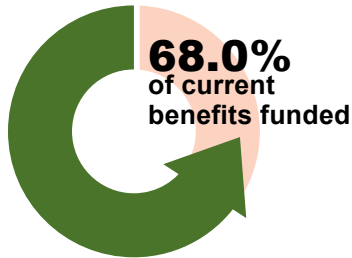


ERS

Employees Retirement System
of Texas



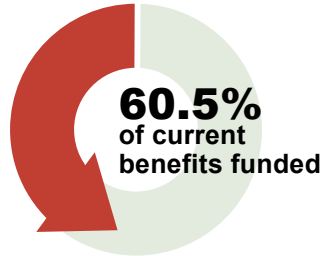
**100% funded
by 2054**

“Senate Bill 321 in the 2021 Legislative Session significantly improved the funding of the plan as well as introduced a new benefit structure for new hires on or after September 1, 2022....With the new commitment from the State to make consistent adequate contributions and the strong investment performance from fiscal year 2021, the sustainability of ERS has been materially improved.”

- GRS, Consulting Actuaries

LECOSRF

Law Enforcement and Custodial Officers
Supplemental Retirement Fund



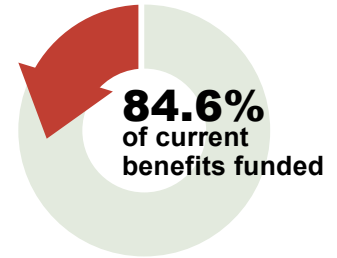
**Fund depletes
by 2050**

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

- GRS, Consulting Actuaries

JRS 2

Judicial Retirement System
of Texas Plan 2



**Fund depletes
by 2076**

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

- GRS, Consulting Actuaries

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

Plan Funding Status (as of August 31, 2021)			
	ERS	LECOSRF	JRS 2
Unfunded Liability	\$14.1 B	\$653 M	\$95 M
Funded Ratio	68.0%	60.5%	84.6%
Funding Period (Years)	33	Never	Never
Projected Depletion Date	Never	2050	2076
FY22 Normal Cost	14.12%	1.97%	26.64%
FY22 Legacy Payment	\$510 M	-	-
FY22 Actuarially Sound Employer Contribution (% of payroll)	-	3.97%	23.71%
FY22 Contribution Shortfall (% of payroll)	-	2.75%	8.05%

Investments

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

ERS Investment Performance (period ending August 31, 2021)						
Period	30-Year	20-Year	10-Year	5-Year	3-Year	1-Year
Annualized Return (Net)	N/A	7.48%	9.32%	11.13%	11.34%	25.46%
Annualized Return (Gross)	8.05%	7.38%	9.40%	11.17%	11.38%	25.51%

Largest Contributing Agencies

(based on membership)

24%

TX Health & Human Services Commission

22%

TX Department of Criminal Justice

9%

TX Department of Transportation

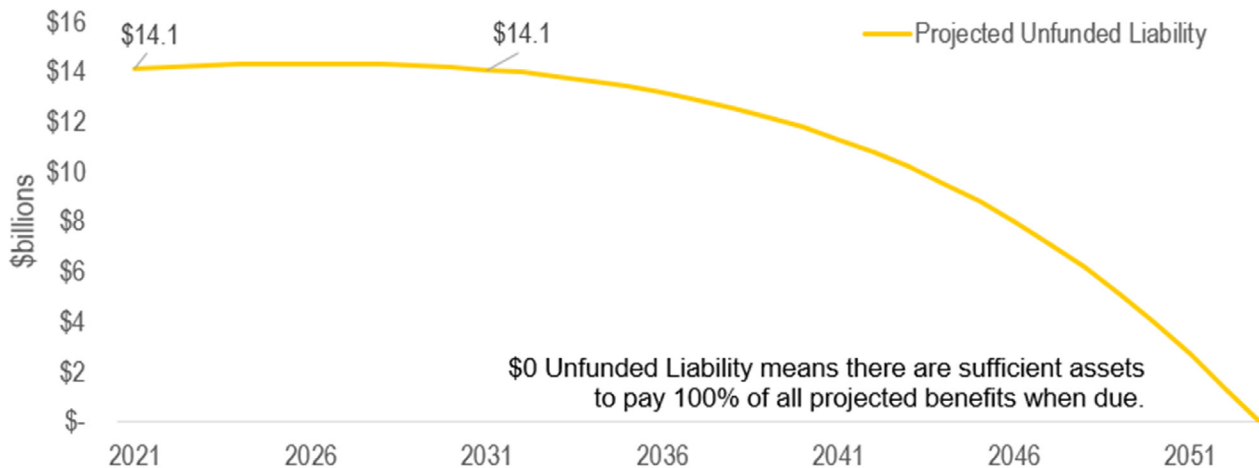
9%

TX Department of Family and Protective Services

Retirement Plan Demographics as of August 31, 2021			
	ERS	LECOSRF	JRS 2
Active Contributing Members	136,726	32,498	584
Average Age	43.6	41.1	56.9
Average Entry Age	35.3	33.3	47.8
Average Years of Service	8.3	7.8	9.1
Average Annual Salary	\$50,834	\$46,250	\$157,563
Non-contributing Members – Vested	14,867	112	41
Non-contributing Members – Non-vested	130,183	29,514	151
Retirees and Beneficiaries	120,294	15,343	528
Service Retirements	108,948	14,409	475
Average Age*	69.7	63.4	71.0
Average Age at Retirement*	59.1	53.9	63.4
Average Years of Service*	21.1	23.2	15.3
Disability Retirements	2,067	79	<10
Beneficiaries	9,279	855	50
Average Annual Annuity	\$21,292	\$5,621	\$68,471

* Based on service retirements only

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



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