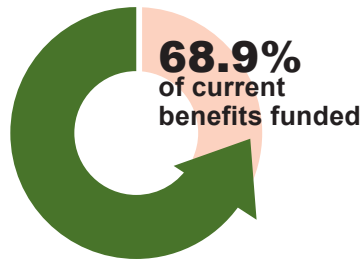


ERS

Employees Retirement System
of Texas



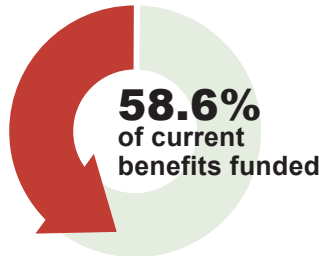
**100% funded
by 2054**

“Senate Bill 321 in the 2021 Legislative Session significantly improved the funding of the plan as well as introduced a new benefit structure for new hires on or after September 1, 2022. As a result of these changes, the funded ratio is expected to improve every year until the unfunded actuarial accrued liability is eliminated by 2054.”

- GRS Consulting Actuaries

LECOSRF

Law Enforcement and Custodial Officers
Supplemental Retirement Fund



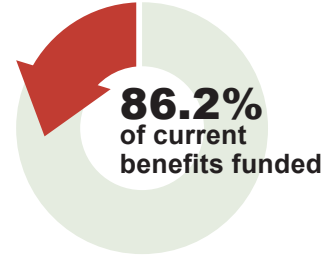
**Fund depletes
by 2045**

“The current financial outlook for LECOSRF continues to be very poor. It is important to understand that the currently scheduled contributions are not expected to accumulate sufficient assets in order to pay all of the currently scheduled benefits when due.”

- GRS Consulting Actuaries

JRS 2

Judicial Retirement System
of Texas Plan 2



**Fund depletes
by 2069**

“The current financial outlook for JRS-2 is very poor. It is important to understand that the currently scheduled contributions are not expected to accumulate sufficient assets in order to pay all of the currently scheduled benefits when due.”

- GRS Consulting Actuaries

The 87th Texas Legislature established an annual **Legacy Payment** to eliminate the ERS Plan’s unfunded liability resulting in more than \$3.2 billion of state budget savings throughout the payment schedule. The payment structure is designed to maintain a path to full funding by 2054 by adjusting the actuarially determined amount each biennium.

As of August 31, 2022	ERS	LECOSRF	JRS 2
Unfunded Liability	\$14.2 B	\$715 M	\$89 M
Funded Ratio	68.9%	58.6%	86.2%
Funding Period (Years)	32	Never	Never
Projected Depletion Date	-	2045	2069
FY23 Normal Cost	14.07%	1.94%	26.81%
Recommended FY24-25 Legacy Payment	\$510 M	-	-
FY23 Actuarially Sound Employer Contribution	-	3.40%	23.34%
FY23 Additional Payroll Contributions Needed	-	2.90%	7.677%

ERS Trust Investments

- Assets for the ERS, LECOS and JRS 2 Plans are comingled and invested as a single ERS Retirement Trust Fund.
- Investment returns are the largest funding component of retirement benefits and represent about 60% of the ERS Plan's value.
- ERS Trust Fund has an assumed rate of return of 7.0% based on results of an experience study conducted in Fiscal Year 2020.

ERS Investment Performance (period ending August 31, 2022)						
Period	30-Year	20-Year	10-Year	5-Year	3-Year	1-Year
Annualized Return (Net)	N/A	7.61%	8.30%	8.27%	9.66%	-1.59%

Largest Contributing Agencies

(based on membership)

24%

TX Health & Human Services Commission

22%

TX Department of Criminal Justice

10%

TX Department of Transportation

9%

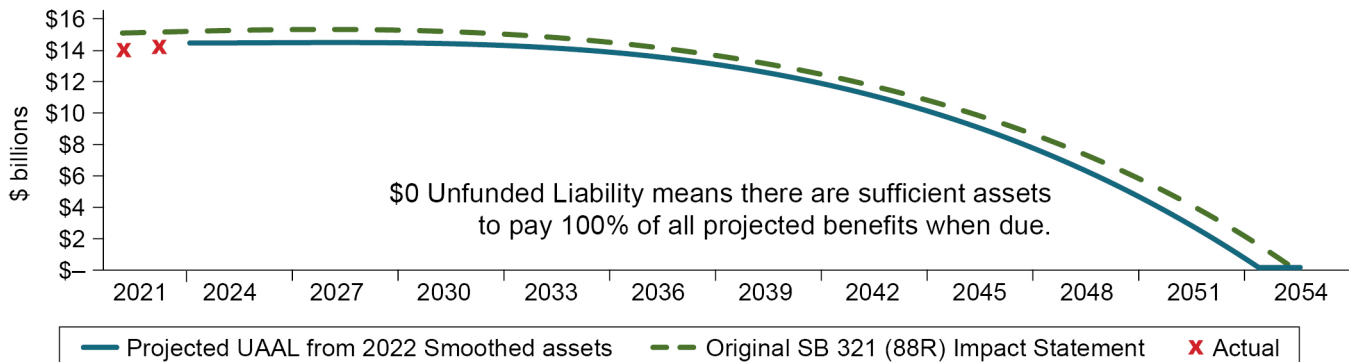
TX Department of Family and Protective Services

Retirement Plan Demographics as of August 31, 2022			
	ERS	LECOSRF	JRS 2
Active Contributing Members	133,751	31,075	583
Average Age	44.1	41.9	56.9
Average Entry Age	35.6	33.8	47.8
Average Years of Service	8.5	8.1	9.1
Average Annual Salary	\$55,856	\$53,682	\$155,929
Non-contributing Members – Vested	14,838	104	41
Non-contributing Members – Non-vested	140,310	32,267	151
Retirees and Beneficiaries	122,720	15,923	536
Service Retirements	111,349	14,971	483
Average Age*	69.9	63.8	71.8
Average Age at Retirement*	58.4	53.9	63.6
Average Years of Service*	22.1	23.1	15.4
Disability Retirements	1,991	78	<10
Beneficiaries	9,380	874	50
Average Annual Annuity	\$21,670	\$5,695	\$68,877

* Based on service retirements only

87th Texas Legislature established a strong, long-term funding strategy that materially improved the outlook of the ERS Plan

Projected ERS Plan Unfunded Liability



Assumes 7% annual returns on the smoothed assets and annual \$510m legacy payments, and all other assumptions met.