 2017 actuarial valuation and further reduced from 7.40% to 7.30% for the June 30, 2018 actuarial valuation.

On December 17, 2020, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System based on the experience study prepared for the five-year period ending June 30, 2019. Primary among the changes were the updates to rates of mortality, retirement, disability, and withdrawal. This also included a change to the long-term assumed investment rate of return to 7.00%. These assumption changes were first reflected in the calculation of the June 30, 2021 PSERS Total Pension Liability.

(continued)

Financial Section

Notes to Required Supplementary Information (UNAUDITED)

June 30, 2026

On December 11, 2025, the Board accepted recommended changes to various assumptions and methods utilized by the System based on the experience study prepared for the five-year period ending June 30, 2024. Primary among the changes were updates to rates of mortality, retirement, disability, and withdrawal.

(c) Legislative Retirement System

Changes of benefit terms –

- House Bill 824 increased the monthly retirement benefit for active members on and after July 1, 2022, from \$36 to \$50 multiplied by the member's credited service, plus an additional \$200 multiplied by the member's creditable service as the presiding officer of the House of Representatives. In addition, the bill provided that on and after July 1, 2022, each member contributes \$165 per month, except that the member serving as the presiding officer of the House of Representatives contributes \$825 per month.

Changes of assumptions – The LRS Board adopted a new funding policy on March 15, 2018, and then amended it on December 17, 2020. In accordance with this funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for the June 30, 2017 actuarial valuation and further reduced from 7.40% to 7.30% for the June 30, 2018 actuarial valuation.

On December 17, 2020, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System based on the experience study prepared for the five-year period ending June 30, 2019. Primary among the changes were the updates to rates of mortality, retirement, and withdrawal. This also included a change to the long-term assumed investment rate of return to 7.00%. These assumption changes were first reflected in the calculation of the June 30, 2021 LRS Total Pension Liability.

On December 11, 2025, the Board accepted recommended changes to various assumptions and methods utilized by the System based on the experience study prepared for the five-year period ending June 30, 2024. Primary among the changes were updates to rates of mortality, retirement, and withdrawal.

(d) Georgia Judicial Retirement System

Changes of benefit terms –

- A 2% COLA was granted to certain retirees and beneficiaries effective July 1, 2017.
- Two one-time 2% payments were granted to certain retirees and beneficiaries effective July 2018 and January 2019.
- Two one-time 3% payments were granted to certain retirees and beneficiaries effective July 2019 and January 2020.
- Two one-time 3% payments were granted to certain retirees and beneficiaries effective July 2021 and January 2022.
- A 1.5% COLA was granted to certain retirees and beneficiaries effective July 1, 2022.
- A 2% COLA was granted to certain retirees and beneficiaries effective July 1, 2023.
- A 1% COLA was granted to certain retirees and beneficiaries effective July 1, 2024.
- A 2.5% COLA was granted to certain retirees and beneficiaries effective July 1, 2025.

Changes of assumptions – The GJRS Board adopted a new funding policy on March 15, 2018, and then amended it on December 17, 2020. In accordance with this funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for the June 30, 2017 actuarial valuation and further reduced from 7.40% to 7.30% for the June 30, 2018 actuarial valuation.

On December 17, 2020, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System based on the experience study prepared for the five-year period ending June 30, 2019. Primary among the changes were the updates to rates of mortality, retirement, withdrawal,

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Notes to Required Supplementary Information (UNAUDITED)

June 30, 2026

and salary increases. This also included a change to the long-term assumed investment rate of return to 7.00%. These assumption changes were first reflected in the calculation of the June 30, 2021 GJRS Total Pension Liability.

On December 11, 2025, the Board accepted recommended changes to various assumptions and methods utilized by the System based on the experience study prepared for the five-year period ending June 30, 2024. Primary among the changes were updates to rates of mortality, retirement, disability, and withdrawal, and the introduction of a COLA assumption of 1.25% per year.

(e) Georgia Military Pension Fund

Changes of benefit terms – none

Changes of assumptions – The GMPF Board adopted a new funding policy on March 15, 2018. In accordance with this funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for the June 30, 2017 actuarial valuation and further reduced from 7.40% to 7.30% for the June 30, 2018 actuarial valuation.

On December 17, 2020, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System based on the experience study prepared for the five-year period ending June 30, 2019. Primary among the changes were the updates to rates of mortality, retirement, and withdrawal. This also included a change to the long-term assumed investment rate of return to 7.00%. These assumption changes were first reflected in the calculation of the June 30, 2021 GMPF Total Pension Liability.

On December 11, 2025, the Board accepted recommended changes to various assumptions and methods utilized by the System based on the experience study prepared for the five-year period ending June 30, 2024. Primary among the changes were updates to rates of mortality, retirement, and withdrawal.

(f) State Employees' Assurance Department Retired and Vested Inactive Members Trust Fund (SEAD-OPEB) as a plan

Changes of benefit terms – none

Changes of assumptions – The SEAD Board adopted a new funding policy on March 15, 2018. In accordance with this funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for the June 30, 2017 actuarial valuation and further reduced from 7.40% to 7.30% for the June 30, 2018 actuarial valuation.

On December 17, 2020, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System based on the experience studies prepared for the five-year period ending June 30, 2019. Primary among the changes were the updates to rates of mortality, retirement, withdrawal, and salary increases. This also included a change to the long-term assumed investment rate of return to 7.00%. These assumption changes were first reflected in the calculation of the June 30, 2021 SEAD Total OPEB Liability.

On December 11, 2025, the Board accepted recommended changes to various assumptions and methods utilized by the Systems based on the experience studies prepared for the five-year period ending June 30, 2024. Primary among the changes were updates to rates of mortality, retirement, disability, and withdrawal.

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Notes to Required Supplementary Information (UNAUDITED)

June 30, 2026

The following actuarial methods and assumptions were used to determine the most recent contribution rates reported in the schedules of employer and nonemployer contributions calculated as of June 30, three years prior to the end of the first calendar year in which contributions are reported:

	ERS	PSERS	LRS
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level dollar, closed	Level dollar, closed	Level dollar, closed
Blended amortization period	15.3 years	16.2 years	Infinite
Asset valuation method	Five-year smoothed fair value	Five-year smoothed fair value	Five-year smoothed fair value
Inflation	2.50%	2.50%	2.50%
Salary increases	3.00 - 6.75%	N/A	N/A
Investment rate of return	7.10%, net of pension plan investment expense, including inflation	7.10%, net of pension plan investment expense, including inflation	7.10%, net of pension plan investment expense, including inflation
Cost of living adjustments	1.05% annually	1.50% semi-annually	1.50% semi-annually
	GJRS	GMPP	
Actuarial cost method	Entry age	Entry age	
Amortization method	Level percent of pay, closed	Level dollar, closed	
Blended amortization period	10.4 years	11.0 years	
Asset valuation method	Five-year smoothed fair value	Five-year smoothed fair value	
Inflation	2.50%	2.50%	
Salary increases	3.75%	N/A	
Investment rate of return	7.10%, net of pension plan investment expense, including inflation	7.10%, net of pension plan investment expense, including inflation	
Cost of living adjustments	None	None	
	SEAD - OPEB		
Actuarial cost method	Entry age		
Amortization method	Level dollar, closed		
Blended amortization period	Infinite		
Asset valuation method	Fair value of assets		
Inflation	2.50%		
Salary increases			
ERS	3.00-6.75%		
JRS	3.75%		
LRS	N/A		
Investment rate of return	7.10% net of OPEB plan investment expense, including inflation		
Cost of living adjustments	None		

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Notes to Required Supplementary Information (UNAUDITED)

June 30, 2026

Required Supplementary Information Schedules for the System as a participating employer:

(1) Schedules of the System's Proportionate Share of the Net OPEB Liability (Asset)

The information in this schedule presents historical information related to the net OPEB liability (asset) that is recognized by the System in the current period financial statements. This trend information will be accumulated to display a 10-year presentation.

(2) Schedules of the System's Contributions to OPEB Plans

This schedule presents the required contributions and the percent of required contributions actually contributed. This trend information will be accumulated to display a 10-year presentation.

(3) Individual Plan Information

This note provides information about changes of benefit terms, changes of assumptions, and methods and assumptions used in calculations of actuarially determined contributions.

(a) SEAD-OPEB

Changes of benefit terms – none

Changes of assumptions – On December 17, 2015, the SEAD Board adopted recommended changes to the economic and demographic assumptions utilized by the Plan. Primary among the changes were the updates to rates of mortality, retirement, disability, withdrawal, and salary increases.

On March 15, 2018, the Board adopted a new funding policy. Because of this new funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for the June 30, 2017 actuarial valuation and further reduced from 7.40% to 7.30% for the June 30, 2018 actuarial valuation.

On December 17, 2020, the Board adopted recommended changes to the economic and demographic assumptions utilized by the Systems based on the experience study prepared for the five-year period ending June 30, 2019. Primary among the changes were the updates to rates of mortality, retirement, withdrawal, and salary increases. This also included a change to the long-term assumed investment rate of return to 7.00%. These assumption changes were first reflected in the calculation of the June 30, 2021 SEAD Total OPEB Liability.

(b) State OPEB Fund

Changes of benefit terms – none

Changes of assumptions – The June 30, 2017 actuarial valuation was revised, for various factors, including the methodology used to determine how employees and retirees were assigned to each of the OPEB Funds and anticipated participation percentages. Current and former employees of State organizations (including technical colleges, community service boards and public health departments) are now assigned to the State OPEB fund based on their last employer payroll location: irrespective of retirement affiliation.

In the June 30, 2019 valuation, the inflation assumption was lowered from 2.75% to 2.50% in anticipation of the upcoming ERS Experience Study. Additionally, decremental assumptions were changed to reflect the Teachers Retirement Systems experience study. Approximately 6.0% of employees are members of the Teachers Retirement System.

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Notes to Required Supplementary Information (UNAUDITED)

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In the June 30, 2020 valuation, decremental assumptions were changed to reflect the Employees' Retirement Systems experience study.

In the June 30, 2022 valuation, the tobacco use assumption and aging factors were revised.

In the June 30, 2023 valuation, Medicare health care trend rates were updated.

The discount rate was updated from 3.09% as of June 30, 2016, to 3.60% as of June 30, 2017, to 5.22% as of June 30, 2018, to 7.30% as of June 30, 2019, to 7.06% as of June 30, 2020, and to 7.00% as of June 30, 2021, and remains unchanged for June 30, 2025.

Financial Section

Additional Information

Schedule of Administrative Expenses - Contributions and Expenses

Year ended June 30, 2026

(In thousands)

Contributions from fiduciary funds:	
Employees' Retirement System	\$ 12,475
Public School Employees Retirement System	2,068
Legislative Retirement System	453
Georgia Judicial Retirement System	1,238
Georgia Military Pension Fund	348
Superior Court Judges Retirement Fund	3
District Attorneys Retirement Fund	3
Georgia Defined Contribution Plan	1,339
401(k) Plan	4,545
457 Plan	432
State Employees' Assurance Department - OPEB	1,025
Total fiduciary funds	<u>23,929</u>
Contributions from proprietary fund:	
State Employees' Assurance Department Active Members Fund	114
Total contributions	<u>24,043</u>
Expenses:	
Personal services:	
Salaries and fringes	8,771
Retirement contributions	2,339
FICA	632
Health insurance	1,855
Miscellaneous	56
	<u>13,653</u>
Communications:	
Postage	288
Publications and printing	16
Telecommunications	134
Travel	23
	<u>461</u>
Professional services:	
Accounting services	1,079
Computer services	1,216
Contracts	4,147
Actuarial services	546
Medical services	39
Audit fees	427
Legal services	31
	<u>7,485</u>
Management fees:	
Building maintenance	681
Other services and charges:	
Temporary services	1,051
Supplies and materials	59
Repairs and maintenance	24
Courier services	6
Depreciation	462
Miscellaneous	158
Office equipment	3
	<u>1,763</u>
Total expenses	<u>24,043</u>
Net income	<u>\$ —</u>

See accompanying independent auditors' report.

Financial Section

Additional Information

Schedule of Investment Expenses

Year ended June 30, 2026
(In thousands)

Investment advisory and custodial fees	\$ 11,040
Miscellaneous	<u>17,172</u>
Total investment expenses*	<u><u>\$ 28,212</u></u>

*Total investment expenses are reported on the *Combining Statement of Changes in Fiduciary Net Position* and are included with the elements of "Investment income (loss)" on page 29 under the title "Less: investment expenses" and the *Statement of Revenues, Expenses, and Changes in Net Position - State Employees' Assurance Department Active Members Fund* and are included with the elements of "Other nonoperating revenues (expenses)" on page 32 under the title "Less: investment expenses."

See accompanying independent auditors' report.