

MICHIGAN JUDGES' RETIREMENT SYSTEM

**Annual Comprehensive Financial Report
for the Fiscal Year Ended September 30, 2025**

MJRS

A Fiduciary Component Unit of the State of Michigan

Prepared by:
Financial Services
For
Office of Retirement Services
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INTRODUCTORY SECTION

Certificate of Achievement
Public Pension Standards Award
Letter of Transmittal
Administrative Organization

INTRODUCTORY SECTION

CERTIFICATE OF ACHIEVEMENT



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Michigan Judges' Retirement System

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2024

Christopher P. Morill
Executive Director/CEO

INTRODUCTORY SECTION

PUBLIC PENSION STANDARDS AWARD



Public Pension Coordinating Council

***Public Pension Standards Award
For Funding and Administration
2025***

Presented to

Michigan Office of Retirement Services

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

Presented by the Public Pension Coordinating Council, a confederation of

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

A handwritten signature in cursive script, reading 'Robert A. Wylie'.

Robert A. Wylie
Program Administrator

INTRODUCTORY SECTION

LETTER OF TRANSMITTAL

Michigan Judges'
Retirement System
P.O. Box 30171
Lansing, Michigan 48909-7671
Telephone 517- 284-4400
Outside Lansing 1-800-381-5111

STATE OF MICHIGAN

GRETCHEN WHITMER, Governor

DEPARTMENT OF TECHNOLOGY, MANAGEMENT & BUDGET

January 23, 2026

The Honorable Gretchen Whitmer
Governor, State of Michigan,

Members of the Legislature
State of Michigan,

Retirement Board Members
and
Members, Retirees and Beneficiaries

Ladies and Gentlemen:

We are pleased to present the annual comprehensive financial report of the Michigan Judges' Retirement System (System) for fiscal year 2025.

INTRODUCTION TO REPORT

The System was established by legislation under Public Act 234 of 1992 (the Michigan Judges Retirement Act) which consolidated the Judges' and former Probate Judges' retirement systems. The System is administered by the Office of Retirement Services (ORS). The number of active and retired members and beneficiaries of the System is presented in Note 1 of the financial statements in the Financial Section of this report. The purpose of the System is to provide retirement, disability, death, and healthcare benefits for all members. The services performed by ORS staff provide benefits to members, retirees, and beneficiaries.

Responsibility

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the leadership team of the System. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the System.

Internal Control Structure

The leadership team of the System is responsible for maintaining adequate internal accounting controls designed to provide reasonable assurance that transactions are executed in accordance with management's general or specific authorization, and are recorded as necessary to maintain accountability for assets and to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable assurance regarding the safekeeping of assets and reliability of all financial records.

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LETTER OF TRANSMITTAL

The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management. This internal control structure includes maintaining written policies and procedures. Discussion and analysis of fiduciary net position and related additions and deductions are presented in the Management Discussion and Analysis which can be found immediately following the Independent Auditor's Report.

Independent Auditors and Actuary

The Office of the Auditor General (OAG), independent auditors, conducted an annual audit of the System. The independent auditor's report on the System's financial statements is included in the Financial Section in this report.

An actuarial valuation is conducted annually. The purpose of the valuation is to evaluate the mortality, service, compensation, and other financial experience of the System and to recommend employer contributions for the subsequent year. The annual actuarial valuation was completed by Gabriel, Roeder, Smith & Company for the fiscal year ended September 30, 2024, and recommends employer contributions for the fiscal year ended September 30, 2025. Actuarial certification and supporting statistics are included in the Actuarial Section of this report.

Management's Discussion and Analysis (MD&A)

Generally Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the Basic Financial Statements in the form of an MD&A. This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the Independent Auditor's Report.

PROFILE OF THE GOVERNMENT

Public Act 234 of 1992 authorized the merger of the Probate Judges' Retirement Fund into the Judges' Retirement Fund by requiring the consolidation of all assets, rights, and obligations under the former Judges' and Probate Judges' Retirement Funds to establish the Judges' Retirement System. A 9-member board and the director of the Department of Technology, Management, and Budget (DTMB), govern the system. Executive Order 2015-13 created a State of Michigan Retirement Board responsible for the functions, duties, and responsibilities of the State Employees' Retirement System, the Judges' Retirement System, and the Military Retirement Provisions. Public Act 523 of 1996, effective March 31, 1997 closed the plan to new entrants. Judges' or state officials newly appointed or elected on or after March 31, 1997, become members of the State's defined contribution (DC) plan. The System serves approximately 520 members. Financing comes from member contributions, court filing fees as provided under law, investment earnings, and legislative appropriations. A detailed plan description is included in Note 1 of the Financial Section in this report.

ECONOMIC CONDITIONS AND OUTLOOK

Despite a long-term mix of both challenging and robust economic times, the System continues to show steady performance.

Investments

The State of Michigan Investment Board is the investment fiduciary and custodian of all investments of the System pursuant to State law. The primary investment objective is to maximize the rate of return on the total investment portfolio, consistent with a high degree of prudence and sufficient diversity to eliminate inordinate risks and to meet the actuarial assumption for the investment rate of return. The investment activity for the year produced a total rate of return on the portfolio of 9.0 percent for the pension plan and 9.3 percent for the other postemployment benefits (OPEB) plan. For the last five years, the System has experienced an annualized rate of return of 10.2 percent for the pension plan and 9.5 percent for the OPEB plan. A summary of asset allocation and rates of return is presented in the Investment Section of this report.

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Accounting System

Transactions of the System are reported on the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when incurred. Participants' benefits are recorded when payable by law. We believe that the accounting and administrative internal controls established by the System provide reasonable assurance the System is carrying out its responsibilities in safeguarding its assets, in maintaining the reliability of the financial records for preparing financial statements, and in maintaining accountability for its assets.

Funding

Funds are derived from the excess of additions to plan fiduciary net position over deductions from plan fiduciary net position. Funds are accumulated by the System to meet future benefit obligations to retirees and beneficiaries. The percentage computed by dividing the actuarial value of assets by the actuarial accrued liability is referred to as the "funded ratio." This ratio provides an indication of the funding status of the System and generally, the greater this percentage, the stronger the System.

Pension - The actuarial value of the assets and actuarial accrued liability for pension benefits of the System were \$255.7 million and \$248.3 million, respectively, resulting in a funded ratio of 103.0 percent as of September 30, 2024. A historical perspective of funding levels for the Pension Plan is presented on the Schedule of Funding Progress in the Actuarial section of this report.

OPEB – Prefunding for OPEB began in fiscal year 2018. The actuarial value of the assets and actuarial accrued liability for OPEB were \$13.8 million and \$5.2 million, respectively, resulting in a funded ratio of 263.3 percent as of September 30, 2024. A historical perspective of funding levels is presented on the Schedule of Funding Progress in the Actuarial section in this report.

MAJOR GOALS ACCOMPLISHED

Atlas modernization project RFP completion

ORS reached a major milestone in its Atlas modernization project with the August 2025 request for proposal (RFP) release.

The modernization project ensures ORS can continue delivering high-quality retirement services while meeting evolving needs of our customers, employers, and internal teams. The RFP seeks a vendor to help ORS create an integrated multi-platform cloud-based technology suite enabling agility in workflows and creating better user experiences.

Human-centered design (HCD) is an incorporated focal point for our organization, so ORS, Agency Services Supporting Retirement, and the Department of Technology, Management and Budget are leveraging HCD for all facets of the modernization.

The project seeks to reimagine miAccount and Employer Self-Service and replace Clarity, our legacy retirement information technology system. The project also integrates Microsoft Dynamics 365 as our Siebel successor for customer relationship management, enhancing the integration, engagement, and scalability of business applications.

The RFP was posted to the State of Michigan's SIGMA site, with pre-proposal meetings Sept. 8-12, 2025, written bidder questions due Oct. 1, 2025, and bid proposals due 11:59 a.m. Oct. 16, 2025.

Submitted bid evaluations run from late October through mid-December in 2025. Once a vendor is chosen in spring 2026, five phases of planning and implementation will start.

Intranet migration and upgrade

The ORS intranet site has undergone a makeover and transformation.

What was previously known as Compass is now Inside ORS, following our migration from Classic SharePoint to Modern SharePoint effective June 2025.

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LETTER OF TRANSMITTAL

Inside ORS is designed with Microsoft Teams in mind — both platforms serve ORS in complementary ways. Unlike Compass, which had permission-based access to certain areas, Inside ORS is largely open, making it easier for staff to find what they need.

The change was necessary because Compass relied on a heavily customized version of Classic SharePoint (SharePoint 2013), in use since January 2016.

The new site was developed over several months through collaboration with various work areas, groups, and subject matter experts. The goal was to streamline internal information and improve accessibility while maintaining a cohesive design.

Inside ORS offers a centralized portal for current information, documents, tools, events, and links. It also encourages collaboration, interaction, and communication across the organization.

The upgrade saves staff time and effort with simplified navigation and improved access.

The migration allowed ORS to embrace human-centered design and integrate more fully with Microsoft 365 tools, better supporting our evolving communication and collaboration needs.

LinkedIn

ORS launched its LinkedIn presence in June 2025.

The newest social media channel for ORS is being used to share major agency news, highlight recent awards and achievements, and post job opportunities.

While not used as frequently as our other social media channels, which focus on member communication, LinkedIn provides a place to showcase our work and connect with the professional community.

ORS also has social media presences on Facebook, Instagram, X, and YouTube.

New e-learning modules for DevOps tool

The development operations (DevOps) tool has been part of the ORS development landscape for about three years.

DevOps is the Microsoft Azure platform we use to manage and track progress for various projects, including software development, information technology work, data requests, rapid response, and more.

With its prevalent use because of our Agile adoption, there was a growing need for internal understanding of how to extensively use DevOps. Agile is an approach that divides work into phases, emphasizing collaboration, flexibility, frequent value delivery, and continuous improvement with a customer, user or product focus.

To fill the gap, five e-learning modules were created to better train product owners, subject matter experts, testers, developers, and others on the tool's usage.

For ORS purposes, DevOps is organizationally segmented for service requests for internal support tools and proof of concept for testing new ideas. As business demands deepen, these modules offer scenarios to comprehensively understand DevOps.

Concepts taught include a primer on terms, how user stories are put into action, and navigating the tool's five areas. Each module takes an estimated 15 minutes to complete, dependent on the user's learning curve.

Office of Retirement Services new hire orientation modules

Two e-learning modules were developed to welcome new employees to ORS starting in March 2025.

While past orientations focused on rules and regulations, the new modules take a more personal approach to help staff get to know the people and processes of ORS.

New hires receive a link to *Orientation, Part 1*, in a welcome letter from their supervisor or manager. They're asked to view the module prior to their first day of employment for an overview of where to park, where to eat, and what to expect during their first weeks on the job.

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LETTER OF TRANSMITTAL

After employment begins, new hires are assigned *Orientation, Part 2*, through the ORS Learning Center. Employees hear about the members and retirees ORS serves and learn why the work ORS does is so important.

Throughout both orientation modules, videos, images, and maps provide a tour of the building, an introduction to our culture, and a warm welcome from various staff. All five members of our Executive Process Council appear in the modules.

ORS filmed and edited video segments and used the Articulate Storyline 360 digital learning authoring software to design the modules.

Public 152 of 2024

Beginning April 10, 2025, the State of Michigan employer match increased for Judges Retirement System (JRS) Defined Contributions (DC) Plan participants from 3% to 5% of their gross wages. The change is the result of Public Act 152 of 2024.

JRS DC Plan participants received letters notifying them of the change starting Friday, March 14, 2025.

JRS-affiliated judicial funding units received emails informing them of the increase and providing frequently asked questions (FAQs).

ORS updated its internal solution finder with FAQs for ORS staff.

Roth 457 implementation for SECURE 2.0 Act

The Roth 457 deferred compensation retirement option was created to allow post-tax contributions by active employees with the State Employees' Retirement System (SERS), State Police Retirement System (SPRS), Judges Retirement System (JRS), and Michigan Public School Employees' Retirement System (MPSERS).

The Roth 457 option became available to SERS, SPRS, and JRS members on May 2, 2025, and to MPSERS members as of Sept. 22, 2025. The expansions were made in preparation for future requirements of the federal Setting Every Community Up for Retirement Enhancement (SECURE) 2.0 Act.

The Roth option in the State of Michigan 401(k) and 457 Plans (the Plans) allows members to save more because, unlike a Roth individual retirement account, designated Roth accounts in a 457 Plan have no adjusted gross income limitation and the annual contribution limit is higher. Designated Roth accounts in a 401(k) or 457 Plan are no longer subject to Required Minimum Distribution rules.

ORS contracts with Voya Financial to administer, advise, and provide information on the Plans in accordance with the State of Michigan 457 and 401(k) Plan Documents issued by ORS.

The changes affected the information technology systems, policies, websites, and communications of ORS, State of Michigan payroll, and Voya. For MPSERS, public school reporting units payroll vendors and programmers also adopted the changes, which were included in the Reporting Instruction Manual for reporting units.

INTRODUCTORY SECTION

LETTER OF TRANSMITTAL

HONORS

Public Pension Standards Award

ORS was awarded the 2025 Standards Award from the Public Pension Coordinating Council Standards Program (PPCC) for both funding and administration. ORS has received these awards every year since 2004. The PPCC Standards reflect expectations for public retirement system management and administration and serve as a benchmark for all DB public plans to be measured.

Government Finance Officers Association Award

The Government Finance Officers Association (GFOA) of the United States and Canada awarded the retirement system with the Certificate of Achievement for Excellence in Financial Reporting for the fiscal year 2024 Annual Comprehensive Financial Report (ACFR). This marks the 34th consecutive year ORS has received this prestigious award.

National Association of Government Defined Contribution Administrators Leadership Award

The 2025 Leadership Award from the National Association of Government Defined Contribution Administrators in the Holistic Financial Wellness category for our How Do I ...? campaign with Voya Financial. Conducted June 2024 to February 2025, the campaign provided State of Michigan 401(k) and 457 Plans participants with targeted communications about their retirement plans and retirement healthcare benefits. It encouraged engagement and interactions with Plans administrator Voya Financial through webinars, one-on-one appointments, and account reviews as well as with ORS.

America Saves Savings Champion Award

The 2025 Savings Champion Award from America Saves for outstanding promotions of savings strategies during America Saves Week (April 6-12, 2025). The theme was staying the course with your financial goals. Website and social media content, newsletters, and internal outreach emphasized long-term planning, mindful spending during inflation, and savings strategy reviews.

ACKNOWLEDGEMENTS

The preparation of this report was accomplished with the dedication and cooperation of many people. It is intended to provide complete and reliable information as a basis for making management decisions, as a means of determining compliance with legal provisions, and as a means for determining responsible stewardship of the funds of the System.

We would, therefore, like to express our appreciation for the assistance given by staff, the advisors, and the many people who contributed to its preparation. We believe their combined efforts have produced a report that will enable employers and plan members to better evaluate and understand the System. Their cooperation contributes significantly to the success of the System.

Sincerely,



Michelle Lange, Director
Department of Technology, Management, & Budget



Anthony J. Estell, Director
Office of Retirement Services

INTRODUCTORY SECTION

ADMINISTRATIVE ORGANIZATION

RETIREMENT BOARD MEMBERS*

As of January 23, 2026

Lorie Barnwell
General Public
Term Expires December 31, 2027

Ann Marie Storberg
Ex-officio Member Representing
State Treasurer

Timothy Hughes
Active State Employee
Term Expires December 31, 2028

Noelle Rouse
Ex-officio Member Representing
State Personnel Director

Lauri Schmidt, Chair
Retired State Employee
Term Expires Dec. 31, 2027

Lisa Geminick
Ex-officio Member Representing
Attorney General

Craig Murray
Ex-officio Member Representing
Auditor General

Judge Leo Bowman
Retired Judge, Vice Chair
Term Expires Dec. 31, 2025

Col. Jason Evans
Michigan National Guard
Term Expires Dec. 31, 2026

* Statute provides that board members may continue to serve after their term expires until they are replaced or reappointed.

ADVISORS AND CONSULTANTS

As of January 23, 2026

Actuaries

Gabriel, Roeder, Smith & Co.
Mita D. Drazilov
Southfield, Michigan

Independent Auditors

Doug A. Ringler, C.P.A., C.I.A.
Auditor General
State of Michigan

Investment Manager and Custodian

Rachael Eubanks
State Treasurer
State of Michigan

Legal Advisor

Dana Nessel
Attorney General
State of Michigan

Investment Performance Measurement

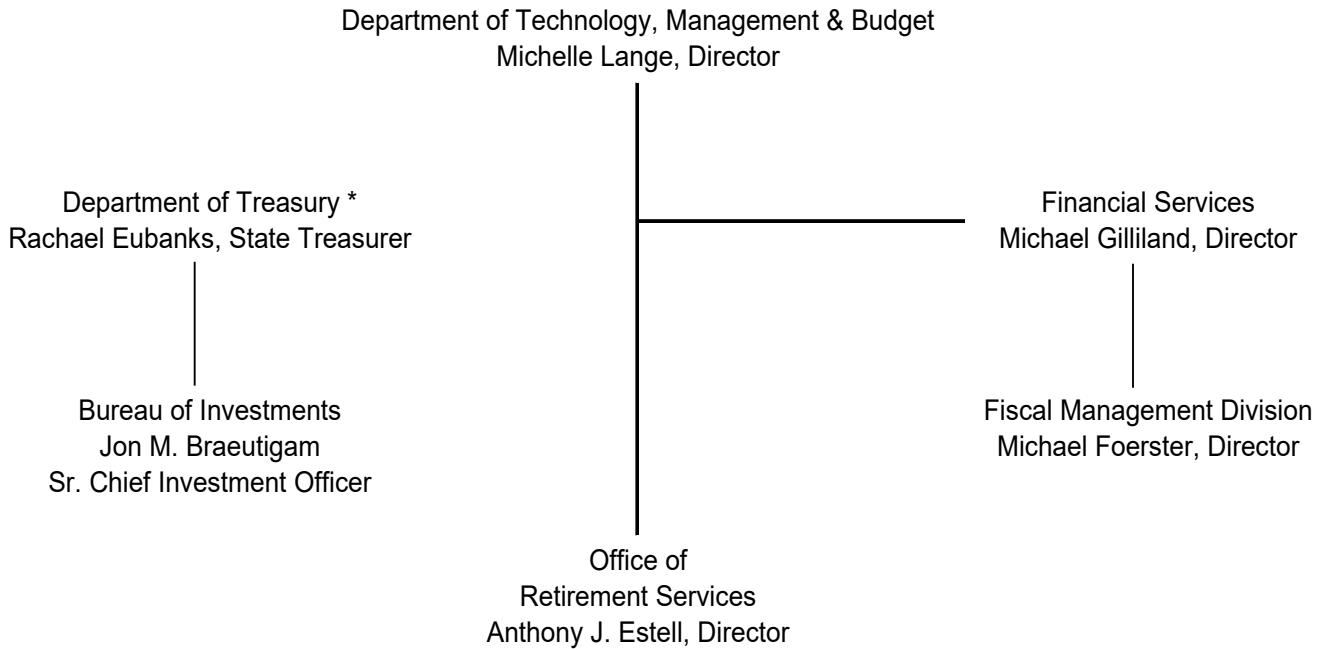
State Street Corporation
State Street Investment Analytics
Boston, MA

INTRODUCTORY SECTION

ADMINISTRATIVE ORGANIZATION

ORGANIZATION CHART

As of January 23, 2026



* The investments of the System are managed by the Michigan Department of Treasury. Information on the investments and the fiduciary, State of Michigan Investment Board, can be found in the Investment Section, Introduction. In addition, see the Investment Section, Schedule of Investment Fees (page 71) and Schedule of Investment Commissions (page 72), for information regarding the investment fees and commissions paid as well as investment professionals utilized by the System.

INTRODUCTORY SECTION

ADMINISTRATIVE ORGANIZATION

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FINANCIAL SECTION

Independent Auditor's Report
Management's Discussion and Analysis
Basic Financial Statements
Notes to Basic Financial Statements
Required Supplementary Information
Note to Required Supplementary Information
Supporting Schedules



OAG

Office of the Auditor General

201 N. Washington Square, Sixth Floor • Lansing, Michigan 48913 • Phone: (517) 334-8050 • audgen.michigan.gov

Doug A. Ringler, CPA, CIA
Auditor General

Independent Auditor's Report on the Financial Statements
and Other Reporting Required by *Government Auditing Standards*

Lauri Schmidt, Chair
State of Michigan Retirement Board
Stevens T. Mason Building
and
Michelle Lange, Director
Department of Technology, Management, and Budget
Elliott-Larsen Building
and
Anthony J. Estell, Director
Office of Retirement Services
Stevens T. Mason Building
Lansing, Michigan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Michigan Judges' Retirement System (System), a fiduciary component unit of the State of Michigan, as of and for the fiscal year ended September 30, 2025 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 fiduciary net position of the Michigan Judges' Retirement System as of September 30, 2025 and the changes in fiduciary net position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the System and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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



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Office of the Auditor General

Doug A. Ringler, CPA, CIA
Auditor General

Lauri Schmidt, Chair
Michelle Lange, Director
Anthony J. Estell, Director
Page 2

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability, schedule of changes in net OPEB liability, schedules of contributions, schedules of investment returns, and related note, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of



OAG

Office of the Auditor General

Doug A. Ringler, CPA, CIA
Auditor General

Lauri Schmidt, Chair
Michelle Lange, Director
Anthony J. Estell, Director
Page 3

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 an opinion on the financial statements that collectively comprise the System's basic financial statements. The supporting schedules, as listed in the table of contents, 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 auditing standards generally accepted in the United States of America. In our opinion, the supporting schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory, investment, actuarial, and statistical sections and acknowledgments, as listed in the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we will also issue a report dated January 23, 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.

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

Doug Ringler
Auditor General
January 23, 2026

FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Michigan Judges' Retirement System's (System) financial performance provides an overview of the System's financial activities for the fiscal year ended September 30, 2025. Please read it in conjunction with the transmittal letter in the Introductory Section on page 4 and the basic financial statements, which follow this discussion.

FINANCIAL HIGHLIGHTS

- System assets exceeded liabilities at the close of fiscal year 2025 by \$289.9 million (reported as *Net Position Restricted for Pension Benefits and OPEB*). Fiduciary net position is restricted to meet future benefit payments.
- Additions for the year were \$25.9 million, which are comprised primarily of member contributions of \$0.3 million, employer contributions of \$0.9 million, and net investment income of \$24.6 million.
- Deductions for the year were \$26.0 million, which are comprised primarily of retirement benefits of \$25.1 million, health benefits of \$0.5 million, and administrative and other expenses of \$0.4 million.

THE STATEMENT OF PLAN FIDUCIARY NET POSITION AND THE STATEMENT OF CHANGES IN PLAN FIDUCIARY NET POSITION

This Annual Comprehensive Financial Report (ACFR) consists of two financial statements; The *Statement of Pension Plan and Other Postemployment Benefit Plan Fiduciary Net Position* (page 20) and The *Statement of Changes in Pension Plan and Other Postemployment Benefit Plan Fiduciary Net Position* (page 21). These financial statements report information about the System, as a whole, and about its financial condition that should help answer the question: Is the System, as a whole, better off or worse off as a result of this year's activities? These statements include all assets and liabilities using the economic resources measurement focus and the accrual basis of accounting, all revenues and expenses are taken into account regardless of when cash is received or paid.

The *Statement of Pension Plan and Other Postemployment Benefit Plan Fiduciary Net Position* presents all the System's assets and liabilities, with the difference between the two reported as fiduciary net position. Over time, increases and decreases in fiduciary net position measure whether the System's financial position is improving or deteriorating. The *Statement of Changes in Pension Plan and Other Postemployment Benefit Plan Fiduciary Net Position* presents how the System's fiduciary net position changed during the most recent fiscal year. These two financial statements should be reviewed along with the Schedule of Changes in Net Pension Liability (Asset) (page 46), the Schedule of Changes in Net OPEB Liability (Asset) (page 48), and Schedules of Contributions (page 50) to determine whether the System is becoming financially stronger or weaker.

FINANCIAL ANALYSIS

System total assets as of September 30, 2025, were \$303.1 million and were mostly comprised of investments and securities lending collateral. Total assets decreased \$0.8 million or 0.3% between fiscal years 2024 and 2025 due primarily to a decrease in total investments and securities lending collateral.

Total liabilities as of September 30, 2025, were \$13.2 million and were comprised of unearned revenue, accounts payable and obligations under securities lending. Total liabilities decreased \$0.7 million or 5.3% between fiscal years 2024 and 2025 due primarily to a decrease in obligations under securities lending.

System assets exceeded its liabilities at the close of fiscal year 2025 by \$289.9 million. Total net position restricted for pension and OPEB decreased \$0.1 million or 0.03% between fiscal years 2024 and 2025 due primarily to a decrease in total investments.

FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS

PLAN FIDUCIARY NET POSITION

(in thousands)

	<u>2025</u>	<u>2024</u>	<u>Increase (Decrease)</u>
Assets			
Equity in common cash	\$ 7,281	\$ 7,040	3.4 %
Receivables	220	215	2.2
Investments	282,468	282,768	(0.1)
Securities lending collateral	13,096	13,870	(5.6)
Total assets	<u>303,065</u>	<u>303,893</u>	<u>(0.3)</u>
Liabilities			
Unearned revenue	7	9	(15.1)
Accounts payable and other accrued liabilities	79	39	102.5
Obligations under securities lending	13,096	13,870	(5.6)
Total liabilities	<u>13,183</u>	<u>13,918</u>	<u>(5.3)</u>
Net Position Restricted for Pension Benefits and OPEB	<u>\$ 289,882</u>	<u>\$ 289,975</u>	<u>0.03 %</u>

ADDITIONS TO PLAN FIDUCIARY NET POSITION

The reserves needed to finance pension and other postemployment benefits are accumulated through the collection of member contributions, employer contributions, and earnings on investments. Contributions and net investment income for fiscal year 2025 totaled \$25.9 million.

Total additions for fiscal year 2025 decreased approximately \$16.4 million or 38.7% from those of fiscal year 2024 due to decreased net investment income. Total employer contributions decreased between fiscal years 2024 and 2025 by \$0.1 million or 10.5%, while net investment income decreased \$16.2 million or 39.7%. The Investment Section of this report reviews the results of investment activity for fiscal year 2025.

DEDUCTIONS FROM PLAN FIDUCIARY NET POSITION

The primary deductions of the System include the payment of pension and health benefits to members and beneficiaries and the cost of administering the System. Retirement benefits, health benefits, and administrative and other expenses for fiscal year 2025 were \$26.0 million.

Total deductions for fiscal year 2025 decreased \$0.6 million or 2.2% from fiscal year 2024. Payments for health benefits for members and beneficiaries increased during the year by \$0.2 million or 75.8%. Health care benefits increased due to an increase in Optum Rx claims costs for fiscal year 2025. The payment of pension benefits increased by \$0.3 million or 1.2% between fiscal years 2024 and 2025.

FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS

CHANGES IN PLAN FIDUCIARY NET POSITION

(in thousands)

	2025	2024	Increase (Decrease)
Additions			
Member contributions	\$ 258	\$ 327	(21.0) %
Employer contributions	899	1,005	(10.5)
Other governmental contributions	191	245	(22.0)
Net investment income (loss)	24,584	40,741	(39.7)
Miscellaneous	16	14	11.3
Total additions	25,948	42,332	(38.7)
Deductions			
Pension benefits	25,142	24,835	1.2
Health care benefits	510	290	75.8
Refunds of contributions	-	1,084	(100.0)
Uncollectable receivable	4	-	N/A
Administrative and other expenses	385	404	(4.7)
Total deductions	26,041	26,614	(2.2)
Net Increase (Decrease) in Net Position	(93)	15,719	(100.6)
Net Position Restricted for Pension Benefits and OPEB:			
Beginning of Year	289,975	274,256	5.7
End of Year	\$ 289,882	\$ 289,975	0.03 %

RETIREMENT SYSTEM AS A WHOLE

The System's overall Fiduciary Net Position experienced a decrease in fiscal year 2025 of \$0.1 million. The System's rate of return for the Pension Plan's investments decreased by an overall 6.6% from a 15.6% return in fiscal year 2024, to a 9.0% return during fiscal year 2025. The System's rate of return for the OPEB Plan's investments decreased by an overall 5.0% from a 14.3% return in fiscal year 2024, to a 9.3% return during fiscal year 2025. Management believes that the System remains financially sound and positioned to meet its ongoing benefit obligations due, in part, to a prudent investment program, cost controls and strategic planning.

CONTACTING SYSTEM FINANCIAL MANAGEMENT

This financial report is designed to provide the Retirement Board, our membership, taxpayers, investors, and creditors with a general overview of the System's finances and to demonstrate the System's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Office of Retirement Services by phone at 1-800-381-5111, or visit the website at www.michigan.gov/ors/contact-ors.

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

STATEMENT OF PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFIT PLAN FIDUCIARY NET POSITION

As of September 30, 2025
(in thousands)

	Pension Plan	OPEB Plan	Total
Assets:			
Equity in common cash	\$ 3,574	\$ 3,707	\$ 7,281
Receivables:			
Amounts due from employers	9	-	9
Amounts due from federal agencies - current	-	29	29
Amounts due from federal agencies - non-current	-	89	89
Amounts due from other	-	91	91
Interest and dividends	2	-	2
Total receivables	11	209	220
Investments:			
Short-term investment pools	7,237	313	7,550
Fixed income pools	70,932	3,434	74,366
Domestic equity pools	43,660	1,913	45,573
Real estate and infrastructure pools	13,807	255	14,062
Private equity pools	43,278	1,915	45,193
International equity pools	32,213	1,260	33,473
Absolute return pools	40,973	1,749	42,722
Real return and opportunistic pools	18,969	560	19,529
Total investments	271,069	11,399	282,468
Securities lending collateral	12,652	444	13,096
Total assets	287,306	15,759	303,065
Liabilities:			
Unearned revenue	-	7	7
Accounts payable and other accrued liabilities	27	53	79
Obligations under securities lending	12,652	444	13,096
Total liabilities	12,679	504	13,183
Net Position Restricted for Pension Benefits and OPEB:	\$ 274,627	\$ 15,255	\$ 289,882

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

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFIT PLAN FIDUCIARY NET POSITION

For Fiscal Year Ended September 30, 2025
(in thousands)

	Pension Plan	OPEB Plan	Total
Additions:			
Contributions:			
Member contributions	\$ 149	\$ 110	\$ 258
Employer contributions	899	-	899
Other governmental contributions	-	191	191
Total contributions	1,048	300	1,348
Investment income (loss):			
Net increase (decrease) in fair value of investments	17,613	892	18,505
Interest, dividends, and other	6,616	392	7,008
Investment expenses:			
Other investment expenses	(918)	(49)	(967)
Securities lending activities:			
Securities lending income	604	21	626
Securities lending expenses	(569)	(20)	(588)
Net investment income (loss)	23,347	1,237	24,584
Miscellaneous income	-	16	16
Total additions	24,395	1,553	25,948
Deductions:			
Benefits paid to plan members and beneficiaries:			
Retirement benefits	25,142	-	25,142
Health benefits	-	510	510
Uncollectable receivable	-	4	4
Administrative and other expenses	337	48	385
Total deductions	25,479	562	26,041
Net Increase (Decrease) in Net Position	(1,083)	990	(93)
Net Position Restricted for Pension Benefits and OPEB:			
Beginning of Year	275,710	14,265	289,975
End of Year	\$ 274,627	\$ 15,255	\$ 289,882

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

FINANCIAL SECTION

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 – PLAN DESCRIPTION

ORGANIZATION

The Michigan Judges' Retirement System (System) is a single-employer, state-wide, defined benefit public employee retirement plan and fiduciary component unit of the State of Michigan (State), created under Public Act 234 of 1992, which consolidated the former Judges' and Probate Judges' Retirement Systems into one retirement system. Section 204 of this Act establishes the board's authority to promulgate or amend the provisions of the System. Executive Order 2015-13 signed by the Governor on October 27, 2015 established the State of Michigan Retirement Board. The executive order establishes the board's authority to promulgate or amend the provision of the System. The board consists of nine members:

- The Attorney General
- The State Treasurer
- The Legislative Auditor General
- The State Personnel Director
- One member or retirant of the State Employees' Retirement System appointed by the Governor
- One member or retirant of the Judges' Retirement System appointed by the Governor
- One current or former officer or enlisted person in the Michigan military establishment who is a member or retirant under the Military Retirement Provisions appointed by the Governor
- One retirant member of the State Employees' Retirement System appointed by the Governor
- One member of the general public appointed by the Governor

The System's pension plan was established to provide retirement, survivor and disability benefits to judges in the judicial branch of state government. In addition, the System's OPEB plan provides all retirees with the option of receiving health, dental, and vision coverage under the Michigan Judges' Retirement Act. There are 23 participating courts. The System also includes the Governor of the State of Michigan, Lieutenant Governor, Secretary of State, Attorney General, Legislative Auditor General, and the Constitutional Court Administrator if elected prior to March 31, 1997. Officials elected on or after March 31, 1997, are part of the Defined Contribution Retirement Plan. The System is a qualified pension trust fund under section 401(a) of the Internal Revenue Code.

The System is a fiduciary component unit of the State and its financial statements are included as a pension (and other employee benefit) trust fund in the State of Michigan Annual Comprehensive Financial Report.

The System is administered by the Office of Retirement Services within the Michigan Department of Technology, Management & Budget (DTMB). The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State of Michigan Investment Board serves as the investment fiduciary and custodian for the System.

FINANCIAL SECTION

NOTES TO BASIC FINANCIAL STATEMENTS

MEMBERSHIP

At September 30, 2025, the System's pension plan membership consisted of the following:

Inactive plan members or their beneficiaries currently receiving benefits:	
Regular benefits	351
Survivor benefits	149
Disability benefits	<u>5</u>
Total	505
Inactive plan members entitled to but not yet receiving benefits:	<u>-</u>
Active plan members:	
Vested	15
Non-vested	<u>-</u>
Total	15
Total plan members	<u>520</u>

Plan 1 or 2 members (Supreme Court Justice, Court of Appeals, or elected officials) may enroll in the State Health Plan when they retire, and their health premium rate is subsidized. All other members may enroll in the State Health Plan if they wish to, but they must pay the entire premium cost. The number of participants is as follows:

Subsidized OPEB Plan

Participants eligible for subsidized benefits:	
Retirees and Survivors	44
Inactive vested members	26
Active members	34
Participants receiving subsidized benefits:	
Health	44
Expenses for the year (in thousands)	\$ 562
Employer payroll contribution rate	- %

FINANCIAL SECTION

NOTES TO BASIC FINANCIAL STATEMENTS

BENEFIT PROVISIONS - PENSION

Introduction

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 234 of 1992, Michigan Judges' Retirement Act, as amended, establishes eligibility and benefit provisions for the defined benefit pension plan. Retirement benefits are determined by final compensation and years of service. Members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits.

A member who leaves judicial service may request a refund of his or her member contribution account. A refund cancels a former member's rights to future benefits. Returning members who previously received a refund of their contributions may reinstate their service credit through repayment of the refund upon satisfaction of certain requirements. For salary, contribution and calculation of retirement benefit, the membership of the System is categorized into seven plans. The categories are based on the position to which the member was elected or appointed. Public Act 523 of 1996, effective March 31, 1997, closed the plan to new entrants. Judges or State officials newly appointed or elected on or after March 31, 1997 become members of the defined contribution plan.

Regular Retirement

The retirement benefit or allowance is calculated in accordance with the formula of the plan, which applies to the member. The formula is based on a member's years of credited service (employment) and final compensation. The normal retirement benefit is payable monthly over the lifetime of a member.

A member may retire and receive a monthly benefit after attaining:

- age 60 with 8 or more years of credited service; or
- age 55 with 18 or more years of credited service (the last 6 years continuous); or
- 25 or more years of service, the last 6 years continuous; no age requirement; or
- age 60 with service of two full terms in the office of Governor, Lieutenant Governor, Secretary of State, or Attorney General, or one full term in the office of Legislative Auditor General.

Early Retirement

A member may retire early with a permanently reduced pension:

- after completing at least 12 but less than 18 years of service, of which the last 6 years are continuous; and
- after attaining age 55.

The early pension is computed in the same manner as a regular pension but is permanently reduced 0.5% for each full and partial month between the pension effective date and the date the member will attain age 60.

Deferred Retirement

A member with 8 or more years of credited service who terminates judicial service before meeting the age requirements to receive a retirement allowance and who does not withdraw his or her contributions, is entitled to receive a monthly allowance upon reaching age 60 or age 55 with 18 years of service, the last 6 of which were continuous.

Disability Benefit

A member with 8 or more years of credited service who is totally disabled from physically or mentally performing his or her duties is eligible for a disability pension. The disability benefit is computed in the same manner as an age and service allowance based upon service and final salary at the time of disability.

Pension Payment Options

A pension is payable monthly for the lifetime of a System retiree and equals 3% of final salary times years of service for up to 12 years of service; or 50% of salary with 12 years, increased 2.5% for each additional year up to a maximum of 60% of salary. A former retiree of the Probate Judges' Retirement System receives 3% of salary times years of service, to a maximum of the greater of 40% of salary or \$15,000 but not to exceed 66 2/3% of final salary when added to a county pension; or 3.5% of salary times years of service with a maximum of two thirds of final salary, if elected.

FINANCIAL SECTION

NOTES TO BASIC FINANCIAL STATEMENTS

Straight Life

This option provides the highest monthly retirement allowance. Surviving spouse receives a 50% survivor's benefit.

Option A

Under this option, after the retiree's death, the beneficiary will receive 100% of the pension for the remainder of the beneficiary's lifetime. If this option is elected, the normal retirement benefit is reduced by a factor based upon the ages of the retiree and of the beneficiary.

Option B

Under this option, after the retiree's death, the beneficiary will receive 50% of the pension for the remainder of the beneficiary's lifetime. If this option is elected, the normal retirement benefit is reduced by a factor based upon the ages of the retiree and of the beneficiary. The reduction factor is smaller than the factor used in Option A above.

Survivor Benefit

A survivor benefit may be paid if 1) a member who has 8 or more years of credited service dies while in office, 2) a vested former member dies before retirement, or 3) a retiree dies following retirement.

Contributions

Member Contributions

Members currently participate on a contributory basis. For contribution purposes, the membership of the System is categorized in seven plans, which are based on the position to which the member was elected or appointed.

Under certain circumstances, members may contribute to the System for the purchase of creditable service, such as military service or other public service. If a member terminates covered employment before a retirement benefit is payable, the member's contribution and interest on deposit may be refunded. If the member dies before being vested, the member's contribution and interest are refunded to the designated beneficiaries.

Publicly Financed Contributions

There are two public sources which fund retirement benefits: Court fees and State appropriations. The State contributes annually the greater of 3.5% of the aggregate annual compensation of State-paid base salaries, or the difference between the total actuarial requirement of current service and unfunded accrued liabilities minus the revenues from court filing fees and member contributions. If the court fees deposited in the reserve for employer contributions equal the amount needed in addition to other publicly financed contributions to sustain the required level of publicly financed contributions, Section 304(4) of Judges' Retirement Act requires court fees be deposited in the court fee fund. A chart showing the publicly financed contribution rates is included in Note 3.

Public Act 95 of 2002 authorizes the State Treasurer, if funds remain in the court fee fund after transfers, to transmit a portion of the money in the court fee fund and any earnings on those amounts to the reserve for health benefits. The purpose of this transfer is to pay expected health care costs for the subsequent fiscal year that are not covered as a result of employee contributions. For fiscal year 2025, this amount was \$0.

BENEFIT PROVISIONS – OTHER POSTEMPLOYMENT

Benefit provisions of the other postemployment benefit (OPEB) plan are established by State statute, which may be amended. Public Act 234 of 1992, as amended, establishes eligibility and benefit provisions for the OPEB plan. Members are eligible to receive health, prescription drug, dental, and vision coverage on the first day they start receiving pension benefits. There is no provision for ad hoc or automatic increases. The Judges' Retirement Act requires joint authorization by DTMB and the Civil Service Commission to make changes to retiree medical benefit plans.

Under the Michigan Judges' Retirement Act, Plan 1 or 2 members may enroll in the State Health Plan when they retire. If a Plan 1 or 2 benefit recipient is a former member of the defined benefit pension plan, then eighty percent of the health insurance premium is paid by the System until age 65, at which time Medicare provides primary health insurance coverage and is fully paid by the System.

FINANCIAL SECTION

NOTES TO BASIC FINANCIAL STATEMENTS

Plan 1 and 2 benefit recipients that are former qualified participants in the defined contribution plan and were never members of the defined benefit pension plan, receive a graded health insurance premium subsidy paid by the System. The graded premium subsidy is based upon Medicare eligibility and years of service. For those that are not Medicare eligible the premium subsidy is a percentage of the maximum 80% pre-Medicare premium subsidy. For those that are Medicare eligible, it is a percentage of the maximum 100% Medicare premium subsidy. The following State paid graded premium subsidy applies:

- 4 years of service: 50% of the applicable subsidy (80% non-Medicare, 100% Medicare)
- 5 years of service: 75% of the applicable subsidy (80% non-Medicare, 100% Medicare)
- 6 or more years of service: 90% of the applicable subsidy (80% non-Medicare, 100% Medicare)

All other members may enroll in the State Health Plan during an open enrollment period. The total premium is paid by the member. The active employee payroll contribution rate to fund health benefits for the Plan 1 or 2 members was 2.0% for fiscal year 2025. The employer contributes to fund health benefits based upon the results of the annual System retiree healthcare actuarial valuation.

All retirees may enroll in the state dental and/or vision plan during an open enrollment period. The total premium is paid by the member.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING AND PRESENTATION

The System is a fiduciary component unit of the State and as such, is included in the pension (and other employee benefit) trust fund financial statements in the State's Annual Comprehensive Financial Report. Court filing fees are recognized as revenue in the period received since amount of court fee revenue is unknown. Contributions from the State are recognized as revenue when due and payable. Benefits and refunds are recognized when due and payable in accordance with the terms of the System.

Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*, as amended, and Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, which were adopted during the year ended September 30, 2014 and 2017, addresses accounting and financial reporting requirements for pension and other postemployment benefit plans, respectively. The requirements for both GASB Statement No. 67 and 74 require changes in presentation of the financial statements, notes to the financial statements, and required supplementary information. Significant changes include an actuarial calculation of the total and net pension and other postemployment benefit liabilities. It also includes comprehensive note disclosures regarding the pension and other postemployment benefit liability, the sensitivity of the net pension and other postemployment benefit liability to the discount rate, and increased investment activity disclosures. The implementation of GASB Statement No. 67 and 74 did not significantly impact the accounting for accounts receivable and investment balances. The total pension and other postemployment benefit liability, determined in accordance with GASB Statement No. 67 and 74, is presented in Note 4 on page 29, Note 5 on page 33, and in the Required Supplementary Information beginning on page 46.

As of September 30, 2016, the System applies GASB Statement No. 72, *Fair Value Measurement and Application*, as amended. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

RESERVES

Public Act 234 of 1992, as amended, created several reserves. The reserves are described below and details are provided in the supporting schedules.

Reserve for Employee Contributions

This reserve represents active member contributions, payments for the purchase of service credit, repayment of previously refunded contributions and interest less amounts transferred to the Reserve for Retirement Benefit Payments for regular and disability retirement, amounts refunded to terminated members, and transferring inactive reserves. At September 30, 2025, the balance in this reserve was \$12.1 million.

FINANCIAL SECTION

NOTES TO BASIC FINANCIAL STATEMENTS

Reserve for Employer Contributions

This reserve represents court fees, late fees, interest payments, employer contributions, and State appropriations. Amounts are transferred annually from this reserve to the Reserve for Retired Benefit Payments to fund that reserve. At September 30, 2025, the balance in this reserve was \$41.6 million.

Reserve for Retired Benefit Payments

This reserve represents the reserves for payment of future retirement benefits to current retirees. At retirement, a member's accumulated contributions plus interest are transferred into this reserve from the Reserve for Employee Contributions and the Reserve for Employer Contributions. Monthly benefits, which are paid to the retiree, reduce the reserve. At the end of each fiscal year, an amount is transferred from the Reserve for Employer Contributions to bring the reserve into balance with the actuarial present value of retirement allowances. At September 30, 2025, the balance in this reserve was \$222.0 million.

Reserve for Undistributed Investment Income

This reserve is credited with investment earnings, gifts to the System, and forfeited contributions. All administrative expenses are paid from this reserve and interest is transferred annually to the other reserves. At September 30, 2025, the balance in this reserve was \$(1.1) million.

Reserve for Health (OPEB) Related Benefits

This reserve is credited with OPEB investment earnings and member contributions for retirees' health, dental, and vision benefits. Starting in fiscal year 2018, the employer contributions is based on a prefunded basis and represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liability (or funding excess) over a period not to exceed thirty years. The actual annual contributions have, in some years, been less than the actuarially determined contribution (ADC). In addition, in fiscal year 2025, this reserve includes revenue from the federal government for the Employee Group Waiver Plan (EGWP). Premiums for health, dental and vision benefits are paid from this reserve. At September 30, 2025, the balance in this reserve was \$15.3 million.

REPORTING ENTITY

The System is a fiduciary component unit of the State of Michigan. As such, the System financial statements are included as a pension (and other employee benefit) trust fund in the State of Michigan Annual Comprehensive Financial Report. The System and its Board are not financially accountable for any other entities or other organizations. Accordingly, the System is the only entity included in this financial report.

BENEFIT PROTECTION

Public Act 100 of 2002 was passed by the Michigan Legislature to protect pension benefits of public employees from alienation (being transferred). Alienation is attachment, garnishment, levy, execution, bankruptcy or other legal process except for divorce orders or eligible domestic relation orders. The statutes governing the System contained an "anti-alienation" clause to provide for this protection; however, many smaller public pension systems did not have the benefit of this protection. Therefore, Public Act 100 of 2002 was passed to establish legal protection of pension assets that encompasses all public employees.

INVESTMENTS

Generally, investments are reported at fair value, consistent with the provisions of GASB Statement No. 72. Short-term, highly liquid debt instruments including commercial paper are reported at amortized cost. Additional disclosures describing investments are provided in Note 6 on page 36.

INVESTMENT INCOME

Dividend and interest income is recognized on the accrual basis. Fair value changes are recorded as investment income or loss. Purchases and sales of investments are recorded as of the trade date (the date upon which the transaction is initiated), except for purchase and sale of mortgages, real estate, and private equity investments which are recorded as of the settlement date (the date upon which the transaction is ultimately completed). The effect of recording such transactions as of the settlement date does not materially affect the financial statements.

FINANCIAL SECTION

NOTES TO BASIC FINANCIAL STATEMENTS

COSTS OF ADMINISTERING THE SYSTEM

Each year a restricted general fund appropriation is requested to fund the ongoing business operations of the System. These administrative costs are ultimately funded by the System through the regular transfer of funds from the System to the State's general fund based on either a direct cost or allocation basis depending on the nature of the expense. Costs of administering the System are financed by undistributed investment income of the System.

PROPERTY AND EQUIPMENT

Office space is leased from the State on a year-to-year basis. Office equipment is capitalized if the value exceeds \$10,000. These assets are recorded at cost and are reported net of depreciation in the *Statement of Pension Plan and Other Postemployment Benefit Plan Fiduciary Net Position*. Such assets are depreciated on a straight-line basis over 10 years. The System does not have equipment that falls within these parameters.

RELATED PARTY TRANSACTIONS

Leases and Services

The System leases operating space and purchases certain administrative, data processing, legal and investment services from the State. The space and services are not otherwise available by competitive bid. The schedule below summarizes costs incurred by the System for such services.

	<u>2025</u>
Building Rentals	\$ 1,398
Technological Support	26,814
Attorney General	3,925
Investment Services	45,607
Personnel Services	160,973

Cash

At September 30, 2025, the System had \$7.3 million in a common cash investment pool maintained for various State operating funds. The participating funds in the common cash pool earn interest at various rates depending upon prevailing short-term interest rates. Earnings (Losses) from these activities amounted to \$79,079 for the year ended September 30, 2025.

EXCESS BENEFITS

Internal Revenue Service (IRS) Code Section 415 requires that, for individuals who receive retirement benefits in excess of established limits, these benefits are recorded and reported outside of the pension plan in order to keep the qualified status of the plan. This includes coordination of benefit issues whereby a retiree participates in more than one qualified plan. In fiscal year 2025, the System provided excess benefits to one retiree.

NOTE 3 – CONTRIBUTIONS

Members' contributions range from 3.5% to 7% of their salary depending on the plan (described in statute). Contributions are tax deferred under Section 414(h)(2) of the Internal Revenue Code, except for probate judges whose contributions are tax deferred only if the local unit of government has adopted a resolution to do so. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

The State contributes annually the greater of 3.5% of the aggregate annual compensation of State paid base salaries, or the difference between the total actuarial requirement of current service and unfunded actuarial liabilities minus the revenues from court filing fees and member contributions. Although contributions are expressed as a percentage of payroll, because the system is a closed plan, the actuarial valuation calculates a level dollar amount for funding purposes. For fiscal year 2025, an employer contribution in the amount of \$0.9 million was paid from the court fee fund. If the court fees deposited in the reserve for employer contributions equal the amount needed in addition to other publicly financed contributions to sustain the required level of publicly financed contributions, Section 304(4) requires court fees to be deposited in the court fee fund in the State Treasury. The State Treasurer transmits the money in the court fee fund, not exceeding \$2.2 million in any fiscal year, to the court equity fund for operational expenses of trial courts.

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NOTES TO BASIC FINANCIAL STATEMENTS

Employer contributions to the System are determined on an actuarial basis using the entry-age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry-age and assumed exit age. The normal cost is the annual cost assigned, under the actuarial funding method, to the current and subsequent plan years. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis.

Pension and OPEB contributions made in the fiscal year ending September 30, 2025, were determined as of the September 30, 2024 actuarial valuations. The pension and OPEB unfunded (overfunded) actuarial accrued liabilities (UAAL) as of September 30, 2024, are amortized over a 12-year period beginning October 1, 2024 and ending September 30, 2036.

The schedules below summarize pension and OPEB contribution rates in effect for fiscal year 2025.

Pension Contribution Rates

Benefit Structure	Member	Employer*
Supreme Court	5.0 %	- %
Court of Appeals	5.0	-
Elected Officials	5.0	-
Circuit Court	3.5 - 7.0	-
District Court	3.5 - 7.0	-
Probate Court	3.5 - 7.0	-

* Employer Contributions are paid through court fees.

OPEB Contribution Rates

Benefit Structure	Member	Employer*
Supreme Court	2.0 %	- %
Court of Appeals	2.0	-
Elected Officials	2.0	-
Circuit Court	-	-
District Court	-	-
Probate Court	-	-

* Employer Contributions are paid through court fees.

NOTE 4 – NET PENSION LIABILITY

MEASUREMENT OF THE NET PENSION LIABILITY (ASSET)

The net pension liability (asset) is to be measured as the total pension liability, less the amount of the pension plan's fiduciary net position. In actuarial terms, this will be the accrued liability less the fair value of assets (not the smoothed actuarial value of assets that is often encountered in actuarial valuations performed to determine the employer's contribution requirement).

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NOTES TO BASIC FINANCIAL STATEMENTS

Net Pension Liability (Asset)

(in thousands)

Total Pension Liability	\$	238,142
Plan Fiduciary Net Position		274,627
Net Pension Liability	\$	<u>(36,485)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability		115.32 %
Net Pension Liability as a Percentage of Covered Payroll		(1,126.95) %
Total Covered Payroll	\$	3,237

LONG-TERM EXPECTED RETURN ON PLAN ASSETS

The long-term expected rate of return on pension plan investments was determined using a building-block method 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2025, are summarized in the following table:

Asset Allocation

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Domestic Equity Pools	16.0 %	5.8 %
International Equity Pools	11.0	5.6
Private Equity Pools	16.0	9.3
Real Estate and Infrastructure Pools	5.0	7.0
Fixed Income Pools	26.0	2.5
Absolute Return Pools	15.0	4.4
Real Return / Opportunistic Pools	7.0	7.0
Short-Term Investment Pools	4.0	1.3
TOTAL	<u>100.0 %</u>	

* Long-term rates of return are net of administrative expenses and 2.4% inflation.

RATE OF RETURN

For the fiscal year ended September 30, 2025, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 8.72%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

DISCOUNT RATE

The State of Michigan Retirement Board adopted a Dedicated Gains Policy to lower the discount rate in years where investment returns exceed the current assumption. The DTMB Director and the Board modified the dedicated gains policy to limit the reduction in the discount rate to no lower than 6.00%. A single rate discount of 6.00% was used to measure the total pension liability for fiscal year 2025. In fiscal year 2024, the single discount rate used to measure the total pension liability was 6.00%. This single discount rate was based on the expected rate of return on pension plan investments of 6.00%. The projection of cash flows used to determine this single rate discount was

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NOTES TO BASIC FINANCIAL STATEMENTS

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

SENSITIVITY OF THE NET PENSION LIABILITY (ASSET) TO CHANGES IN THE DISCOUNT RATE

As required by GASB Statement No. 67, we determined the sensitivity of the net pension liability to changes in the single discount rate. The following table presents the plan's net pension liability, calculated using a single discount rate of 6.00%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease 5.00%	Current Discount Rate Assumption 6.00%	1% Increase 7.00%
<u>\$(18,637,744)</u>	<u>\$(36,484,641)</u>	<u>\$(52,072,917)</u>

TIMING OF THE VALUATION

An actuarial valuation to determine the total pension liability is required to be performed at least every two years. If the actuarial valuation is not calculated as of the plan's fiscal year end, the total pension liability is required to be rolled forward from the actuarial valuation date to the pension plan's fiscal year end.

The total pension liability as of September 30, 2025, is based on the results of an actuarial valuation date of September 30, 2024 and rolled-forward using generally accepted actuarial procedures.

ACTUARIAL VALUATIONS AND ASSUMPTIONS

Actuarial valuations for the pension plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and mortality. Amounts determined regarding the funded status of the plan and the actuarially determined contributions (ADC) are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The Schedules of Contributions in Required Supplementary Information present trend information about the amounts contributed to the plan by employers in comparison to the ADC, an amount that is actuarially determined in accordance with the parameters of GASB Statement No. 67 for pension.

Projections 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 of 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 calculations.

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NOTES TO BASIC FINANCIAL STATEMENTS

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date	September 30, 2024
Actuarial Cost Method	Entry-Age, Normal
Asset Valuation Method	Fair Value
Actuarial Assumptions:	
Wage Inflation Rate	2.75%
Investment Rate of Return	6.00%, net of investment expenses
Projected Salary Increases	3.25%, including wage inflation at 2.75%
Cost-of-Living Pension Adjustments	Assumed 3.25% compounded for those eligible
Mortality	
Retirees	PubG-2010 Male and Female Retiree Mortality Tables scaled by 100% for both males and females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Active	PubG-2010 Male and Female Employee Mortality Tables scaled by 100% for both males and females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Disabled Retirees	PubNS-2010 Male and Female Disabled Retiree Mortality Tables scaled by 100% for both males and females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Notes	Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the determination of the Total Pension Liability beginning with the September 30, 2023 valuation.

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NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 5 – NET OPEB LIABILITY

MEASUREMENT OF THE NET OPEB LIABILITY (ASSET)

The net OPEB liability (asset) is to be measured as the total OPEB liability, less the amount of the OPEB plan's fiduciary net position. In actuarial terms, this will be the accrued liability less the fair value of assets (not the smoothed actuarial value of assets that is often encountered in actuarial valuations performed to determine the employer's contribution requirement).

Net OPEB Liability (Asset)

(in thousands)

Total OPEB Liability	\$5,412
Plan Fiduciary Net Position	15,255
Net OPEB Liability (Asset)	<u>(\$9,843)</u>
Plan Fiduciary net Position as a Percentage of Total OPEB Liability	281.87 %

LONG-TERM EXPECTED RETURN ON PLAN ASSETS

The long-term expected rate of return on OPEB plan investments was determined using a building-block method 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. Best estimates of arithmetic real rates of return were provided by the Bureau of Investments (BOI) for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2025. These best estimates are summarized in the following table:

Asset Allocation

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Domestic Equity Pools	16.0 %	5.8 %
International Equity Pools	11.0	5.6
Private Equity Pools	16.0	9.3
Real Estate and Infrastructure Pools	5.0	7.0
Fixed Income Pools	26.0	2.5
Absolute Return Pools	15.0	4.4
Real Return / Opportunistic Pools	7.0	7.0
Short-Term Investment Pools	4.0	1.3
TOTAL	<u>100.0 %</u>	

* Long-term rates of return are net of administrative expenses and 2.4% inflation.

RATE OF RETURN

For the fiscal year ended September 30, 2025, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was 7.01%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

DISCOUNT RATE

The State of Michigan Retirement Board adopted a Dedicated Gains Policy to lower the discount rate in years where investment returns exceed the current assumption. The DTMB Director and the Board modified the dedicated gains policy to limit the reduction in the discount rate to no lower than 6.00%. A single discount rate of 6.00% was used to measure the total OPEB liability for fiscal year 2025. In fiscal year 2024, the single discount rate used to measure

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NOTES TO BASIC FINANCIAL STATEMENTS

the total OPEB liability was 6.00%. This single discount rate was based on the expected rate of return on pension plan investments of 6.00%. The projection of cash flows used to determine this single discount rate was based on the assumption that in the future plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these 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 LIABILITY (ASSET) TO CHANGES IN THE DISCOUNT RATE

As required by GASB Statement No. 74, we have determined the sensitivity of the net OPEB liability to changes, in the single discount rate. The following table presents the plan's net OPEB liability, calculated using a single discount rate of 6.00%, as well as what the plan's net OPEB liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease	Current Discount Rate Assumption	1% Increase
5.00%	6.00%	7.00%
<u>\$(9,281,214)</u>	<u>\$(9,843,028)</u>	<u>\$(10,322,637)</u>

SENSITIVITY OF THE NET OPEB LIABILITY (ASSET) TO HEALTHCARE COST TREND RATE

As required by GASB Statement No. 74, we have determined the sensitivity of the net OPEB liability to changes, in the healthcare cost trend rates. The following table presents the plan's net OPEB liability, calculated using the assumed trend rates as well as what the plan's net OPEB liability would be if it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
<u>\$(10,340,660)</u>	<u>\$(9,843,028)</u>	<u>\$(9,280,187)</u>

TIMING OF THE VALUATION

An actuarial valuation to determine the total OPEB liability is required to be performed at least every two years. If the actuarial valuation is not calculated as of the plan's fiscal year end, the total OPEB liability is required to be rolled forward from the actuarial valuation date to the OPEB plan's fiscal year end.

The total OPEB liability as of September 30, 2025, is based on the results of an actuarial valuation date of September 30, 2024, and rolled-forward using generally accepted actuarial procedures.

ACTUARIAL VALUATIONS AND ASSUMPTIONS

Actuarial valuations for OPEB plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the actuarially determined contributions (ADC) are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The Schedules of Contributions in Required Supplementary Information present trend information about the amounts contributed to the plan by employers in comparison to the ADC, an amount that is actuarially determined in accordance with the parameters of GASB Statement No. 74 for OPEB contributions.

Projections 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 of 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 calculations.

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NOTES TO BASIC FINANCIAL STATEMENTS

The information presented in the required supplementary schedules and notes was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial follows:

Summary of Actuarial Assumptions

Valuation Date	September 30, 2024
Actuarial Cost Method	Entry-Age, Normal
Asset Valuation Method	Fair Value
Actuarial Assumptions:	
Wage Inflation Rate	2.75%
Investment Rate of Return	6.00%, net of investment expenses
Projected Salary Increases	3.25%, including wage inflation at 2.75%
Healthcare Cost Trend Rate ¹	Pre-65: 7.75% year 1 graded to 3.50% year 15 Post-65: 6.50% year 1 graded to 3.50% year 15
Mortality	
Retirees	PubG-2010 Male and Female Retiree Mortality Tables scaled by 100% for both males and females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Active	PubG-2010 Male and Female Employee Mortality Tables scaled by 100% for both males and females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Disabled Retirees	PubNS-2010 Male and Female Disabled Retiree Mortality Tables scaled by 100% for both males and females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Other Assumptions:	
Opt Out Assumptions	0% of eligible participants are assumed to opt out of the retiree health plan.
Survivor Coverage	100% of male and female retirees are assumed to have coverage continuing after the retiree's death when 2-person coverage was assumed to be elected.
Coverage Election at Retirement	75% of male and 60% of female future retirees who elect coverage are assumed to elect coverage for 1 or more dependents.
Notes	Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the determination of the Total OPEB Liability beginning with September 30, 2023 valuation.

¹ Applies to Medical and Rx payments.

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NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 6 – INVESTMENTS

INVESTMENT AUTHORITY

The State of Michigan Investment Board (Board) was created by Executive Order 2018-10 (Order) and serves as the investment fiduciary over the assets of the State sponsored defined benefit retirement systems. The Board is responsible for investing the System’s assets in accordance with the duties and powers enumerated in the Order and with Public Act 380 of 1965, as amended. Investments are made subject to the Public Employee Retirement System Investment Act, Public Act 314 of 1965, as amended. The Public Employee Retirement System Investment Act authorizes, with certain restrictions, the investment of System assets in stocks, corporate and government bonds and notes, mortgages, real estate, and certain short-term and private equity investments. Investments must be made for the exclusive purposes of providing benefits to active members, retired members and beneficiaries, and for defraying the expenses of investing the assets.

DERIVATIVE INSTRUMENTS

The Board employs the use of derivative instruments in the investment of the pension and other employee benefit trust funds (the trust funds).

Derivative instruments are used in managing the trust funds’ portfolios but uses do not include speculation or leverage of investments. State investment statutes limit total derivative instrument exposure to 15% of a fund’s total asset value and restrict uses to replication of returns and hedging of assets. Swap agreements represent the largest category of derivative instrument investments subject to this limitation. Option and Future contracts traded daily on an exchange and settling in cash daily or having a limited and fully defined risk profile at an identified, fixed cost are not subject to the derivative instrument exposure limitation. Less than 15% of the total trust funds’ portfolio has been invested from time to time in future contracts, swap agreements, structured notes, options and forward contracts.

The derivative instrument fair values are reported on the *Statement of Pension Plan and Other Postemployment Benefit Plan Fiduciary Net Position* as of September 30, 2025, in their respective investment pool’s fair value. Derivative instrument net increase and decrease are reported on the *Statement of Changes in Pension Plan and Other Postemployment Benefit Plan Fiduciary Net Position* for fiscal year ended September 30, 2025, under “Investment income (loss)”, in “Net increase (decrease) in fair value of investments”. Bond interest, swap payments, and dividends are reported under “Investment income (loss)”, in “Interest, dividends, and other”.

Derivative Instrument Investments

As of September 30, 2025
(in thousands)

<u>Investment & Investment Type</u>	<u>Percent of Fair Value</u>	<u>Notional Value</u>	<u>Investments at Fair Value</u>	<u>Net Increase (Decrease) in Fair Value</u>	<u>Investment Income Gain (Loss)</u>	<u>Fair Value Subject to Credit Risk</u>
Future contracts -						
Fixed Income and International Investments	-	\$ (34.8)	\$ -	\$ (16.0)	\$ -	\$ -
Option Contracts -						
Equity, Fixed Income and International Equity Investments	1.2	64,163.1	3,459.0	1,131.5	-	-
Swap Agreements -						
Fixed Income and International Equity Investments	2	6,354.0	5,672.9	1,826.1	(627.1)	247.1
Totals		<u>\$ 70,482.4</u>	<u>\$ 9,131.6</u>	<u>\$ 2,941.6</u>	<u>\$ (627.1)</u>	<u>\$ 247.1</u>

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To diversify the trust funds' portfolio, the Board will enter into international swap agreements with investment grade counterparties, which are tied to stock market indices in approximately forty-six foreign countries. Generally, the notional amount of an equity swap tied to foreign stock market indices is executed via a net total return USD index. The swap agreements provide the System will pay quarterly or at maturity over the term of the swap agreements, interest indexed to the Secured Overnight Financing Rate (SOFR) or the U.S. Federal Funds Rate, adjusted for an interest rate spread, on the notional amount stated in the agreements. International equity swap agreement maturity dates range from October 2025 to January 2026. U.S. Treasury Bonds, U.S. Corporate Bonds and other public market fixed income securities as well as other investments are held in the collateral portfolio to correspond with the notional amount of the international swap agreements.

The value of the international synthetic equity structures is a combination of the value of the swap agreements and the value of the notes and other investments in the collateral portfolio. The book value represents the cost of the bonds, notes and other investments. The current value represents the current value of the bonds, notes and other investments and the change in the value of the underlying indices from the inception of the swap agreements. The current value is used as a representation of the fair value based on the intention to hold all swap agreements until maturity. At the maturity of the swap agreements, the trust funds will either receive the increase in the value of the equity indices from the level at the inception of the agreements or pay the decrease in the value of the indices. U.S. Treasuries, cash and publicly traded fixed income investments are held in the collateral portfolio to correspond with the notional amount of the swap agreements. The combined swap structure generally realizes gains and losses on a rolling basis.

To reduce the risk in the Fixed Income and International Equity portfolio, the Board has entered into foreign exchange (FX) swap agreements, interest rate swaps agreements and credit default swap agreements with investment grade counterparties. The FX swap agreements are tied to foreign currency forward exchange rates and are used to reduce the currency risk with the Fixed Income portfolio. The swap agreements are entered into on an as-needed basis and are generally tied to the maturity of the foreign government bond indenture denominated in a foreign currency. The purpose of the FX swap agreement that has a final maturity date of less than three months, is to reduce or eliminate the currency risk on foreign bond transactions. U.S. Domestic SOFR-based floating rate notes, U.S. Treasury securities and portfolio cash are held to correspond with the notional amount of FX swap agreements within the Fixed Income and International Equity portfolio. Interest rate swaps are used to adjust interest rate and yield curve exposure and substitute for physical securities. Long swap positions that receive fixed rate, increase exposure to long-term interest rates; short swap positions that pay fixed rate, decrease exposure. Credit default swaps (CDS) are used to manage credit exposure without buying or selling securities outright. Written CDS increase credit exposure, selling protection, obligating the portfolio to buy bonds from counterparties in the event of a default. Purchased CDS decrease exposure, buying protection, providing the right to "Put" bonds to the counterparty in the event of default.

Counterparty credit risk is the maximum loss amount that would be incurred if the counterparties to the derivative instrument failed to perform according to the terms of the contract, without respect to any collateral or other security, or netting arrangement. For the Over-the-Counter (OTC) derivative instrument investments, the System held collateral of \$800.7 thousand in cash deposits and \$297.0 thousand in securities on behalf of counterparties. Collateral securities in the amount of \$0 were held on our behalf by counterparties.

The Board traded bond future contracts to manage duration and yield curve exposure, adjust interest rate exposures and replicate bond positions.

To enhance returns while limiting downside risk, the Board traded equity options in single securities and on indices in the Large Cap Core and All Cap GARP funds. Attractively priced equity options were used for the purpose of stock replacement in order to drive excess returns over the S&P 500, as well as to provide added exposure to strong equity markets while limiting the principal at risk. Put options are used to protect against large negative moves in market indices. Options traded by the Board in the Fixed Income and International Equity pools are used to manage interest rate and volatility exposures. Written options generated income in expected interest rate scenarios and may generate capital losses, if unexpected interest rate environments are realized. Both written and purchased options will become worthless at expiration if the underlying instrument does not reach the strike price of the option. However, purchased options are often sold well before expiration in order to lock in profits at prices well below listed strike prices, and thereby generate consistent returns.

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NOTES TO BASIC FINANCIAL STATEMENTS

SECURITIES LENDING

The System, pursuant to a Securities Lending Authorization Agreement, has authorized State Street Bank and Trust Company ("State Street") to act as the System's agent in lending the System's securities to approved borrowers. State Street, as agent, enters into Securities Loan Agreements with borrowers.

During the fiscal year, State Street lent, on behalf of the Board, certain securities of the System held by State Street as custodian and received cash or other collateral including securities issued or guaranteed by the United States government. The types of securities lent were equity, and fixed income, which includes government and corporate bonds and notes. State Street does not have the ability to pledge or sell collateral securities delivered absent a borrower default. Borrowers were required to deliver collateral for each loan equal to at least 100% of the fair value of the loaned securities.

Pursuant to the Securities Lending Authorization Agreement, State Street had an obligation to indemnify the System in the event of default by a borrower. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the fiscal year that resulted in a declaration or notice of default of the Borrower.

During the fiscal year, the System and the borrowers maintained the right to terminate securities lending transactions upon notice. The cash collateral received on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders, in a collective investment pool. As of September 30, 2025, such investment pool had an average duration of 7 days and an average weighted final maturity of 89 days for USD. Because the loans were terminable at will their duration did not generally match the duration of the investments made with cash collateral. On September 30, 2025 the System had no credit risk exposure to borrowers. The fair value of collateral held and the fair value (USD) of securities on loan for the System as of September 30, 2025 was \$13.1 million and \$12.8 million respectively.

RISK

In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, as amended, investments require certain disclosures regarding policies and practices and the risks associated with them. The credit risk (including custodial credit risk and concentration of credit risk), the interest rate risk, and the foreign currency risk are discussed in the following paragraphs. Amounts represent the pro rata share of the underlying investments as required by GASB Statement No. 40. These investments are held in internal investment pools and reported as such in the financial statements.

Credit Risk

Credit risk is the risk that an issuer will not fulfill its obligations.

- Short-Term Fixed Income Investments – Eligible commercial paper investments must be rated within one of the two highest rating classifications ("1" or "2") at the time of purchase from two of the nationally recognized statistical ratings organizations (NRSROs) specified in Public Act 314 of 1965, as amended. Borrowers must have at least \$400.0 million in commercial paper outstanding, and the Board may not invest in more than 10% of the borrower's outstanding debt.
- Long-Term Fixed Income Investments – Investment grade and noninvestment grade securities may be acquired in compliance with the parameters set forth in Public Act 314 of 1965, as amended, and the Board's Investment Policy Statement for the System. Public Act 314 defines investment grade as investments in the top four major grades, rated by one of the NRSROs. At September 30, 2025, the System was in compliance with Public Act 314 and the Investment Policy Statement in all material aspects.

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NOTES TO BASIC FINANCIAL STATEMENTS

Rated Debt Investments

(in thousands)

As of September 30, 2025

<u>Investment Type</u>	<u>Fair Value</u>	<u>S&P</u>	<u>Fair Value</u>	<u>Moody's</u>
Short-Term	\$ 11,853	A-1	\$ 10,264	P-1
	252	A-2	252	P-2
	-	NR	1,589	NR
Money Market	218	AAA	218	Aaa
Government Securities				
U.S. Agencies-Sponsored	18,020	AA	18,024	Aa
	4	A	-	A
Fixed Income	1,761	AAA	3,239	Aaa
	986	AA	774	Aa
	4,153	A	4,474	A
	7,225	BBB	6,359	Baa
	3,083	BB	2,983	Ba
	1,436	B	1,789	B
	401	CCC	763	Caa
	24	CC	40	Ca
	-	C	3	C
	60	D		
	15,494	NR	14,199	NR
Fixed Income ETF	1,522	NR	1,522	NR
Mutual Funds	21	BB	-	Ba
	1,032	NR	1,053	NR
Securities Lending Collateral				
Short-Term	611	A-1	957	P-1
Fixed Income	2,004	AA	2,440	Aa
	10,214	A	4,765	A
	275	NR	4,942	NR
Total	<u>\$ 80,650</u>		<u>\$ 80,650</u>	

NR- not rated

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NOTES TO BASIC FINANCIAL STATEMENTS

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, the State will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government and are held by either the counterparty or the counterparty's trust department or agent, but not in the government name.

The Board does not have a policy for custodial credit risk. However, the State's custodial bank had a credit rating of A at September 30, 2025. As of September 30, 2025, no securities were exposed to custodial credit risk.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

Other than obligations issued, assumed or guaranteed by the United States, its agencies or United States government sponsored enterprises, the System is prohibited by Public Act 314 of 1965, as amended, from investing more than 5% of the outstanding obligations of any one issuer or investing more than 5% of a System's assets in the obligations of any one issuer. When calculating the amount of outstanding obligations, the System includes publicly issued and privately held debt.

At September 30, 2025, there were no investments in any single issuer that accounted for more than 5% of the System's assets. The System held no investments that exceeded the 5% cap in obligations of any one issuer.

Interest Rate Risk – Fixed Income Investments

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment.

The Board's policy states that cash equivalents are invested in short-term fixed income securities with an average weighted maturity of less than one year to provide liquidity and safety of principal from capital market and default risk. At September 30, 2025, the fair value of the System's short-term investments was \$12.3 million with the weighted average maturity of 31 days.

The Board does not have a policy regarding interest rate risk for long-term debt investments. However, the trust funds are invested with a long-term strategy. The goal is to balance higher returns while accepting minimum risk for the return. Analyzing the yield curve on individual securities as compared to U.S. Treasuries determines, in part, what is an acceptable risk for the return. Therefore, market conditions such as lower interest rates result in shorter duration and higher interest rates result in longer duration.

FINANCIAL SECTION

NOTES TO BASIC FINANCIAL STATEMENTS

Debt Securities

(in thousands)

As of September 30, 2025

	<u>Fair Value</u>	<u>Effective Duration in Years</u>
Government		
U. S. Treasury	\$ 14,267	13.0
U. S. Agencies - Backed	6,322	5.2
U. S. Agencies - Sponsored	18,024	5.1
Corporate	37,213	3.1
International*		
U. S. Treasury	2,530	0.9
Total	<u>\$ 78,356</u>	

Debt securities are exclusive of securities lending collateral.

* International contains Domestic Government Securities as a part of their derivative strategies.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit.

The System invests in various securities denominated in foreign currencies. Authorized global securities include equities, fixed income, mutual funds, real estate, and limited partnerships. These investments are limited to 30% of the total assets of the System with additional limits of not more than 5% of the outstanding global securities of any one issuer and no more than 5% of the System's assets in the global securities of any one issuer. In addition to these limits, the Board cannot acquire securities with companies that have active business operations in the state sponsors of terror as identified by the United States Secretary of State. At September 30, 2025, the total amount of foreign investment subject to foreign currency risk was \$22.2 million, which amounted to 7.6% of total investments (exclusive of securities lending collateral) of the System.

FINANCIAL SECTION

NOTES TO BASIC FINANCIAL STATEMENTS

Foreign Currency Risk

As of September 30, 2025

Region	Country	Currency	Equity Fair Value in U.S. \$	Fixed Income Fair Value in U.S. \$	International & Absolute Return Fair Value in U.S. \$	Private Equity, Real Estate, & Infrastructure Fair Value in U.S. \$
AMERICA						
	Brazil	Real	\$ -	\$ 27,681	\$ 74,245	\$ -
	Canada	Dollar	31,442	(32,815)	229,711	10,934
	Mexico	Peso	8,919	72,909	83,100	-
	Peru	Sol	-	54,075	-	-
	Columbia	Sol	-	114,321	-	-
	Chile	Peso	-	16,655	7,512	-
PACIFIC						
	Australia	Dollar	7,989	22,151	136,603	-
	Hong Kong	Dollar	-	-	445,102	-
	India	Rupee	-	90,426	100,925	-
	Indonesia	Rupiah	-	82,848	15,691	-
	Japan	Yen	9,227	87,612	553,429	5,684
	Malaysia	Ringgit	-	235,206	5,198	-
	Taiwan	New Dollar	-	-	120,314	-
	China	Renminbi	24,139	-	86,481	-
	Singapore	Dollar	4,206	38,690	44,089	-
	South Korea	Won	-	244,236	181,470	-
	Thailand	Baht	28,520	60,943	132,421	-
	New Zealand	Dollar	-	56,694	18,429	-
	China	Yuan	7,382	(30,444)	12,187	-
	China	Yuan Offshore	-	31,007	7,713	-
	Philippines	Peso	-	-	1,453	-
	United Arab Emirates	Dirham	799	-	4,402	-
EUROPE						
	Denmark	Krone	7,222	-	105,524	-
	European Union	Euro	287,573	1,181,564	1,408,492	1,384,849
	Hungary	Forint	-	63,138	6,588	-
	Norway	Krone	-	-	6,496	44,162
	Poland	Zloty	-	(1,027)	57,770	-
	United Kingdom	Pound Sterling	13,785	268,934	497,874	88,549
	Sweden	Krona	14,735	17,873	250,410	-
	Switzerland	Franc	9,923	-	136,315	-
	Türkiye	Lira	-	-	6,523	-
	Czech Republic	Koruna	-	33,057	-	-
AFRICA						
	South Africa	Rand	-	64,795	17,334	-
	Liberia	Dollar	39,793	-	-	-
	Benin	Franc	-	21,070	-	-
	Nigeria	Naira	-	21,487	-	-
MIDDLE EAST						
	Israel	New Shekel	-	-	4,837	-
	Saudi Arabia	Riyal	-	-	778	-
WORLD-WIDE						
	Various	Various	-	-	12,537,212	-
	Total		<u>\$ 495,654</u>	<u>\$ 2,843,086</u>	<u>\$ 17,296,630</u>	<u>\$ 1,534,178</u>

FINANCIAL SECTION

NOTES TO BASIC FINANCIAL STATEMENTS

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 valuation inputs used to measure the fair value of the asset. Not all investments held by the System are recorded at fair value. GASB Statement No. 72 allows for certain investments to be recorded at cost (or amortized cost or any other valuation method), and therefore, they are not presented in the fair value hierarchy table. Equity and Fixed Income Securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Equity Swaps and Fixed Income Securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique and other significant observable inputs. Equity and Fixed Income Securities classified as Level 3 of the fair value hierarchy are valued using third-party data and reports that are unobservable. Securities reported at Net Asset Value (NAV) are valued using the most recent third-party statement adjusted for cash flows as of September 30, 2025. Investments that are measured at fair value using the Net Asset Value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy on the following page.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The System's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

	Fair Value Measurements Using			
	Balance at September 30, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Total cash and cash equivalents	\$ 18,287	\$ 18,287	\$ -	\$ -
Equity				
Depository Receipts	533,560	533,560	-	-
Common Stocks	42,450,309	42,445,652	-	4,657
Preferred Stocks	27,521	27,521	-	-
Real Estate Investment Trusts	1,468,016	1,468,016	-	-
Swaps	854,889	-	854,889	-
Commingled Funds, ETFs, and PTPs	9,535,526	9,535,526	-	-
Options	2,179,812	2,179,812	-	-
Warrants	15,868	26	15,842	-
Convertible Bonds	98,896	-	98,896	-
Total Equity	<u>57,164,395</u>	<u>56,190,113</u>	<u>969,626</u>	<u>4,657</u>
Fixed Income				
Asset Backed	8,933,474	-	8,933,474	-
Corporate Bonds	13,934,052	-	13,851,887	82,166
Commercial Mortgage-backed	11,732,173	-	11,729,756	2,417
Government Issues	20,018,185	16,651,763	3,366,421	-
Swaps	42,310	-	42,310	-
U.S. Agency Issues	21,070,978	-	21,070,978	-
Commingled Funds, ETFs, and PTPs	2,711,764	2,711,764	-	-
Options	106,007	-	106,007	-
Total Fixed Income	<u>78,548,942</u>	<u>19,363,527</u>	<u>59,100,833</u>	<u>84,582</u>
Total investments by fair value level	<u>\$ 135,731,625</u>	<u>\$ 75,571,927</u>	<u>\$ 60,070,459</u>	<u>\$ 89,239</u>
Investments measured at the net asset value (NAV)				
Private Equity	\$ 44,841,497			
Real Estate & Infrastructure	13,079,576			
Absolute Return	42,575,347			
Real Return & Opportunistic	19,373,348			
Other Limited Partnerships	16,260,356			
Total investments measured at the NAV	<u>\$ 136,130,124</u>			
Total investments measured at fair value	<u>\$ 271,861,748</u>			

FINANCIAL SECTION

NOTES TO BASIC FINANCIAL STATEMENTS

Additional disclosures for fair value measurements of investments in certain entities that calculate the Net Asset Value per Share (or its equivalent):

Private Equity Funds

(in millions)

Total investments measured at the NAV	\$	44.8
Unfunded commitments		13.5

This type includes investments in approximately 300 partnerships that invest in leveraged buyouts, venture capital, mezzanine debt, distressed debt, secondary funds and other investments. These types of investments can never be redeemed with the funds, but distributions are received through the liquidation of the underlying assets of the fund. It's expected that the underlying assets of the fund are liquidated over a period of five to eight years. However, as of September 30, 2025, it is probable that all of the investments in this group will be sold at an amount different from the NAV per share (or its equivalent). Therefore, the fair values of the investments in this type have been determined using recent observable transaction information for similar investments and nonbinding bids received from potential buyers of the investments. As of September 30, 2025, a buyer for these investments has not been identified.

Real Estate and Infrastructure

(in millions)

Total investments measured at the NAV	\$	13.1
Unfunded commitments		3.7

Real Estate and Infrastructure funds include approximately 114 accounts (limited partnerships, limited liability companies, etc.) that invest in real estate or infrastructure related assets. The fair value of the Real Estate and Infrastructure funds have been determined in accordance with generally accepted accounting principles using the NAV per share (or its equivalent) of the Plan's ownership interest in partners' capital. These types of investments cannot be redeemed with the funds. Distributions from these funds will be received as the underlying investments are sold and liquidated over time. It is expected that the underlying assets will be sold over the next 5 to 15 years. However, buyers have not been determined so the fair value has been determined using the NAV per share (or its equivalent) of the Plan's ownership interest in partners' capital.

Absolute Return Portfolio

(in millions)

Total investments measured at the NAV	\$	42.6
Unfunded commitments		11.5

This type includes approximately 53 investments, 4 in hedge funds and 49 in private credit strategies. These investments seek to diversify risk and reduce volatility. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the investments. Most of the investments are redeemable or have a final fund term that is 10 years or less.

Real Return and Opportunistic Portfolio

(in millions)

Total investments measured at the NAV	\$	19.4
Unfunded commitments		6.7

FINANCIAL SECTION

NOTES TO BASIC FINANCIAL STATEMENTS

This type includes 38 funds that invest in private credit, tangible and intangible real assets, or other real return and opportunistic strategies. The fair values of the investments in this portfolio have been determined using the NAV per share (or its equivalent) of the Plan's ownership interest in partners' capital. These investments can never be redeemed with the funds. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of the funds will be liquidated over the next 5 to 10 years.

All Other Investments

(in millions)

Total investments measured at the NAV	\$	16.3
Unfunded commitments		3.9

The balance of plan assets reported at fair value include 15 investments:

- LPs that invest in fixed income type investment such as: residential rehabilitation, middle market business loans and senior secured debt financing. These investments cannot be redeemed by limited partners. Distributions are received through the liquidation of the underlying assets of the fund.
- LPs that invest in fixed income type investments permitting partners to request redemption monthly or quarterly, after initial lock up period of 1 year or less, requiring 45 to 65 days' advance notice.
- LPs investing in global investments permitting partners to request partial redemptions quarterly or monthly, with advance notice, subject to the sole discretion of the general partner.
- LPs that invest in private equity, private credit/loans, and tangible real assets that cannot be redeemed by limited partners. Distributions from each fund will be received as the underlying investments of the funds are liquidated.

NOTE 7 – COMMITMENTS AND CONTINGENCIES

Under the Administrative Procedures Act, members may appeal a decision made by the Retirement Board. Once the administrative procedure has been exhausted, the decision may be appealed in Michigan's court system. Various cases that have exhausted the administrative procedures have been appealed in the court system. These cases are in the normal course of business and the System does not anticipate any material loss as a result of the contingent liabilities.

NOTE 8 – ACCOUNTING CHANGES AND RESTATEMENTS

For fiscal year 2025, the System adopted GASB Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact.

FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)

(in thousands)

	Fiscal Year				
	2025	2024	2023	2022	2021
Total Pension Liability					
Service cost	\$ 703	\$ 811	\$ 1,052	\$ 1,241	\$ 1,664
Interest	14,046	14,385	14,849	15,783	16,278
Differences between expected and actual experience	2,217	4,737	(1,749)	(1,934)	(1,331)
Changes of assumptions	-	-	3,585	4,539	-
Benefit payments, including refunds of member contributions	(25,142)	(25,918)	(24,796)	(24,355)	(24,281)
Net Change in Total Pension Liability	<u>(8,176)</u>	<u>(5,986)</u>	<u>(7,059)</u>	<u>(4,726)</u>	<u>(7,670)</u>
Total Pension Liability - Beginning	246,318	252,304	259,363	264,089	271,759
Total Pension Liability - Ending (a)	<u>\$ 238,142</u>	<u>\$ 246,318</u>	<u>\$ 252,304</u>	<u>\$ 259,363</u>	<u>\$ 264,089</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 899	\$ 1,005	\$ 1,274	\$ 1,517	\$ 2,850
Contributions - member	149	222	254	359	415
Net investment income	23,347	38,924	21,198	(12,900)	66,635
Benefit payments, including refunds of member contributions	(25,142)	(25,918)	(24,796)	(24,355)	(24,281)
Administrative and other expenses	(337)	(328)	(355)	(332)	(376)
Net Change in Plan Fiduciary Net Position	(1,083)	13,905	(2,425)	(35,711)	45,243
Plan Fiduciary Net Position - Beginning	275,710	261,805	264,230	299,941	254,697
Plan Fiduciary Net Position - Ending (b)	<u>\$ 274,627</u>	<u>\$ 275,710</u>	<u>\$ 261,805</u>	<u>\$ 264,230</u>	<u>\$ 299,941</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ (36,485)</u>	<u>\$ (29,392)</u>	<u>\$ (9,501)</u>	<u>\$ (4,867)</u>	<u>\$ (35,852)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	115.32 %	111.93 %	103.77 %	101.88 %	113.58 %
Covered Payroll¹	\$ 3,237	\$ 4,987	\$ 4,893	\$ 6,432	\$ 7,868
Net Pension Liability as a Percentage of Covered Payroll	(1,126.95) %	(589.41) %	(194.19) %	(75.68) %	(455.67) %

FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION

	Fiscal Year (continued)				
	2020	2019	2018	2017 ¹	2016
Total Pension Liability					
Service cost	\$ 1,733	\$ 1,966	\$ 1,587	\$ 1,862	\$ 2,036
Interest	16,631	17,601	19,100	19,688	19,743
Differences between expected and actual experience	286	4	(1,498)	(4,923)	(1,290)
Changes of assumptions	-	10,077	26,653	-	2,423
Benefit payments, including refunds of member contributions	(24,251)	(24,111)	(23,958)	(23,724)	(23,302)
Net Change in Total Pension Liability	(5,601)	5,536	21,884	(7,096)	(389)
Total Pension Liability - Beginning	277,360	271,824	249,940	257,036	257,426
Total Pension Liability - Ending (a)	<u>\$ 271,759</u>	<u>\$ 277,360</u>	<u>\$ 271,824</u>	<u>\$ 249,940</u>	<u>\$ 257,036</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 2,840	\$ 2,828	\$ 1,736	\$ 1,020	\$ 2,180
Contributions - member	500	566	653	697	805
Net investment income	12,933	13,036	28,280	32,258	18,425
Benefit payments, including refunds of member contributions	(24,251)	(24,111)	(23,958)	(23,724)	(23,302)
Administrative and other expenses	(386)	(374)	(413)	(344)	(320)
Net Change in Plan Fiduciary Net Position	(8,364)	(8,055)	6,299	9,907	(2,211)
Plan Fiduciary Net Position - Beginning	263,061	271,116	264,817	254,910	257,121
Plan Fiduciary Net Position - Ending (b)	<u>\$ 254,697</u>	<u>\$ 263,061</u>	<u>\$ 271,116</u>	<u>\$ 264,817</u>	<u>\$ 254,910</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 17,061</u>	<u>\$ 14,298</u>	<u>\$ 707</u>	<u>\$ (14,878)</u>	<u>\$ 2,126</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	93.72 %	94.84 %	99.74 %	105.95 %	99.17 %
Covered Payroll¹	\$ 9,263	\$ 10,206	\$ 12,047	\$ 12,685	\$ 14,757
Net Pension Liability as a Percentage of Covered Payroll	184.19 %	140.10 %	5.87 %	(117.29) %	14.41 %

¹ For fiscal years prior to 2017, covered payroll is valuation payroll projected to the indicated fiscal year.

FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET OPEB LIABILITY (ASSET)

(in thousands)

	Fiscal Year ¹				
	2025	2024	2023	2022	2021
Total OPEB Liability					
Service cost	\$ 194	\$ 230	\$ 224	\$ 197	\$ 229
Interest	440	432	506	682	726
Differences between expected and actual experience	(2,401)	(528)	(2,212)	(3,108)	(1,294)
Changes of assumptions	110	217	281	889	(306)
Benefit payments, including refunds of member contributions	(334)	(61)	(9)	54	(17)
Net Change in Total OPEB Liability	<u>(1,992)</u>	<u>289</u>	<u>(1,210)</u>	<u>(1,285)</u>	<u>(661)</u>
Total OPEB Liability - Beginning	<u>7,404</u>	<u>7,115</u>	<u>8,325</u>	<u>9,611</u>	<u>10,271</u>
Total OPEB Liability - Ending (a)	<u><u>\$ 5,412</u></u>	<u><u>\$ 7,404</u></u>	<u><u>\$ 7,115</u></u>	<u><u>\$ 8,325</u></u>	<u><u>\$ 9,611</u></u>
Plan Fiduciary Net Position					
Contributions - employer	\$ -	\$ -	\$ -	\$ 242	\$ 216
Contributions - member	110	105	115	125	108
Net investment income	1,237	1,817	830	(614)	2,325
Benefit payments, including refunds of member contributions	(334)	(61)	(9)	54	(17)
Administrative and other expenses	(22)	(47)	(9)	(66)	(102)
Net Change in Plan Fiduciary Net Position	990	1,814	928	(259)	2,531
Plan Fiduciary Net Position - Beginning	<u>14,265</u>	<u>12,451</u>	<u>11,523</u>	<u>11,782</u>	<u>9,252</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 15,255</u></u>	<u><u>\$ 14,265</u></u>	<u><u>\$ 12,451</u></u>	<u><u>\$ 11,523</u></u>	<u><u>\$ 11,782</u></u>
Net OPEB Liability - Ending (a) - (b)	<u><u>\$ (9,843)</u></u>	<u><u>\$ (6,860)</u></u>	<u><u>\$ (5,336)</u></u>	<u><u>\$ (3,198)</u></u>	<u><u>\$ (2,172)</u></u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	281.87%	192.65%	174.99%	138.41%	122.60%

¹ This schedule is required to show information for ten years; additional years will be displayed as they become available.

FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION

	Fiscal Year (continued)			
	2020	2019	2018	2017
Total OPEB Liability				
Service cost	\$ 250	\$ 218	\$ 171	\$ 177
Interest	622	584	542	527
Differences between expected and actual experience	60	(164)	399	(32)
Changes of assumptions	632	257	1,080	-
Benefit payments, including refunds of member contributions	(99)	(651)	(638)	(334)
Net Change in Total OPEB Liability	<u>1,465</u>	<u>245</u>	<u>1,554</u>	<u>339</u>
Total OPEB Liability - Beginning	<u>8,806</u>	<u>8,562</u>	<u>7,007</u>	<u>6,669</u>
Total OPEB Liability - Ending (a)	<u><u>\$ 10,271</u></u>	<u><u>\$ 8,806</u></u>	<u><u>\$ 8,562</u></u>	<u><u>\$ 7,007</u></u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 398	\$ 7,557	\$ 539	\$ 189
Contributions - member	133	102	113	117
Net investment income	468	404	104	119
Benefit payments, including refunds of member contributions	(99)	(651)	(638)	(334)
Administrative and other expenses	(53)	(62)	(89)	(95)
Net Change in Plan Fiduciary Net Position	<u>847</u>	<u>7,350</u>	<u>29</u>	<u>(4)</u>
Plan Fiduciary Net Position - Beginning	<u>8,405</u>	<u>1,055</u>	<u>1,026</u>	<u>1,030</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 9,252</u></u>	<u><u>\$ 8,405</u></u>	<u><u>\$ 1,055</u></u>	<u><u>\$ 1,026</u></u>
Net OPEB Liability - Ending (a) - (b)	<u><u>\$ 1,020</u></u>	<u><u>\$ 401</u></u>	<u><u>\$ 7,507</u></u>	<u><u>\$ 5,982</u></u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	90.07%	95.44%	12.32%	14.64%

FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF CONTRIBUTIONS

PENSION BENEFITS

Fiscal Year Ended Sept. 30	Actuarially Determined Contribution (ADC)	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll ¹	Actual Contribution as a % of Covered Payroll
2016	\$ 2,138,379	\$ 2,179,641	\$ (41,262)	\$ 14,757,461	14.77 %
2017	1,019,814	1,019,814	-	12,684,596	8.04
2018	1,736,417	1,736,417	-	12,046,554	14.41
2019	2,827,661	2,827,661	-	10,205,801	27.71
2020	2,840,119	2,840,119	-	9,262,668	30.66
2021	2,849,923	2,849,923	-	7,868,002	36.22
2022	1,517,097	1,517,097	-	6,431,730	23.59
2023	1,274,198	1,274,198	-	4,892,769	26.04
2024	1,005,350	1,005,350	-	4,986,708	20.16
2025	899,375	899,375	-	3,237,456	27.78

¹ For fiscal years prior to 2017, covered payroll is valuation payroll projected to the indicated fiscal year.

OTHER POSTEMPLOYMENT BENEFITS

Fiscal Year Ended Sept. 30	Actuarially Determined Contribution (ADC)	Actual Employer Contributions	Contribution Deficiency (Excess)
2016	\$ 712,016	\$ 247,339	\$ 464,677
2017 ¹	486,906	188,819	298,087
2018	559,300	539,300	20,000
2019	818,102	7,557,353	(6,739,251)
2020	398,154	398,154	-
2021	207,328	216,165	(8,837)
2022	241,689	241,689	-
2023	-	-	-
2024	-	-	-
2025	-	-	-

¹ Contributions for fiscal year 2017 and earlier show contributions equal to the benefits distributed or claimed in that year, referred to as pay-go funding. Beginning with fiscal year 2018, contributions include an additional amount to save for future retiree healthcare benefits, referred to as prefunding.

FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF INVESTMENT RETURNS

PENSION BENEFITS

<u>Fiscal Year</u>	<u>Annual Return¹</u>
2016	3.48 %
2017	13.15
2018	11.11
2019	5.00
2020	5.72
2021	26.64
2022	(4.30)
2023	8.73
2024	15.40
2025	8.72

¹ Annual money-weighted rate of return, net of investment expenses.

OTHER POSTEMPLOYMENT BENEFITS

<u>Fiscal Year²</u>	<u>Annual Return¹</u>
2017	11.48 %
2018	9.26
2019	6.14
2020	4.91
2021	16.93
2022	15.05
2023	27.29
2024	11.45
2025	7.01

¹ Annual money-weighted rate of return, net of investment expenses.

² This schedule is required to show information for ten years; additional years will be displayed as they become available.

FINANCIAL SECTION

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE A – DESCRIPTION

Ten-year historical trend information designed to provide information about the System's progress made in accumulating sufficient assets to pay benefits when due is presented in the preceding schedules. Other ten-year historical trend information related to the System is presented in the Statistical and Actuarial Sections of the report. This information is presented to enable the reader to assess the progress made by the System in accumulating sufficient assets to pay pension and other postemployment benefits as they become due.

The comparability of trend information is affected by changes in actuarial assumptions, benefit provisions, actuarial funding methods, accounting policies, and other changes. Those changes usually affect trends in contribution requirements and in ratios that use the pension and other postemployment benefit obligations as a factor.

The Schedules of Contributions are reported as historical trend information and to show the responsibility of the Employer in meeting the actuarial requirements to maintain the System on a sound financial basis.

The Schedules of Changes in Net Pension and OPEB Liability, Schedules of Contributions, and Schedules of Investment Returns are schedules that are required in implementing GASB Statement No. 67 for pension and No. 74 for OPEB. These schedules are required to show information for ten years; additional years will be displayed as they become available. The Schedules of Changes in Net Pension and Net OPEB Liability (Asset) represent, in actuarial terms, the accrued liability less the fair value of assets. The Schedules of Contributions is a comparison of the employer's contributions to the actuarially determined contributions. The Schedules of Investment Returns represents a money-weighted rate of return that expresses investment performance, net of pension and OPEB plan investment expense, adjusted for the changing amounts actually invested.

FINANCIAL SECTION

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

The actuarially determined contributions presented in the Schedules of Contributions for pension and OPEB are calculated as of September 30, one year prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the fiscal year 2025 contributions reported in that schedule.

Methods and Assumptions Used to Determine Contributions for Fiscal Year 2025:

Pension and OPEB

Valuation Date	September 30, 2024
Asset Valuation Method	5 years smoothed fair value
Price Inflation	2.35%
Projected Salary Increases	3.25%, including wage inflation at 2.75%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	
Healthy Retirees	PubG-2010 Male and Female Retiree Mortality Tables scaled by 100% for both males and females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Actives	PubG-2010 Male and Female Employee Mortality Tables scaled by 100% for both males and females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Disabled Retirees	PubNS-2010 Male and Female Disabled Retiree Mortality Tables scaled by 100% for both males and females and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Pension

Amortization Method	Level dollar
Remaining Amortization Period	12 years, as of October 1, 2024, closed ending September 30, 2036
Actuarial Cost Method	Entry-Age, Normal, (Term cost for death and disability)
Investment Rate of Return	6.00%, net of investment expenses

OPEB

Amortization Method	Level Percent of Payroll
Remaining Amortization Period	20 years, open
Actuarial Cost Method	Entry-Age, Normal
Investment Rate of Return	6.00%, net of investment expenses

Healthcare Cost Trend Rates	Pre-65: 7.75% Year 1 Graded to 3.50% Year 15 Post-65: 6.50% Year 1 Graded to 3.50% Year 15;
Aging factors	Based on the 2013 SOA Study "Health Care Costs – From Birth to Death"

Notes	Some of the assumptions used to develop the 2025 Total Pension Liability (TPL) and the 2025 Total OPEB Liability (TOL) may be different than the assumptions shown above. The assumptions used to develop the TPL are described in Note 4 (page 29) and the TOL are described in Note 5 (page 33) of this report.
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FINANCIAL SECTION

SUPPORTING SCHEDULES

SUMMARY SCHEDULE OF PENSION PLAN ADMINISTRATIVE AND OTHER EXPENSES

For Fiscal Year Ended September 30, 2025

Personnel Services:

Staff Salaries	\$ 83,092
Staff Retirement and Social Security	37,482
Staff Other Fringe Benefits	17,481
Total	<u>138,056</u>

Professional Services:

Accounting	2,359
Actuarial	75,067
Attorney General	3,732
Audit	78,251
Consulting	473
Total	<u>159,881</u>

Building and Equipment:

Building Rentals	1,330
Equipment Purchase, Maintenance, and Rentals	21
Total	<u>1,350</u>

Miscellaneous:

Office Supplies	7
Postage, Telephone, and Other	12,063
Printing	131
Technological Support	25,494
Travel and Board Meeting	15
Total	<u>37,711</u>

Total Administrative and Other Expenses \$ 336,998

FINANCIAL SECTION

SUPPORTING SCHEDULES

SUMMARY SCHEDULE OF OPEB PLAN ADMINISTRATIVE AND OTHER EXPENSES

For Fiscal Year Ended September 30, 2025

Personnel Services:

Staff Salaries	\$ 13,793
Staff Retirement and Social Security	6,222
Staff Other Fringe Benefits	2,902
Total	<u>22,917</u>

Professional Services:

Accounting	122
Actuarial	3,884
Attorney General	193
Audit	4,049
Consulting	24
Total	<u>8,273</u>

Building and Equipment:

Building Rentals	69
Equipment Purchase, Maintenance, and Rentals	1
Total	<u>70</u>

Miscellaneous:

Postage, Telephone and Other	624
Printing	7
Health Fees	12,259
Dental Fees	2,785
Vision Fees	104
Technological Support	1,319
Travel and Board Meeting	1
Total	<u>17,099</u>

Total Administrative and Other Expenses \$ 48,359

FINANCIAL SECTION

SUPPORTING SCHEDULES

SCHEDULE OF INVESTMENT EXPENSES

For Fiscal Year Ended September 30, 2025

Securities Lending Expenses	\$	588,152
Other Investment Expenses ¹ :		
ORS-Investment Expenses ²		45,607
Custody Fees		5,975
Management Fees		873,243
Research Fees		41,826
Total Investment Expenses	\$	1,554,803

¹ Refer to the Investment Section for fees paid to investment professionals.

² Does not exclude Treasury Civil Service fees recorded as a pass through in the Schedule of Investment Fees - State Treasurer. As of September 30, 2025, fees totaled \$654.

SCHEDULE OF PAYMENTS FOR PROFESSIONAL SERVICES

For Fiscal Year Ended September 30, 2025

Accounting	\$	2,481
Actuary		78,951
Attorney General		3,925
Consulting		497
Independent Auditors		82,300
Total Payments	\$	168,154

FINANCIAL SECTION

SUPPORTING SCHEDULES

DETAIL OF CHANGES IN PLAN FIDUCIARY NET POSITION

(Pension and Other Postemployment Benefits)

For the Fiscal Year Ended September 30, 2025

(in thousands)

	Employee Contributions	Employer Contributions	Retired Benefit Payments	Undistributed Investment Income	OPEB	Total
Additions:						
Contributions:						
Member contributions	\$ 149	\$ -	\$ -	\$ -	\$ 110	\$ 258
Employer contributions	-	899	-	-	-	899
Other governmental contributions	-	-	-	-	191	191
Total contributions	149	899	-	-	300	1,348
Investment income (loss):						
Net increase (decrease) in fair value of investments	-	-	-	17,613	892	18,505
Interest, dividends, and other	-	-	-	6,616	392	7,008
Investment expenses:						
Other investment expenses	-	-	-	(918)	(49)	(967)
Securities lending activities:						
Securities lending income	-	-	-	604	21	625
Securities lending expenses	-	-	-	(569)	(20)	(589)
Net investment income (loss)	-	-	-	23,347	1,236	24,582
Miscellaneous income	-	-	-	-	16	16
Total additions	149	899	-	23,347	1,553	25,948
Deductions:						
Benefits paid to plan members and beneficiaries:						
Retirement benefits	-	-	25,142	-	-	25,142
Health benefits	-	-	-	-	510	510
Uncollectable receivable	-	-	-	-	4	4
Administrative and other expenses	-	-	-	337	48	385
Total deductions	-	-	25,142	337	562	26,041
Net Increase (Decrease) Before Other Changes	149	899	(25,142)	23,010	990	(93)
Other Changes in Net Position:						
Interest allocation	999	2,484	13,403	(16,886)	-	-
Transfers upon retirement	(7,229)	-	7,229	-	-	-
Transfers of employer shares	-	(3,166)	3,166	-	-	-
Total other changes in net position	(6,230)	(682)	23,798	(16,886)	-	-
Net Increase (Decrease) in Net Position	(6,081)	217	(1,344)	6,124	990	(93)
Net Position Restricted for Pension Benefits and OPEB:						
Beginning of Year	18,199	41,401	223,380	(7,270)	14,265	289,975
End of Year	\$ 12,119	\$ 41,618	\$ 222,036	\$ (1,146)	\$ 15,255	\$ 289,882

FINANCIAL SECTION

SUPPORTING SCHEDULES

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INVESTMENT SECTION

**Prepared by Michigan Department of Treasury, Bureau of Investments
Jon M. Braeutigam, Sr. Chief Investment Officer**

Report on Investment Activity
Rate of Return on Investments
Largest Assets Held
Schedule of Investment Fees
Schedule of Investment Commissions
Investment Summary

INVESTMENT SECTION

REPORT ON INVESTMENT ACTIVITY

INTRODUCTION

The State of Michigan Investment Board (Board) was created by Executive Order 2018-10 (Order) and serves as the investment fiduciary over the assets of the Michigan Judges' Retirement System (System). The Board is responsible for investing the System's assets in accordance with the duties and powers enumerated in the Order and State law. Pursuant to powers provided in the Order, the Board duly authorized and delegated duties to the Department of Treasury's Bureau of Investments (BOI) to invest, prudently manage, and oversee the assets of the System and to take certain other actions that support the BOI's mandate in this regard. In furtherance of these duties, the BOI delivers quarterly investment activity reports to the Board that detail the investments, goals, and objectives of the System.

The Board is comprised of five members: three (3) public members appointed by the Governor and two (2) ex-officio members. The public members serve four (4) year terms and are limited to two (2) such terms; provided, however, that a public member may continue to serve on the Board until his or her successor is appointed, but cannot in any event serve more than ten (10) years on the Board. The State Treasurer, as the chair of the Board, and the State Budget Director are the ex-officio members. As of September 30, 2025, members of the Board were as follows: Rachael Eubanks (chair, ex-officio member), Jennifer Flood (ex-officio member), Reginald G. Sanders, CFA, CAIA (public member), Dina L. Richard, CPA (public member), and Denise Ilitch (public member). The public members serve without pay but may receive reasonable reimbursement for actual and necessary travel and other expenses to attend official Board meetings.

INVESTMENT POLICY & GOALS

The Board's Investment Policy Statement states that it and the BOI will operate in accordance with Public Employee Retirement System Investment Act (Act No. 314 of 1965) and within standard investment practices of the prudent person. This includes, but is not limited to, being authorized to invest in government obligations, corporate obligations, various short-term obligations, corporate (domestic and international) stocks, private equity interests, mutual funds, real estate interests, and other investments subject to specific parameters. Above all, System assets are to be invested in a fiduciary capacity for the sole and exclusive benefit of the members of the System.

The System's Proxy Voting Policy sets forth directives on various issues as holder of publicly traded securities, including but not limited to: Boards of Directors, corporate governance, social issues, and various corporate actions. All proxies are reviewed and voted by the System's proxy voting agent in accordance with the System's policy.

The primary function of the System is to provide retirement, survivor and disability benefits along with health and other postemployment benefits to its members. The Board is investment fiduciary and custodian of the System's investments pursuant to the Order and other State law. The goals of the System are:

- Maintain sufficient liquidity to pay benefits
- Meet or exceed the actuarial assumption over the long-term
- Perform in the top half of the public plan universe over the long-term
- Diversify assets to reduce risk
- Exceed individual asset class benchmarks over the long-term

The strategy for achieving these goals is supported by investing the assets of the System according to one or more asset allocation models, as approved by the Board approximately every two (2) years. The System currently invests in eight different asset classes, which provides for a well-diversified portfolio.

INVESTMENT SECTION

REPORT ON INVESTMENT ACTIVITY

ASSET ALLOCATION

(Excludes Collateral on Loaned Securities)

Investment Category	As of 9/30/25 Actual	Five-Year Target
Domestic Equity Pools	15.7 %	16.0 %
International Equity Pools	11.6	11.0
Private Equity Pools	15.6	16.0
Real Estate and Infrastructure Pools	4.9	5.0
Fixed Income Pools	25.7	26.0
Absolute Return Pools	14.7	15.0
Real Return and Opportunistic Pools	6.7	7.0
Short-Term Investment Pools	5.1	4.0
Total	100.0 %	100.0 %

INVESTMENT AUTHORITY

Pursuant to State law (Executive Order 2018-10, which in part transferred to the Board the powers enumerated in (i) Section 91 of Act No. 380 of the Public Acts of 1965, as amended, and (ii) Section 12c of Act No. 314 of 1965), the Board is the investment fiduciary for the State of Michigan Retirement Systems, which are comprised of: Michigan Public School Employees' Retirement System, State Employees' Retirement System, Michigan State Police Retirement System, Michigan Judges' Retirement System, and the Michigan Military Retirement Provisions. The State Treasurer, State of Michigan, is custodian and ex officio treasurer of the retirement system for the Legislators, State of Michigan (Section 47 of Act No. 261 of the Public Acts of 1957, as amended).

Act No. 314 of the Public Acts of 1965, as amended, authorizes the investment of assets of public employee retirement systems or plans created and established by the State or any political subdivision.

INVESTMENT RESULTS

TOTAL PORTFOLIO RESULTS

For the fiscal year ended September 30, 2025, the System's total rate of return was 9.0% for the Pension Plan and 9.3% for the OPEB Plan as compiled by State Street Investment Analytics. Annualized rates of return for the Pension Plan for the three, five, and ten-year periods ending September 30, 2025 were: 10.9%, 10.2%, and 9.3% respectively.

Investment return calculations are prepared using a Time-Weighted rate of return.

DOMESTIC EQUITY POOLS

The objective for investments made in domestic equities is to meet or exceed the total return of the S&P Composite 1500 Index for one, three, and five-year periods and a market cycle.

For active management strategies, the objective is to earn returns that exceed the most relevant S&P Index, adjusting for market capitalization and style, for one, three, and five-year periods and a market cycle. Another objective is to rank above median in a universe of managers possessing a similar market cap and style characteristics.

The pools are invested primarily in equities or equity-related securities of U.S. companies through internal and externally managed strategies. The goal is to build a portfolio of strategies that will provide excess returns relative to the S&P Composite 1500 Index while providing a prudent measure of tracking error to the index. At times a portion of the pools may be invested in exchange traded funds (ETFs) and fixed-income short-term securities with maturities of less than one year.

The pools invest in equities and equity related securities that are listed on U.S. national securities exchanges, including American Depository Receipts (ADRs). They may also invest in stocks that are traded over-the-counter.

INVESTMENT SECTION

REPORT ON INVESTMENT ACTIVITY

The pools diversify their investments by allocating their equity strategies with consideration of the capitalization weightings of the S&P Composite 1500 Index.

The following summarizes the weightings of the pools as of September 30, 2025:

Active	36.0 %
Passive	64.0
Total	<u><u>100.0 %</u></u>
Large-Cap	76.5 %
Multi-Cap	19.4
Mid-Cap	3.3
Small-Cap	0.8
Total	<u><u>100.0 %</u></u>

The System's Domestic Equity Pools' total rate of return was 19.0% for the Pension and OPEB Plans for fiscal year 2025. This compared with 16.6% for the S&P Composite 1500 Index.

At the close of fiscal year 2025, the Domestic Equity Pools represented 15.7% of total investments. The following summarizes the System's 0.2% ownership share of the Domestic Equity Pools at September 30, 2025:

Domestic Equity Pools

(In thousands)

Short-Term Pooled Investments	\$	2,626
Equities		42,927
Settlement Principal Payable		(13)
Settlement Proceeds Receivable		6
Accrued Dividends		27
Total	\$	<u><u>45,573</u></u>

INTERNATIONAL EQUITY POOLS

The objective for investments made in International Equity Pools is to meet or exceed the total return of the MSCI ACWI ex USA Index for one, three, and five-year periods and a market cycle.

For active management strategies, the objective is to earn returns that exceed the most relevant MSCI Index, adjusting for market capitalization, style and geography for one, three, and five-year periods and a market cycle. Another objective is to rank above median in a universe of managers possessing a similar market capitalization, style and geography characteristics.

Active exposure is invested primarily in equities or equity-related securities of non-U.S. companies through externally managed strategies.

The pools diversify their investments by allocating their equity strategies with consideration of the economic development status weightings of the MSCI ACWI ex USA Index.

INVESTMENT SECTION

REPORT ON INVESTMENT ACTIVITY

The following summarizes the weightings of the pool as of September 30, 2025:

Active	80.0 %
Passive	20.0
Total	<u>100.0 %</u>
Developed	69.4 %
Emerging	30.6
Total	<u>100.0 %</u>

The System's International Equity Pools' total rate of return was 16.6% for the Pension and OPEB Plans for fiscal year 2025. This compared with 16.5% for the MSCI ACWI ex USA Net.

At the close of fiscal year 2025, the International Equity Pools represented 11.6% of total investments. The following summarizes the System's 0.2% ownership share of the International Equity Pools at September 30, 2025:

International Equity Pools

(in thousands)

Short-Term Pooled Investments	\$ 1,476
Equities	29,637
Fixed Income Securities	1,636
Fair Value of Equity Contracts	707
Accrued Dividends and Interest	17
Total	<u>\$ 33,473</u>

PRIVATE EQUITY POOLS

The Private Equity Pools' objective is to meet or exceed the benchmark for all private equity investments over long time periods. The benchmark is the S&P 500 Index plus 300 basis points, net of fees, lagged by three months over three, five, seven, and ten-year periods and a market cycle.

Private Equity Investments are investments in the private equity market, primarily through limited partnerships. The following summarizes the weightings of the pools as of September 30, 2025:

Buyout	66.4 %
Growth	6.2
Multi-Strategy	8.6
Venture Capital	18.0
Cash	0.8
Total	<u>100.0 %</u>

INVESTMENT SECTION

REPORT ON INVESTMENT ACTIVITY

The Private Equity Pools had a return of 6.4% for the Pension and OPEB Plans for the fiscal year ended September 30, 2025, versus the benchmark of 18.6%. At the close of fiscal year 2025, the Private Equity Pools represented 15.6% of total investments. The following summarizes the System's 0.2% ownership share of the Private Equity Pools at September 30, 2025:

Private Equity Pools

(in thousands)

Short-Term Pooled Investments	\$	47
Equities		45,149
Settlement Principal Payable		(3)
Settlement Proceeds Receivable		1
Total	\$	<u>45,194</u>

REAL ESTATE AND INFRASTRUCTURE POOLS

The objective of the Real Estate and Infrastructure Pools is to provide diversification and favorable risk adjusted returns primarily through income and appreciation of investments. Investments are typically held through investment entities, such as limited partnerships or limited liability companies, established for the specific purpose of owning, leasing, managing, financing, or developing real estate and infrastructure related investments.

The Real Estate and Infrastructure Pools diversify its holdings by:

- **Geography** – The pools are invested globally and are diversified geographically so that it is not concentrated in a limited number of markets or geographic areas.
- **Size and Value** – The pools diversify its holdings by size so that it is not concentrated in a limited number of large investments.
- **Investment Type** – The pools are diversified by investment – The pools are diversified by investment type as summarized below.

Multi-family apartments		31.3 %
Commercial office buildings		7.4
Hotel		9.4
Infrastructure		11.4
Industrial warehouse buildings		27.6
Single Family		2.7
Retail Shopping Centers		2.5
Land		0.9
REITs		6.0
Short-Term Investments		0.8
Total		<u>100.0 %</u>

The Real Estate and Infrastructure Pools generated a return of 3.6% for the Pension and OPEB Plans for fiscal year 2025. The Real Estate and Infrastructure Pools compare performance with two benchmark returns from the National Council of Real Estate Investment Fiduciaries (NCREIF): the NCREIF Property Index (less 130 basis points) was 3.3% and the NCREIF Fund Index - Open-End Diversified Core Equity (NFI-ODCE) was 3.2%.

INVESTMENT SECTION

REPORT ON INVESTMENT ACTIVITY

At the close of fiscal year 2025, the Real Estate and Infrastructure Pools represented 4.9% of total investments. The following summarizes the System's 0.1% ownership share of the Real Estate and Infrastructure Pools at September 30, 2025:

Real Estate and Infrastructure Pools

(in thousands)

Real Estate Equities	\$	12,395
Infrastructure Equities		1,667
Total	\$	14,062

FIXED INCOME POOLS

The objective for investments made in the Fixed Income Pools is to meet or exceed the Bloomberg U.S. Aggregate Bond Index over one, three, and five-year periods and market cycles. Another objective is to rank above median in a nationally recognized universe of managers possessing a similar duration and credit exposure. For fixed income sub-strategies, the objective return is to meet or exceed the most relevant Bloomberg benchmark index.

The pools invest in fixed income and related securities in a diversified portfolio of investment grade corporate issues, mortgage-backed and asset-backed securities, U.S. Treasuries, Agencies, government sponsored enterprises and government guaranteed mortgages. The pools diversify its investments by allocating its strategies with consideration of credit risk. The goal is to build a portfolio of strategies that will provide excess returns relative to the blended benchmark while providing minimal tracking error to the index. At times a portion of the pools may be invested in exchange traded funds (ETFs) and fixed-income short-term securities with maturities of less than one year.

The System's Fixed Income Pools' total rate of return was 3.4% for the Pension and 3.5% for the OPEB Plans for fiscal year 2025. This compared with 2.9% for the Bloomberg U.S. Aggregate Bond Index.

At the close of fiscal year 2025, the Fixed Income Pools represented 25.7% of total investments. The following summarizes the System's 0.5% ownership share of the Fixed Income Pools at September 30, 2025:

Fixed Income Pools

(in thousands)

Short-Term Pooled Investments	\$	721
Fixed Income Securities		73,437
Accrued Interest		208
Total	\$	74,366

ABSOLUTE RETURN POOL

The primary investment objective of the Absolute Return Pool is to generate a rate of return that meets or exceeds T-bills by 400 basis points net of fees over a market cycle. Another objective is to exceed the appropriate HFRI Fund of Funds Conservative Index median net of fees over one, three, and five-year periods and a market cycle.

The Absolute Return Pool's rate of return for the fiscal year was 8.7% for the Pension and OPEB Plans versus the benchmark's 6.5%. At the close of fiscal year 2025, the Absolute Return Pool represented 14.7% of total investments. The following summarizes the System's 0.4% ownership share of the Absolute Return Pool at September 30, 2025:

Absolute Return Pool

(in thousands)

Equities	\$	42,721
Total	\$	42,721

INVESTMENT SECTION

REPORT ON INVESTMENT ACTIVITY

REAL RETURN AND OPPORTUNISTIC POOLS

The primary investment objective of the Real Return and Opportunistic Pools is to generate a rate of return that meets or exceeds the increase in the Consumer Price Index (CPI) by at least four percent (4.0%) annually net of fees over one, three, and five-year periods and a market cycle. Opportunistic investments are targeted to earn a return that exceeds the current actuarial assumed rate of return, with the overall Real Return and Opportunistic Pools' benchmark an equal blend between the two benchmarks. If a peer universe is available, the objective is to rank above median in a nationally recognized universe of managers possessing a similar style.

The Real Return and Opportunistic Pools' rate of return for the fiscal year was 4.2% for the Pension and OPEB Plans versus the benchmark's 6.6%.

At the close of fiscal year 2025, the Real Return and Opportunistic Pools represented 6.7% of total investments. The following summarizes the System's 0.2% ownership share of the Real Return and Opportunistic Pools at September 30, 2025:

Real Return and Opportunistic Pools

(in thousands)

Equities	\$ 19,529
Total	\$ 19,529

SHORT-TERM INVESTMENT POOLS

The objective of the Short-Term Investment Pools is to closely match the return performance of its benchmark, the 30-day Treasury bill. The Short-Term Investment Pools' rate of return for the fiscal year was 4.8% for the Pension Plan and 4.5% for the OPEB Plan versus the benchmark's 4.5%.

Potential areas of investment are:

- Obligations of the United States or its agencies.
- Banker's acceptances, commercial accounts, certificates of deposit or depository receipts.
- Repurchase agreements for the purchase of securities issued by the U.S. government or its agencies.
- Commercial paper rated at the time of purchase within the two highest classifications established by not less than two national rating services as determined by the State Treasurer.
- Short duration investment grade corporate issues.

At the close of fiscal year 2025, the Short-Term Investment Pools represented 5.1% of total investments. The following summarizes the System's ownership share of the Short-Term Investment Pools at September 30, 2025:

Short-Term Investment Pools

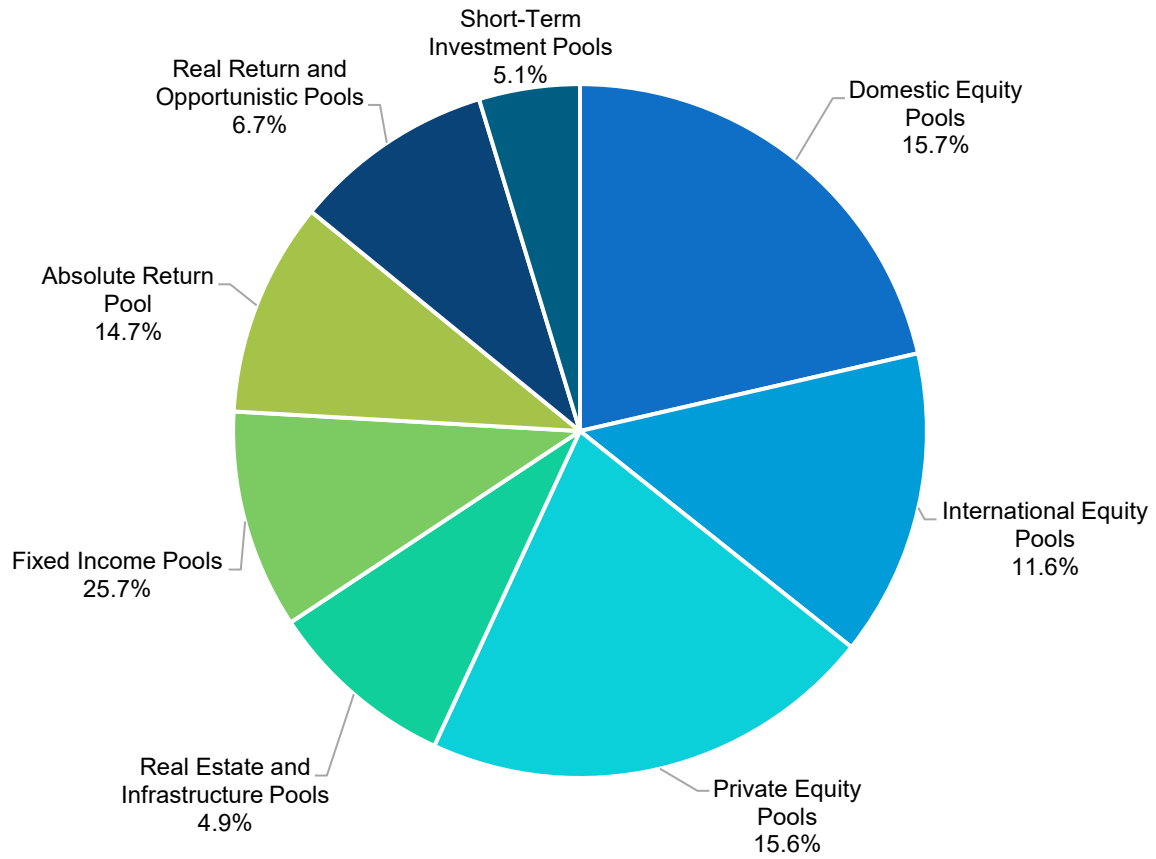
(in thousands)

Short-Term Pooled Investments	\$ 7,407
Fixed Income Securities	7,403
Accrued Interest	30
Total	\$ 14,840

INVESTMENT SECTION

REPORT ON INVESTMENT ACTIVITY

ASSET ALLOCATION – SECURITY TYPE ONLY



INVESTMENT SECTION

RATE OF RETURN ON INVESTMENTS

PENSION BENEFITS INVESTMENT RESULTS

For the Period Ending September 30, 2025

Investment Category	Annualized Rate of Return ¹			
	Current Year	3 Years	5 Years	10 Years
Total Portfolio	9.0 %	10.9 %	10.2 %	9.3 %
Domestic Equity Pools	19.0	26.9	16.5	14.7
S&P Composite 1500 Index	16.6	24.1	16.2	14.9
International Equity Pools	16.6	21.4	10.2	8.7
International Blended Benchmark ²	16.5	20.7	10.3	8.2
Private Equity Pools	6.4	3.1	12.8	11.5
Private Equity Benchmark ³	18.6	23.3	20.1	17.0
Real Estate and Infrastructure Pools	3.6	2.2	8.5	6.9
NCREIF Property Blended Index ⁴	3.3	(3.8)	2.5	3.7
Fixed Income Pools	3.4	6.1	1.7	3.2
Bloomberg U.S. Aggregate Bond Index	2.9	4.9	(0.5)	1.8
Absolute Return Pool	8.7	9.5	9.4	6.5
HFRI Fund of Funds Conservative Aggregate Index	6.5	5.8	6.0	4.0
Real Return and Opportunistic Pools	4.2	5.6	10.1	9.7
Real Return and Opportunistic Benchmark ⁵	6.6	6.6	7.4	7.3
Short-Term Investment Pools	4.8	4.9	3.1	2.3
30-Day Treasury Bill	4.5	4.9	3.1	2.1

¹ Calculations used a time-weighted rate of return based on the market rate of return in accordance with industry standards. Excludes income and investment gains and losses from securities lending.

² As of 7/1/14, index is MSCI ACWI ex USA Net. History 10/1/10 to 6/30/14 is MSCI ACWI ex USA Gross. History 1/1/10 to 9/30/10 is S&P Developed BMI-EPAC Net 75/25. History prior to 1/1/10 is S&P Developed BMI-EPAC Net 50/50.

³ Index is blend of S&P 500 plus 300 bps with a three-month lag.

⁴ As of 10/1/05, index is NCREIF less 130 bp. History prior to 10/1/05 reflects NCREIF less 75 bp.

⁵ As of 12/1/18 Real Return Benchmark is CPI + 400 bps net. Opportunistic is current Actuarial Rate of Return. History prior to 12/1/18 reflects 50% (CPI + 5%) and 50% (actuarial rate 8%).

INVESTMENT SECTION

RATE OF RETURN ON INVESTMENTS

OPEB INVESTMENT RESULTS

For the Period Ending September 30, 2025

Investment Category	Annualized Rate of Return ¹			
	Current Year	3 Years	5 Years	10 Years
Total Portfolio	9.3 %	10.2 %	9.5 %	8.8 %
Domestic Equity Pools	19.0	26.9	16.6	14.7
S&P Composite 1500 Index	16.6	24.1	16.2	14.9
International Equity Pools	16.6	21.4	10.2	8.6
International Blended Benchmark ²	16.5	20.7	10.3	8.2
Private Equity Pools	6.4	3.1	12.8	11.5
Private Equity Benchmark ³	18.6	23.3	20.1	17.0
Real Estate and Infrastructure Pools	3.6	2.2	8.5	6.9
NCREIF Property Blended Index ⁴	3.3	(3.8)	2.5	3.7
Fixed Income Pools	3.5	6.1	1.7	3.2
Bloomberg U.S. Aggregate Bond Index	2.9	4.9	(0.5)	1.8
Absolute Return Pools	8.7	9.5	9.4	6.5
HFRI Fund of Funds Conservative Aggregate Index	6.5	5.8	6.0	4.0
Real Return and Opportunistic Pools	4.2	5.6	10.1	9.7
Real Return and Opportunistic Benchmark ⁵	6.6	6.6	7.4	7.3
Short-Term Investment Pools	4.5	4.4	2.9	2.1
30-Day Treasury Bill	4.5	4.9	3.1	2.1

¹ Calculations used a time-weighted rate of return based on the market rate of return in accordance with industry standards. Excludes income and investment gains and losses from securities lending.

² As of 7/1/14, index is MSCI ACWI ex USA Net. History 10/1/10 to 6/30/14 is MSCI ACWI ex USA Gross. History 1/1/10 to 9/30/10 is S&P Developed BMI-EPAC Net 75/25. History prior to 1/1/10 is S&P Developed BMI-EPAC Net 50/50.

³ Index is blend of S&P 500 plus 300 bps with a three-month lag.

⁴ As of 10/1/05, index is NCREIF less 130 bp. History prior to 10/1/05 reflects NCREIF less 75 bp.

⁵ As of 12/1/18 Real Return Benchmark is CPI+4% + 400ps net. Opportunistic is current Actuarial Rate of Return. History prior to 12/1/18 reflects 50%(CP+5%) and 50% (actuarial rate 8%).

INVESTMENT SECTION

LARGEST ASSETS HELD

LARGEST STOCK HOLDINGS

(By Fair Value)
September 30, 2025

Rank	Shares	Stocks	Fair Value
1	16,157	Nvidia Corp.	\$ 3,014,563
2	4,336	Microsoft Corp.	2,246,021
3	8,013	Apple Inc.	2,040,365
4	5,913	Amazon.com Inc.	1,298,265
5	1,701	Meta Platforms Inc. Class A	1,249,072
6	3,527	Broadcom Inc.	1,163,430
7	3,893	Alphabet Inc. CL A	946,470
8	3,063	Alphabet Inc. CL C	745,935
9	1,352	Tesla Inc.	601,145
10	1,760	JPMorgan Chase & Co.	555,028

A complete list of stock and bond holdings is available from the Michigan Department of Treasury.

The System's assets are commingled in various pooled accounts. Amounts, par value and number of shares represent the System's pro-rata share based on its ownership of the investment pools.

LARGEST BOND HOLDINGS

(By Fair Value)
September 30, 2025

Rank	Par Amount	Bonds & Notes	Fair Value
1	\$ 3,065,587	U.S. TREASURY N/B 4.75% 05/15/2055	\$ 3,075,166
2	1,760,216	U.S. TREASURY N/B 2.875% 05/15/2052	1,256,079
3	1,398,405	U.S. TREASURY N/B 3.0% 08/15/2052	1,022,802
4	1,213,368	FNMA TBA 30 YR 2 Single Family Mortgage	978,305
5	1,015,977	U.S. TREASURY N/B 4.0% 11/15/2052	899,100
6	839,043	U.S. TREASURY N/B 4.625% 02/15/2055	824,753
7	858,101	FNMA TBA 30 YR 2.5 Single Family Mortgage	723,215
8	820,808	GNMA II TBA 30 YR 2.5 Jumbos	706,629
9	762,766	U.S. TREASURY N/B 3.625% 02/15/2044	662,087
10	686,490	U.S. TREASURY N/B 4.125% 08/15/2044	637,202

A complete list of stock and bond holdings is available from the Michigan Department of Treasury.

Largest Bond Holdings are exclusive of securities lending collateral.

The System's assets are commingled in various pooled accounts. Amounts, par value and number of shares represent the System's pro-rata share based on its ownership of the investment pools.

INVESTMENT SECTION

SCHEDULE OF INVESTMENT FEES

The State of Michigan Investment Board (Board) is the investment fiduciary and custodian of the System's funds pursuant to State law. Outside advisors are utilized to augment the State of Michigan's internal staff. 69.6% of the total investment portfolio is managed by fully discretionary outside advisors. The Michigan Department of Treasury's cost of operations applicable to the System for the fiscal year end amounted to \$55 thousand or six and two tenths basis points (0.062%) of the fair value of the Assets under Management of the Board.

Investment Managers' Fees:	Assets Under Management (in thousands)	Fees (in thousands)	Basis Points*
State Treasurer	\$ 88,220	\$ 55	6.2
Outside Advisors for:			
Fixed Income	47,460	102	21.5
Absolute Return	42,721	179	41.9
Real Return and Opportunistic	19,529	76	38.9
International Equity	27,732	68	24.5
Domestic Equity	4,840	10	20.7
Private Equity	45,194	330	73.0
Real Estate and Infrastructure	14,063	109	77.5
Total	<u>\$ 289,759</u>	<u>\$ 929</u>	
 Other Investment Services Fees:			
Assets in Custody	\$ 282,468	\$ 48	
Securities Lending Collateral	13,096	7	

* Private Equity partnership agreements that define the management fees, the asset management fees range from 0 to 250 basis points of the committed capital. For Real Estate and Infrastructure, the asset management fees range from 0 to 150 basis points. For Absolute Return and Real Return and Opportunistic, the asset management fees range from 0 to 200 basis points. These fees, in most cases, are netted against income.

INVESTMENT SECTION

SCHEDULE OF INVESTMENT COMMISSIONS

Fiscal Year Ended September 30, 2025

Investment Brokerage Firms:	Actual Commissions Paid ¹	Actual Number of Shares Traded ¹	Average Commission Per Share ²	Estimated Trade Costs Per Share	Estimated Research Costs Per Share	Estimated Trade Costs	Estimated Research Costs
Bank of America Securities LLC	\$ 2	337	\$ 0.01	\$ 0.01	\$ -	\$ 3	\$ -
BTIG LLC	745	72,628	0.01	0.01	-	363	-
Capital Institutional Services Inc.	605	121,018	-	0.01	-	1,210	-
Cowen & Company LLC	80	3,963	0.02	0.01	0.01	40	40
Drexel Hamilton LLC	25	5,061	-	0.01	-	50	-
J. P. Morgan Securities Inc.	399	20,513	0.02	0.01	0.01	205	205
Jefferies & Company	1	86	0.01	0.01	-	1	-
Merrill Lynch, Pierce, Fenner & Smith Inc.	67	2,677	0.03	0.01	0.02	27	52
MKM Partners LLC	832	46,941	0.02	0.01	0.01	470	470
Raymond James and Associates Inc.	45	1,811	0.02	0.01	0.01	18	18
Roberts & Ryan Inv.	90	4,478	0.02	0.01	0.01	45	45
UBS Financial Securities	242	18,151	0.01	0.01	-	182	-
Wayne & Company	1,227	222,805	0.01	0.01	-	1,114	-
Glen Eagle Wealth	12	1,171	0.01	0.01	-	12	1
Total	\$ 4,372	521,640	\$ 0.01	\$ 0.01	\$ 0.01	\$ 3,740	\$ 831

¹ Commissions are included in purchase and sale prices of investments. The commissions and shares represent the System's pro-rata share based on ownership of commission and share transactions in the investment pools.

² The average commission per share for all brokerage firms.

INVESTMENT SECTION

INVESTMENT SUMMARY

Fiscal Year Ended September 30, 2025

	<u>Fair Value¹</u>	<u>Percent of Total Fair Value</u>	<u>Investment & Interest Income²</u>	<u>Percent of Total Investment & Interest Income</u>
Fixed Income Pools	\$ 74,365,736	25.7 %	\$ 3,719,389	53.1 %
Domestic Equity Pools	45,572,915	15.7	689,811	9.8
Real Estate and Infrastructure Pools	14,062,593	4.9	319,189	4.5
Private Equity Pools	45,193,592	15.6	169,289	2.4
International Equity Pools	33,473,253	11.6	(248,667)	(3.5)
Absolute Return Pools	42,721,435	14.7	1,345,973	19.2
Real Return and Opportunistic Pools	19,528,527	6.7	431,434	6.2
Short-Term Investment Pools	14,839,825 ³	5.1	580,851	8.3
Total	<u>\$ 289,757,876</u>	<u>100.0 %</u>	<u>\$ 7,007,269</u>	<u>100.0 %</u>

¹ Fair value excludes \$13,096,150 in securities lending collateral for fiscal year 2025.

² Total Investment & Interest Income excludes net security lending income of \$37,523 for securities lending collateral.

³ Short-Term Investment Pools' fair value includes \$7,289,933 of equity in common cash.

INVESTMENT SECTION

INVESTMENT SUMMARY

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ACTUARIAL SECTION

Actuary's Certification
Summary of Actuarial Assumptions and Methods
Actuarial Valuation Data
Prioritized Solvency Test
Analysis of System Experience – Pension
Analysis of System Experience - OPEB
Summary of Plan Provisions
Schedules of Funding Progress

ACTUARIAL SECTION

ACTUARY'S CERTIFICATION



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October 17, 2025

Ms. Michelle Lange, Director
Department of Technology, Management and Budget
and
The State of Michigan Retirement Board
P.O. Box 30171
Lansing, Michigan 48909

Ladies and Gentlemen:

The basic financial objective of the Michigan Judges' Retirement System (JRS) is to establish and receive contributions which when combined with present assets and future investment returns will be sufficient to meet the financial obligations of the System to present and future benefit recipients. The progress towards meeting those financial objectives is illustrated in the Schedules of Funding Progress and the Schedules of Employer Contributions.

We performed actuarial funding valuations and issued actuarial funding reports for the JRS pension and retiree health (i.e., OPEB) plans as of September 30, 2024. The purpose of the September 30, 2024 annual actuarial valuations was to determine the contribution requirements for the fiscal year ending September 30, 2025, to measure the System's funding progress and to provide information in connection with applicable Governmental Accounting Standards Board Statements. The valuations should not be relied upon for any other purpose. The valuation process develops employer contributions that are sufficient to fund the System's normal cost (i.e., the costs assigned by the valuation method to the year of service about to be rendered), as well as to fund any unfunded accrued liabilities over a reasonable period. The valuation was completed based upon population data, asset data and plan provisions in effect on September 30, 2024.

In addition to the funding valuation reports, separate reports are issued to provide financial reporting information for JRS in accordance with Governmental Accounting Standards Board (GASB) Statement Nos. 67 and 68 (pension benefits) and Nos. 74 and 75 (retiree health benefits, or OPEB). Reports containing the actuarial results of the financial reporting valuations are produced annually after the publication of this letter. The GASB Statement Nos. 67, 68, 74 and 75 financial reporting valuations are based upon a measurement date of September 30, 2025.

The valuations were based upon information provided by the System's administrative staff concerning System benefit provisions, financial transactions, and individual members, terminated members, retirees and beneficiaries. We checked the data for internal and year to year consistency, but did not audit the data. As a result, we do not assume responsibility for the accuracy or completeness of the data provided by the System's administrative staff. The actuary summarizes and tabulates population data in order to analyze long term trends. The System's auditor audits the actuarial data annually.

ACTUARIAL SECTION

ACTUARY'S CERTIFICATION

Ms. Michelle Lange
October 17, 2025
Page 2

Annual actuarial valuations are based upon assumptions regarding future activity in specific risk areas including the rate of investment return and payroll growth, eligibility for the various classes of benefits and longevity among retired lives. These assumptions are adopted by the Board and the Department after considering the advice of the actuary and other professionals. Each actuarial valuation takes into account all prior differences between actual and assumed experience in each risk area and adjusts the contribution requirements as needed.

The following schedules in the Financial Section, the Actuarial Section, and the Statistical Section of the Annual Comprehensive Financial Report (ACFR) were prepared by the Department of Financial Services based upon certain information presented in the previously mentioned funding and financial reporting valuation reports:

Financial Section

- Note 1 – Table of System's Membership
- Note 4 – Net Pension Liability; Summary of Actuarial Assumptions and Methods
- Note 5 – Net OPEB Liability; Summary of Actuarial Assumptions and Methods
- Note A – Methods and Assumptions Used to Determine Contributions for Fiscal Year 2025
- Schedules of Changes in the Net Pension Liability (NPL) and the Net OPEB Liability and Related Ratios
- Schedules of Contributions Multiyear
- Sensitivity of the NPL to Changes in the Discount Rate
- Sensitivity of the Net OPEB Liability to Changes in the Discount Rate
- Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate Assumption

Actuarial Section

- Summary of Actuarial Assumptions and Methods used in the September 30, 2024 Pension Funding Valuation
- Percent of Eligible Active Members Retiring Within Next Year
- Separation from Active Employment Before Age and Service Retirement, Disability and Individual Pay Increase Assumptions
- Schedule of Active Member Pension Valuation Data
- Schedule of Changes in the Retirement Rolls
- Prioritized Solvency Tests
- Analyses of System Experience
- Schedule of Active Member OPEB Valuation Data
- Schedule of Changes in the OPEB Rolls
- Schedules of Funding Progress

Statistical Section

- Schedule of Retired Members by Type of Retirement and Type of Pension Benefit
- Schedule of Retired Members by Type of Health Benefit
- Schedules of Average Benefit Payments – Pension, Medical/Rx, Dental, and Vision



ACTUARIAL SECTION

ACTUARY'S CERTIFICATION

Ms. Michelle Lange
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Page 3

The September 30, 2024 funding valuations and the September 30, 2025 financial reporting valuations were based upon assumptions that were recommended in connection with a study of System experience covering the period from October 1, 2017 through September 30, 2022. Future actuarial measurements may differ significantly from those presented in the annual valuations due to such factors as experience differing from that anticipated by actuarial assumptions, or changes in plan provisions, actuarial assumptions/methods or applicable law. Due to the limited scope of the assignment, we did not perform an analysis of the potential range of future measurements.

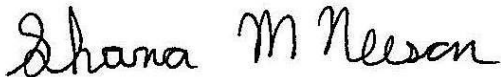
The signing actuaries are independent of the plan sponsor.

The actuarial valuations of JRS were performed by qualified actuaries in accordance with standards of practice prescribed by the Actuarial Standards Board and in compliance with applicable State statutes. The assumptions and methods used for funding and financial reporting purposes are in conformity with the Actuarial Standards of Practice issued by the Actuarial Standards Board. Mita D. Drazilov and Shana M. Neeson 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. It is our opinion that the calculated employer contribution meets the financial objective of the Retirement System.

Respectfully submitted,
Gabriel, Roeder, Smith & Company



Mita D. Drazilov, ASA, FCA, MAAA



Shana M. Neeson, ASA, FCA, MAAA



ACTUARIAL SECTION

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

1. The investment return rate used in the pension valuation was 6.00% per year net of investment expenses, compounded annually. This rate of return is not the assumed real rate of return. Considering a wage inflation assumption of 2.75%, this investment return rate translates to an assumed long-term real rate of return of 3.25%. Adopted 2021.
2. The healthy life retiree mortality tables used in evaluating allowances to be paid were 100% of the PubG-2010 Male and Female Healthy Annuitant Mortality Tables, adjusted for mortality improvements using projection scale MP-2021 from 2010. Adopted 2023.
3. Sample probabilities of retirement with an age and service allowance are shown in Schedule 1 on the next page. Adopted 2014.
4. Sample probabilities of withdrawal from service and disability, together with individual pay increase assumptions, are shown in Schedule 2 on the next page. Adopted 2018.
5. The active member population is closed to new hires. This will result in a gradual reduction in the total active member payroll over time.
6. An individual entry-age normal actuarial cost method of valuation was used in determining age and service and deferred retirement actuarial liabilities and normal cost. Unfunded actuarial accrued liabilities, including actuarial gains and losses, are financed over a declining 40-year period beginning October 1, 1996. Adopted 1996.
7. The Department of Technology, Management and Budget approved the use of market value of assets as of September 30, 1997 for actuarial valuation purposes. For investment gains and losses that occur after that date, a 5-year smoothing technique will be used. Specifically, the excess (shortfall) of actual investment income (including interest, dividends, realized and unrealized gains or losses) over (under) the imputed-income at the valuation interest rate is considered the gain (loss), which is spread over five years. Adopted 1997.
8. The data about persons now covered and about present assets was furnished by the System's administrative staff. Although examined for general reasonableness, the data was not audited by the actuary.
9. The actuarial valuation computations were made by or under the supervision of a Member of the American Academy of Actuaries (MAAA). The assumptions, methods, and funding policy used in the actuarial valuations were adopted by the System's Board and the Department of Technology, Management and Budget after consulting with the State Treasurer and the actuary.
10. A 5-year experience investigation, covering the period from October 1, 2017 through September 30, 2022 was completed in 2023. The purpose of the study was to analyze the actual experience of the System versus that anticipated by actuarial assumptions then in use.
11. Gabriel, Roeder, Smith & Company was awarded the actuarial and consulting services contract beginning October 4, 2006.

ACTUARIAL SECTION

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

SCHEDULE 1

PERCENT OF ELIGIBLE ACTIVE MEMBERS RETIRING WITHIN NEXT YEAR

<u>Retirement Ages</u>	<u>Percent of Eligible Active Members Retiring Within Next Year</u>
55-60	10 %
61-64	8
65-69	15
70	20
71	25
72-74	30
75	100

SCHEDULE 2

SEPARATION FROM ACTIVE EMPLOYMENT BEFORE AGE & SERVICE RETIREMENT, DISABILITY & INDIVIDUAL PAY INCREASE ASSUMPTIONS

<u>Sample Ages</u>	<u>Percent of Active Members Withdrawing Within Next Year</u>	<u>Percent of Active Members Becoming Disabled Within Next Year</u>	<u>Percent Increase in Pay During Next Year</u>
30 and under	- %	- %	3.25 %
35	2.25	0.02	3.25
40	2.25	0.06	3.25
45	2.25	0.12	3.25
50	2.25	0.18	3.25
55	2.25	0.24	3.25
60	2.25	0.36	3.25

ACTUARIAL SECTION

SCHEDULES OF ACTIVE MEMBER VALUATION DATA

SCHEDULE OF ACTIVE MEMBER PENSION VALUATION DATA

Valuation Date Sept. 30	Number Inactive	Number Active	Reported Annual Payroll	Average Annual Pay	Increase (Decrease)	Average Age	Average Service
2015	6	128	\$ 14,948,393	\$ 116,784	1.0 %	63.9	23.9
2016	4	119	13,903,660	116,837	-	64.8	25.1
2017	1	100	11,955,042	119,550	2.3	65.4	25.7
2018	0	95	11,732,875	123,504	3.3	66.3	26.7
2019	0	75	9,474,528	126,327	2.3	66.7	27.3
2020	0	71	9,148,954	128,859	2.0	67.6	28.4
2021	0	53	7,010,285	132,270	2.6	67.6	29.1
2022	0	43	5,923,421	137,754	4.1	68.3	30.1
2023	0	30	4,438,453	147,948	7.4	67.8	30.6
2024	0	26	3,935,602	151,369	2.3	69.0	31.5

SCHEDULE OF ACTIVE MEMBER OPEB VALUATION DATA

Valuation Date Sept. 30	Number Active	Reported Annual Payroll	Average Annual Pay	Increase (Decrease)	Average Age	Average Service
2015	39	\$ 5,926,177	\$ 151,953	- %	59.8	16.8
2016	39	5,888,807	150,995	(0.6)	60.3	17.6
2017	39	5,918,042	151,745	0.5	60.1	17.7
2018	38	5,837,438	153,617	1.2	60.0	17.0
2019	37	5,792,420	156,552	1.9	58.3	15.0
2020	37	5,827,608	157,503	0.6	59.0	15.6
2021	35	5,605,560	160,159	1.7	58.6	15.0
2022	37	5,843,107	157,922	(1.4)	57.8	13.7
2023	37	6,553,793	177,130	12.2	57.6	13.2
2024	37	6,645,121	179,598	1.4	56.6	12.2

ACTUARIAL SECTION

SCHEDULES OF ACTIVE MEMBER VALUATION DATA

SCHEDULE OF CHANGES IN RETIREMENT ROLLS

Year Ended Sept. 30	Added to Rolls		Removed from Rolls		Rolls – End of Year		Average Annual Allowances	Change in Annual Allowances
	No.	Annual Allowances	No.	Annual Allowances	No.	Annual Allowances		
2015	40	\$ 1,996,792	34	\$ 1,075,366	560	\$ 23,348,227	\$ 41,693	4.1 %
2016	22	951,076	35	1,263,957	547	23,035,359	42,112	(1.3)
2017	34	1,595,337	30	996,300	551	23,634,396	42,894	2.6
2018	17	610,404	24	714,245	544	23,530,555	43,255	(0.4)
2019	27	1,598,176	25	863,088	546	24,265,643	44,443	3.1
2020	11	516,322	29	905,646	528	23,876,319	45,220	(1.6)
2021	26	1,612,773	29	1,186,583	525	24,302,509	46,290	1.8
2022	18	1,000,682	27	1,079,950	516	24,223,241	46,944	(0.3)
2023	23	1,320,466	21	738,672	518	24,805,035	47,886	2.4
2024	11	519,577	23	743,084	506	24,581,528	48,580	(0.9)

SCHEDULE OF CHANGES IN THE OPEB ROLLS

Year Ended Sept. 30	Added to Rolls		Removed from Rolls		Rolls – End of Year		Average Annual Allowances	Change in Annual Allowances
	No.	Annual Allowances ¹	No.	Annual Allowances ¹	No.	Annual Allowances ¹		
2015	5	\$ 50,874	1	\$ 9,241	35	\$ 260,296	\$ 7,437	19.0 %
2016	2	48,243	2	17,130	35	291,409	8,326	-
2017	1	26,382	4	20,331	32	297,460	9,296	2.1
2018	1	15,959	2	16,468	31	296,951	9,579	(0.2)
2019	3	24,597	3	47,366	31	274,182	8,845	(7.7)
2020	1	17,880	1	15,248	31	276,814	8,929	1.0
2021	2	25,492	3	17,778	30	284,528	9,484	2.8
2022	3	25,418	3	48,108	30	261,838	8,728	(8.0)
2023	1	11,308	1	10,783	30	262,363	8,745	0.2
2024	1	5,654	2	11,308	29	256,709	8,852	(2.2)

¹ Based on the illustrative premiums reported for the indicated valuation.

Notes:

No. refers to number of retiree health contracts for individuals participating in the defined benefit pension plan and receiving the State subsidy.

Annual allowances added to rolls includes increases due to medical inflation and contract changes.

Annual allowances removed from rolls includes decreases due to contract changes.

ACTUARIAL SECTION

PRIORITIZED SOLVENCY TEST

The System's funding objective is to meet long-term benefit promises through contributions that remain approximately level from year to year as a percent of member payroll. If the contributions to the System are level in concept and soundly executed, the System will pay all promised benefits when due, the ultimate test of financial soundness. Testing for level contribution rates is the long-term solvency test.

A prioritized solvency test is another means of checking a system's progress under its funding program. In a short condition test, the plan's present assets (cash and investments) are compared with: (1) active member contributions on deposit; (2) the liabilities for future benefits to present retired lives; and (3) the liabilities for service already rendered by active and inactive members. In a system that has been following the discipline of level percent of payroll financing, the liabilities for active member contributions on deposit (liability 1) and the liabilities for future benefits to present retired lives (liability 2) will be fully covered by present assets (except in rare circumstances). In addition, the liabilities for service already rendered by active members (liability 3) are normally partially covered by the remainder of present assets. Generally, if the System has been using level-cost financing, the funded portion of liability 3 will increase over time. Liability 3 being fully funded is not necessarily a by-product of level percent of payroll funding methods.

The schedules that follow illustrate the history of the liabilities of the System and are indicative of the System's policy of following the discipline of level percent of payroll financing.

PENSION BENEFITS

(in thousands)

Valuation Date	Actuarial Accrued Liability (AAL)			Valuation Assets	Portion of AAL Covered by Assets			
	(1)	(2)	(3)		(1)	(2)	(3)	(4) ²
	Active Member Contributions	Retirants and Beneficiaries	Active and Inactive Members (Employer Financed Portion)					
Sept. 30								
2015	\$ 44,691	\$ 196,275	\$ 16,281	\$ 249,333	100 %	100 %	51.4 %	96.9 %
2016	45,617	193,368	12,364	254,067	100	100	122.0	101.1
2017	40,701	197,767	9,117	267,850	100	100	322.3	108.2
2017 ¹	40,701	215,771	13,271	267,850	100	100	85.7	99.3
2018	41,809	211,958	11,968	266,347	100	100	105.1	100.2
2018 ¹	41,809	222,484	16,630	274,801	100	100	63.2	97.8
2019	34,987	229,371	12,209	266,449	100	100	17.1	96.3
2020	36,121	223,119	10,274	259,433	100	100	1.9	96.3
2021	29,059	225,288	7,205	262,304	100	100	110.4	100.3
2021 ¹	29,059	229,474	7,821	267,151	100	100	110.2	100.3
2022	24,181	225,666	7,355	262,234	100	100	168.4	102.0
2023	17,596	229,794	5,907	257,419	100	100	169.8	101.6
2023 ¹	17,596	232,575	6,416	257,419	100	100	113.0	100.3
2024	16,588	226,546	5,126	255,723	100	100	245.6	103.0

¹ Revised actuarial assumptions and/or methods.

² Percent funded on a total valuation asset and total actuarial accrued liability basis.

ACTUARIAL SECTION

PRIORITIZED SOLVENCY TEST

OTHER POSTEMPLOYMENT BENEFITS

(in thousands)

Valuation Date	Actuarial Accrued Liability (AAL)			Valuation Assets	Portion of Present Value Covered by Assets			
	(1)	(2)	(3)		(1)	(2)	(3)	(4) ¹
	Active Member Contributions ²	Retirants and Beneficiaries	Active and Inactive Members (Employer Financed Portion)		- %	- %	- %	- %
Sept. 30								
2015	\$ -	\$ 4,384	\$ 4,742	\$ -	- %	- %	- %	- %
2016	-	4,836	5,093	1,030	-	21.1	-	10.4
2017	-	3,465	3,432	1,026	-	29.6	-	14.9
2017 ³	-	3,721	3,772	1,026	-	27.6	-	13.7
2018	-	3,714	3,883	1,105	-	29.8	-	14.5
2018 ³	-	3,976	4,450	1,105	-	27.8	-	13.1
2019	-	4,147	5,729	8,375	-	100.0	73.8	84.8
2020	-	3,866	5,364	9,332	-	100.0	101.9	101.1
2021	-	3,156	4,165	10,508	-	100.0	176.5	143.5
2021 ³	-	3,425	4,646	11,345	-	100.0	170.5	140.6
2022	-	2,717	4,008	12,239	-	100.0	237.6	182.0
2023	-	2,856	3,950	12,941	-	100.0	255.3	190.2
2023 ³	-	2,985	4,161	12,941	-	100.0	239.3	181.1
2024	-	2,202	3,035	13,789	-	100.0	381.8	263.3

¹ Percent funded on a total valuation asset and total actuarial accrued liability basis.

² Information not available.

³ Revised actuarial assumptions and/or methods.

ACTUARIAL SECTION

ANALYSIS OF SYSTEM EXPERIENCE – PENSION

GAINS/(LOSSES) IN ACCRUED LIABILITIES

During Year Ended September 30, 2024
Resulting from Differences Between Assumed Experience & Actual Experience

<u>Type of Activity</u>	<u>Gain/(Loss)</u>
1. Retirements (including Disability Retirement). If members retire at older ages or with lower final average pay than assumed, there is a gain. If younger ages or higher average pays, a loss.	\$ (4,656)
2. Withdrawal from Employment (including death-in-service). If more liabilities are released by withdrawals and deaths than assumed, there is a gain. If smaller releases, a loss.	(4,170)
3. Pay Increases. If there are smaller pay increases than assumed, there is a gain. If greater increases, a loss.	176,186
4. Investment Income. If there is greater investment income than assumed, there is a gain. If less income, a loss.	8,629,113
5. Death After Retirement. If retirants live longer than assumed, there is a loss. If not as long, a gain.	(1,395,162)
6. Rehires. Rehires into the System will generally result in an actuarial loss.	-
7. Other. Miscellaneous gains and losses resulting from data adjustments, timing of financial transactions, etc.	(830,462)
8. Composite Gain (or Loss) During Year.	<u>\$ 6,570,849</u>

ACTUARIAL SECTION

ANALYSIS OF SYSTEM EXPERIENCE – OPEB

GAINS/(LOSSES) IN ACCRUED LIABILITIES

During Year Ended September 30, 2024
Resulting from Differences Between Assumed Experience & Actual Experience

<u>Type of Activity</u>	<u>Gain/(Loss)</u>
1. Premiums. Gains and losses resulting from actual premiums in valuation year versus that assumed from prior valuation.	\$ 2,341,905
2. Investment Income. If there is greater investment income than assumed, there is a gain. If less income, a loss.	75,109
3. Demographic and Other. Gains and losses resulting from demographic experience, data adjustments, timing of financial transactions, etc.	300,020
4. Composite Gain (or Loss) During Year.	<u>\$ 2,717,034</u>

ACTUARIAL SECTION

SUMMARY OF PLAN PROVISIONS

Our actuarial valuation of the System as of September 30, 2024, is based on the present provisions of the Judges' Retirement Act (Public Act No. 234 of 1992, as amended). The Michigan Judges' Retirement System (System) is a single-employer, state-wide, defined benefit public employee retirement plan and fiduciary component unit of the State of Michigan (State), created under Public Act 234 of 1992, which consolidated the former Judges' and Probate Judges' Retirement Systems into one retirement system. Section 204 of this Act establishes the board's authority to promulgate or amend the provisions of the System.

REGULAR RETIREMENT

- **Eligibility** – Age 60 with 8 years credited service; or age 55 with 18 years credited service, or 25 years with no age requirement.
- **Annual Amount** – If less than 12 years of credited service, 3% of final annual compensation times years of credited service; for 12 or more years of credited service, 50% of final annual compensation plus 2.5% of such compensation for each year of credited service in excess of 12 years to a maximum of 60%. Former System members receive 3% of final annual compensation times years of credited service to a maximum of the greater of 40% of final annual compensation or \$15,000, but not to exceed 66.67% of final annual compensation when added to a local retirement system benefit; or 3.5% of final annual compensation times years of credited service to a maximum of 66.67% of final annual compensation if elected.
- **Final Annual Compensation** – Annual state salary at time of retirement plus state salary standardization, if any. For former Probate System members, final annual compensation is member's certified salary at time of retirement. For 36th District Court judges, final annual compensation is total state and district control unit salary at time of retirement. For Probate judges serving in a single county of less than 15,000 population, final annual compensation is total judicial salary at the time of retirement.

EARLY RETIREMENT

(Age Reduction Factor Used)

- **Eligibility** – Age 55 with 12 but less than 18 years credited service.
- **Annual Amount** – Regular retirement benefit, reduced by 0.5% for each month by which the commencement age is less than 60.

DEFERRED RETIREMENT

(Vested benefit)

- **Eligibility** – 8 years of credited service.
- **Annual Amount** – Regular retirement benefit. If less than 12 years of credited service, payable at age 60, if 18 or more years of credited service payable at age 55; if more than 12 but less than 18 years of credited service reduced amount payable at age 55.

DISABILITY RETIREMENT

- **Eligibility** – 8 years of credited service.
- **Annual Amount** – Regular retirement benefit, based upon member's credited service and final salary at time of disability.

DEATH BEFORE OR AFTER RETIREMENT

(Spouse or Dependent Children)

- **Eligibility** – 8 years of credited service.
- **Annual Amount** – 50% of member's accrued pension.

POST RETIREMENT COST-OF-LIVING ADJUSTMENTS

None, except that judges who were active judges prior to September 8, 1961, (and their survivors) have their benefits adjusted as active judges' salaries change.

ACTUARIAL SECTION

SUMMARY OF PLAN PROVISIONS

MEMBER CONTRIBUTIONS

- **Non-Trial Judges** – 5% of salary (2% for health benefits)
- **Trial Judges with Full Standardization** – 7% of salary
- **Trial Judges without Full Standardization** – 3.5% of salary
- **Probate Judges under 3% Formula** – 7% of salary to maximum of \$980
- **Probate Judges under 3.5% Formula** – 7% of salary (no maximum)
- **District Court Judges of the Thirty-sixth District** – 3.5% of salary

DEFINED CONTRIBUTION LEGISLATION – (PUBLIC ACT 523 OF 1996)

New employees hired on or after March 31, 1997, become participants in Tier 2 (i.e., a defined contribution plan) rather than Tier 1 (i.e., the defined benefit plan described on prior page).

Active members on March 30, 1997, had an opportunity to irrevocably elect to terminate membership in Tier 1 and become participants in Tier 2. Elections were in writing and submitted between January 2, 1998, and April 30, 1998. Such members became Tier 2 participants on June 1, 1998, and had the actuarial present value of their Tier 1 accrued benefit transferred into Tier 2 by September 30, 1998.

ACTUARIAL SECTION

SCHEDULES OF FUNDING PROGRESS

SCHEDULE OF FUNDING PROGRESS – PENSION BENEFITS

(in millions)

Valuation Date Sept 30	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded (Overfunded) Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
2015	\$ 249.3	\$ 257.2	\$ 7.9	96.9 %	\$ 14.9	52.9 %
2016	254.1	251.3	(2.7)	101.1	13.9	(19.5)
2017	267.8	247.6	(20.3)	108.2	12.0	(169.5)
2017 ¹	267.8	269.7	1.9	99.3	12.0	15.8
2018	266.3	265.7	(0.6)	100.2	11.7	(5.2)
2018 ¹	274.8	280.1	6.1	97.8	11.7	52.2
2019	266.4	276.6	10.1	96.3	9.5	106.8
2020	259.4	269.5	10.1	96.3	9.1	110.2
2021	262.3	261.6	(0.8)	100.3	7.0	(10.7)
2021 ¹	267.2	266.4	(0.8)	100.3	7.0	(11.4)
2022	262.2	257.2	(5.0)	102.0	5.9	(84.9)
2023	257.4	253.3	(4.1)	101.6	4.4	(92.9)
2023 ¹	257.4	256.6	(0.8)	100.3	4.4	(18.7)
2024	255.7	248.3	(7.5)	103.0	3.9	(189.6)

¹ Revised actuarial assumptions and/or methods.

Source: Gabriel, Roeder, Smith & Co.

SCHEDULE OF CONTRIBUTIONS - PENSION BENEFITS

Please refer to the Financial Section for the schedule of actuarially determined and actual contributions provided as Required Supplementary Information on page 50.

ACTUARIAL SECTION

SCHEDULES OF FUNDING PROGRESS

SCHEDULE OF FUNDING PROGRESS – OTHER POSTEMPLOYMENT BENEFITS

(in millions)

Valuation Date Sept 30	Actuarial Value of Assets (a)	Actuarial Accrued Liability Entry Age (AAL) (b)	Unfunded (Overfunded) Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
2015	\$ -	\$ 9.1	\$ 9.1	- %	\$ 5.9	154.0 %
2016	1.0	9.9	8.9	10.4	5.9	151.1
2017	1.0	7.2	6.1	14.3	5.9	103.6
2017 ¹	1.0	7.5	6.5	13.7	5.9	109.3
2018	1.1	7.6	6.5	14.5	5.8	111.2
2018 ¹	1.1	8.4	7.3	13.1	5.8	125.4
2019	8.4	9.9	1.5	84.8	5.8	25.9
2020	9.3	9.2	(0.1)	101.1	5.8	(1.8)
2021	10.5	7.3	(3.2)	143.5	5.6	(56.9)
2021 ¹	11.3	8.1	(3.3)	140.6	5.6	(58.4)
2022	12.2	6.7	(5.5)	182.0	5.8	(94.4)
2023	12.9	6.8	(6.1)	190.2	6.6	(93.6)
2023 ¹	12.9	7.1	(5.8)	181.1	6.6	(88.4)
2024	13.8	5.2	(8.6)	263.3	6.6	(128.7)

¹ Change in assumptions shown for years where assumptions other than the trend assumption have changed.

Source: Gabriel, Roeder, Smith & Co.

SCHEDULE OF CONTRIBUTIONS - OTHER POSTEMPLOYMENT BENEFITS

Please refer to the Financial Section for the schedule of actuarially determined and actual contributions provided as Required Supplementary Information on page 50.

STATISTICAL SECTION

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Schedules of Additions by Source
Schedules of Deductions by Type
Schedules of Changes in Fiduciary Net Position
Schedules of Benefits and Refunds by Type
Schedules of Retired Members by Type of Benefit
Schedule of Other Postemployment Benefits
Schedules of Average Benefit Payments
Schedule of Principal Participating Courts
Ten Year History of Membership
Schedule of Participating Courts

STATISTICAL SECTION

CONTENTS

This part of the System's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the System's overall financial health.

FINANCIAL TRENDS

These schedules contain trend information to help the reader understand how the System's financial performance and fiscal health has changed over time. The schedules are presented for the last ten fiscal years. Schedules included are:

- Schedule of Pension Plan Additions by Source
- Schedule of OPEB Plan Additions by Source
- Schedule of Pension Plan Deductions by Type
- Schedule of OPEB Plan Deductions by Type
- Schedule of Changes in Fiduciary Net Position – Pension Plan
- Schedule of Changes in Fiduciary Net Position – OPEB Plan
- Schedule of Pension Benefit and Refunds by Type
- Schedule of Other Postemployment Benefits and Refunds by Type

OPERATING INFORMATION

These schedules contain contextual information to assist the reader's understanding of how the System's financial information relates to the combination of participating members and the benefits it provides. Schedules are presented for the last ten fiscal years, except where noted. Schedules included are:

- Schedule of Retired Members by Type of Pension Benefits
- Schedule of Retired Members by Type of Other Postemployment Benefits
- Schedule of Other Postemployment Benefits
- Schedule of Average Benefit Payments – Pension
- Schedule of Average Benefit Payments – OPEB
- Schedule of Principal Participating Courts
- Ten Year History of Membership
- Schedule of Participating Courts

STATISTICAL SECTION

SCHEDULES OF ADDITIONS BY SOURCE

SCHEDULE OF PENSION PLAN ADDITIONS BY SOURCE

Last Ten Years

Fiscal Year Ended Sept. 30	Member Contributions	Employer Contributions	Net Investment & Other Income (Loss)	Total
2016	\$ 805,452	\$ 2,138,379	\$ 18,481,767	\$ 21,425,599
2017	697,444	1,019,814	32,268,247	33,985,506
2018	653,414	1,736,417	28,281,200	30,671,032
2019	566,234	2,827,661	13,038,437	16,432,333
2020	500,206	2,840,119	12,933,970	16,274,296
2021	414,543	2,849,923	66,635,405	69,899,872
2022	359,130	1,517,097	(12,899,176)	(11,022,949)
2023	253,647	1,274,198	21,198,331	22,726,176
2024	221,986	1,005,350	38,924,698	40,152,034
2025	148,534	899,375	23,347,279	24,395,188

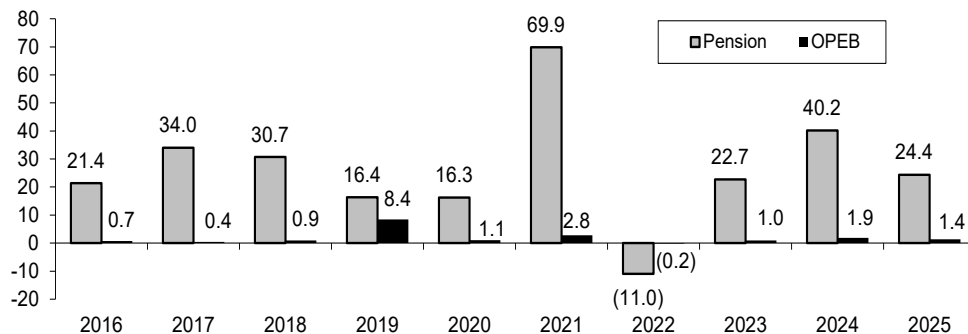
SCHEDULE OF OPEB PLAN ADDITIONS BY SOURCE

Last Ten Years

Fiscal Year Ended Sept. 30	Member Contributions	Employer Contributions	Net Investment & Other Income (Loss)	Total
2016	\$ 432,494	\$ 154,000	\$ 149,635	\$ 736,128
2017	116,511	115,000	193,392	424,903
2018	112,892	539,300	218,026	870,217
2019	101,821	7,557,353	731,729	8,390,903
2020	133,374	398,154	539,992	1,071,520
2021	108,016	216,165	2,440,396	2,764,577
2022	124,819	241,689	(610,631)	(244,123)
2023	115,406	-	876,866	992,272
2024	104,916	-	1,830,723	1,935,639
2025	109,596	-	1,252,192	1,361,788

TOTAL ADDITIONS

Year Ended September 30
(in millions)



STATISTICAL SECTION

SCHEDULES OF DEDUCTIONS BY TYPE

SCHEDULE OF PENSION PLAN DEDUCTIONS BY TYPE

Last Ten Years

Fiscal Year Ended Sept. 30	Benefit Payments	Refunds and Transfers	Administrative and Other Expenses	Total
2016	\$ 23,301,601	\$ -	\$ 335,384	\$ 23,636,985
2017	23,724,056	-	353,994	24,078,050
2018	23,816,805	141,585	413,701	24,372,091
2019	24,111,344	-	376,191	24,487,534
2020	24,250,596	-	387,432	24,638,029
2021	24,280,660	-	375,789	24,656,449
2022	24,354,812	-	332,916	24,687,728
2023	24,795,840	-	355,738	25,151,577
2024	24,834,930	1,083,353	328,770	26,247,053
2025	25,141,625	-	336,998	25,478,622

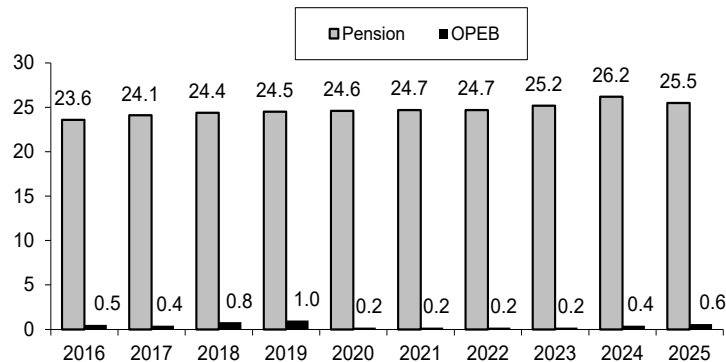
SCHEDULE OF OPEB PLAN DEDUCTIONS BY TYPE

Last Ten Years

Fiscal Year Ended Sept. 30	Benefit Payments	Refunds and Transfers	Uncollectible Receivable	Administrative and Other Expenses	Total
2016	\$ 459,119	\$ 50	\$ -	\$ 84,032	\$ 543,200
2017	301,555	-	-	127,479	429,034
2018	719,565	800	-	120,761	841,126
2019	940,224	951	-	99,398	1,040,573
2020	136,516	-	-	88,302	224,819
2021	83,364	702	45,102	104,764	233,932
2022	56,064	8,213	-	92,145	156,422
2023	173,799	-	-	70,534	244,333
2024	289,962	856	-	75,701	366,519
2025	509,746	-	4,038	48,359	562,144

TOTAL DEDUCTIONS

Year Ended September 30
(in millions)



STATISTICAL SECTION

SCHEDULES OF DEDUCTIONS BY TYPE

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STATISTICAL SECTION

SCHEDULES OF CHANGES IN FIDUCIARY NET POSITION

SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – PENSION BENEFITS

Last Ten Years
(in thousands)

	Fiscal Year				
	2016	2017	2018	2019	2020
Member contributions	\$ 805	\$ 697	\$ 653	\$ 566	\$ 500
Employer contributions	2,138	1,020	1,736	2,828	2,840
Net investment income (loss)	18,425	32,218	28,280	13,036	12,933
Court fees	41	41	-	-	-
Miscellaneous income	15	10	1	2	1
Total Additions	<u>21,426</u>	<u>33,986</u>	<u>30,671</u>	<u>16,432</u>	<u>16,274</u>
Retirement benefits	23,302	23,724	23,817	24,111	24,251
Refunds of contributions	-	-	142	-	-
Administrative and other expenses	335	354	414	376	387
Total Deductions	<u>23,637</u>	<u>24,078</u>	<u>24,372</u>	<u>24,488</u>	<u>24,638</u>
Change in net position	<u>\$ (2,211)</u>	<u>\$ 9,907</u>	<u>\$ 6,299</u>	<u>\$ (8,055)</u>	<u>\$ (8,364)</u>

SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – OPEB PLAN

Last Ten Years
(in thousands)

	Fiscal Year				
	2016	2017	2018	2019	2020
Member contributions	\$ 432	\$ 117	\$ 113	\$ 102	\$ 133
Employer contributions	154	115	539	7,557	398
Other governmental contributions	93	74	114	327	55
Net investment income (loss)	56	119	104	404	468
Court fees	-	-	-	-	-
Other non-operating revenue	-	-	-	-	-
Miscellaneous income	1	-	-	-	18
Total Additions	<u>736</u>	<u>425</u>	<u>870</u>	<u>8,391</u>	<u>1,072</u>
Health benefits	459	302	720	940	137
Refunds of contributions	-	-	1	1	-
Uncollectible receivable	-	-	-	-	-
Administrative and other expenses	84	127	121	99	88
Total Deductions	<u>543</u>	<u>429</u>	<u>841</u>	<u>1,041</u>	<u>225</u>
Change in net position	<u>\$ 193</u>	<u>\$ (4)</u>	<u>\$ 29</u>	<u>\$ 7,350</u>	<u>\$ 847</u>

STATISTICAL SECTION

SCHEDULES OF CHANGES IN FIDUCIARY NET POSITION

	Fiscal Year (continued)				
	2021	2022	2023	2024	2025
Member contributions	\$ 415	\$ 359	\$ 254	\$ 222	\$ 149
Employer contributions	2,850	1,517	1,274	1,005	899
Net investment income (loss)	66,635	(12,900)	21,198	38,924	23,347
Court fees	-	-	-	-	-
Miscellaneous income	-	-	1	-	-
Total additions	<u>69,900</u>	<u>(11,024)</u>	<u>22,727</u>	<u>40,152</u>	<u>24,395</u>
Retirement benefits	24,281	24,355	24,796	24,835	25,142
Refunds of contributions	-	-	-	1,083	-
Administrative and other expenses	376	333	356	329	337
Total deductions	<u>24,656</u>	<u>24,688</u>	<u>25,152</u>	<u>26,247</u>	<u>25,479</u>
Change in net position	<u>\$ 45,243</u>	<u>\$ (35,711)</u>	<u>\$ (2,425)</u>	<u>\$ 13,905</u>	<u>\$ (1,083)</u>

	Fiscal Year (continued)				
	2021	2022	2023	2024	2025
Member contributions	\$ 108	\$ 125	\$ 115	\$ 105	\$ 110
Employer contributions	216	242	-	-	-
Other governmental contributions	103	141	180	245	191
Net investment income (loss)	2,325	(614)	830	1,817	1,237
Court fees	-	-	-	-	-
Other non-operating revenue	-	-	42	-	-
Miscellaneous income	12	3	4	14	16
Total Additions	<u>2,765</u>	<u>(103)</u>	<u>1,172</u>	<u>2,180</u>	<u>1,553</u>
Health benefits	83	56	174	290	510
Refunds of contributions	1	8	-	1	-
Uncollectible receivable	45	-	-	-	4
Administrative and other expenses	105	92	71	76	48
Total Deductions	<u>234</u>	<u>156</u>	<u>244</u>	<u>367</u>	<u>562</u>
Change in net position	<u>\$ 2,531</u>	<u>\$ (259)</u>	<u>\$ 928</u>	<u>\$ 1,814</u>	<u>\$ 990</u>

STATISTICAL SECTION

SCHEDULES OF BENEFITS AND REFUNDS BY TYPE

SCHEDULE OF PENSION BENEFITS AND REFUNDS BY TYPE

Last Ten Years

Fiscal Year Ended Sept. 30	Regular Benefits	Disability Benefits	Survivor Benefits	Refunds		Total
				Employee Contribution	Retired Benefits	
2016	\$ 18,731,864	\$ 211,078	\$ 4,358,660	\$ -	\$ -	\$ 23,301,601
2017	19,290,587	212,964	4,220,505	-	-	23,724,056
2018	19,340,453	211,078	4,265,275	141,585	-	23,958,390
2019	19,708,925	211,078	4,191,341	-	-	24,111,344
2020	19,870,735	211,078	4,168,784	-	-	24,250,596
2021	20,036,577	211,078	4,033,005	-	-	24,280,660
2022	19,951,739	211,078	4,191,995	-	-	24,354,812
2023	20,331,882	211,078	4,252,880	-	-	24,795,840
2024	20,373,557	211,078	4,250,296	1,083,353	-	25,918,284
2025	20,640,618	211,078	4,289,929	-	-	25,141,625

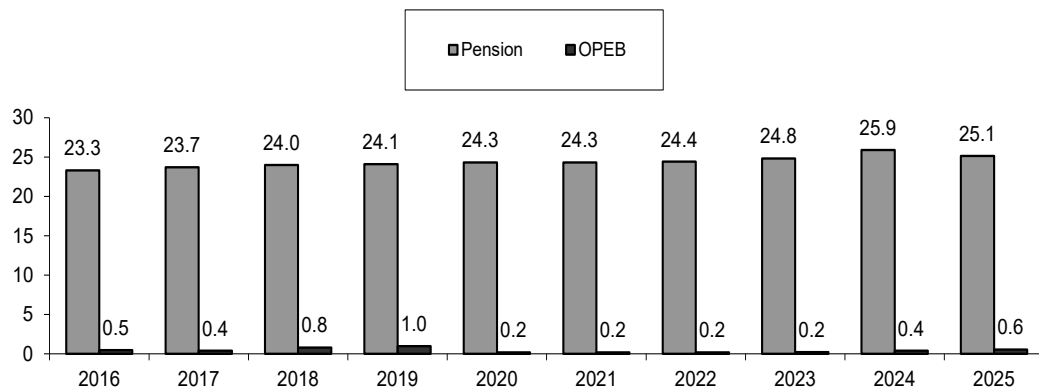
SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS AND REFUNDS BY TYPE

Last Ten Years

Fiscal Year Ended Sept. 30	Health Benefits	Dental Benefits	Vision Benefits	Health Refunds	Uncollectible Receivable	Administrative Expenses	Total
2016	\$ 346,436	\$ 108,303	\$ 4,380	\$ 50	\$ -	\$ 84,032	\$ 543,200
2017	294,635	6,921	-	-	-	127,479	429,034
2018	707,588	11,977	-	800	-	120,761	841,126
2019	940,224	-	-	951	-	99,398	1,040,572
2020	136,516	-	-	-	-	88,302	224,819
2021	83,364	-	-	702	45,102	104,764	233,932
2022	43,095	15,739	(2,770)	8,213	-	92,145	156,422
2023	167,065	6,734	-	-	-	70,534	244,333
2024	289,962	-	-	856	-	75,701	366,519
2025	509,746	-	-	-	4,038	48,359	562,144

TOTAL BENEFIT DEDUCTIONS

Year Ended September 30
(in millions)



STATISTICAL SECTION

SCHEDULES OF RETIRED MEMBERS BY TYPE OF BENEFIT

SCHEDULE OF RETIRED MEMBERS BY TYPE OF PENSION BENEFITS

September 30, 2024

Amount of Monthly Pension	Number of Retirees	Type of Retirement *					Selected Option**		
		1	2	3	4	5	Opt. 1	Opt. 2	Opt. 3
\$ 401 - 800	14	6	7	1	-	-	10	4	-
801 - 1,200	23	8	13	1	1	-	19	3	1
1,201 - 1,600	22	9	10	3	-	-	16	5	1
1,601 - 2,000	49	10	37	2	-	-	42	6	1
2,001 - 2,400	30	10	17	2	1	-	25	5	-
2,401 - 2,800	27	12	15	-	-	-	20	6	1
2,801 - 3,200	27	11	13	-	1	2	19	8	-
3,201 - 3,600	18	11	6	1	-	-	8	10	-
3,601 - 4,000	27	19	5	2	-	1	17	10	-
Over 4,000	269	255	7	4	2	1	226	42	1
Totals	506	351	130	16	5	4	402	99	5

* Type of Retirement

- 1 – Normal retirement for age & service
- 2 – Survivor payment – normal retirement
- 3 – Survivor payment – death in service
- 4 – Non-duty disability retirement
- 5 – Survivor payment – disability retirement

** Selected Option

- Opt. 1 – Straight life allowance
- Opt. 2 – 100% survivor option
- Opt. 3 – 50% survivor option

Source: Gabriel, Roeder, Smith & Co.

SCHEDULE OF RETIRED MEMBERS BY TYPE OF OTHER POSTEMPLOYMENT BENEFITS*

September 30, 2024

Amount of Monthly Pension Benefit	Number of Retirees	Type of Other Postemployment Benefits		
		Health	Dental	Vision
\$ 401 - 800	14	-	1	1
801 - 1,200	23	1	3	2
1,201 - 1,600	22	-	1	1
1,601 - 2,000	49	3	6	4
2,001 - 2,400	30	3	6	5
2,401 - 2,800	27	3	5	6
2,801 - 3,200	27	2	1	1
3,201 - 3,600	18	1	2	2
3,601 - 4,000	27	3	7	5
Over 4,000	269	30	50	51
Totals	506	46	82	78

* Number counts include members participating in the defined benefit pension plan and receiving the corresponding benefit including those who do not receive an employer paid subsidy.

Source: Gabriel, Roeder, Smith & Co.

STATISTICAL SECTION

SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS

For Year Ended September 30, 2025

Claims:	
Health Insurance	\$504,684
Dental Insurance	(143)
Vision Insurance	(1,262)
Estimated Claims Liability:	
Health Insurance	5,062
Dental Insurance	143
Vision Insurance	1,262
Administrative Fees:	
Health Insurance	12,259
Vision Insurance	2,785
Dental Insurance	104
Personnel Services:	
Staff Salaries	13,793
Staff Retirement and Social Security	6,222
Staff Other Fringe Benefits	2,902
Professional Services:	
Accounting	122
Actuarial	3,884
Attorney General Fees	193
Audit	4,049
Building and Equipment:	
Building Rentals	69
Equipment Purchase, Maintenance, and Rentals	1
Miscellaneous:	
Postage, Telephone and Other	649
Printing	7
Technological Support	1,319
Grand Total	\$558,104

STATISTICAL SECTION

SCHEDULES OF AVERAGE BENEFIT PAYMENTS

SCHEDULE OF AVERAGE BENEFIT PAYMENTS – PENSION*

Last Ten Years

Payment Periods:	Credited Service (Years) as of September 30							Total
	0 - 5	5 - 10	10 - 15	15 - 20	20 - 25	25 - 30	30 +	
Period 10/1/14 to 9/30/15:								
Average Monthly Benefit	\$ 1,511	\$ 1,391	\$ 2,503	\$ 3,793	\$ 3,887	\$ 3,996	\$ 4,042	\$ 3,474
Average Final Average Salary	59,132	81,204	76,126	91,310	95,344	96,935	97,792	89,602
Number of Active Retirants	6	29	96	217	143	43	26	560
Period 10/1/15 to 9/30/16:								
Average Monthly Benefit	\$ 1,511	\$ 1,337	\$ 2,523	\$ 3,866	\$ 3,882	\$ 4,027	\$ 4,076	\$ 3,509
Average Final Average Salary	59,132	80,925	77,284	92,681	95,740	98,622	101,248	90,780
Number of Active Retirants	6	29	91	213	139	43	26	547
Period 10/1/16 to 9/30/17:								
Average Monthly Benefit	\$ 1,388	\$ 1,408	\$ 2,500	\$ 3,892	\$ 3,982	\$ 4,215	\$ 4,206	\$ 3,574
Average Final Average Salary	101,246	84,661	78,108	94,497	97,008	102,377	100,443	92,954
Number of Active Retirants	5	29	92	208	138	48	31	551
Period 10/1/17 to 9/30/18:								
Average Monthly Benefit	\$ 1,388	\$ 1,341	\$ 2,519	\$ 3,895	\$ 4,031	\$ 4,258	\$ 4,183	\$ 3,605
Average Final Average Salary	101,246	85,145	80,246	95,039	98,859	103,174	99,914	94,232
Number of Active Retirants	5	29	85	206	139	47	33	544
Period 10/1/18 to 9/30/19:								
Average Monthly Benefit	\$ 1,388	\$ 1,311	\$ 2,558	\$ 3,980	\$ 4,045	\$ 4,541	\$ 4,451	\$ 3,704
Average Final Average Salary	101,246	85,145	80,945	96,306	100,021	110,472	105,932	96,431
Number of Active Retirants	5	29	83	196	140	50	43	546
Period 10/1/19 to 9/30/20:								
Average Monthly Benefit	\$ 1,388	\$ 1,332	\$ 2,590	\$ 4,050	\$ 4,092	\$ 4,666	\$ 4,499	\$ 3,768
Average Final Average Salary	101,246	85,868	82,399	98,487	101,083	113,262	107,004	98,225
Number of Active Retirants	5	28	79	184	139	51	42	528
Period 10/1/20 to 9/30/21:								
Average Monthly Benefit	\$ 1,388	\$ 1,348	\$ 2,588	\$ 4,103	\$ 4,156	\$ 4,831	\$ 4,689	\$ 3,858
Average Final Average Salary	101,246	86,358	82,476	99,220	102,359	116,012	110,455	99,755
Number of Active Retirants	5	27	77	175	138	57	46	525
Period 10/1/21 to 9/30/22:								
Average Monthly Benefit	\$ 1,216	\$ 1,343	\$ 2,665	\$ 4,084	\$ 4,143	\$ 4,878	\$ 4,717	\$ 3,912
Average Final Average Salary	93,754	86,518	84,723	99,682	103,116	118,387	112,209	101,340
Number of Active Retirants	3	24	74	167	134	66	48	516
Period 10/1/22 to 9/30/23:								
Average Monthly Benefit	\$ 1,216	\$ 1,293	\$ 2,710	\$ 4,100	\$ 4,128	\$ 5,034	\$ 4,982	\$ 3,991
Average Final Average Salary	93,754	87,458	85,706	100,365	103,728	120,942	117,023	103,082
Number of Active Retirants	3	23	72	163	133	68	56	518
Period 10/1/23 to 9/30/24:								
Average Monthly Benefit	\$ 1,216	\$ 1,325	\$ 2,706	\$ 4,122	\$ 4,197	\$ 5,103	\$ 5,041	\$ 4,048
Average Final Average Salary	93,754	89,606	86,092	101,308	105,179	121,241	131,307	105,816
Number of Active Retirants	3	22	72	157	128	69	58	506

* Number counts only include members participating in the defined benefit plan and receiving the corresponding benefit.

Source: Gabriel, Roeder, Smith & Co.

STATISTICAL SECTION

SCHEDULES OF AVERAGE BENEFIT PAYMENTS

SCHEDULE OF AVERAGE BENEFIT PAYMENTS – HEALTH*

Last Ten Years

Payment Periods:	Credited Service (Years) as of September 30							Total
	0 - 5	5 - 10	10 - 15	15 - 20	20 - 25	25 - 30	30 +	
Period 10/1/14 to 9/30/15:								
Average Monthly Benefit	\$ -	\$ 1,728	\$ 2,425	\$ 4,050	\$ 4,187	\$ 5,081	\$ 5,859	\$ 3,852
Average Final Average Salary	-	84,638	75,582	93,677	109,512	127,752	131,721	98,425
Number of Active Retirants	-	3	12	29	19	6	2	71
Period 10/1/15 to 9/30/16:								
Average Monthly Benefit	\$ -	\$ 1,523	\$ 2,631	\$ 4,357	\$ 4,263	\$ 4,542	\$ 5,859	\$ 4,038
Average Final Average Salary	-	94,507	84,721	98,068	108,486	127,752	131,721	102,473
Number of Active Retirants	-	2	10	27	17	6	2	64
Period 10/1/16 to 9/30/17:								
Average Monthly Benefit	\$ -	\$ 1,927	\$ 2,631	\$ 4,532	\$ 4,720	\$ 4,745	\$ 5,859	\$ 4,264
Average Final Average Salary	-	77,073	84,721	101,830	112,020	131,836	131,721	104,578
Number of Active Retirants	-	1	10	25	14	5	2	57
Period 10/1/17 to 9/30/18:								
Average Monthly Benefit	\$ -	\$ 1,927	\$ 2,631	\$ 4,697	\$ 4,972	\$ 4,745	\$ 5,859	\$ 4,382
Average Final Average Salary	-	77,073	84,721	104,825	117,679	131,836	131,721	107,137
Number of Active Retirants	-	1	10	24	13	5	2	55
Period 10/1/18 to 9/30/19:								
Average Monthly Benefit	\$ -	\$ 1,927	\$ 2,829	\$ 4,815	\$ 4,434	\$ 4,745	\$ 5,875	\$ 4,391
Average Final Average Salary	-	77,073	90,437	106,165	116,234	131,836	141,379	109,762
Number of Active Retirants	-	1	9	23	13	5	3	54
Period 10/1/19 to 9/30/20:								
Average Monthly Benefit	\$ -	\$ 1,927	\$ 2,702	\$ 4,908	\$ 4,474	\$ 5,401	\$ 5,875	\$ 4,514
Average Final Average Salary	-	77,073	87,887	108,069	116,577	138,789	141,379	112,048
Number of Active Retirants	-	1	8	21	14	6	3	53
Period 10/1/20 to 9/30/21:								
Average Monthly Benefit	\$ -	\$ 1,927	\$ 2,934	\$ 5,112	\$ 4,474	\$ 6,151	\$ 6,552	\$ 4,803
Average Final Average Salary	-	77,073	93,582	111,275	116,577	149,397	154,928	117,432
Number of Active Retirants	-	1	7	19	14	7	3	51
Period 10/1/21 to 9/30/22:								
Average Monthly Benefit	\$ -	\$ 1,927	\$ 2,934	\$ 5,210	\$ 4,266	\$ 6,151	\$ 7,067	\$ 4,873
Average Final Average Salary	-	77,073	93,582	115,793	120,729	149,397	159,255	121,387
Number of Active Retirants	-	1	7	18	12	7	4	49
Period 10/1/22 to 9/30/23:								
Average Monthly Benefit	\$ -	\$ -	\$ 2,934	\$ 5,453	\$ 4,266	\$ 6,151	\$ 7,480	\$ 5,094
Average Final Average Salary	-	-	93,582	117,777	120,729	149,397	163,935	124,547
Number of Active Retirants	-	-	7	16	12	7	5	47
Period 10/1/23 to 9/30/24:								
Average Monthly Benefit	\$ -	\$ 963	\$ 3,264	\$ 5,453	\$ 4,465	\$ 6,774	\$ 7,786	\$ 5,310
Average Final Average Salary	-	77,073	92,761	117,777	124,599	152,704	167,665	126,323
Number of Active Retirants	-	1	6	16	11	6	6	46

* Number counts only include members participating in the defined benefit plan and receiving the corresponding benefit. Average monthly benefits shown are pension benefits.

Source: Gabriel, Roeder, Smith & Co.

STATISTICAL SECTION

SCHEDULES OF AVERAGE BENEFIT PAYMENTS

SCHEDULE OF AVERAGE BENEFIT PAYMENTS – DENTAL *

Last Ten Years

Payment Periods:	Credited Service (Years) as of September 30							Total
	0 - 5	5 - 10	10 - 15	15 - 20	20 - 25	25 - 30	30 +	
Period 10/1/14 to 9/30/15:								
Average Monthly Benefit	\$ -	\$ 1,699	\$ 2,741	\$ 3,863	\$ 3,631	\$ 4,184	\$ 3,476	\$ 3,552
Average Final Average Salary	-	84,070	81,188	89,897	94,432	108,597	99,613	91,921
Number of Active Retirants	-	5	20	46	33	14	4	122
Period 10/1/15 to 9/30/16:								
Average Monthly Benefit	\$ -	\$ 1,589	\$ 2,982	\$ 4,073	\$ 3,716	\$ 3,977	\$ 3,476	\$ 3,686
Average Final Average Salary	-	88,862	87,229	94,191	94,351	111,362	99,613	95,283
Number of Active Retirants	-	4	16	41	29	13	4	107
Period 10/1/16 to 9/30/17:								
Average Monthly Benefit	\$ -	\$ 1,745	\$ 2,982	\$ 4,171	\$ 3,978	\$ 4,077	\$ 4,733	\$ 3,877
Average Final Average Salary	-	81,169	87,229	96,403	97,245	109,072	121,142	97,547
Number of Active Retirants	-	3	16	39	28	15	4	105
Period 10/1/17 to 9/30/18:								
Average Monthly Benefit	\$ -	\$ 1,745	\$ 3,152	\$ 4,266	\$ 4,072	\$ 4,077	\$ 4,113	\$ 3,952
Average Final Average Salary	-	81,169	91,729	98,152	99,422	109,072	109,976	99,293
Number of Active Retirants	-	3	14	38	27	15	5	102
Period 10/1/18 to 9/30/19:								
Average Monthly Benefit	\$ -	\$ 1,745	\$ 3,527	\$ 4,424	\$ 3,953	\$ 4,200	\$ 4,412	\$ 4,069
Average Final Average Salary	-	81,169	98,479	99,717	98,726	109,820	118,430	101,501
Number of Active Retirants	-	3	12	35	27	16	6	99
Period 10/1/19 to 9/30/20:								
Average Monthly Benefit	\$ -	\$ 1,738	\$ 3,125	\$ 4,608	\$ 3,990	\$ 4,464	\$ 4,412	\$ 4,152
Average Final Average Salary	-	81,169	93,993	103,891	99,523	113,569	118,430	103,595
Number of Active Retirants	-	3	9	31	28	17	6	94
Period 10/1/20 to 9/30/21:								
Average Monthly Benefit	\$ -	\$ 1,738	\$ 3,382	\$ 4,941	\$ 4,203	\$ 4,895	\$ 5,064	\$ 4,484
Average Final Average Salary	-	81,169	99,739	108,398	103,941	120,815	123,927	109,297
Number of Active Retirants	-	3	8	27	26	18	8	90
Period 10/1/21 to 9/30/22:								
Average Monthly Benefit	\$ -	\$ 1,517	\$ 3,382	\$ 4,847	\$ 4,093	\$ 4,895	\$ 5,463	\$ 4,505
Average Final Average Salary	-	65,512	99,739	108,398	105,909	120,815	129,382	110,643
Number of Active Retirants	-	2	8	27	24	18	9	88
Period 10/1/22 to 9/30/23:								
Average Monthly Benefit	\$ -	\$ 1,108	\$ 3,382	\$ 4,946	\$ 4,093	\$ 4,895	\$ 5,830	\$ 4,606
Average Final Average Salary	-	53,950	99,739	108,934	105,909	120,815	134,709	112,116
Number of Active Retirants	-	1	8	24	24	18	10	85
Period 10/1/23 to 9/30/24:								
Average Monthly Benefit	\$ -	\$ 1,108	\$ 3,788	\$ 4,946	\$ 4,308	\$ 5,041	\$ 5,830	\$ 4,743
Average Final Average Salary	-	53,950	104,910	108,934	109,586	120,301	134,709	113,545
Number of Active Retirants	-	1	8	24	22	17	10	82

* Number counts only include members participating in the defined benefit plan and receiving the corresponding benefit. Average monthly benefits shown are pension benefits.

Source: Gabriel, Roeder, Smith & Co.

STATISTICAL SECTION

SCHEDULES OF AVERAGE BENEFIT PAYMENTS

SCHEDULE OF AVERAGE BENEFIT PAYMENTS – VISION*

Last Ten Years

Payment Periods:	Credited Service (Years) as of September 30							Total
	0 - 5	5 - 10	10 - 15	15 - 20	20 - 25	25 - 30	30 +	
Period 10/1/14 to 9/30/15:								
Average Monthly Benefit	\$ -	\$ 1,813	\$ 2,763	\$ 4,178	\$ 4,001	\$ 4,381	\$ 4,685	\$ 3,895
Average Final Average Salary	-	96,442	79,112	94,711	99,476	111,122	128,996	96,819
Number of Active Retirants	-	3	15	41	32	12	3	106
Period 10/1/15 to 9/30/16:								
Average Monthly Benefit	\$ -	\$ 1,649	\$ 2,942	\$ 4,369	\$ 4,141	\$ 4,155	\$ 4,685	\$ 4,043
Average Final Average Salary	-	112,213	88,092	98,758	100,113	114,619	128,996	100,931
Number of Active Retirants	-	2	12	37	28	11	3	93
Period 10/1/16 to 9/30/17:								
Average Monthly Benefit	\$ -	\$ 2,179	\$ 2,942	\$ 4,495	\$ 4,300	\$ 4,033	\$ 4,912	\$ 4,171
Average Final Average Salary	-	112,485	88,092	101,484	101,237	108,829	119,411	101,861
Number of Active Retirants	-	1	12	35	28	14	5	95
Period 10/1/17 to 9/30/18:								
Average Monthly Benefit	\$ -	\$ 2,179	\$ 3,136	\$ 4,610	\$ 4,343	\$ 4,033	\$ 4,912	\$ 4,259
Average Final Average Salary	-	112,485	91,298	103,588	103,435	108,829	119,411	103,823
Number of Active Retirants	-	1	11	34	28	14	5	93
Period 10/1/18 to 9/30/19:								
Average Monthly Benefit	\$ -	\$ 2,179	\$ 3,364	\$ 4,625	\$ 4,081	\$ 4,167	\$ 5,077	\$ 4,263
Average Final Average Salary	-	112,485	97,100	103,588	100,961	109,642	126,291	104,705
Number of Active Retirants	-	1	10	34	26	15	6	92
Period 10/1/19 to 9/30/20:								
Average Monthly Benefit	\$ -	\$ 2,179	\$ 2,779	\$ 4,799	\$ 4,081	\$ 4,449	\$ 5,077	\$ 4,347
Average Final Average Salary	-	112,485	90,742	107,087	100,961	113,637	126,291	106,532
Number of Active Retirants	-	1	7	31	26	16	6	87
Period 10/1/20 to 9/30/21:								
Average Monthly Benefit	\$ -	\$ 2,179	\$ 3,063	\$ 4,926	\$ 4,205	\$ 4,907	\$ 5,442	\$ 4,593
Average Final Average Salary	-	112,485	97,861	109,120	105,866	121,305	130,057	111,637
Number of Active Retirants	-	1	6	29	24	17	7	84
Period 10/1/21 to 9/30/22:								
Average Monthly Benefit	\$ -	\$ -	\$ 3,063	\$ 4,838	\$ 4,131	\$ 4,907	\$ 5,838	\$ 4,624
Average Final Average Salary	-	-	97,861	109,120	107,311	121,305	135,329	112,826
Number of Active Retirants	-	-	6	29	23	17	8	83
Period 10/1/22 to 9/30/23:								
Average Monthly Benefit	\$ -	\$ -	\$ 3,063	\$ 4,955	\$ 4,131	\$ 4,907	\$ 6,205	\$ 4,712
Average Final Average Salary	-	-	97,861	109,801	107,311	121,305	140,588	113,993
Number of Active Retirants	-	-	6	27	23	17	9	82
Period 10/1/23 to 9/30/24:								
Average Monthly Benefit	\$ -	\$ -	\$ 4,044	\$ 4,955	\$ 4,360	\$ 5,063	\$ 6,516	\$ 4,970
Average Final Average Salary	-	-	108,957	109,801	111,296	120,789	145,160	116,947
Number of Active Retirants	-	-	4	27	21	16	10	78

* Number counts only include members participating in the defined benefit plan and receiving the corresponding benefit. Average monthly benefits shown are pension benefits.

Source: Gabriel, Roeder, Smith & Co.

STATISTICAL SECTION

SCHEDULES OF PRINCIPAL PARTICIPATING COURTS

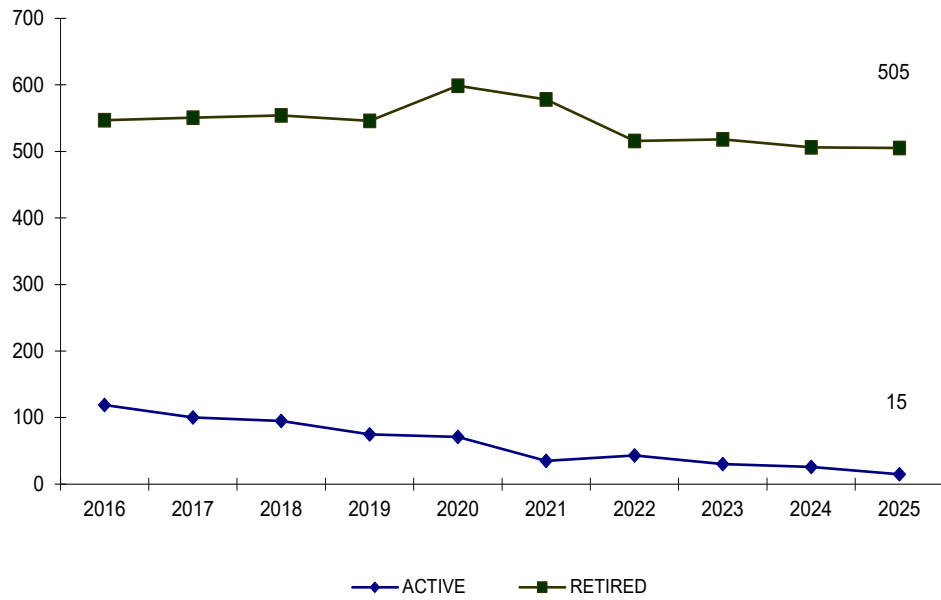
For Fiscal Year Ended September 30

Participating Court	2025		2016	
	Employees	Percentage of Total System	Employees	Percentage of Total System
Court of Appeals	1	6.7	12	9.9
03rd Circuit	1	6.7	12	9.9
06th Circuit	1	6.7	6	5.0
08th District	1	6.7	3	2.5
17th District	1	6.7	1	0.8
21st District	1	6.7	1	0.8
33rd District	1	6.7	2	1.7
36th District	1	6.7	7	5.8
39th District	1	6.7	2	1.7
40th District	1	6.7	1	0.8
48th District	1	6.7	1	0.8
70th District	1	6.7	2	1.7
71st District	1	6.7	2	1.7
Kent County Probate	1	6.7	1	0.8
Supreme Court	1	6.7	2	1.7
All Other	-	-	66	54.5
Total	15	100.0 %	121	100.0 %

STATISTICAL SECTION

TEN YEAR HISTORY OF MEMBERSHIP

Fiscal Year Ended September 30



Source: Gabriel, Roeder, Smith & Co.

STATISTICAL SECTION

SCHEDULE OF PARTICIPATING COURTS

At September 30, 2025

Supreme Court
Appeals Court
03rd Circuit Court
06th Circuit Court
08th District Court
17th District Court
21st District Court
33rd District Court

36th District Court
39th District Court
40th District Court
48th District Court
66th District Court
71st District Court
Kent County Probate Court

STATISTICAL SECTION

SCHEDULE OF PARTICIPATING COURTS

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ACKNOWLEDGMENTS

ACKNOWLEDGMENTS

The *Michigan Judges' Retirement System Annual Comprehensive Financial Report* is prepared by Financial Services, Fiscal Management Division. Staff of the division for the fiscal year 2025 report included:

Management:

Michael Foerster, Director
Paula Webb, Accounting Manager

Accountants:

Nick Carey
Dan Harry
Amanda Lamp
Rick Legal
Hope Richardson

Technical and Support Staff:

Cari Beach
Jamin Schroeder

Special thanks are also extended to the Office of Retirement Services personnel, accounting and support personnel throughout Financial Services, Treasury's Bureau of Investments, Department of Health and Human Services cashing personnel, Office of the Auditor General, Gabriel, Roeder, Smith & Co., and the staff at the Office of Financial Management. Preparation of this report would not have been possible without the efforts of these individuals.

This report may be viewed online at: www.michigan.gov/ors