



July 30, 2026

Board of Trustees
New Hampshire Retirement System
54 Regional Drive
Concord, New Hampshire 03301

Re: Pension Risk Analysis and Scenarios

Dear Trustees of the Board:

This report summarizes the results of a financial stress test analysis on the New Hampshire Retirement System (NHRS).

The purpose of this report is to identify key risks, evaluate their potential financial implications, and assess the System's resilience under a range of plausible stress scenarios. These scenarios are not forecasts but are intended to illustrate the System's sensitivity to adverse conditions.

The stress testing results should be viewed as a tool for evaluating the System's financial resilience rather than as predictions of future experience. The scenarios demonstrate how adverse economic and demographic conditions could affect funding progress and contribution requirements. Periodic review of these risks, together with prudent funding, investment, and governance policies, can improve the System's ability to withstand unfavorable experience while continuing to meet its long-term benefit obligations.

Gabriel, Roeder, Smith & Company (GRS) has prepared this analysis exclusively for the Board; GRS is not responsible for reliance upon this report by any other party. This report may be provided to parties other than NHRS only in its entirety and only with the permission of the Board.

The assessment of the financial impact on the System first requires the identification of the key risks that impact the System. Actuarial Standard of Practice (ASOP) No. 51, Section 3.2 states, "The actuary should identify risks that, in the actuary's professional judgment, may reasonably be anticipated to significantly affect the plan's future financial condition."

The areas of risk that may reasonably be anticipated to significantly affect the future financial condition of NHRS include:

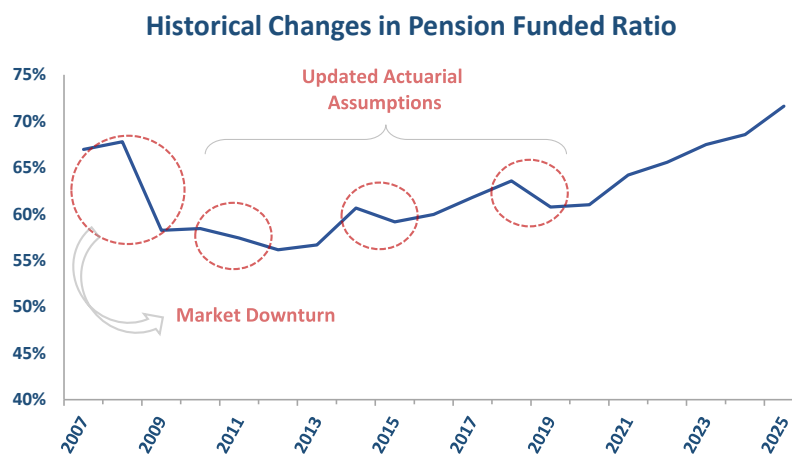
- Investment risk;
- Demographic risks
- Assumption change risk including a change in interest rate assumption; and
- Payroll risk.

The stress test scenarios in this analysis were designed to assess the impact of the risks listed above. There may be other risks not included in the above list that could significantly affect the System.

Introduction

The objectives of any pension system are to provide secure benefits to members while managing the strains of budget constraints to the sponsoring employer. An actuarial valuation provides a measurement of this benefit obligation and how it may be funded. The actuarial valuation is based on a set of assumptions intended to represent the System's long-term expectations. Actual experience will differ from these assumptions, and those differences may be favorable or unfavorable. Over time, deviations between assumed and actual experience will affect the System's funded status, contribution requirements, and financial position.

A sufficient level of funding demonstrates a System's ongoing ability to pay benefits and is an indication of less acute reliance on contribution inflows. The System's funding level is measured by the extent to which System assets are adequate to cover actuarial accrued liabilities ("Funded Ratio"). The funded ratio can be impacted by experience related to assets or liabilities. The table below shows NHRS' historical funded ratio. The System is 71.6% funded as of June 30, 2025.



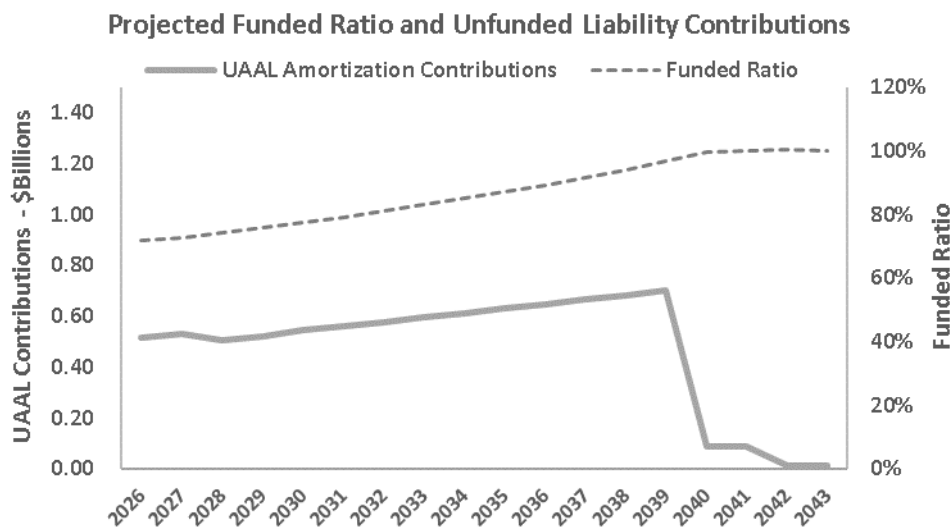
The strongest driver of short-term funded ratio fluctuations is investment returns on System assets. Like retirement systems across the country, NHRS assets decreased substantially following the Great Recession. Fluctuations in actuarial liabilities occur on a smaller scale and over longer time periods. Changes in liability manifest as either year-to-year experience which deviates from expectations or the incorporation of updated actuarial assumptions, methods or benefit provision changes. The largest drop in funded ratio seen in the graph above is the result of significant losses in assets, while the other meaningful drops are the result of assumption changes. Any other minor deviations in what one would otherwise expect to be a gradually increasing funded ratio are the result of demographic experience. Each decrease in the funded ratio has generally resulted in a larger contribution requirement intended to pay off unfunded liabilities. The analysis presented in this report will outline the potential effects of risks which, if materialized, would have a negative impact on System funding as well as required contributions.

NHRS Contributions and Funding Projection (Baseline)

NHRS contributions consist of those intended to fund benefits being accrued (normal cost) and those which have already been accrued (unfunded liability amortization). Changes to normal cost contributions occur as a result of shifting demographic characteristics in the active member population which arise directly in the population itself, or due to benefit changes or changes in actuarial assumptions intended to anticipate these shifts. Absent actuarial assumption/method changes or benefit changes which may increase the normal cost, the larger fluctuations in required contributions generally are driven by changes in funding level due to actuarial experience and therefore additional unfunded liabilities that need to be amortized.

Baseline Projections

Based on the current funding policy and layered amortization schedule, \$5.2 billion in Unfunded Actuarial Accrued Liabilities (UAAL) are scheduled to be paid by 2039. The amortization schedule includes various layers of changes in UAAL (gains and losses) which have occurred over the past 20 years.



The fallout of a given scenario will be assessed on the basis of its impact on System funding and contributions with respect to that which is projected by the June 30, 2025 actuarial funding valuation. The materialization of risks being modeled will result in negative experience which will impact the projected decline in UAAL and increase the need for contributions beyond what is necessary under the current projection.

Deterministic Projection Modeling

Deterministic projections are useful for quantifying the magnitude of the financial impact on the System due to certain economic events. This analysis is extremely useful for stakeholders to identify the magnitude of the financial impact due to certain events, but a limitation of this modeling technique is it is difficult to determine the likelihood that a particular deterministic scenario will occur. The following provides a list of scenarios that were modeled:

1. *Significant financial correction followed by no market rebound:* 6.75% in 2026, -15.0% return in 2027, 6.75% annual returns each year thereafter. (*Investment Risk*)
2. *Significant financial correction followed by four years of high returns:* 6.75% in 2026, -15.0% return in 2027, followed by four years of 13.0% returns, and 6.75% annual returns each year thereafter. (*Investment Risk*)
3. *Prolonged period of low investment returns:* 5.75% returns every year. (*Investment Risk*)
4. *Prolonged period of high investment returns:* 7.75% returns every year. (*Investment Risk*)
5. *Demographic Risk* – Funding projection based on conservative demographic assumptions as well as a shrinking active population.
6. *Wage Inflation Risk* – Wage inflation 1% higher than the current 3% assumption.

Investment Return Risk

Market risk represents the largest source of uncertainty for the System. Contributions are developed assuming that investment return on assets will fund a substantial portion of promised benefits. Sustained investment returns below the assumed rate of return can significantly increase unfunded liabilities and future contribution requirements. Depletion of assets from a short-lived downturn in capital markets, although often followed by periods of favorable returns, can likewise stifle funding progress and lead to acute contribution volatility.

Baseline projection scenarios commonly assume that the System will earn the investment return assumption each and every year. In reality, the System will experience volatility in investment returns each year. The purpose of this analysis is to illustrate to stakeholders that this volatility in investment returns will result in variability in the future financial condition of the System.

For purposes of this analysis, we are providing a baseline projection that assumes emerging investment experience is exactly the same as the 6.75% investment return assumption (i.e., no volatility) and several projection scenarios that result in volatility in the year-to-year investment experience.

Demographic Risk

Demographic risk is the potential for demographic experience, or experience related to the activity of the covered members, to differ from what the actuarial valuation assumes. For example, members may live longer or shorter than expected and receive pensions for a period of time other than assumed; and members may terminate, retire, or become disabled at times or with benefits other than assumed resulting in actual future accrued liability and contributions differing from expected.

- **Mortality** - Increased longevity among benefit recipients results in benefit payments lasting longer than expected. Higher rates of mortality among active members can lead to more benefits being paid than expected.
- **Retirement** – Active members retiring at earlier ages than expected will result in benefits commencing earlier than assumed.
- **Withdrawal** – Active members terminating service at lower rates than expected will generally result in more benefits being paid out than assumed.

Assumption Change Risk

Assumption change risk is the potential that assumptions will need to change from what they are currently to reflect the circumstances surrounding future actuarial valuations.

- Significant downward shifts in capital market expectations would require a reduction in the investment return assumption.
- Prolonged periods of inflation often are followed by increases in wage growth which would likely lead to adjustments in assumed wage inflation.
- Persisting longevity improvements would require the use of lower mortality rates.
- Changes in the labor market could lead to significantly different rates of salary increases, retirement and withdrawal.

It is the actuary's objective to have calculations that are not biased. In other words, the assumptions used by the actuary should not be unnecessarily optimistic, nor unnecessarily conservative. Having assumptions which are too optimistic is likely to result in contributions not being sufficient to fund accrued benefits, requiring more contributions occurring later. Conversely, too much conservatism will likely result in front-loaded contributions in excess of what is required to fund benefits, potentially diverting monies from funding sources that could have been otherwise allocated. *The assumptions themselves do not determine the amount of the benefits that will be paid, only the timing of the contributions to fund those benefits.*

Historical Gains and Losses

The table below shows the gains and losses for NHRS' pension fund over the past decade, split out by economic and demographic experience.

Year	UAAL Gains/(Losses) \$-Millions		
	Assets	Liabilities	Total
2016	(30.1)	35.8	5.7
2017	141.4	(26.2)	115.2
2018	93.3	67.4	160.7
2019	(60.3)	(18.1)	(78.4)
2020	(109.3)	6.5	(102.8)
2021	382.1	(17.2)	364.9
2022	18.8	(88.1)	(69.3)
2023	17.1	(39.1)	(22.0)
2024	88.7	(301.3)	(212.6)
2025	275.3	2.5	277.8

While the emergence of individual risks may be manageable in isolation, adverse outcomes occurring simultaneously may have a materially greater impact than the sum of their individual effects. Like many other statewide pension systems, NHRS has an actuarial experience study performed on a regular basis (every four years) to review actuarial assumptions to ensure that the assumptions align with actual experience, as best as possible. Demographic assumptions are either adjusted or maintained with consideration for persisting observed experience, while also avoiding overcorrection. Decisions on economic assumptions are generally informed through surveys of forward-looking expectations from various sources.

Sensitivity Analysis of Assumption Change and Demographic Risk

To assess the extent to which funding objectives would be affected by changes in the various assumptions and, by proxy, to observe the sensitivity of funding progress to experience in these areas, it is meaningful to examine the impact on the funded ratio which would result from the use of assumption sets with varying levels of optimism/conservatism.

Based on the observed fluctuations in experience over the prior decade, the demographic assumptions were adjusted in the following manner to create a conservative and optimistic set of assumptions:

Conservative Demographic Assumptions:

- Retirement rates were increased by 25% at first eligibility
- Withdrawal rates were decreased by 5% at all ages
- Mortality rates were decreased by 10%

Optimistic Demographic Assumptions:

- Retirement rates were decreased by 25% at first eligibility
- Withdrawal rates were increased by 5% at all ages
- Mortality rates were increased by 10%

Conservative Economic Assumptions:

- 5.75% assumed rate of investment return
- 3.50% wage inflation

Optimistic Economic Assumptions:

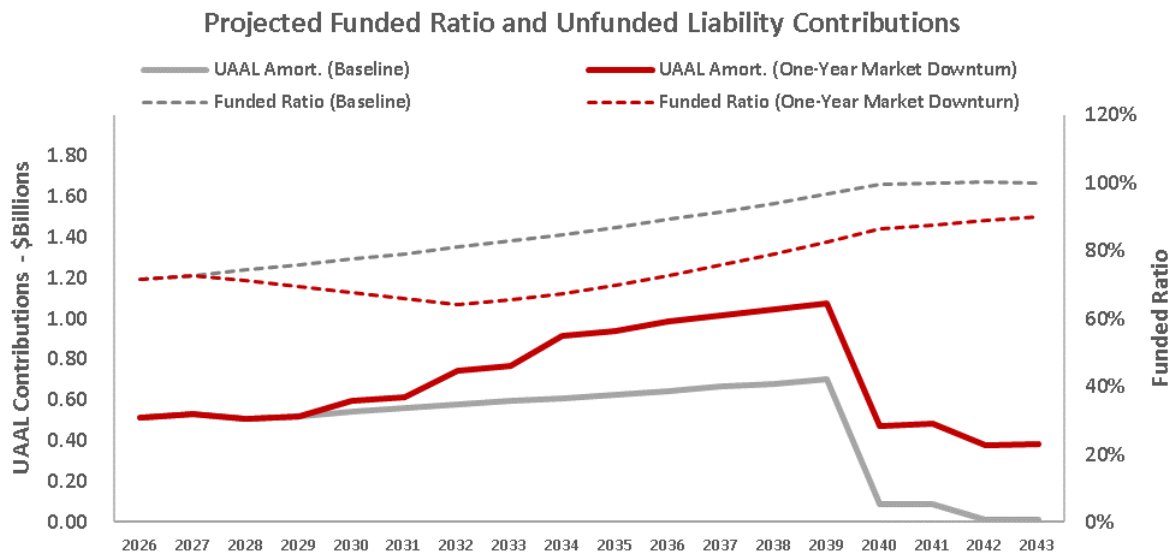
- 7.75% assumed rate of investment return
- 2.50% wage inflation

The “intermediate” assumption set represents those currently in use.

Sensitivity Matrix: NHRS Pension Funded Ratio under Varying Actuarial Assumption Sets		Economic Assumption Set		
		Optimistic	Intermediate	Conservative
Demographic Assumption Set	Optimistic	81.4%	72.9%	64.9%
	Intermediate	80.0%	71.6%	63.7%
	Conservative	78.5%	70.3%	62.5%

Risk Scenario #1 – Significant financial correction followed by no market rebound

To illustrate the potential effects of short-term market volatility on the System's long-term financial position, this scenario incorporates a significant market downturn followed by investment returns at the valuation assumption of 6.75% each year. Specifically, the scenario assumes an investment return of 6.75% in fiscal year 2026 followed by a -15.0% return in fiscal year 2027. Thereafter, investment returns are assumed to revert to the long-term actuarial assumption of 6.75% per year.

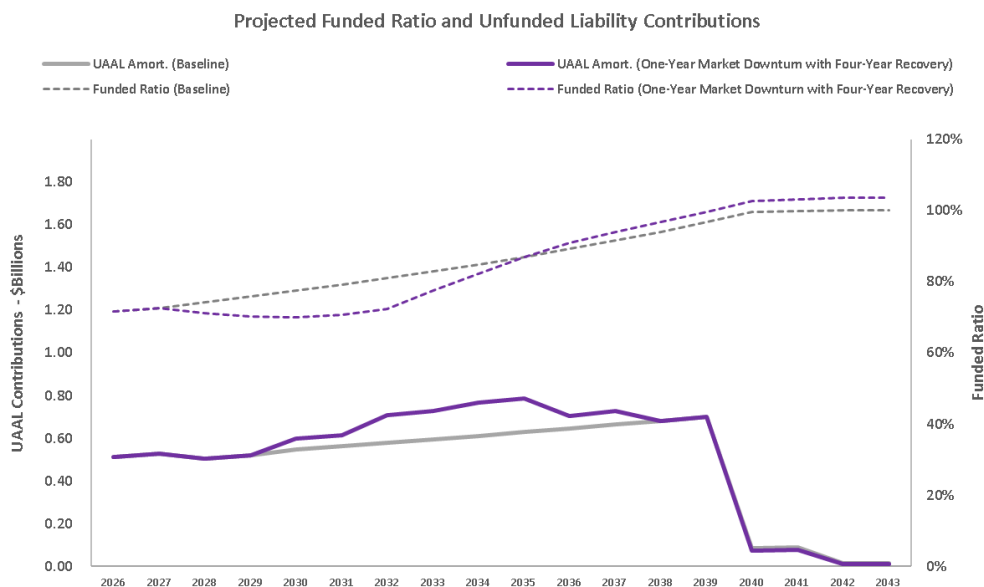


The full magnitude of the 2027 investment losses would be recognized over the subsequent five-year smoothing period, meaning only 20% of the asset loss would be reflected in funding contributions calculated for the June 30, 2027 valuation applicable for the 2030-2031 biennium. 60% of losses recognized for the 2029 valuation applicable to FY 2032-2033, with full recognition for the 2031 valuation with contributions applicable to FY 2034-2035. The losses will be amortized in 20-year layers in each biennium, meaning the fully recognized losses would be scheduled to be paid off in 2051.

Under this scenario, the funded ratio would decline gradually to around 64% in 2032 as the full loss is recognized, and before the biennial funding contributions have completely reflected the impact on unfunded liabilities. By 2032 the projected annual contributions will be \$170 million greater than the baseline projection, at which point the funded ratio will begin to gradually increase. The increase in contributions from the baseline ranges from approximately \$300 million in 2034 to over \$400 million by 2040 (with projected increases at assumed payroll growth). Rather than being fully funded by the end of 2039, the System would be 86% funded, by which time there would have been about \$2.5 billion in additional employer contributions.

Risk Scenario #2 – Significant financial correction followed by four years of high returns

Following a market correction as described in the first scenario, it is reasonable to expect some form of recovery in capital markets characterized by multiple years of above-average investment returns. The following scenario considers a market downturn identical to that of the previous scenario, but followed by four years of higher-than-assumed returns. Specifically, the scenario assumes an investment return of 6.75% in fiscal year 2026 followed by a -15.0% return in fiscal year 2027, and subsequent annual returns of 13.0% for the following four fiscal years. Thereafter, investment returns are assumed to revert to the long-term actuarial assumption of 6.75% per year. Note that this scenario of returns results in compounded average annual investment return over the projection period which is equal to the assumed rate of 6.75%.

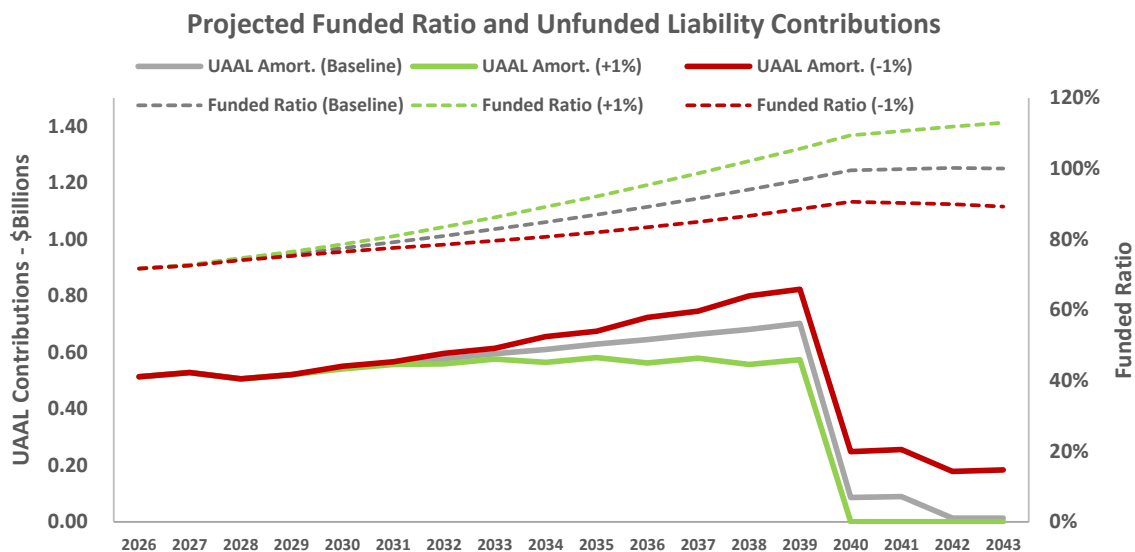


Under this scenario, the funded ratio decrease resulting from initial recognition of the market loss will materialize in a similar manner to the previous scenario but at a slower rate. However, unlike the previous scenario, the funding ratio will begin to improve in 2032 and grow to 100% after the 2027 losses are fully recognized and the gradual recognition of market gains from 2028 through 2031 are realized. Contribution increases for 2030-2031 will be the same as the previous scenario with contributions continuing to increase in future biennia as 2027 losses continue to be recognized. However due to the four years of market gains that follow, the contribution increases will be less than shown in the previous scenario.

Due to the smoothing method, the 2027 loss would result in recognized losses over the subsequent five-year period despite the market value of the System's assets having already recovered. The greater unfunded liabilities in the period prior to full recognition of the market recovery would result in contributions being \$1 billion greater relative to the baseline scenario, and would ultimately result in the System reaching a funded ratio of over 100%, assuming that employer contribution rates do not decrease below the normal cost percentage. The gains resulting between 2028 through 2031 will be amortized in 20-year layers in each biennium, meaning gains would be the fully recognized by 2055.

Risk Scenarios #3 and #4 – Prolonged period of lower or higher investment returns (6.75% +/-1%)

A certain degree of volatility is expected in the investment return on System assets. As characterized by the previous scenarios, this market volatility will, in turn, result in contribution volatility. The funding mechanisms create a lag in both the recognition of asset losses and the contribution increases resulting therefrom. As a result, offsetting aspects of the calculations make it difficult to isolate and identify the effect of more nuanced realistic scenarios. For this reason, to demonstrate the effect of asset experience that is either persistently above or below expectations, we have modeled scenarios which incorporate annual investment returns that are consistently 1% lower and higher than assumed.



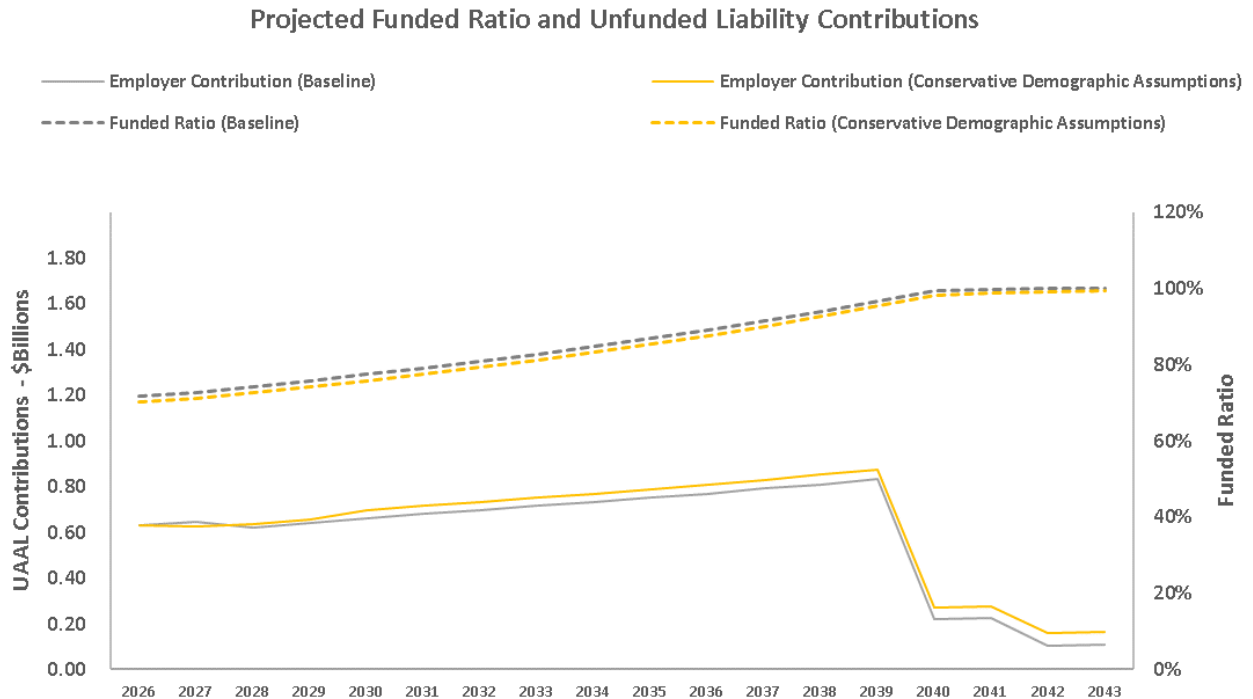
Consistent returns 1% below the assumed rate of 6.75% will lead to slower funded ratio growth and ultimately higher contributions relative to the baseline. The funded ratio would grow to about 90% in 2040 after which it will begin to very gradually decline indefinitely from the negative asset experience and due to the existing amortization bases having been paid off. Due to the asset smoothing and biennial valuations, the effect on contributions would materialize gradually. By 2040, this suboptimal scenario would result in nearly \$2 billion of additional contributions through 2043 at which point the System would be less than 90% funded.

Conversely, returns which persistently exceed expectations by 1% would accelerate funding progress. As the asset gains are recognized, the negative UAAL contribution layers would offset the positive layers and dampen what would otherwise be assumed to be an annually increasing amortization payment towards unfunded liabilities. By 2040, after the bulk of the current amortization bases have been paid off, any minor layers that remain will have been more than offset by the asset gains and there will be no further payments toward unfunded liability. In this scenario, the funded ratio would grow indefinitely.

Note that our projection does not allow the employer contribution to decrease below the normal cost percentage.

Risk Scenario #5 – Conservative Demographic Assumptions with Membership Decline

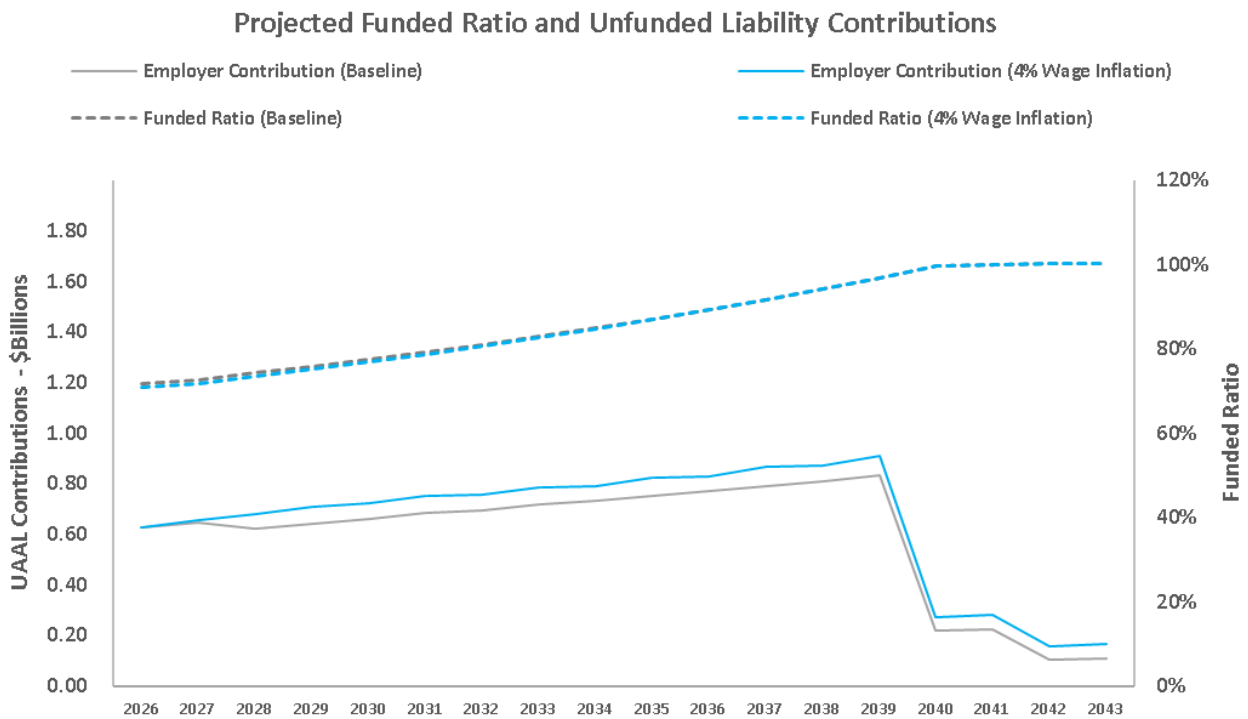
This scenario uses the conservative set of demographic assumptions as described in the sensitivity analysis found on Page 7. These assumptions result in benefits which are more likely to commence sooner and be paid longer. Additionally, we assumed that the new entrants to the active member population would ultimately decrease such that total membership is 95% of current levels.



Relative to the baseline, the use of more conservative demographic assumptions results in an initial decrease in the funded ratio of just over 1%. Contributions are developed as a percent of payroll and the extent to which overall pay growth is less than assumed may lead to lower contribution inflows than necessary to pay off unfunded liabilities. Lagging payroll growth resulting from declining active member population in the first few years of the projection leads to lower UAAL contributions on a dollar basis initially, which slightly dampens funding progress for 2 years, before future employer contributions are increased to correct for the increased normal cost and liabilities.

Risk Scenario #6 – Wage inflation 1% above current assumption (4% vs. 3%)

Recent actuarial liability losses have been driven partially by larger-than-expected payroll increases. In a defined benefit pension plan, projected benefits are modeled using an assumption for individual salary increases. Higher individual increases in salary lead to higher projected benefits and vice versa. Benefits are based on a percentage of final average pays, and thus increases in salaries have a direct effect on liabilities. Contributions are also based on payroll, meaning the liability impacts from payroll increases are somewhat offset by larger contributions on a dollar-basis.



The increased liabilities from the higher wage inflation assumption results in a slight decrease to the funded ratio. Normal cost contributions as a percent of payroll will not increase significantly, however contributions for UAAL amortization will increase, causing employer contributions on a dollar-basis which are higher relative to the baseline scenario due to the larger payroll base.

Additional Disclosures

This report pertains to the pension system. It excludes the risks associated with the medical subsidy benefit.

To the best of our knowledge, this actuarial statement is complete and accurate, fairly presents the actuarial position of NHRS as of June 30, 2025, based on the stress testing scenarios, and has been prepared in accordance with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board, and with applicable statutes.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions, contribution amounts, or applicable law. Due to the limited scope of the actuary's assignment, the actuary did not perform an analysis of the potential range of such future measurements in this report.

The projection information is based on the results of the June 30, 2025 actuarial valuation. Please refer to that report for a summary of the census data, actuarial assumptions, and benefit provisions. Our calculations are based upon assumptions regarding future events, which may or may not materialize. Depending on actual plan experience, actual results could deviate significantly from our projections.

This report was prepared using our proprietary valuation model and related software which, in our professional judgment, has the capability to provide results that are consistent with the purposes of the valuation, and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

The signing actuaries are independent of the plan sponsor.

Heidi G. Barry, Jeffrey T. Tebeau, and Casey T. Ahlbrandt-Rains are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.



This communication shall not be construed to provide tax advice, legal advice, or investment advice.

Sincerely,
Gabriel, Roeder, Smith & Company



Heidi G. Barry, ASA, MAAA, FCA



Jeffrey T. Tebeau, FSA, EA, FCA, MAAA



Casey T. Ahlbrandt-Rains, ASA, FCA, MAAA

HGB/JTT/CTA:dj
Enclosure

cc: Jan Goodwin (NHRS via email)
Marie Mullen (NHRS via email)

Baseline Funding Projection (\$-Billions) - Baseline Scenario						
Fiscal Year	UAAL*	Funded Ratio*	UAAL Payments	Employer Contribution Rate		
2026	\$ 5.20	72%	\$ 0.52	\$ 0.64		
2027	5.02	73%	0.53	0.65		
2028	4.81	75%	0.50	0.61		
2029	4.61	76%	0.52	0.64		
2030	4.39	78%	0.53	0.65		
2031	4.14	80%	0.55	0.67		
2032	3.85	82%	0.56	0.68		
2033	3.53	83%	0.58	0.71		
2034	3.16	85%	0.60	0.72		
2035	2.76	88%	0.61	0.73		
2036	2.32	90%	0.63	0.76		
2037	1.81	92%	0.65	0.78		
2038	1.28	95%	0.67	0.80		
2039	0.68	97%	0.68	0.81		
2040	0.02	100%	0.07	0.20		
2041	(0.05)	100%	0.08	0.22		
2042	(0.14)	101%	(0.05)	0.05		
2043	(0.10)	100%	(0.05)	0.05		
2044	(0.05)	100%	(0.01)	0.11		
2045	(0.04)	100%	(0.01)	0.12		

* Unfunded actuarial accrued liabilities (UAAL) and funded ratio at beginning of fiscal year.

Scenario 1

Funding Projection (\$-Billions) - One-Year Market Downturn (-15% in 2027)					
Fiscal Year		UAAL*	Funded Ratio*		UAAL Payments
2026	\$	5.20	72%	\$	0.52
2027		5.02	73%		0.53
2028		5.44	71%		0.50
2029		5.91	70%		0.52
2030		6.43	68%		0.59
2031		6.92	66%		0.61
2032		7.43	64%		0.73
2033		7.26	66%		0.76
2034		7.02	67%		0.90
2035		6.59	70%		0.92
2036		6.09	73%		0.97
2037		5.50	76%		1.00
2038		4.83	79%		1.05
2039		4.08	83%		1.08
2040		3.25	86%		0.47
2041		3.00	88%		0.49
2042		2.70	89%		0.37
2043		2.51	90%		0.39
2044		2.28	91%		0.43
2045		2.00	92%		0.44

* Unfunded actuarial accrued liabilities (UAAL) and funded ratio at beginning of fiscal year.

Scenario 2

Funding Projection (\$-Billions) - One-Year Market Downturn with Recovery (-15% in 2027, 13% in 2028-2031, 6.75% thereafter)					
Fiscal Year	UAAL*	Funded Ratio*	UAAL Payments		
2026	\$ 5.20	72%	\$ 0.52		
2027	5.02	73%	0.53		
2028	5.44	71%	0.50		
2029	5.77	70%	0.52		
2030	5.97	70%	0.59		
2031	5.95	71%	0.61		
2032	5.70	72%	0.69		
2033	4.73	77%	0.72		
2034	3.77	82%	0.76		
2035	2.83	87%	0.77		
2036	1.96	91%	0.69		
2037	1.32	94%	0.72		
2038	0.64	97%	0.68		
2039	(0.03)	100%	0.70		
2040	(0.75)	103%	0.07		
2041	(0.87)	103%	0.08		
2042	(1.01)	104%	0.01		
2043	(1.02)	104%	0.01		
2044	(1.03)	104%	0.01		
2045	(1.07)	104%	0.01		

* Unfunded actuarial accrued liabilities (UAAL) and funded ratio at beginning of fiscal year.

Scenario 3

Funding Projection (\$-Billions) - Sustained Investment Returns of 7.75%					
Fiscal Year		UAAL*	Funded Ratio*		UAAL Payments
2026	\$	5.20	72%	\$	0.52
2027		5.01	73%		0.53
2028		4.79	75%		0.50
2029		4.55	76%		0.52
2030		4.23	79%		0.53
2031		3.84	81%		0.55
2032		3.37	83%		0.55
2033		2.85	86%		0.57
2034		2.27	89%		0.55
2035		1.65	92%		0.56
2036		0.95	95%		0.55
2037		0.22	99%		0.57
2038		(0.59)	102%		0.56
2039		(1.44)	106%		0.57
2040		(2.39)	109%		-
2041		(2.73)	111%		-
2042		(3.11)	112%		-
2043		(3.47)	113%		-
2044		(3.86)	114%		-
2045		(4.29)	116%		-

* Unfunded actuarial accrued liabilities (UAAL) and funded ratio at beginning of fiscal year.

Scenario 4

Funding Projection (\$-Billions) - Sustained Investment Returns of 5.75%					
Fiscal Year		UAAL*	Funded Ratio*	UAAL Payments	
2026	\$	5.20	72%	\$	0.52
2027		5.17	72%		0.53
2028		5.00	74%		0.50
2029		4.88	75%		0.52
2030		4.76	76%		0.54
2031		4.64	77%		0.56
2032		4.52	78%		0.58
2033		4.38	80%		0.60
2034		4.22	81%		0.64
2035		4.01	82%		0.65
2036		3.77	83%		0.71
2037		3.47	85%		0.74
2038		3.14	87%		0.80
2039		2.74	89%		0.82
2040		2.29	91%		0.25
2041		2.42	90%		0.26
2042		2.55	90%		0.18
2043		2.78	89%		0.18
2044		3.03	89%		0.27
2045		3.21	88%		0.27

* Unfunded actuarial accrued liabilities (UAAL) and funded ratio at beginning of fiscal year.

Scenario 5

Funding Projection (\$-Billions) - Conservative Demographic Assumptions					
Fiscal Year		UAAL*	Funded Ratio*	Employer Contribution	
2026	\$	5.54	70%	\$	0.64
2027		5.40	71%		0.62
2028		5.26	73%		0.63
2029		5.09	74%		0.65
2030		4.89	76%		0.69
2031		4.63	77%		0.71
2032		4.33	79%		0.72
2033		4.00	81%		0.74
2034		3.63	83%		0.76
2035		3.21	85%		0.77
2036		2.74	88%		0.80
2037		2.23	90%		0.82
2038		1.65	93%		0.85
2039		1.02	95%		0.87
2040		0.33	98%		0.27
2041		0.21	99%		0.28
2042		0.08	99%		0.16
2043		0.07	99%		0.16
2044		0.06	99%		0.20
2045		0.01	100%		0.20

* Unfunded actuarial accrued liabilities (UAAL) and funded ratio of beginning of fiscal year.

Scenario 6					
Funding Projection (\$-Billions) - 4% Wage Inflation					
Fiscal Year		UAAL*	Funded Ratio*	Employer Contribution	
2026	\$	5.39	71%	\$	0.64
2027		5.26	72%		0.65
2028		5.11	73%		0.67
2029		4.91	75%		0.71
2030		4.67	77%		0.71
2031		4.41	79%		0.74
2032		4.09	81%		0.74
2033		3.75	83%		0.77
2034		3.36	85%		0.78
2035		2.94	87%		0.80
2036		2.46	89%		0.82
2037		1.94	92%		0.85
2038		1.36	94%		0.87
2039		0.73	97%		0.91
2040		0.02	100%		0.27
2041		(0.07)	100%		0.28
2042		(0.17)	100%		0.16
2043		(0.15)	100%		0.16
2044		(0.12)	100%		0.20
2045		(0.13)	100%		0.21

* Unfunded actuarial accrued liabilities (UAAL) and funded ratio of beginning of fiscal year.