



City of Pontiac Police and Fire Retirement System

December 31, 2025
Actuarial Valuation Report

At the request of the plan sponsor, this report summarizes the actuarial results of the City of Pontiac Police and Fire Retirement System as of December 31, 2025. The purpose of this report is to communicate the following results:

- Funded Status; and
- Actuarially Determined Contribution for the plan year January 1, 2026 through December 31, 2026;

This report has been prepared in accordance with the applicable Federal and State laws. Consequently, it may not be appropriate for other purposes. Please contact Nyhart prior to disclosing this report to any other party or relying on its content for any purpose other than that explained above. Failure to do so may result in misrepresentation or misinterpretation of this report.

The results in this report were prepared using information provided to us by other parties. The census information has been provided to us by the employer. Asset information has been provided to us by the trustee. We have reviewed the provided data for reasonableness when compared to prior information provided, but have not audited the data. Where relevant data may be missing, we have made assumptions we believe to be reasonable. We are not aware of any significant issues with and have relied on the data provided. Any errors in the data provided may result in a different result than those provided in this report. A summary of the data used in the valuation is included in this report.

The actuarial assumptions and methods were chosen by the Board. In our opinion, all actuarial assumptions and methods are individually reasonable and in combination represent our best estimate of anticipated experience of the plan. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following:

- plan experience differing from that anticipated by the economic or demographic assumptions;
- changes in economic or demographic assumptions;
- increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and
- changes in plan provisions or applicable law.

We did not perform an analysis of the potential range of future measurements due to the limited scope of our engagement. This report has been prepared in accordance with generally accepted actuarial principles and practice.

This actuarial valuation and/or cost determination was prepared and completed by the undersigned or under our direct supervision, and we acknowledge responsibility for the results. To the best of our knowledge, the results are complete and accurate, and in our opinion, the techniques and assumptions used are reasonable. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

Neither Nyhart nor any of its employees have any relationship with the plan or its sponsor which could impair or appear to impair the objectivity of this report. To the extent that this report or any attachment concerns tax matters, it is not intended to be used and cannot be used by a taxpayer for the purpose of avoiding penalties that may be imposed by law.

In preparing the results, Nyhart used ProVal valuation software developed by Winklevoss Technologies, LLC. This software is widely used for the purpose of performing pension valuations. We coded the plan provisions, assumptions, methods, and participant data summarized in this report, and reviewed the liability and cost outputs for reasonableness. We are not aware of any material weaknesses or limitations in the software, and have determined it is appropriate for performing this valuation.

The undersigned are compliant with the continuing education requirements of the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States and are available for any questions.

Nyhart



Jennifer Turk, FSA, EA, MAAA
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August 27, 2026

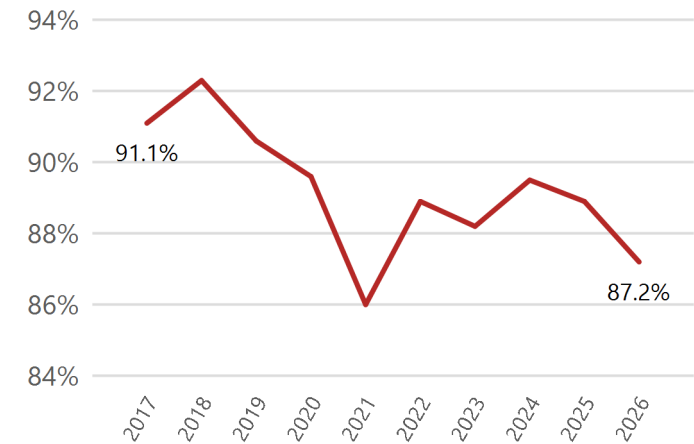
Date

Summary Results

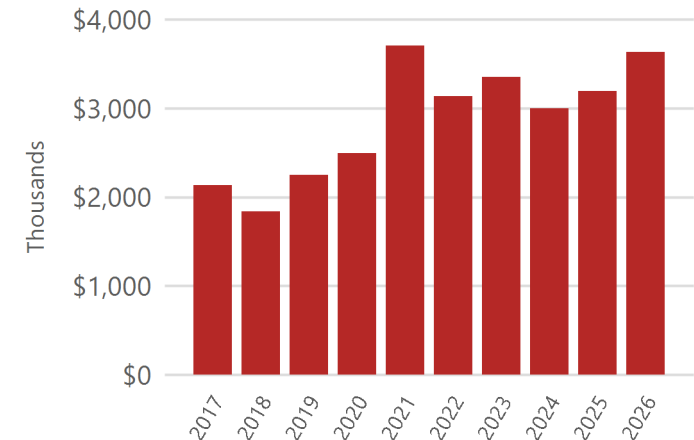
The actuarial valuation's primary purpose is to produce a scorecard measure displaying the funding progress of the plan toward the ultimate goal of paying benefits at retirement. The accrued liability is based on the entry age level dollar.

	December 31, 2024	December 31, 2025
Funded Status Measures		
Accrued Liability	\$233,394,440	\$233,825,814
Actuarial Value of Assets	\$207,376,797	\$203,924,269
Unfunded Accrued Liability	\$26,017,643	\$29,901,545
Funded Percentage (AVA)	88.9%	87.2%
Funded Percentage (MVA)	88.9%	89.5%
Discount Rate	7.25%	7.00%
Cost Measures		
Actuarially Determined Contribution (ADC)	\$3,198,090	\$3,637,702
Asset Performance		
Market Value of Assets	\$207,414,946	\$209,194,203
Actuarial Value of Assets	\$207,376,797	\$203,924,269
Return on MVA	13.8%	12.2%
Member Information		
Active Members	0	0
Terminated Vested Members	90	80
Retirees, Beneficiaries and Disabled Members	434	439
Total	524	519

History of Funded Ratio



History of Actuarially Determined Contribution



Changes Since Prior Valuation and Key Notes

As a result of the December 2025 Experience Study, the interest rate was changed from 7.25% to 7.00% and the mortality assumption was updated to Pub-S 2016 Mortality with generational improvements using scale MP-2021. These assumption changes resulted in an increase in liability.

In accordance with ASOP No. 4, we reviewed the plan's funding method (liability method, amortization method and period, asset smoothing method), contribution policy & allocation procedures, and the computation of the actuarially determined contribution. We believe each to be reasonable, both individually and in combination, as expected plan costs are expected to be fully funded over a reasonable time frame.

Executive Summary

Five Year Valuation Summary

	12/31/2021	12/31/2022	12/31/2023	12/31/2024	12/31/2025
Funding					
Accrued Liability	\$246,905,871	\$243,211,632	\$236,829,871	\$233,394,440	\$233,825,814
Actuarial Value of Assets	\$219,510,558	\$214,422,433	\$211,958,131	\$207,376,797	\$203,924,269
Unfunded Actuarial Accrued Liability	\$27,395,313	\$28,789,199	\$24,871,740	\$26,017,643	\$29,901,545
Funded Percentage	88.9%	88.2%	89.5%	88.9%	87.2%
Total Normal Cost (NC)	\$0	\$0	\$0	\$0	\$0
Market Value of Assets	\$237,832,010	\$198,500,351	\$198,870,715	\$207,414,946	\$209,194,203
Actual Employer Contribution	\$3,819,003	\$2,672,104	\$2,997,551	TBD	TBD
Actuarially Determined Contribution	\$3,134,384	\$3,356,723	\$2,997,551	\$3,198,090	\$3,637,702
Interest Rate	7.25%	7.25%	7.25%	7.25%	7.00%
Expense Load Assumption	\$320,000	\$335,000	\$320,000	\$325,000	\$315,000
Rate of Return					
Actuarial Value of Assets	10.1%	5.6%	6.8%	6.4%	7.2%
Market Value of Assets	15.0%	-9.8%	8.9%	13.8%	12.2%

Executive Summary

	12/31/2021	12/31/2022	12/31/2023	12/31/2024	12/31/2025
Demographic Information					
Active Participants	0	0	0	0	0
Terminated Vested Participants	114	104	96	90	80
Retired Participants	341	344	342	341	346
Beneficiaries	68	68	71	73	75
Disabled Participants	21	21	20	20	18 ¹
Total Participants	544	537	529	524	519

¹Of the disabled participants above, there are currently 4 who are receiving a disability benefit. The remaining participants have converted to a Normal Retirement benefit.

Identification of Risks

The results presented in this report are shown as single point values. However, these values are derived using assumptions about future markets and demographic behavior. If actual experience deviates from our assumptions, the actual results for the plan will consequently deviate from those presented in this report. Therefore, it is critical to understand the risks facing this pension plan. The following table shows the risks we believe are most relevant to the City of Pontiac Police and Fire Retirement System. The risks are generally ordered with those we believe to have the most significance at the top. Also shown are possible methods by which a more detailed assessment of the risk can be performed.

Type of Risk	Additional Information
Investment Return	Portfolio risk and substantial equity position leave the plan open to adverse market results, which could increase costs in the future.
Participant Longevity	The Plan has applied the most recent mortality improvement scale to the PubS-2016 Total Dataset with MP-2021 for valuation purposes. This is no guarantee anticipated mortality experience will mirror the plan's future experience. Deviation from expected mortality rates could impact plan liabilities and long term cost.

Type of Risk	Method to Assess Risk
Investment Return	Scenario Testing; Asset Liability Study
Participant Longevity	Scenario Testing; Stress Testing

Plan Maturity Measures - December 31, 2025

Each pension plan has a distinct life-cycle. New plans promise future benefits to active employees and then accumulate assets to pre-fund those benefits. As the plan matures, benefits are paid and the pre-funded assets begin to decumulate until ultimately, the plan pays out all benefits. A plan's maturity has a dramatic influence on how risks should be viewed. The following maturity measures illustrate where the City of Pontiac Police and Fire Retirement System falls in its life-cycle.

Duration of Liabilities: 8.9

Duration is the most common measure of plan maturity. It is defined as the sensitivity of the liabilities to a change in the interest rate assumption. The metric also approximates the weighted average length of time, in years, until benefits are expected to be paid. A plan with high duration is, by definition, more sensitive to changes in interest rates. A plan with low duration is more susceptible to risk if asset performance deviates from expectations as there would be less time to make up for market losses in adverse market environments while more favorable environments could result in trapped surplus from gains. Conversely, high duration plans can often take on more risk when investing, and low duration plans are less sensitive to interest rate fluctuations.

	2022	2023	2024	2025	2026
Duration	10.2	10.0	9.8	9.6	8.9

Demographic Distribution - Ratio of Actively Accruing Participants to All Participants: 0.0%

A plan with a high ratio is more sensitive to fluctuations in salary (if a salary-based plan) and statutory changes. A plan with a low ratio is at higher risk from demographic experience. Such a plan should pay close attention to valuation assumptions as there will be less opportunity to realize future offsetting gains or losses when current experience deviates from assumptions. Plans with a low ratio also have limited opportunities to make alterations to plan design to affect future funded status.

	2022	2023	2024	2025	2026
Demographic Distribution	0.0%	0.0%	0.0%	0.0%	0.0%

Asset Leverage - Ratio of Payroll for Plan Participants to Market Value of Assets: 0.0%

Younger plans typically have a large payroll base from which to draw in order to fund the plan while mature plans often have a large pool of assets dedicated to providing benefits to a population primarily consisting of members no longer on payroll. Plans with low asset leverage will find it more difficult to address underfunding, as the contributions needed to make up the deficit will represent a higher percentage of payroll than for a plan with high asset leverage.

	2022	2023	2024	2025	2026
Asset Leverage	0.0%	0.0%	0.0%	0.0%	0.0%

Benefit Payment Percentage - Ratio of Annual Benefit Payments to Market Value of Assets: 9.8%

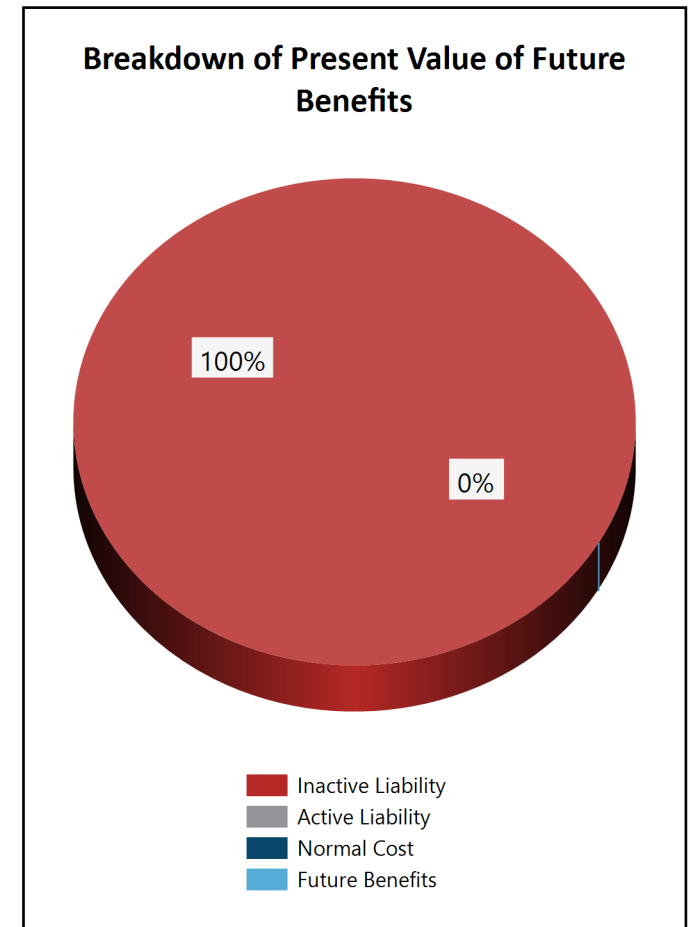
As a plan enters its decumulation phase, a larger percentage of the pre-funded assets are paid out each year to retirees. A high percentage is not cause for alarm as long as the plan is nearly fully funded. However, such a plan is more sensitive to negative asset performance, especially if cash contributions are not an option to make up for losses.

	2022	2023	2024	2025	2026
Benefit Payment Percentage	8.8%	10.3%	10.2%	9.8%	9.8%

Present Values of Future Benefits

The Present Value of Future Benefits represents the discounted value of all future benefits expected to be payable to current members, considering future service and compensation not yet earned.

	December 31, 2024	December 31, 2025
Present Value of Future Benefits		
Active members		
Retirement	\$0	\$0
Disability	\$0	\$0
Death	\$0	\$0
Termination	\$0	\$0
Total active	\$0	\$0
Inactive members		
Retired members	\$191,618,737	\$194,488,620
Beneficiaries	\$19,678,422	\$20,267,606
Disabled members	\$9,406,170	\$8,353,581
Terminated vested members	\$12,691,111	\$10,716,007
Total inactive	\$233,394,440	\$233,825,814
Total	\$233,394,440	\$233,825,814
Interest Rate	7.25%	7.00%



Accrued Liabilities

The Accrued Liability measures the present value of benefits earned as of the valuation date, using a specified set of actuarial assumptions. The accrued liability is based on the entry age level dollar methodology.

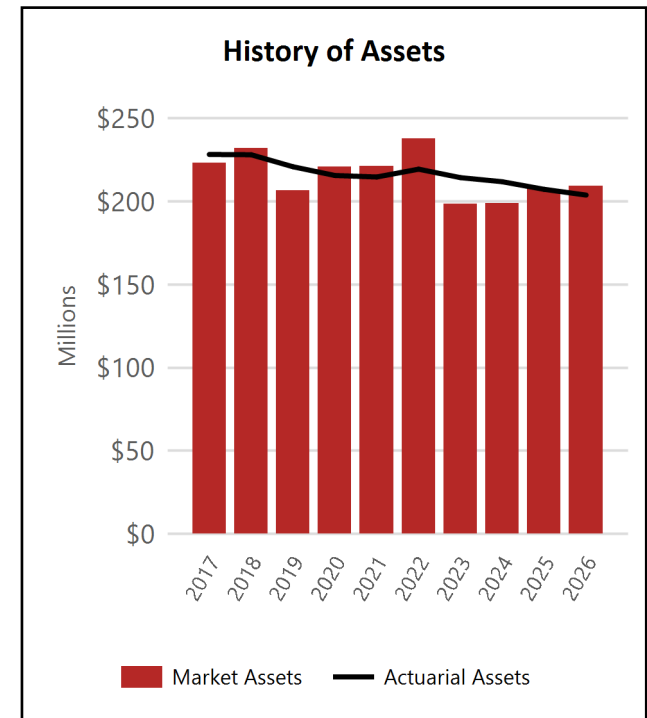
	December 31, 2024	December 31, 2025
Accrued Liabilities		
Active members		
Retirement	\$0	\$0
Disability	\$0	\$0
Death	\$0	\$0
Termination	\$0	\$0
Total active	<u>\$0</u>	<u>\$0</u>
Inactive members		
Retired members	\$191,618,737	\$194,488,620
Beneficiaries	\$19,678,422	\$20,267,606
Disabled members	\$9,406,170	\$8,353,581
Terminated vested members	\$12,691,111	\$10,716,007
Total inactive	<u>\$233,394,440</u>	<u>\$233,825,814</u>
Total	<u>\$233,394,440</u>	<u>\$233,825,814</u>
Total Normal Cost	\$0	\$0
Interest Rate	7.25%	7.00%

Assets and Liabilities

Asset Information

The amount of assets backing the pension promise is typically the most significant driver of volatility and future costs within a pension plan. The investment performance of the assets directly offsets the ultimate cost.

	December 31, 2024	December 31, 2025
Market Value Reconciliation		
Market value of assets, beginning of prior year	\$198,870,715	\$207,414,946
Restatement	\$0	\$(4,256,222)
Market value of assets, restated	\$198,870,715	\$203,158,724
Contributions		
Employer	\$2,672,104	\$2,997,551
Employee	\$0	\$0
Total	\$2,672,104	\$2,997,551
Investment income, net expenses	\$26,458,116	\$23,777,695
Benefit Payments	(\$20,266,304)	(\$20,426,026)
Administrative expenses	(\$319,685)	(\$313,741)
Market value of assets, beginning of current year	\$207,414,946	\$209,194,203
Return on Market Value	13.75%	12.24%



The restatement amount of \$(4,256,222) is considered investment income for purposes of asset smoothing.

Assets and Liabilities

Asset Information (continued)

Plan Assets are used to develop funded percentages and contribution requirements.

1. Expected market value of assets			
(a) Market value of assets, beginning of prior year			\$207,414,946
(b) Contributions			\$2,997,551
(c) Benefit payments			(\$20,426,026)
(d) Refund of contributions			\$0
(e) Expenses			(\$313,741)
(f) Expected return			\$14,391,520
(g) Expected market value of assets, beginning of current year			\$204,064,250
2. Market value of assets, beginning of current year			\$209,194,203
3. Amount subject to phase in [2-1(g)]			\$5,129,953
4. Phase in of asset gain/(loss)	% Phased	Base Amount	
(a) Current year	80%	\$5,129,953	\$4,103,962
(b) 2025 gain/(loss)	60%	\$12,689,368	\$7,613,621
(c) 2024 gain/(loss)	40%	\$3,449,797	\$1,379,919
(d) 2023 gain/(loss)	20%	(\$39,137,841)	(\$7,827,568)
(e) Total phase-in			\$5,269,934
5. Preliminary actuarial value of assets, beginning of current year [2-4(e)]			\$203,924,269
6. 80% market value of assets			\$167,355,363
7. 120% market value of assets			\$251,033,043
8. Final actuarial value of assets			\$203,924,269
9. Actuarial Value of Assets / Market Value of Assets			97.48%
10. Return on actuarial value of assets			7.20%

Assets and Liabilities

Reconciliation of Unfunded Actuarial Liability

	Actuarial Liability (AL)	Actuarial Value of Assets (AVA)	Unfunded Actuarial Liability (AL - AVA)
1. Beginning of Prior Year	\$233,394,440	\$207,376,797	\$26,017,643
2. Total Normal Cost	\$0	\$0	\$0
3. Interest/Expected Investment Return	\$16,180,653	\$14,388,754	\$1,791,899
4. Benefit Payments	(\$20,426,026)	(\$20,426,026)	\$0
5. Administrative Expenses	\$0	(\$313,741)	\$313,741
6. Total Contributions	\$0	\$2,997,551	(\$2,997,551)
7. Expected Beginning of Current Year	\$229,149,067	\$204,023,335	\$25,125,732
8. Changes due to:			
(a) Plan Changes	\$0	\$0	\$0
(b) Assumption Change	\$4,995,546	\$0	\$4,995,546
(c) Asset Gain/(Loss)	\$0	(\$99,066)	\$99,066
(d) Census (Gain)/Loss	(\$318,799)	\$0	(\$318,799)
(e) Method Changes	\$0	\$0	\$0
Total	\$4,676,747	(\$99,066)	\$4,775,813
9. Actual Beginning of Current Year	\$233,825,814	\$203,924,269	\$29,901,545

Schedule of Amortizations

December 31, 2025

<u>Date Established</u>	<u>Description</u>	<u>Original Amounts</u>	<u>Original Period</u>	<u>Remaining Years</u>	<u>Remaining Balance</u>	<u>Annual Payment</u>
12/31/2025	Unfunded Actuarial Accrued Liability	\$29,901,545	17	17	\$29,901,545	2,862,310
Total:					\$29,901,545	\$2,862,310

Development of Actuarially Determined Contribution

The actuarially determined contribution is the annual amount necessary to fund the plan according to funding policies and/or applicable laws. The actuarially determined contribution is composed of the normal cost, administrative expenses, and an amortization charge.

December 31, 2025

Funded Position

1. Entry age level dollar accrued liability	\$233,825,814
2. Actuarial value of assets	\$203,924,269
3. Unfunded actuarial accrued liability (UAAL)	\$29,901,545

Employer Contributions

1. Normal cost	
(a) Total normal cost	\$0
(b) Employee contributions	\$0
(c) Net normal cost	\$0
2. Administrative expenses	\$315,000
3. Amortization of UAAL	\$2,862,310
4. Applicable interest	\$460,392
5. Actuarially Determined contribution	\$3,637,702

Demographic Information

Demographic Information

The foundation of a reliable actuarial report is the participant information provided by the plan sponsor. Monitoring trends in demographic information is crucial for long-term pension planning.

	December 31, 2024	December 31, 2025
Participant Counts		
Active Participants	0	0
Retired Participants	341	346
Beneficiaries	73	75
Disabled Participants	20	18
Terminated Vested Participants	90	80
Total Participants	524	519
Active Participant Demographics		
Average Age	N/A	N/A
Average Service	N/A	N/A

As of the December 31, 2025 valuation, there are 4 disabled participants who are receiving a disability benefit and the rest are receiving a normal retirement benefit. The 4 disabled participants have an average age of 60.5, receive an average monthly benefit of \$2,146.

As of the December 31, 2024 valuation, there are 4 disabled participants who are receiving a disability benefit and the rest are receiving a normal retirement benefit. The 4 disabled participants have an average age of 59.5, receive an average monthly benefit of \$2,146.

Demographic Information (continued)

	December 31, 2024	December 31, 2025
Retiree Statistics		
Average Age	67.8	68.3
Average Monthly Benefit	\$3,032	\$2,990
Beneficiary Statistics		
Average Age	76.9	77.2
Average Monthly Benefit	\$1,988	\$2,003
Disabled Participants Statistics		
Average Age	70.1	71.1
Average Monthly Benefit	\$2,567	\$2,531
Terminated Participants Statistics		
Average Age	47.0	47.7
Average Monthly Benefit for Participants due Monthly Benefit	\$812	\$735

Participant Reconciliation

Participant Reconciliation

	Active	Terminated Vested	Disabled	Retired	Beneficiaries	Totals
Prior Year	0	90	20	341	73	524
Terminated Vested						
To Retired	0	(10)	0	10	0	0
Additions	0	0	0	0	4	4
Departures	0	0	0	0	0	0
To Death	0	0	(2)	(5)	(2)	(9)
Current Year	0	80	18	346	75	519

Alternative Payment Date for the Actuarial Recommended Contribution

The actuarial recommended contribution is the annual amount necessary to fund the plan according to funding policies and/or applicable laws. The contribution is adjusted with interest to the actual payment date. The required contribution amounts may be adjusted if they are made prior to January 1, 2027 or January 1, 2028 as shown in the following schedule.

December 31, 2024	
Assumed Contribution Date	Contribution Amount
July 1, 2026	\$3,088,105
August 1, 2026	\$3,106,170
September 1, 2026	\$3,124,340
October 1, 2026	\$3,142,617
November 1, 2026	\$3,161,000
December 1, 2026	\$3,179,491
January 1, 2027	\$3,198,090
December 31, 2025	
Assumed Contribution Date	Contribution Amount
July 1, 2027	\$3,516,701
August 1, 2027	\$3,536,585
September 1, 2027	\$3,556,581
October 1, 2027	\$3,576,690
November 1, 2027	\$3,596,913
December 1, 2027	\$3,617,250
January 1, 2028	\$3,637,702

Plan Status

Established July 1, 1962 and amended through October 4, 2007. In addition, the provisions may be amended for certain members covered under Collective Bargaining Agreements (CBA) of the applicable groups. The latest CBA's and applicable groups are described as follows:

PFFU	Members of Local #376, Pontiac Fire Fighters Union International Association of Fire Fighters Affiliated with AFL-CIO are covered under the July 1, 2004 through June 30, 2010 CBA.
PPOA/PPSA	Members of The Michigan Association of Police are covered under the January 1, 2007 through December 31, 2012 CBA.

Eligibility for Participation

Participation in the Plan is closed.

Benefits

Normal Retirement

Eligibility

PFFU	Age 50 with 10 years of service or 25 years of service regardless of age
PPOA/PPSA	Age 50 with 10 years of service or 25 years of service regardless of age
Others	Age 55 with 20 years of service

Benefit

PFFU	3% of FAS for the first 20 years of service, 2.5% of FAS for the next 5 years of service, and 1% of FAS for the next 5 years of service, subject to a maximum of 77.5%
PPOA/PPSA	3% of FAS for the first 20 years of service, 2.5% of FAS for the next 5 years of service, and 1% of FAS for the next 5 years of service, subject to a maximum of 77.5%
Others	2.4% of Final Average Salary for each complete year of service, subject to a maximum of 75% of Final Average Salary

Late Retirement

Eligibility	Participation continues after normal retirement date.
Benefit	Accrued retirement benefit

Service-Connected Death Benefit

Eligibility	Immediately eligible upon hire
Benefit	50% of the Member's rate of salary at the date of the Member's death to the surviving spouse

Non-Service-Connected Death Benefit

Eligibility	A member with 3 years of credited service
	Benefit 30% of the Member's Final Average Salary, increased 1% for each year of credited service above 3 years up to a maximum equal to 50% of Final Average Salary payable to the Member's spouse upon her attainment of age 55 (if later).

Termination Benefit

Eligibility	10 years of credited service
Benefit	Computed as a regular retirement but based upon service and Final Average Salary at termination date.

Service-Connected Disability

Eligibility	Immediately upon permanent disability, prior to age 55
Benefit	66-2/3% of salary at disablement, increased 10% of salary for each child under the age of 18 subject to a maximum of 80% of salary, payable until age 55.

Non-Service-Connected Disability

Eligibility	10 years of service and deemed to be permanently disabled, prior to age 55
Benefit	1-3/4% of FAS subject to a minimum of 25% and a maximum of 50% of FAS

Final Average Salary

The average annual salary of the highest three consecutive years of credited service within the last 10 years of credited service of a Member.

Credited Service

For Vesting and Benefit Accrual
All years of completed months of continuous service with the city as a Policeman or Fireman.

Payment Forms

Normal Form
A single life annuity, with non-service-connected death benefit

Optional Forms
50% and 100% Joint and Survivor Annuity. Employees may also receive a refund of their employee contributions with interest and an annuity reduced by the actuarial equivalent value of withdrawal.

Cost of Living Adjustments

PFFU	2.00% simple for 10 years for those members who retire on or after 7/1/1972 but prior to 12/31/1984 2.00% simple for 25 years for those members who retire on or after 1/1/1985
PPOA	2.00% simple for 12 years with an additional 1% for the 13 th year for those members who retire on or after 7/1/1983 but prior to 12/31/1990 2.00% simple for 25 years for those members who retire on or after 1/1/1991

The COLA is paid as a 13th check at the end of each year.

Actuarial Equivalence

Actuarial Equivalence will be computed using the interest rate and mortality table used in the annual actuarial valuation of the year of distribution.

Plan Provisions Not Included

We are not aware of any plan provisions not included in the valuation

Adjustments Made for Subsequent Events

We are not aware of any event following the measurement date and prior to the date of this report that would materially impact the results of this report.

Except where otherwise indicated, the following assumptions were selected by the plan sponsor with the concurrence of the actuary.

Valuation Date	December 31, 2025
Participant and Asset Information Collected as of	December 31, 2025
Cost Method	Individual Entry Age Cost Method – Level Dollar
Amortization Method	17 year closed level dollar amortization of Unfunded Actuarial Accrued Liability
Asset Valuation Method	Market value of assets with a 5-year phase in of market gains and losses, subject to a 20% corridor
Interest Rates	7.00% net of investment expenses Support for the interest rate assumption has been provided in the experience study report dated December 2025
Mortality Rates	
Healthy	Pub-S 2016 Mortality with generational improvements using scale MP-2021
Disabled	Pub-S 2016 Disabled Retiree Mortality Table with generational improvements using scale MP-2021
	As the plan is not large enough to have credible experience, mortality assumptions are set to reflect general population trends.
Marital Assumption	80% of Terminated Vested members are assumed to be married with husbands 3 years older than wives.
Administrative Expense Load	3-year average of administrative expenses, rounded to the nearest \$5,000

The actuarial report also shows the necessary items required for plan reporting and any other requirements.

- Low-Default-Risk Obligation Measure (LDROM)
- Michigan PA 202 Reporting Requirements

Low-Default-Risk Obligation Measure (LDROM)

For reports issued after February 15, 2023 the Plan's actuary is generally required to disclose liabilities under an alternative low-default-risk based discount rate. This LDROM liability measure represents the estimated asset value as of the measurement date the Plan would need in order to purchase a low-default-risk fixed income securities portfolio with durations that are reasonably consistent with the timing of benefits expected to be paid from the plan.

	December 31, 2025
LDROM liability	(\$274,630,097)
Market value of assets	\$209,194,203
LDROM funded status	(\$65,435,894)

The LDROM liability measure is for informational purposes only. The plan sponsor has no requirements to contribute to the Plan to meet this threshold.

If Plan assets are invested to earn in excess of a fixed income portfolio, a shortfall on this basis may not necessarily mean the security of participant benefits is at risk. If the plan is fully funded, or nearly fully funded, on the LDROM measure, the plan sponsor may want to consider reducing investment risk in order to offer greater benefit security and lower contribution volatility. We did not perform an analysis of assumption or provision changes resulting from a potential shift in investment policy due to the limited scope of our engagement.

The above LDROM liability measure applies a single effective discount rate of 5.30% using the Entry Age Normal funding method. The discount rate was determined as the single effective rate that would produce approximately the same liability as if future cashflows were discounted based on the FTSE Pension Liability Curve for the month prior to the valuation date.

While intended to be a market consistent measure, the above funded status is not appropriate for assessing the plan's sufficiency to settle plan obligations.

Other Measurements

Michigan PA 202 Reporting Requirements

December 31, 2025

	Plan Assumptions	State Treasury Uniform Assumptions
Interest Rate	7.00%	7.00%
Mortality	Pub-S 2016 with MP-21	Pub-S 2010 with MP-21
Amortization Period	19 years	14 years
Accrued Liability	\$233,825,814	\$233,756,737
Market Value of Assets	\$209,194,203	\$209,194,203
Unfunded Accrued Liability, MVA Basis	\$24,631,611	\$24,562,534
Funded Percentage (MVA)	89.5%	89.5%
Underfunded Status	Not Underfunded	Not Underfunded
Actuarially Determined Contribution	\$2,997,551	\$4,076,100

The Actuarially Determined Contribution payable during 2025 is calculated as of December 31, 2023 and based on data, assumptions, and plan provisions summarized in the December 31, 2023 Actuarial Valuation Report. The Actuarially Determined Contribution under Uniform Assumptions is calculated using the December 31, 2023 assumptions and plan provisions other than a 7.00% discount rate and 14-year amortization.