Classic Values, Innovative Advice

Austin Firefighters Retirement Fund

Actuarial Valuation Report as of December 31, 2025

Produced by Cheiron

July 10, 2026

TABLE OF CONTENTS

Via Electronic Mail

July 10, 2026

Board of Trustees
Austin Firefighters Retirement Fund
4101 Parkstone Heights Drive, Suite 270
Austin, Texas 78746

Dear Trustees of the Board:

We are pleased to submit the December 31, 2025 Actuarial Valuation Report of the Austin Firefighters Retirement Fund ("Fund"). This report contains information on Fund assets, liabilities, and contributions. Financial disclosures are provided in a separate Governmental Accounting Standards Board (GASB) Statement Nos. 67 and 68 report.

In preparing our report, we relied on information, some oral and some written, supplied by the Fund's staff. This information includes, but is not limited to, Fund provisions, member data, and financial information. We performed an informal examination of the data's obvious characteristics for reasonableness and consistency, in accordance with Actuarial Standard of Practice No. 23, Data Quality.

The actuarial assumptions reflect our understanding of the likely future experience of the Fund and represent our best estimate, in collaboration with the views of the Board of Trustees ("Board"), for the Fund's future experience. These assumptions are based on the most recent experience study, dated March 25, 2024, reflecting census data through December 31, 2022, and the updated COLA assumptions required by statute. The liability and contributions developed in this report rely on future Fund experience conforming to the underlying assumptions. Future results may differ significantly from the current results presented in this report due to factors such as: Fund experience differing from that anticipated by the assumptions, changes in assumptions, and changes in plan provisions or applicable law. To the extent that actual Fund experience deviates from the underlying assumptions, the results will vary accordingly.

This report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board, as well as applicable laws and regulations, including Texas pension statutes. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

This actuarial valuation report was prepared exclusively for the Austin Firefighters Retirement Fund and the Fund's auditors for the purposes described herein and in preparing financial reports in accordance with applicable law and annual report requirements. Other users of this report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to such other users.

Sincerely,
Cheiron

Elizabeth Wiley, FSA, EA, MAAA, FCA
Consulting Actuary

Heath Merlak, FSA, EA, MAAA, FCA
Principal Consulting Actuary

FOREWORD

Cheiron is pleased to provide the annual actuarial valuation report of the **Austin Firefighters Retirement Fund (Fund)** as of December 31, 2025. The purpose of this report is to:

1) **Measure and disclose** the Fund's financial condition as of the valuation date.
2) **Report** on past and expected financial trends.
3) **Determine** the Actuarially Determined Contribution for the 2027 calendar year.
4) **Assess** risks to the Fund's financial condition.

An actuarial valuation consistently establishes and analyzes the Fund's assets and liabilities and traces their progress from one year to the next. It includes measurement of the Fund's investment performance and an analysis of actuarial liability gains and losses. This valuation report is organized as follows:

Section I summarizes the valuation and compares this year's results to those of last year.

Section II identifies the primary risks to the Fund, including background information and an assessment of these risks.

Section III contains exhibits relating to the valuation of assets.

Section IV presents various measures of liabilities and analyzes the experience gains and losses over the past year.

Section V shows the development of contributions.

The appendices to this report contain a summary of the Fund's membership at the valuation date, a summary of the major provisions of the Fund, the actuarial methods and assumptions used in developing the valuation, and a glossary.

SECTION I – SUMMARY

General Comments

This is the fourth actuarial valuation report prepared for the Fund by Cheiron. The results shown in the historical trend charts before December 31, 2022 are those produced by the Fund's former actuary.

Key results of this December 31, 2025 actuarial valuation are as follows:

- The Fund earned 13.72% on a Market Value of Assets (MVA) basis in 2025, producing an investment gain of $72.8 million relative to the 7.30% assumed return.
- On an Actuarial Value of Assets (AVA) basis, which smooths investment returns as adopted by the AFRF Board, the Fund earned 8.59%, producing an actuarial asset gain of approximately $14.6 million.
- The Fund experienced a liability loss of $1.2 million. The sources of the liability loss are listed in Table IV-4.
- The MVA-Funded Ratio increased from 76.9% as of December 31, 2024 to 81.2% as of December 31, 2025. The AVA-Funded Ratio increased from 76.9% to 77.4% during 2025.
- The UAL based on MVA, the amount of Actuarial Liability (AL) not met by MVA, decreased by approximately $58 million during the year, while the UAL determined on an AVA basis increased slightly from $349.5 million at the beginning of the year to $350.1 million at the end of 2025.

The contribution amounts to the Fund for the 2027 calendar year, developed by this December 31, 2025 actuarial valuation, consist of the following:

1) Firefighter contributions are 18.70% of pay.
2) The Municipal Contribution Rate applicable to the City for the 2027 calendar year contribution is 12.41% of payroll.
    a. The Estimated Municipal Contribution Rate before corridor adjustment is 11.67% of payroll.
    b. The statutory corridor rules require a minimum of the applicable 12.41% Corridor Midpoint because the Fund's funded ratio is less than 90%.
3) The City's Municipal Legacy Contribution Amount is $19,825,290, estimated to be 15.49% of projected pensionable payroll.

Therefore, the Estimated Total City Contribution Rate for the 2027 calendar year is 27.90% (12.41%+15.49%) of Projected Pensionable Payroll.

SECTION I – SUMMARY

The table below summarizes the actuarial valuation. The prior year's valuation results are shown for comparison purposes, as well as a column looking at the change in each value as a percentage of the prior year's values.

Table I-1
Austin Firefighters Retirement Fund
Summary of Principal Results

	December 31, 2025	December 31, 2024	% Change[1]
Assets and Liabilities			
Actuarial Liability (AL)	$1,551,973,394	$1,514,813,506	2.5%
Actuarial Value of Assets (AVA)	1,201,840,087	1,165,347,238	3.1%
Unfunded Actuarial Liability (UAL)	$350,133,307	$349,466,268	0.2%
AVA - Funded Ratio	77.4%	76.9%	0.5%
Market Value of Assets (MVA)	$1,260,063,638	$1,165,347,238	8.1%
MVA - Funded Ratio	81.2%	76.9%	4.3%
Amortization Period from Valuation Date	23.0	31.0	
Participant Information			
Actives	1,252	1,249	0.2%
Service Retirees, including DROP	885	834	6.1%
Beneficiaries	191	184	3.8%
Disability Retirees	16	14	14.3%
Terminated Vested	42	36	16.7%
Total Participants	2,386	2,317	3.0%
Payroll Projection Year	2027	2026	
Projected Pensionable Payroll (PPP)	$128,012,010	$124,002,162	3.2%
Statutory Contribution Rates	Year Ending December 31, 2027	Year Ending December 31, 2026	
Total Normal Cost Rate	31.07%	31.32%	(0.2%)
Firefighter Contribution Rate	18.70%	18.70%	0.0%
Employer Normal Cost Rate	12.37%	12.62%	(0.2%)
Municipal Contribution Rate	12.41%	12.62%	(0.2%)
Municipal Legacy Contribution Amount	$19,825,290	$15,430,983	28.5%
- as a percentage of PPP	15.49%	12.44%	3.0%
Total City Contribution Rate as a percentage of PPP[2]	27.90%	25.06%	2.8%

[1] Percentages shown for dollar amounts represent relative changes; percentages shown for percentage measures represent absolute percentage-point changes.

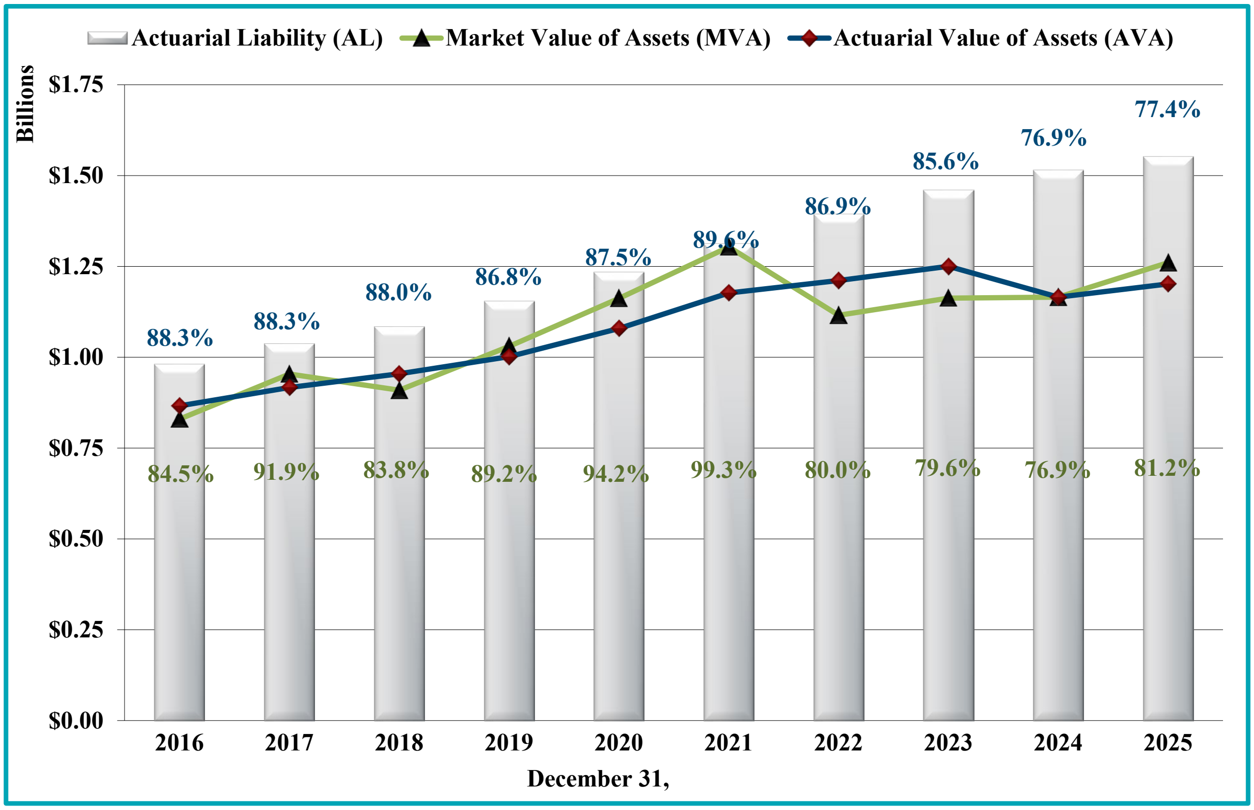
[2] Actual City contribution will equal the Municipal Legacy Contribution Amount plus Municipal Contribution Rate applied to actual payroll.

SECTION I – SUMMARY

Historical Trends

It is important to take a step back from these latest results and view them in the context of the Fund's recent history. Below, we present a series of charts displaying key valuation results since 2016.

<u>Assets and Liabilities</u>



The bars represent the Actuarial Liability (AL) as measured for funding purposes in the valuations. The lines represent the Fund's assets, with the green line showing the Market Value of Assets (MVA) that is reported in the Fund's financials and the blue line showing the smoothed Actuarial Value of Assets (AVA). Liabilities are compared with asset measures to calculate funding ratios for each valuation date. The ratio of AVA to AL is the AVA-Funded Ratio, represented by the blue percentages shown along the top of each bar in the chart. Similarly, the ratio of MVA to AL is the MVA-Funded Ratio, as shown by the green percentages on the bars.

The MVA-Funded Ratio can be volatile, as shown in the graph, and has ranged from a high of 99.3% as of 2021 to a low of 76.9% in 2024. Note the AVA was set equal to MVA for the December 31, 2024 valuation as required by statute, with the Fund's adopted asset method beginning again with the 2025 valuation. While the statutory reset increased short-term volatility in the AVA-Funded Ratio, the resumed funding method is expected to make the AVA-Funded Ratio again less volatile than the MVA-Funded Ratio in future years because asset gains and losses are recognized over five years.

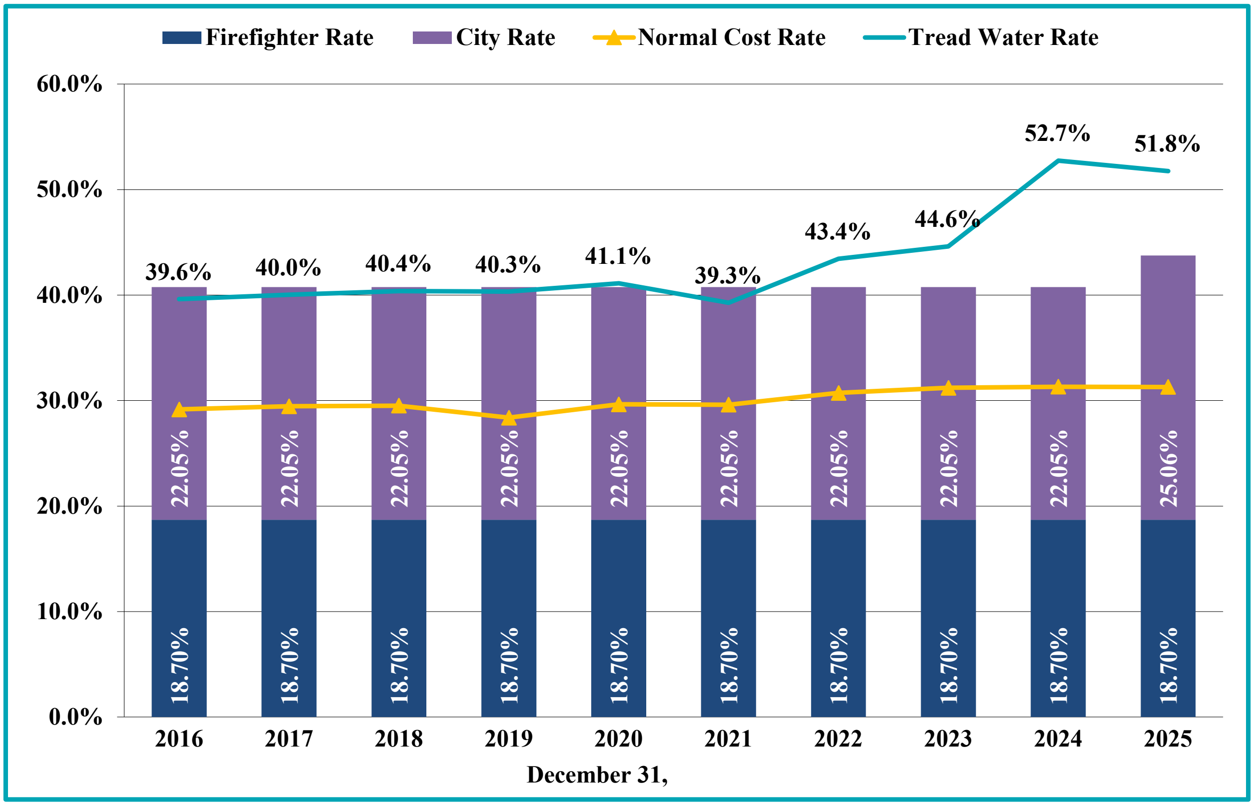
Contributions Versus Tread Water

The next chart compares the City and firefighter contribution rates, as shown by the bars, to the Normal Cost Rate and Tread Water Contribution Rate, shown by the lines, as of each valuation date. The Normal Cost Rate, the orange line, is the percentage of salary needed to fund the benefits earned by active members in a year. The Tread Water Contribution Rate, the teal line, is the total payroll rate that, if contributed by the City and firefighters, would leave the UAL unchanged in dollar terms in the following year, assuming all experience exactly matches the assumptions. The Tread Water Contribution Rate equals the Normal Cost Rate plus interest on the UAL.

As shown below, total contributions exceed the Normal Cost Rate in all shown years. The difference between the tops of the bars and the orange line represents the portion of contributions that are available to fund the UAL. The chart also shows that the Normal Cost Rate has been relatively stable over this period, staying within approximately one percentage point of 30%.

The stacked bars show that the sum of the City and firefighter contribution rates has exceeded the Tread Water Contribution Rate by a small margin in most years over this period. However, since the 2022 asset loss began being recognized, the Tread Water Contribution Rate has been higher than the fixed contribution rates. The Tread Water Contribution Rate increased further in 2024, with the AVA being set equal to the MVA as required by statute. For the 2025 year shown in the chart, the Total City Contribution Rate of 25.06% reflects the statutory contribution payable for 2026 as determined by the 2024 valuation. This 2025 valuation determines the 2027 statutory contributions based on the Municipal Contribution Rate and Estimated Total City Contribution Rate shown earlier in this Summary.

SECTION I – SUMMARY

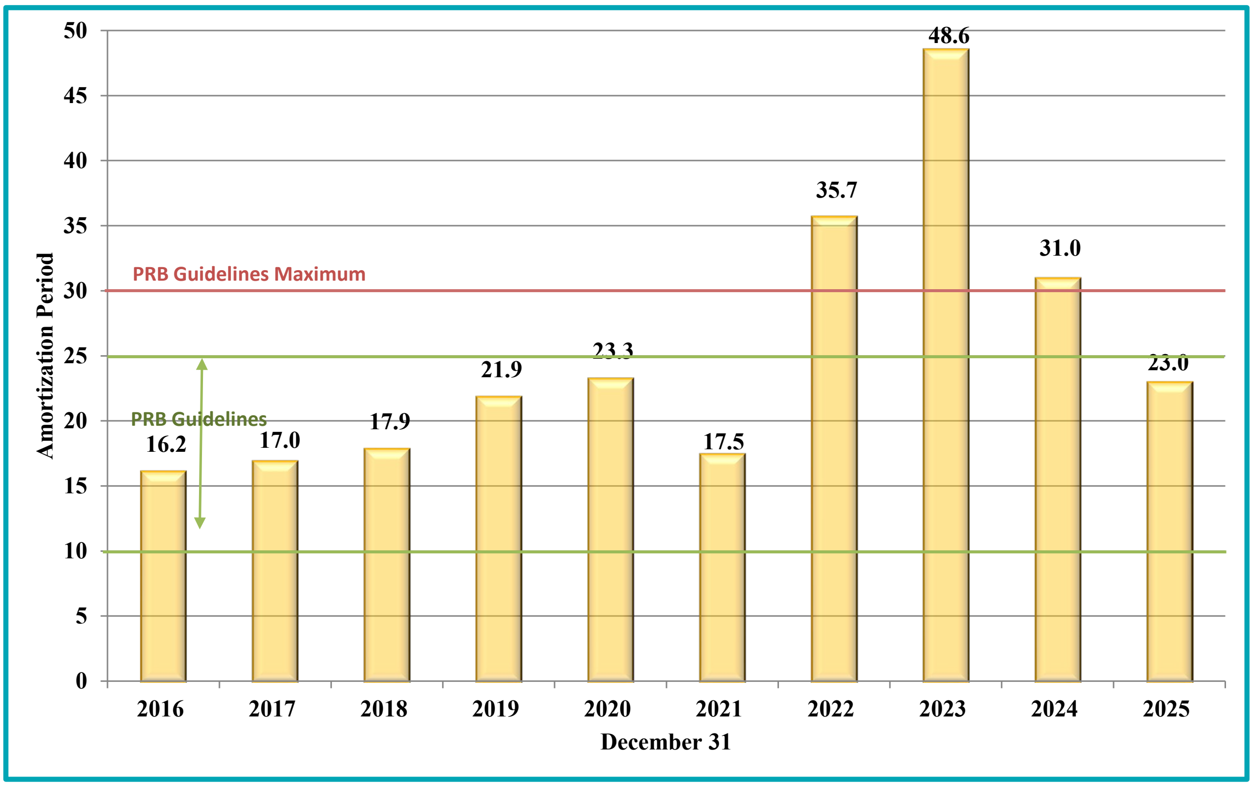


SECTION I – SUMMARY

Amortization Periods

The chart below shows the effective amortization period for funding the UAL based on the AVA as of each valuation date. Effective with the 2026 calendar year, the funding policy is based on an Actuarially Determined Contribution (ADC), which amortizes the Legacy Liability over 30 years and future losses over closed 20-year periods. Reflecting the strong asset performance for 2025 and the ADC funding policy, which requires the Municipal Contribution Rate to be at least the Corridor Midpoint until the Fund is 90% funded, the December 31, 2025 amortization period is 23 years.

The Pension Review Board (PRB) provides funding guidelines for public pensions in Texas, including that the contributions received by funds should be sufficient to pay the normal cost each year as well as amortize the fund's UAL over a period not to exceed 30 years, with 10-25 years being the preferred range. The 2025 valuation's 23-year funding period meets the PRB guidelines, and the Fund is expected to continue to do so, but both the Fund and the City should continue to monitor this metric against adverse experience and PRB guideline changes.

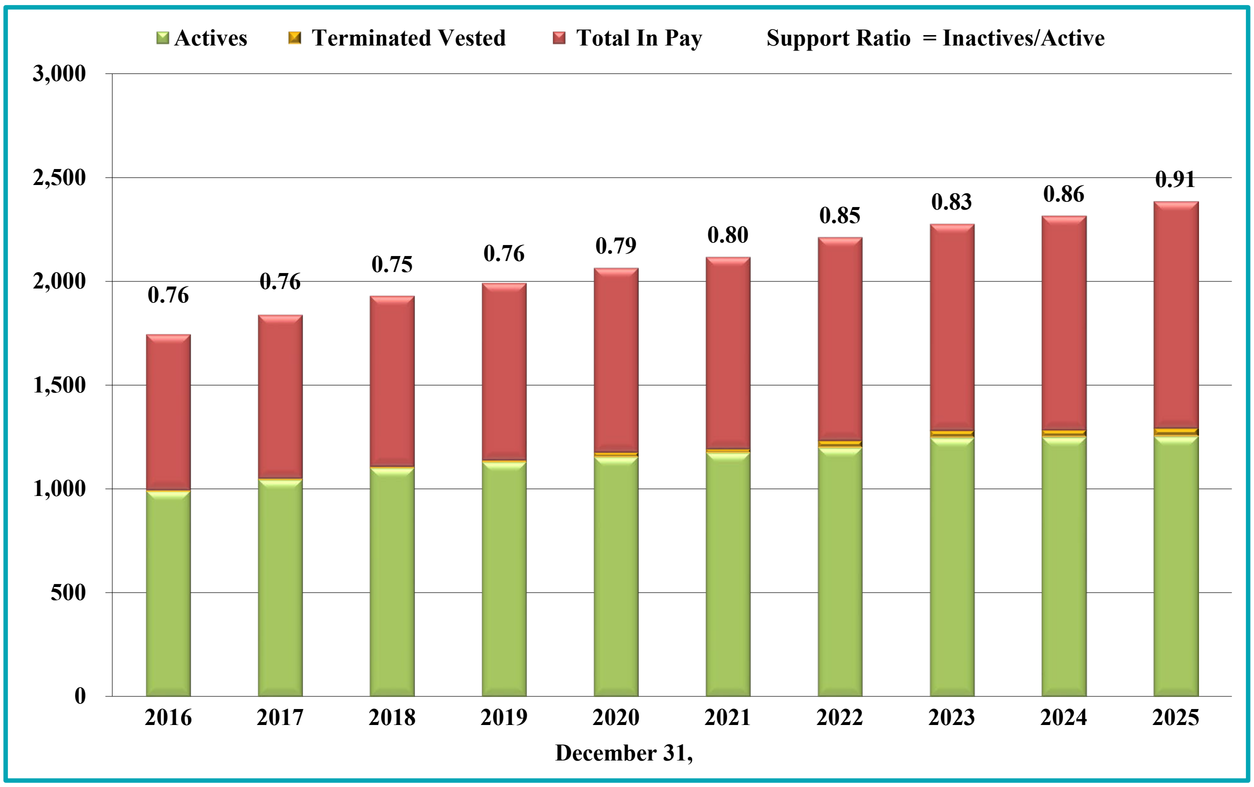


SECTION I – SUMMARY

Member Trends

The following chart shows the Fund's membership counts at successive valuations. The numbers above each bar represent the ratio of inactive members, those currently receiving benefits (red bars), and terminated vested members (yellow bars) to active members (green bars) as of each valuation date, referred to as the support ratio.

The number of inactives per active has generally steadily increased during the period shown. An increasing ratio is a sign of plan maturity and should continue to be monitored. As a plan matures, the assets backing retiree benefits become large relative to the contribution base, i.e., the active member payroll. As assets grow relative to the Pensionable Payroll, any experience gain or loss can significantly impact the actuarial valuation results. This maturity risk is discussed further in Section II of this report.



All active members as of the current December 31, 2025 valuation date are Group A members. Group B members will first be reflected in the December 31, 2026 actuarial valuation.

SECTION I – SUMMARY

Projections

This baseline projection is based on the December 31, 2025 valuation, including the 7.30% rate of return assumption. It is important to note that the Fund's actual experience will not conform exactly to the assumptions every year. As a result, in addition to the baseline projection of 7.30% investment returns, we provide additional projections in Section II that stress-test the Fund under varying future return assumptions, as this assumption is typically the most significant driver of valuation result variance.

The projections, both the baseline in this section and the varying returns in Section II, assume there will be no future gains or losses on the liability and that the Fund receives the statutory contribution rates each year. As such, these projections assume that all valuation assumptions are exactly met, including the specified long-term rates of return for each scenario, as well as the Pensionable Payroll increasing by 2.50% annually across all scenarios.

This first chart compares the MVA (green line) and AVA (blue line) to the Fund's AL (gray bars). Additionally, at the top of each chart, we display the Fund's AVA-funded ratio (the ratio of AVA to AL). The years shown in the chart represent the valuation date as of December 31 for each labeled year.

The baseline charts below show the model results if all actuarial assumptions, including the current 7.30% investment return assumption, are exactly met. In this scenario, the Fund's AVA-funded ratio, shown along the top of the first chart, is projected to gradually increase from the current level of 77% to 100% by 2048.

The second chart provides information related to the expected contributions to the Fund. The green bars represent the expected firefighter contributions, which are 18.7% in all years in this baseline projection. The yellow bars reflect the City of Austin contributions, including the Municipal Legacy Contribution Amount. As shown in the graph, the City's contribution is expected to increase as the ADC is fully phased-in through 2028, then decrease as Group B members enter the Fund upon the retirement of Group A members. In 2040, the City contribution is expected to decrease, based on an AVA-Funded Ratio exceeding 90%, allowing the Municipal Contribution Rate to be lower than the Corridor Midpoint.

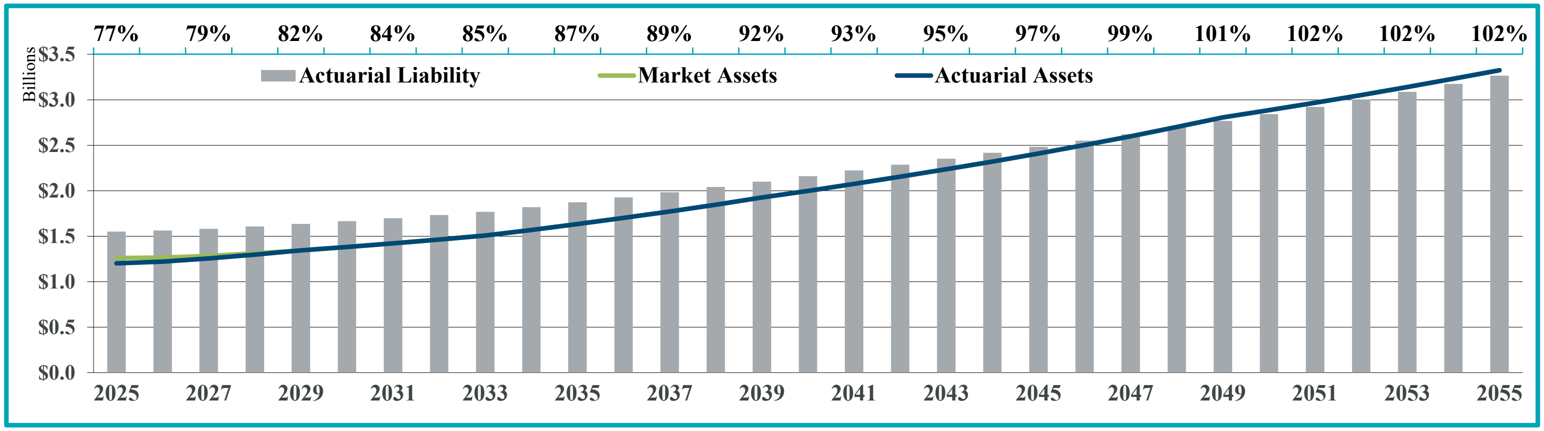
The red line represents the expected total Normal Cost Rate, reflecting Group B's lower normal cost as the active population gradually transitions from Group A to Group B members. The teal line provides the Total Tread Water Contribution Rate. Expected contributions are below the Total Tread Water Contribution Rate through 2028, meaning the UAL is expected to increase in dollar terms during this period due to negative amortization. Although not shown in the graph below, any purple bars would represent the increase in firefighter contributions beyond the current 18.70% required to ensure the Fund receives the full ADC in years when the City's contribution hits the Maximum Municipal Contribution Rate.

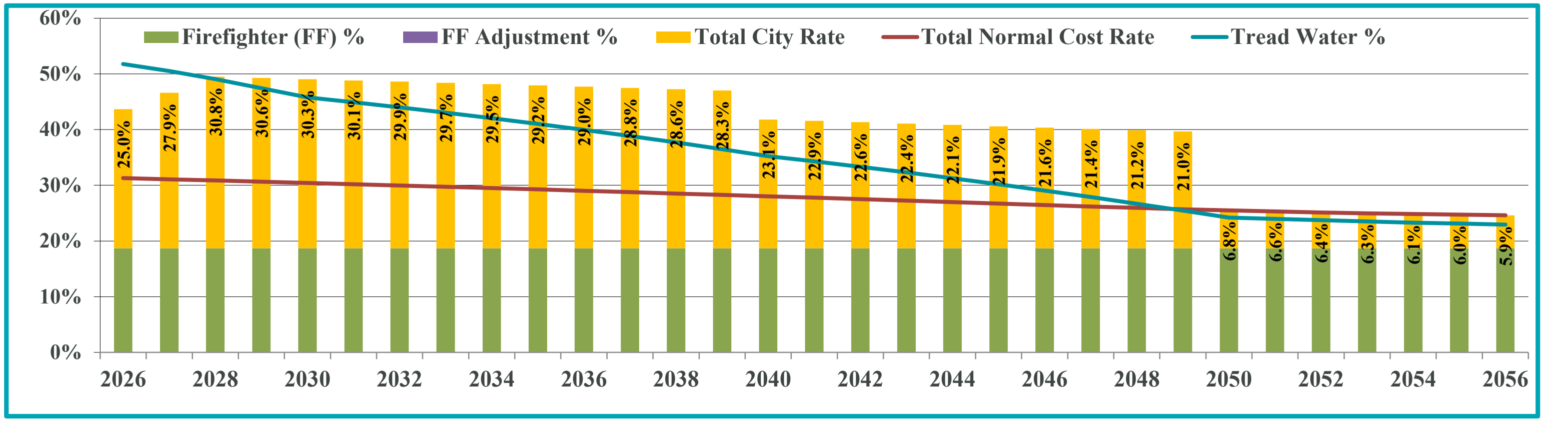
SECTION I – SUMMARY

While the statutory funding policy materially reduces the Fund's risks, contribution risk is not eliminated. The Corridor reduces volatility in the Municipal Contribution Rate, but under sufficiently unfavorable experience, the Maximum Municipal Contribution Rate and the Firefighter Contribution Rate cap may prevent total contributions from being sufficient to provide what is otherwise actuarially determined. If such unfavorable experience persists, the Fund and the City may need additional funding solutions. The projections, therefore, should be read as illustrations of how the statutory framework may respond to experience, not as guarantees of future contribution sufficiency.

SECTION I – SUMMARY

Baseline Scenario – All Assumptions Exactly Met Over the Projection Period





SECTION II – IDENTIFICATION AND ASSESSMENT OF RISK

Actuarial valuations are dependent on assumptions about future economic and demographic experience. Based on actuarial standards of practice, these assumptions represent a reasonable estimate of future experience. However, actual future experience will never conform exactly to the assumptions and may differ significantly. This deviation is the risk that pension plan sponsors undertake in relying on a pension plan's actuarial valuation results.

This section of the report is intended to identify the primary drivers of these risks to the Fund, provide background information and assessments about these risks and drivers, and communicate the significance of these risks to the Fund and its sponsors.

Identification of Risks

As we have discussed with the Board, the fundamental risk to the Fund is that the contributions needed to pay the desired benefits become insufficient. While there are many factors that could lead to current contribution rates becoming insufficient, we believe the primary risks are:

- Investment risk
- Interest rate risk
- Longevity and other demographic risks
- Assumption change risk
- Plan change risk
- Contribution risk

Other risks we have not identified may also prove important.

Investment Risk is the potential for investment returns to deviate from expected returns. When actual investment returns are lower than the investment return assumption used in the actuarial valuation, the Unfunded Actuarial Liability will increase beyond expectations and require higher contributions than otherwise anticipated. However, when actual returns exceed the assumption, the resulting unfunded liability measurements and Actuarially Determined Contributions will be lower than anticipated. The Fund's asset allocation determines the potential volatility of future investment returns. The affordability of the investment risk is determined by the amount of assets invested relative to the size of the plan sponsor or other contribution base. As seen in the following historical section, this risk has been a significant driver of deviations in the actual measurements for this Fund from those expected by the prior valuations.

Interest Rate Risk is the potential for interest rates to differ from expectations. For public plans, short-term fluctuations in interest rates have little or no effect, as the Fund's liability is usually measured based on the expected return on assets. Longer-term trends in interest rates, however, can have a powerful effect.

Longevity and Other Demographic Risks are the potential for mortality or other demographic experience to differ from expectations. Generally, longevity and other demographic risks emerge gradually as actual experience deviates from expectations. In addition, the extensive number of assumptions related to longevity and other demographic experience often results in offsetting factors contributing to the Fund's overall liability experience. As such, these risks are often dwarfed by other risks, particularly those due to investment returns.

Assumption Change Risk is the potential for the environment to change in a way that would require future valuation assumptions to differ from current assumptions. For example, declines in interest rates over time due to economic factors may result in a change in the assumed investment rates of return used in the valuations. In terms of demographic factors, a healthier workforce may result in changes in employee behavior such that retirement rates are adjusted to reflect employees working longer. In addition, mortality rates are adjusted to account for members living longer and receiving more years of their retirement benefits. Assumption change risk is an extension of the risks previously identified, but rather than capturing the risk as it is experienced, it captures the cost of recognizing a change in the environment that results in the current assumption no longer being reasonable.

Plan Change Risk represents the possibility of legislated changes made to the statutes governing the Fund. This includes any changes to the benefits paid by the Fund or the contributions that must be paid by the City of Austin and the members to the Fund. Over the history of this Fund, these changes have included granting cost-of-living adjustments (COLAs), which increase the benefits paid to members designed to provide purchasing power protection from inflation, changes to the multipliers and minimums used to determine the amount of member benefits, and changes to the contributions that the City of Austin and firefighters must pay. As shown in the chart that follows, plan changes, principally the granting of COLAs, have been a significant driver of liability changes for the Fund over the last ten years.

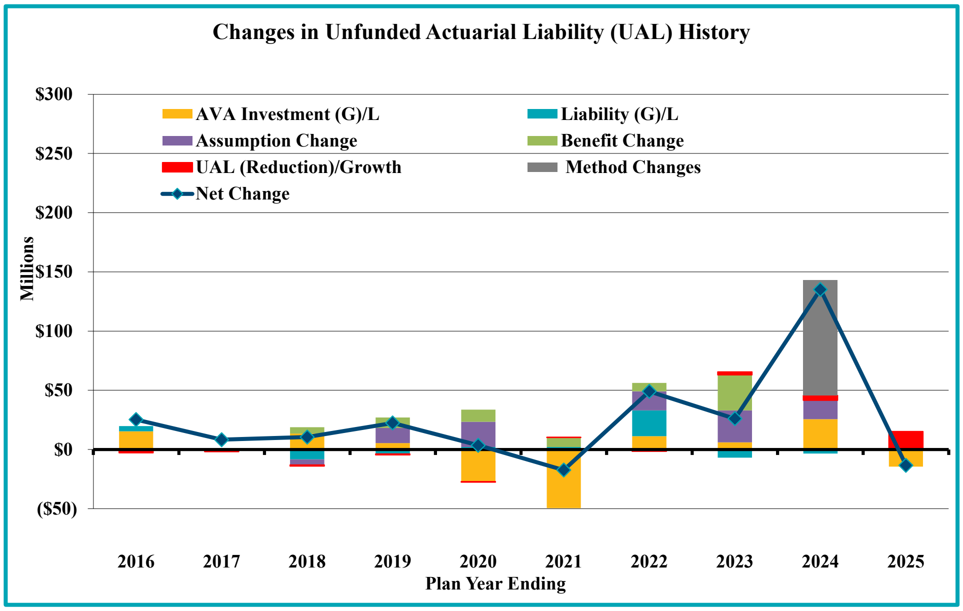
Contribution Risk refers to the possibility that actual contributions will differ from those expected or will be constrained by the statutory contribution framework. For example, the Municipal Contribution Rate may be constrained by the Maximum Municipal Contribution Rate, and the Firefighter Contribution Rate has a statutory cap of a two-percentage-point increase. If capped contributions are insufficient, due to adverse experience, to ensure that the Fund receives the full actuarially determined contribution, the Fund's condition may decline unless further funding actions are taken or offsetting gains occur. However, it is important to recognize that, while contribution risks remain, the recent changes in the statutory contribution framework have significantly reduced these risks for the Fund.

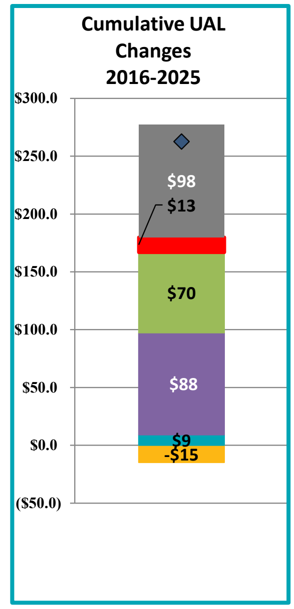
Historical UAL Changes

The chart below shows the components of changes in the Unfunded Actuarial Liability (UAL) for the Fund over the last ten years, including investment gains and losses on the AVA, liability gains and losses, assumption and method changes, and the paying down of the UAL. Amounts below the horizontal axis are gains or decreases to the UAL, while amounts above the axis are losses or increases to the UAL. The dark blue line shows the net UAL change.

SECTION II – IDENTIFICATION AND ASSESSMENT OF RISK

Historical Changes in UAL 2016-2025





On a smoothed asset basis, the investment gains and losses (gold bars) from 2016 to 2025 reflect investment losses on a smoothed or AVA basis in six of the ten years shown. However, two of these years, 2020 and 2021, had significant gains, such that, over the 10-year period, investment experience decreased the UAL by approximately $15 million. Method changes (gray bar) increased the UAL by approximately $98 million. The method change reflects the resetting of AVA to MVA as required by statute.

On the liability side (teal bars), the Fund has incurred a net liability experience loss, increasing the UAL by approximately $9 million over this period. Assumption changes (purple bars) have increased the UAL by approximately $88 million over the 10-year period. The assumption changes have included lowering the discount rate from 7.75% to 7.30%, updating the mortality assumptions, reflecting the 0.25% per year COLA assumption, and updating other demographic assumptions. Benefit changes noted by the green bar reflect the increase in liability for COLAs granted in the last ten years. Over this period, the granted COLAs have added $70 million to the UAL.

Finally, each year, the UAL is expected to decrease if total contributions exceed the amount needed to pay the normal cost and interest on the UAL, and to increase if total contributions are less than that amount. In aggregate over the last ten years, contributions received in excess of normal cost have not been sufficient to cover interest on the UAL, thereby increasing the UAL balance by approximately $13 million.

Plan Maturity Measures

The future financial condition of a mature pension plan is more sensitive to each of the risks identified above than a less mature plan. Before assessing each of these risks, it is important to understand this Fund's maturity relative to other plans and how it has changed over time.

Plan maturity can be measured in various ways. Still, all focus on one basic dynamic: the larger the plan is compared to the contribution or revenue base that supports it, the more sensitive the plan will be to risk. The measures below have been selected as the most important in understanding the primary risks identified for this Fund.

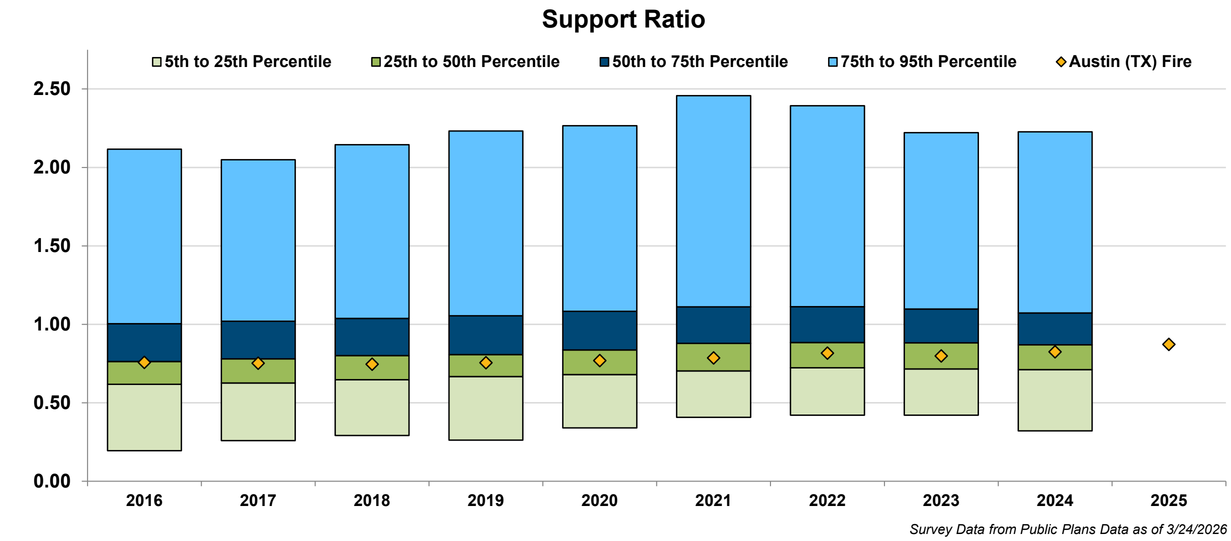
Inactives per Active (Support Ratio)

One simple measure of plan maturity is the ratio of the number of inactive members, those currently receiving benefits and terminated vested members, to the number of active members. The revenue base supporting the plan is usually proportional to the number of active members, so a relatively high number of inactives compared to actives also indicates a larger plan relative to its revenue base.

The Boston College Center for Retirement Research, the National Association of State Retirement Administrators (NASRA), MissionSquare, and the Government Finance Officers Association (GFOA) maintain the Public Plans Database, which contains the majority of state plans (121) and many large municipal plans (108). It covers over 95% of the membership in public plans and over 95% of the assets held by public pension plans.

The following chart shows the support ratio for all plans in this database since 2016. The colored bars represent the central 90% of the support ratios for the plans in the database. The Austin Firefighters Retirement Fund is represented in the chart by gold diamonds.

SECTION II – IDENTIFICATION AND ASSESSMENT OF RISK

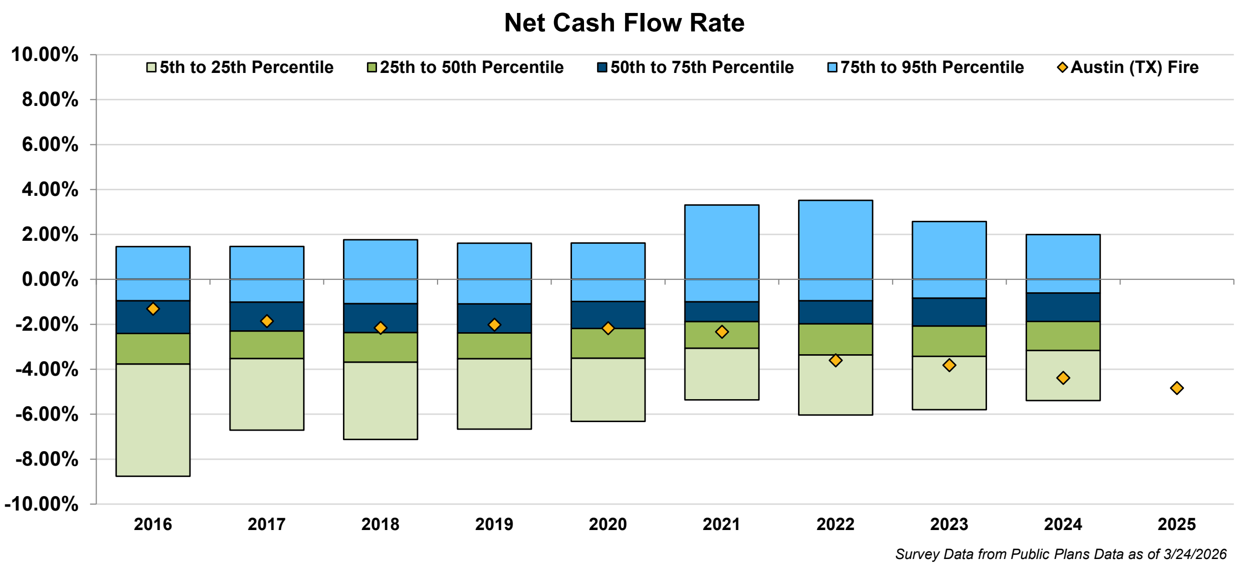


This chart shows that the Fund is less mature than other plans in this database. The support ratios for the universe of public plans shown have increased over the period as they mature, with the Fund's support ratio increasing at a similar pace. The Fund has remained below the 50th percentile for the entire period.

SECTION II – IDENTIFICATION AND ASSESSMENT OF RISK

Net Cash Flow

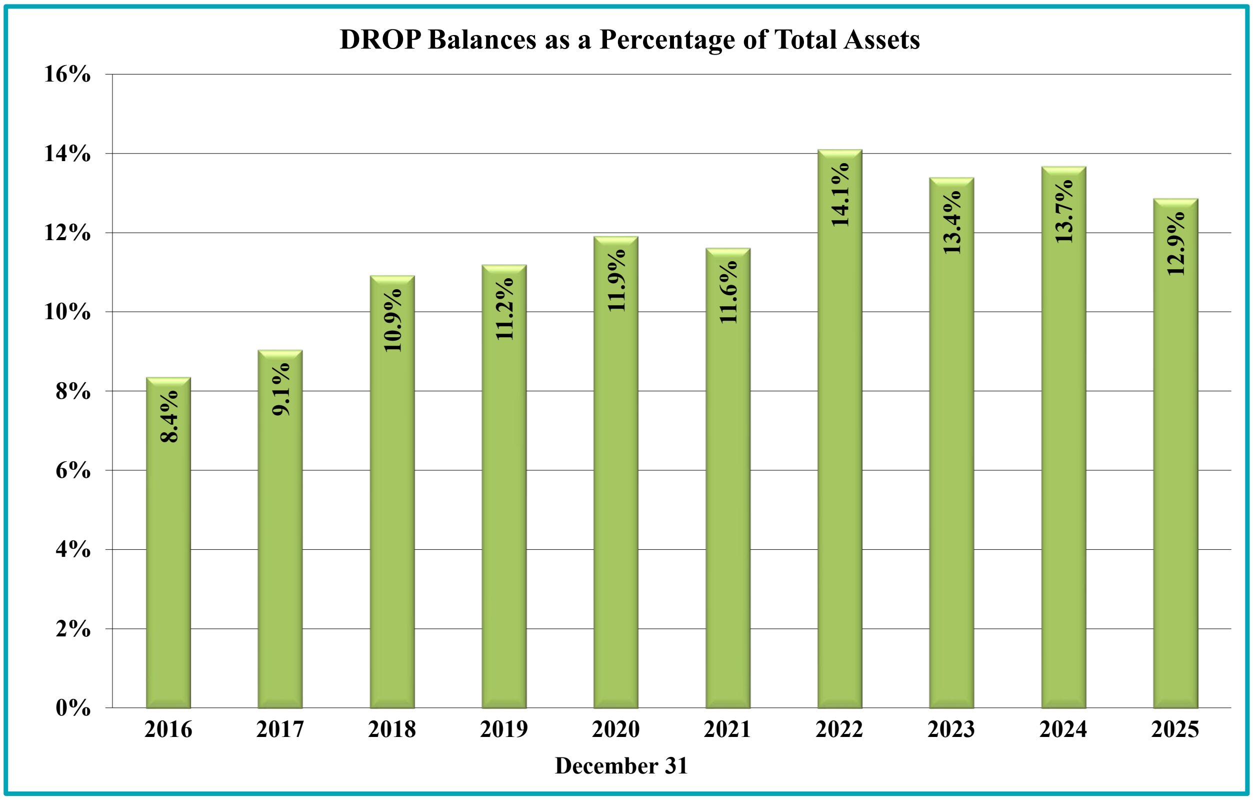
The net cash flow of the plan as a percentage of the beginning-of-year assets indicates the Fund's sensitivity to short-term investment returns. Net cash flow equals contributions less benefit payments and administrative expenses. Mature plans can have large amounts of benefit payments compared to contributions, particularly if they are well-funded. Short-term investment losses are compounded by net withdrawals from the plan, leaving a smaller asset base to recover from the losses. Large negative cash flows can also create liquidity issues.



The chart above shows the distribution of net cash flow as a percent of assets, again with the bars showing the 5th to 95th percentile for the plans in the Public Plans Database. The gold diamonds show the Fund's experience for this metric, allowing comparison to the other plans. Up until 2020, the Fund was consistently above the 50th percentile. However, in 2021, the Fund's cash flow as a percentage of assets declined, placing it in the 5th-25th percentile range. The decrease in this percentage is primarily due to the Fund maturing.

Additionally, as DROP payments increase relative to the size of the Fund, this will likely create greater year-to-year volatility in this measurement. The chart that follows shows the historical percentage of assets attributable to DROP balances since 2016.

SECTION II – IDENTIFICATION AND ASSESSMENT OF RISK



This graph is provided because the Fund's assets must be invested considering the liquidity needed to pay out DROP accounts to members. This is a specific risk applicable to this Fund due to the structure of the benefits provided.

SECTION II – IDENTIFICATION AND ASSESSMENT OF RISK

Actuarial Standards of Practice No. 4 – Disclosures

Low Default Risk Obligation Measure (LDROM)

The Fund invests in a diversified portfolio to maximize investment returns at a reasonable level of risk. The lowest-risk portfolio for a pension plan would be composed entirely of low-default-risk fixed-income securities whose cash flows match the Fund's benefit cash flows. Such a portfolio, however, would have a lower expected rate of return than the diversified portfolio. The Low-Default-Risk Obligation Measure (LDROM) represents the funding liability if the Fund invested its assets in such a portfolio. As of December 31, 2025, we estimate that such a portfolio based on the FTSE Pension Liability Index would have an expected return of 5.59% compared to the Fund's discount rate of 7.30%, and the LDROM would be $1,832,685,010 compared to the Actuarial Liability of 1,551,973,394. The $280,711,616 difference represents the expected savings from bearing the risk of investing in the diversified portfolio. Alternatively, it also represents the cost of eliminating the investment risk.

If the Fund were to invest in the LDROM portfolio, the reported funded status would decrease, and employer contributions would need to increase. Benefit security for Fund members relies on a combination of the Fund's assets, the investment returns generated by those assets, and the promise of future contributions. If the Fund were to invest in the LDROM portfolio, it would not alter the amount of assets currently in the Fund; however, it would reduce the expected future investment returns and decrease the Fund's Funded Ratios. However, in that scenario, the variability of future investment returns would narrow significantly.

Implications of Contribution Allocation Procedure on Funded Status

Based on the December 31, 2025 actuarial valuation, it is expected that:

- The UAL is projected to increase until total contributions exceed the Tread Water rate and then decrease until the Fund is projected to reach full funding by December 31, 2048 under the baseline projection. The statutory Municipal Legacy Contribution Amount schedule extends through 2055, but the statute allows the Legacy Liability and other to be treated as fully paid earlier, if the fund reached a 100% AVA-Funded Ratio before this date. The actual date will depend on the date the Legacy Liability is fully paid off, which is itself dependent on the experience that will emerge in the interim.
- The Fund's funded status will gradually improve to 100% as of December 31, 2048.

Reasonable Actuarially Determined Contribution ("Reasonable ADC")

For purposes of ASOP 4, in our professional opinion, the statutory contribution allocation procedure described in Section V produces a reasonable actuarially determined contribution for this valuation. This conclusion is based on the statutory structure that fully retires the Legacy Liability by December 31, 2055, and amortizes new post-2024 UAL layers over closed periods not exceeding 20 years, applies the Corridor and Firefighter Contribution Rate provisions described in statute, and assumes required contributions are made and actuarial assumptions are met. Future adverse experience or future changes in assumptions, methods, plan provisions, payroll, or applicable law could alter this conclusion.

Deterministic Scenarios/Stress Testing

We developed four hypothetical scenarios to illustrate how deviations from the assumed investment returns may impact future funded ratios and contributions. The scenarios presented are illustrative and intentionally balanced between positive and negative scenarios. They are intended to illustrate the importance of both the returns themselves and their timing. The projections assume no liability gains or losses and that both the City and firefighters make the required statutory contributions. If the Fund reaches the statutory full-funding condition, the projections assume the Municipal Legacy Contribution Amounts are no longer included and the City of Austin contributes the remaining applicable statutory contribution.

The charts on the following pages show the projections under each of these theoretical scenarios:

Scenario	Description
A	Asset returns that are 1% higher than the expected return of 7.30% annually
B	Asset returns that are 1% lower than the expected return of 7.30% annually
C	Asset return for 2026 that is 10 percentage points higher than the expected return of 7.30% and then equal to the expected 7.30% for each year thereafter
D	Asset return for 2026 that is 10 percentage points lower than the expected return of 7.30% and then equal to the expected 7.30% for each year thereafter

The following pages provide the individual scenario projection charts in the same format as those included for the baseline scenario in Section I. The top projection chart compares the MVA (green line) and the AVA (blue line) to the Fund's AL (gray bars). In addition, at the top of each chart, we show the Fund's AVA-Funded Ratio (ratio of AVA to AL). The second chart shows contributions based on the selected economic scenarios.

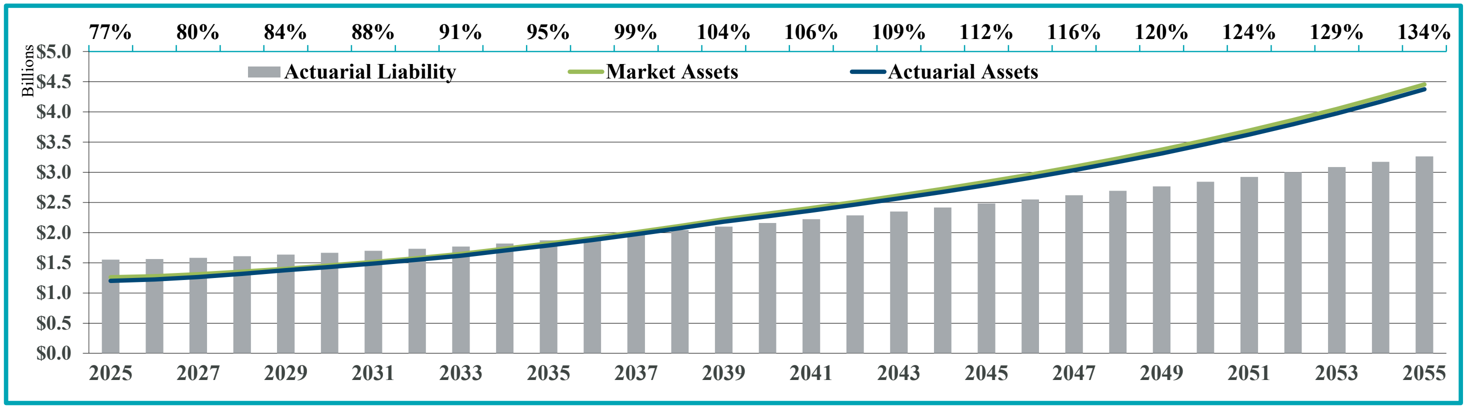
In the pessimistic scenarios, these contribution limits may result in total contributions from the City of Austin and Firefighters falling short of the Actuarially Determined Contribution (ADC). In such cases, the City and AFRF would need to identify additional funding solutions. The projections presented do not reflect any additional funding solutions beyond the current statutory contributions framework. Conversely, in optimistic scenarios, the potential for granting cost-of-living adjustments (COLAs) may increase. This may warrant revisiting the COLA assumption in future valuations – an adjustment that is also not reflected in the projections.

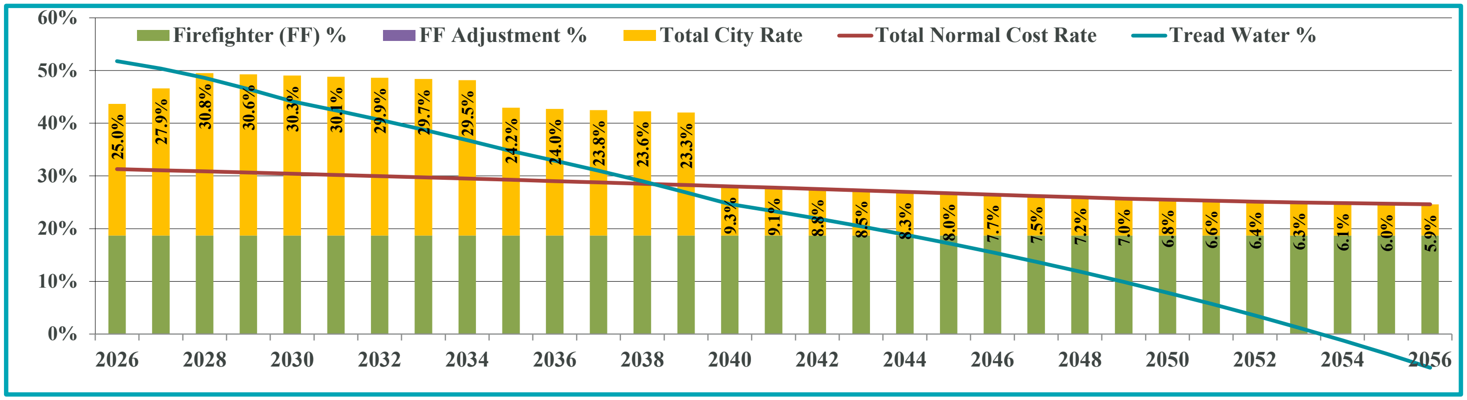
These selected scenarios are intended to illustrate the sensitivity of results to investment returns. They are not forecasts and are not intended to show the entire range of conditions.

SECTION II – IDENTIFICATION AND ASSESSMENT OF RISK

Scenario A – Fund Earns 8.3% for Each Year Over the Projection Period

In this scenario, earning an additional 1% investment return each year over the projection period accelerates the Fund's path to full funding, reaching 100% AVA-Funded Ratio by December 31, 2038—approximately 10 years earlier than if returns were 7.30% annually. Once the AVA-Funded Ratio reaches 90%, the City is permitted to contribute below the Corridor Midpoint, resulting in reduced contributions in 2035. The Total City Contribution Rate decreases further in 2040, when the Municipal Legacy Contribution Amount is no longer required because the Fund has reached 100% funding. This projection does not incorporate any changes to the COLA assumptions for either Group A or Group B. However, under more favorable investment return scenarios, the likelihood of granting COLAs increases. If COLAs are granted at a higher level than assumed, the assumptions may need to be updated, which would raise the actuarial liability and offset some of the projected improvement in the funded ratio.

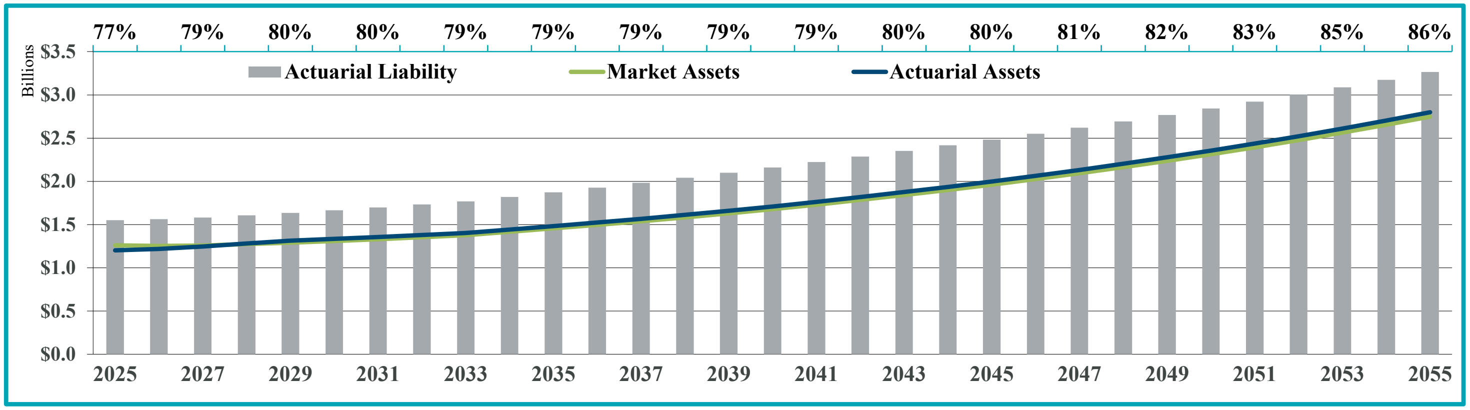


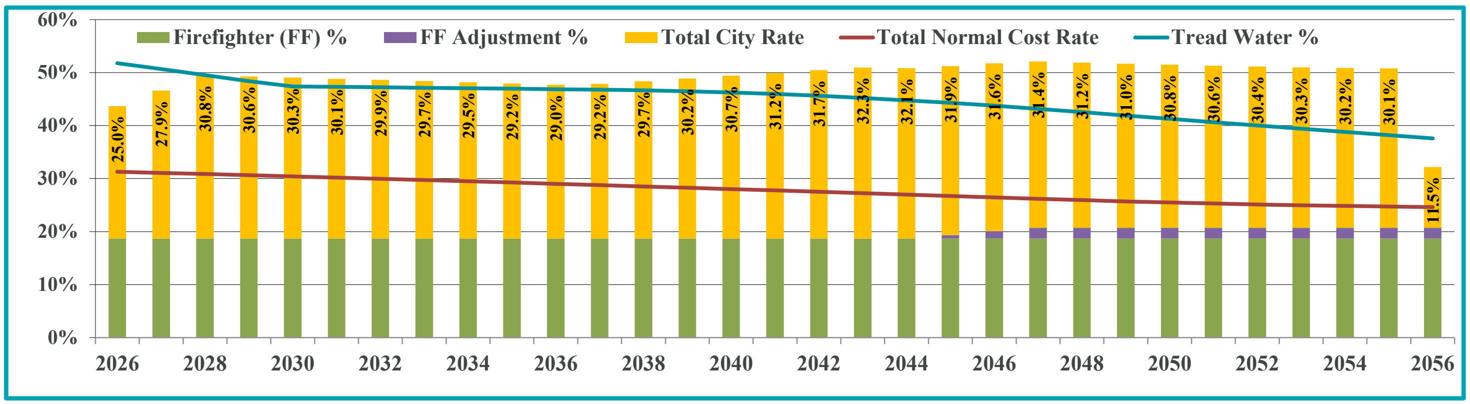


SECTION II – IDENTIFICATION AND ASSESSMENT OF RISK

Scenario B – Fund Earns 6.3% for Each Year Over the Projection Period

Under this scenario, the 1% annual asset return shortfall causes the City to reach the Maximum Municipal Contribution Rate in the 2043 RSVS, and the Firefighter Contribution Rate hits the two-percentage-point cap two years later, in 2045. At that point, the statute requires the Fund and the City to identify funding solutions. Because assets earn consistently below the expected return and total contributions fall short of the Actuarially Determined Contribution (ADC), the AVA-Funded Ratio does not reach 100% by December 31, 2055.

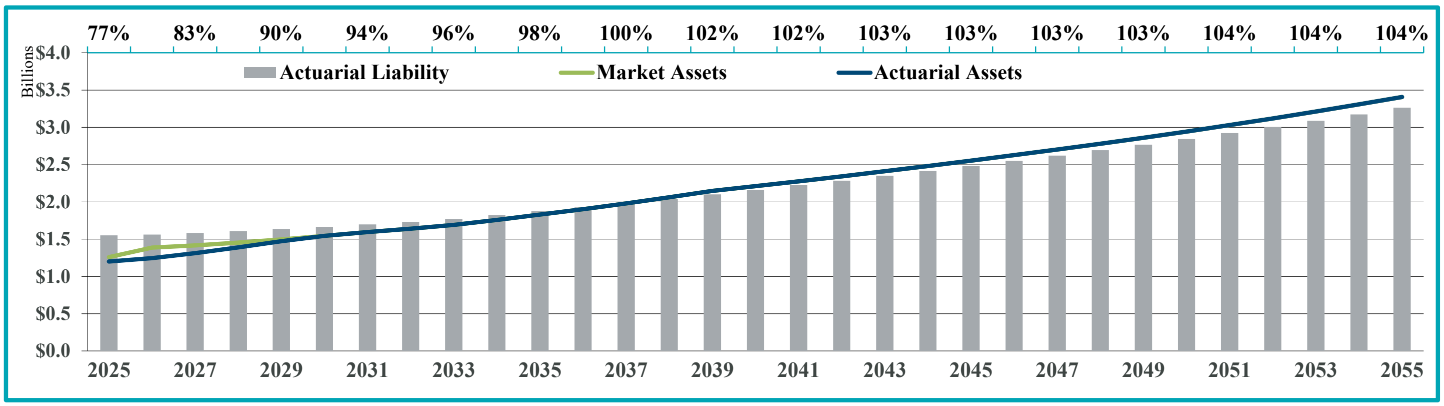


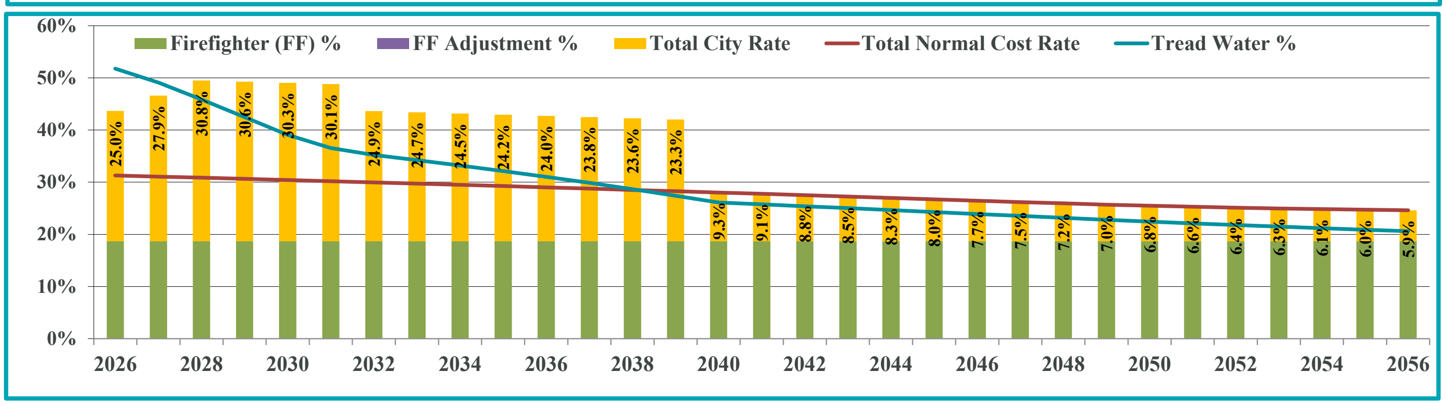


SECTION II – IDENTIFICATION AND ASSESSMENT OF RISK

Scenario C – Fund Earns 17.3% for 2026 (Expected return plus 10%), then 7.3% per year each year thereafter

Similar to Scenario A, the additional investment return significantly accelerates the timeline for the Fund to reach a 100% AVA-Funded Ratio, which is projected by December 31, 2038, in this scenario. Once the AVA-Funded Ratio reaches 90%, the City is permitted to contribute below the Corridor Midpoint, resulting in lower contributions, beginning in 2032. The Total City Contribution Rate decreases further in 2040, when the Municipal Legacy Contribution Amount is no longer required because the Fund has reached 100% funding. This projection does not reflect any changes for actual COLAs or to the COLA assumptions for either Group A or Group B. However, under optimistic return scenarios, the likelihood of granting COLAs increases. Should COLAs be granted at a higher level than assumed, the assumptions may need to be revised, which would increase the actuarial liability and offset some of the projected improvement in the funded ratio.

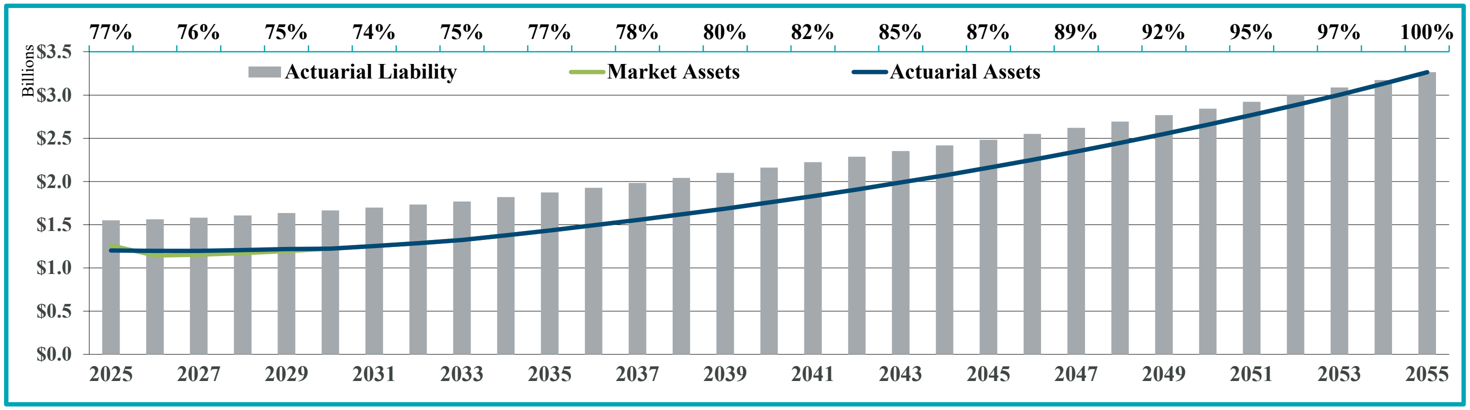


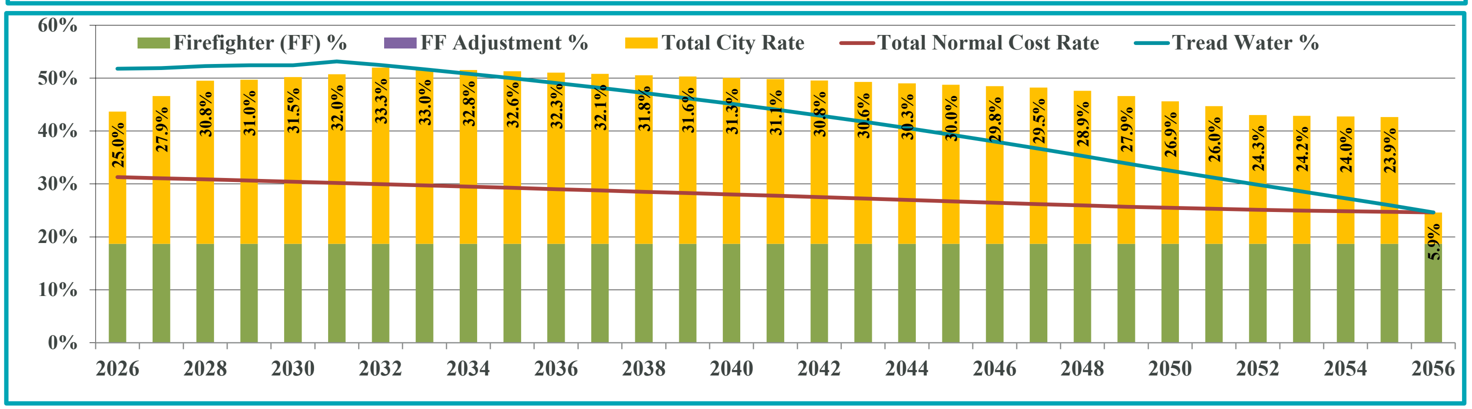


SECTION II – IDENTIFICATION AND ASSESSMENT OF RISK

Scenario D – Fund Earns -2.7% for 2026 (Expected return minus 10%), then 7.3% per year each year thereafter

Under this scenario, the asset return shortfall in 2026 results in the City contribution increasing until 2032 and gradually decreasing thereafter. With assets earning 7.3% for each year after 2026 and total contributions meeting the ADC, the AVA-Funded Ratio reaches 100% by December 31, 2055. With the Municipal Contribution Rate never reaching the Maximum Municipal Contribution Rate, no adjustment to the Firefighter Contribution Rate of 18.70% is required under this scenario.





SECTION III – ASSETS

Assets play a key role in the Fund's financial operation and in the decisions that the Board of Trustees may make regarding future deployment of those assets. The level of assets, the allocation of assets among asset classes, and the methodology used to measure assets will likely impact benefit levels, employer contributions, and the ultimate security of members' benefits.

In this section, we present detailed information on the Fund's assets, including:

- Disclosure of the Fund's assets as of December 31, 2025
- Statement of the changes in market values during the year
- Development of the Actuarial Value of Assets
- A comparison of the year's investment performance to the return assumption

Disclosure

The Market Values of Assets (MVA) represent "snap-shot" or "cash-out" values, which provide the principal basis for measuring financial performance from one year to the next. However, market values can fluctuate widely with corresponding swings in the marketplace. As a result, smoothed values are generally used when reviewing a plan's funded status, whereas MVA is more typically used to measure actual financial performance.

The Actuarial Value of Assets (AVA) is based on market values that have been adjusted for investment gains and losses. The Fund sets the actuarial value equal to the market value, adjusted for a five-year phase-in of investment experience gains and losses. Note, as required by statute, the AVA was set equal to the MVA for the December 31, 2024 valuation.

SECTION III – ASSETS

The assets below are based upon unaudited financial data furnished by the Fund's staff. The components of the Market Value of Assets (MVA) as of the current and immediately prior valuation year, as well as the change in these categories and the total MVA during the valuation year ending December 31, 2025 is summarized below.

Table III-1
Statement of Market Value of Assets as of December 31,

	2025	2024	% Change
Assets			
Cash & Short-Term Investments	$ 15,473,594	$ 10,257,895	50.85%
Receivables	817,425	203,099	302.48%
Fixed Income	374,208,470	342,930,024	9.12%
Domestic Equities	301,664,110	271,048,604	11.30%
International Equities	307,031,407	251,441,589	22.11%
Real Estate	89,918,988	86,712,059	3.70%
Natural Resources	22,305,355	29,268,041	(23.79%)
Private Equities	148,712,223	173,844,153	(14.46%)
Total Assets	**$ 1,260,131,572**	**$ 1,165,705,464**	8.10%
Liabilities			
Due to broker	$ 68,377	$ 358,226	(80.91%)
Accrued Expenses and Other Liabilities	(443)	0	0.00%
Total Liabilities	**$ 67,934**	**$ 358,226**	(81.04%)
Market Value of Assets	**$ 1,260,063,638**	**$ 1,165,347,238**	**8.13%**

Numbers may not add due to rounding

SECTION III – ASSETS

The chart below shows the calculation of the investment gain/loss. On an MVA basis, the Fund earned a 13.72% return during 2025, a total investment return of $155.7 million, resulting in a net Fund asset gain on an MVA basis of $72.8 million. On an Actuarial Value of Assets (AVA) basis, the Fund had a return for the year of 8.59%, which is above the 7.30% return assumed in the prior year's valuation, producing a gain of $14.6 million to the Fund on an AVA basis.

Table III-2
Changes in Value of Assets

		Market Value of Assets		Actuarial Value of Assets
1. **Value of Assets - December 31, 2024**	**$**	**1,165,347,238**	**$**	**1,165,347,238**
2. Calculation of Net Cash Flow				
(a) Firefighter Contributions	$	22,784,767	$	22,784,767
(b) Employer Contributions		26,869,785		26,869,785
(c) Benefit Payments and Refunds		(107,871,865)		(107,871,865)
(d) Administration Expenses		(2,730,655)		(2,730,655)
(e) **Net Cash Flow**	**$**	**(60,947,968)**	**$**	**(60,947,968)**
3. **Value of Assets - December 31, 2025**	**$**	**1,260,063,638**	**$**	**1,201,840,087**
4. Net Investment Income [3. - 1. - 2.(e)]	$	155,664,368	$	97,440,817
5. Average Value of Assets [1. + 1/2 x 2.(e)]	$	1,134,873,254	$	1,134,873,254
6. Rate of Return [4. / 5.]		13.72%		8.59%
7. Assumed Rate of Return		7.30%		7.30%
8. Expected Net Investment Income	$	82,884,929	$	82,884,929
9. Investment Gain/(Loss) [4. - 8.]	$	72,779,439	$	14,555,888

SECTION III – ASSETS

The AVA represents a “smoothed” value developed by the actuary to reduce or eliminate erratic results that could develop from short-term fluctuations in the MVA.

The Fund's AVA is based on the MVA, adjusted by a five-year smoothing of gains and losses. Since the AVA was set equal to the MVA for the December 31, 2024 valuation, the five-year smoothing of gains and losses will be reflected prospectively. Additional details regarding this methodology are included in Appendix C of the report.

Table III-3
Development of Actuarial Value of Assets

	Gain/(Loss)	Deferred Portion
Defer 80% of 2025 Gain	$ 72,779,439	$ 58,223,551
Total Deferred Gain/(Loss) for AVA Calculation		$ 58,223,551
Market Value of Assets at December 31, 2025		$ 1,260,063,638
Total Unrecognized Gain/(Loss)		58,223,551
Original Actuarial Value of Assets at December 31, 2025		$ 1,201,840,087
Actuarial Value as a Percent of Market Value		95.4%

SECTION III – ASSETS

The final table in this section summarizes the annual returns on both an MVA and AVA basis for the last ten years and provides averages over the last five and ten years for these two metrics.

Table III-4
Historic Investment Return

Year Ending December 31,	Market Value	Actuarial Value
2025	13.7%	8.6%
2024	4.7%	-2.8%*
2023	8.1%	6.8%
2022	-11.6%	6.3%
2021	14.9%	12.0%
2020	15.4%	10.2%
2019	15.7%	7.1%
2018	-2.7%	6.2%
2017	17.1%	7.8%
2016	7.0%	5.8%
Average Returns		
Last 5 years:	5.5%	6.1%
Last 10 years:	7.8%	6.7%

* The 2024 AVA return reflects the AVA being set to the MVA to comply with statutory changes

SECTION IV – LIABILITIES AND EXPERIENCE GAINS/(LOSSES)

In this section, we provide detailed information related to the Fund's liability measurements, including:

- Disclosure of the Fund's liabilities,
- Determination of the Normal Cost Rate for the Risk Sharing Valuation Study,
- Development of the experience gains and losses from liabilities, and
- Detailed development of the sources of the liability gains and losses during the year.

The table that follows presents the present value of future benefits and the actuarial liabilities by membership status for the current and immediately preceding valuations. It also includes the normal cost for both valuations, as a dollar amount and as a percentage of the total Pensionable Payroll.

Table IV-1
Present Value of Future Benefits (PVFB) Detail and Actuarial Liability

	December 31, 2025	December 31, 2024
Present Value of Future Benefits (PVFB)		
Active Member Benefits	$ 950,092,223	$ 950,570,347
Service Retirees, including DROP	891,315,736	845,837,429
Beneficiaries	60,258,840	59,784,854
Disability Retirees	8,596,833	7,037,235
Terminated Vested	5,430,368	4,727,230
Total Present Value of Future Benefits	**$ 1,915,694,000**	**$ 1,867,957,095**
Actuarial Liability		
Active Member Benefits	$ 586,371,617	$ 597,426,758
Service Retirees, including DROP	891,315,736	845,837,429
Beneficiaries	60,258,840	59,784,854
Disability Retirees	8,596,833	7,037,235
Terminated Vested	5,430,368	4,727,230
Total Actuarial Liability (AL)	**$ 1,551,973,394**	**$ 1,514,813,506**

SECTION IV – LIABILITIES AND EXPERIENCE GAINS/(LOSSES)

The table below presents the Normal Cost Rate for the Risk Sharing Valuation Study, which is used to determine the City's contribution for the year ending December 31, 2027. The projected normal cost rate calculation below is based on an open-group projection, reflecting Group B members replacing Group A members as they are assumed to decrement. The Total Normal Cost Rate is based on a blend of Projected Pensionable Payroll, blended between Group A and Group B members, as shown below. The prior year is shown for reference.

Table IV-2
Normal Cost Rate for Risk Sharing Valuation Study

	For Year Ending	
	December 31, 2027	**December 31, 2026**
Total Normal Cost Rate		
Group A Members	31.29%	31.32%
Group B Members	24.28%	N/A
Total Normal Cost Rate	31.07%	31.32%
Firefighter Contribution Rate	18.70%	18.70%
Employer Normal Cost Rate	12.37%	12.62%
Projected Pensionable Payroll		
Group A Members	$ 123,988,945	$ 124,002,162
Group B Members	4,023,065	0
Total Payroll[1]	**$ 128,012,010**	**$ 124,002,162**

[1] Prior year pensionable payroll projected two years with the payroll growth assumption.

SECTION IV – LIABILITIES AND EXPERIENCE GAINS/(LOSSES)

The table below presents the changes in actuarial liability during the plan year. In general, the actuarial liability of any retirement Fund is expected to change at each subsequent valuation due to various factors. In each valuation, we report on the elements of the change in liabilities that are of particular significance and may affect the Fund's long-term financial outlook. The first table summarizes the expected and actual liability as of December 31, 2025. The second table provides more details on the year's liability (gain)/loss components.

Table IV-3
Changes in Actuarial Liability

Actuarial Liability as of December 31, 2024	$	1,514,813,506
Normal Cost		34,560,167
Benefit Payments		(107,871,865)
Interest		109,236,302
Assumption Changes		0
Benefit Changes		0
Expected Actuarial Liability as of December 31, 2025	$	1,550,738,110
Actual Actuarial Liability as of December 31, 2025	$	1,551,973,394
Actuarial Liability (Gain)/Loss	$	1,235,284

Table IV-4
Actuarial Liability (Gain)/Loss by Source as of December 31, 2025

Salary/Service Increase	$	(2,457,469)
Retirement		7,996,889
Termination		242,886
Disability		761,574
Retiree Mortality		(1,798,603)
Other Experience		(3,509,993)
Experience (Gain)/Loss	$	1,235,284

SECTION V – CONTRIBUTIONS

Contribution Background

Beginning with the 2026 calendar year contributions, each year the actuary needs to complete a Risk Sharing Valuation Study (RSVS), which determines the City of Austin's ("City") contribution requirements. The City's Municipal Contribution Rate is subject to an annual Corridor and other requirements as provided in Article 6243e.1, Vernon's Civil Statutes. Prior to 2026, the City's contribution rates were fixed, with the most recent rate at 22.05% of payroll.

Subject to the corridor and any applicable Firefighter Contribution Rate adjustments, the City's statutory contributions are intended to fund the annual cost of benefit accruals and administrative expenses, net of the 18.70% of pensionable payroll Firefighter Contribution Rate, plus amortization payments for the Legacy Liability and subsequent Liability Layers. The Municipal Contribution Rate adjusts annually based on the RSVS, subject to the Minimum and Maximum Municipal Contribution Rates. The Municipal Legacy Contribution Amount is a fixed dollar amount determined by the Initial RSVS and is not subject to the contribution corridor. The Firefighter Contribution Rate remains at 18.70% unless the Estimated Municipal Contribution Rate exceeds the Maximum Municipal Contribution Rate, in which case it may increase by up to two percentage points under statute.

City Contribution Calculations

The Estimated Municipal Contribution Rate, before corridor application, consists of three components established through annual Risk-Sharing Valuation Studies (RSVS).

- **Municipal Legacy Contribution Amount:** Fixed dollar amortization payments for the Legacy Liability. The Legacy Liability was determined in the Initial RSVS, dated December 31, 2024, based on the assumptions and methods adopted by the AFRF Board for the December 31, 2023 valuation, except for using the MVA as of December 31, 2024 as the AVA and assuming a 0.25% future COLA annually for Group A members.

  The Legacy Liability will be amortized over 30 years, starting in 2026, using the level-percent-of-pay method with a 2.5% payroll growth assumption after a three-year phase-in. After the phase-in, this results in a schedule of annual dollar payments that increase by 2.5% each year (keeping pace with expected payroll) and are designed to eliminate the Legacy Liability by December 31, 2055.

  The 30-year schedule of Municipal Legacy Contribution Amounts was set in the Initial RSVS and does **not change** with experience—it is a fixed plan for retiring the Legacy Liability (unless the City elects to contribute extra at any time to accelerate payoff, in which case a revised schedule would be calculated).

SECTION V – CONTRIBUTIONS

- **Employer Normal Cost Rate:** Each year's valuation will calculate the normal cost for benefit accruals for active firefighters as a salary-weighted average plus the necessary percentage to fund administrative expenses. The standard 18.70% Firefighter Contribution Rate reduces this total normal cost to produce the Employer Normal Cost Rate. Because this normal cost is an average of the active population, as Group A members retire and new firefighters are hired into Group B, with a reduced benefit structure but the same member contributions, the Employer Normal Cost Rate will gradually decline over time. While the Initial RSVS projects a 30-year schedule of Employer Normal Cost Rates for use as the Corridor Midpoints, the actual Total Normal Cost rate and resulting Employer Normal Cost Rate will be recalculated annually based on the actual active membership characteristics and assumptions adopted by the Board.

- **Amortization Rate:** New actuarial gains or losses recognized in each Subsequent RSVS will be amortized as Liability Layers with a layered amortization approach.
  - Liability Loss Layers (new UAL due to unfavorable experience or changes increasing liabilities) are amortized over individual, 20-year closed periods using the Level Percentage of Payroll Method.
  - Liability Gain Layers (reduction in UAL due to favorable experience or changes decreasing liabilities) are amortized over the same period as the largest outstanding loss layer, or 20 years if no loss layers exist.
  - The amortization payments for each layer start one year after the valuation in which they are recognized.

By amortizing each year's experience as an individual layer, the statutory structure is designed so that new shortfalls are paid off within a reasonable period.

The City's contribution under the modified ADC framework in a given year is the sum of: (1) the applicable Municipal Legacy Contribution Amount (fixed dollar from the Initial RSVS), converted to a percentage using the Projected Pensionable Payroll from the applicable Subsequent RSVS, plus (2) the Estimated Municipal Contribution Rate, which is the Employer Normal Cost Rate (including administrative expenses) plus the Amortization Rate. The Estimated Municipal Contribution Rate is designed to cover the City's portion of normal costs and address any new unfunded liabilities that arise after the Legacy Liability is established. The final Municipal Contribution Rate, the basis on which the City pays its non-Legacy Liability contributions, is determined by applying the Contribution Corridors discussed in the following section to the Estimated Municipal Contribution Rate.

Contribution Corridors

The Initial RSVS established a corridor for the City's Municipal Contribution Rate, based on the projected Employer Normal Cost Rates, referred to as Corridor Midpoints, with a ±5% margin. Each year, the Minimum Municipal Contribution Rate equals the Corridor Midpoint minus 5%, and the Maximum Municipal Contribution Rate equals the Corridor Midpoint plus 5%. The final Municipal Contribution Rate that the City will pay in addition to its Municipal Legacy Contribution Amount will be determined in each Subsequent RSVS on the following basis:

- If the calculated rate would drop below the Minimum Municipal Contribution Rate, the Municipal Contribution Rate is held at the Minimum Municipal Contribution Rate (the floor) – except that until the Fund is at least 90% funded, the City will not reduce its Municipal Contribution Rate below the Corridor Midpoint (meaning early gains are retained in the Fund and used to bolster funded status and dampen the impact of later losses instead of being used to reduce the City's funding requirements).
- If the calculated Municipal Contribution Rate rises above the Maximum Municipal Contribution Rate, the City will pay the maximum rate, and the Firefighter Contribution Rate will increase as necessary to cover the contributions required beyond the Corridor Midpoint plus 5%, up to a maximum of an additional 2% of Pensionable Payroll (to a maximum of 20.7%). If the maximum 20.7% from firefighters is insufficient to cover the required cost, the City and the AFRF Board are required to meet and determine additional funding solutions.
- These **"Contribution Corridors"** are designed to allow contribution rates for both the City and firefighters to automatically adjust to a degree as needed to ensure the Fund receives adequate and appropriate funding while limiting the magnitude of these automatic adjustments and ensuring the parties are brought together to adjust and address AFRF's funding when needed.

Risk Sharing Valuation Study Results

First, we present the Legacy Liability and Municipal Legacy Contribution Amounts. The amortization of the Legacy Liability has been adjusted to account for the 3-year phase-in and the one-year delay in contributions from the valuation date. This adjustment includes interest on the UAL plus a credit for the estimated contributions to be received towards the payment of the UAL in AFRF for the calendar year ending December 31, 2025. The Municipal Legacy Contribution Amounts are fixed dollar amounts, as noted in the schedule below, and are based on a closed 30-year amortization period and the Level Percent Payroll of Payroll Method, with a 2.5% payroll growth assumption.

SECTION V – CONTRIBUTIONS

Table V-1
Projection of Remaining Legacy Liability and Legacy Liability Payments

Fiscal Year Ending	Remaining Legacy Liability	Fiscal Year Payment
12/31/2024	$ 349,466,268	$ -
12/31/2025	363,346,992	-
12/31/2026	373,887,029	15,430,983
12/31/2027	380,644,615	19,825,290
12/31/2028	383,138,405	24,417,717
12/31/2029	385,181,910	25,028,160
12/31/2030	386,726,451	25,653,864
12/31/2031	387,719,400	26,295,211
12/31/2032	388,103,882	26,952,591
12/31/2033	387,818,456	27,626,406
12/31/2034	386,796,768	28,317,066
12/31/2035	384,967,187	29,024,993
12/31/2036	382,252,402	29,750,618
12/31/2037	378,569,003	30,494,383
12/31/2038	373,827,020	31,256,743
12/31/2039	367,929,435	32,038,161
12/31/2040	360,771,652	32,839,115
12/31/2041	352,240,935	33,660,093
12/31/2042	342,215,799	34,501,595
12/31/2043	330,565,361	35,364,135
12/31/2044	317,148,636	36,248,239
12/31/2045	301,813,789	37,154,445
12/31/2046	284,397,332	38,083,306
12/31/2047	264,723,252	39,035,388
12/31/2048	242,602,086	40,011,273
12/31/2049	217,829,927	41,011,555
12/31/2050	190,187,347	42,036,844
12/31/2051	159,438,255	43,087,765
12/31/2052	125,328,659	44,164,959
12/31/2053	87,585,349	45,269,083
12/31/2054	45,914,469	46,400,810
12/31/2055	-	47,560,830

SECTION V – CONTRIBUTIONS

Next, we present the City's contribution calculation for the 2027 calendar year and the prior year for comparison.

Table V-2
City of Austin Statutory Contribution

	December 31, 2027	December 31, 2026
Corridor Midpoint	**12.41%**	**12.62%**
Employer Normal Cost Rate	12.37%	12.62%
Amortization Rate	-0.70%	N/A
Estimated Municipal Contribution Rate	**11.67%**	**12.62%**
Minimum Municipal Contribution Rate	7.41%	7.62%
Maximum Municipal Contribution Rate	17.41%	17.62%
Municipal Contribution Rate after applying Corridors	11.67%	12.62%
Corridor Midpoint Minimum if Funded Ratio < 90%	12.41%	12.62%
Municipal Contribution Rate [1]	**12.41%**	**12.62%**
Payroll Projection Year	2027	2026
Projected Pensionable Payroll (PPP)[1]	$128,012,010	$124,002,162
Municipal Legacy Contribution Amount	$19,825,290	$15,430,983
- estimated as a percentage of PPP [2]	15.49%	12.44%
Total City Contribution Rate [1 + 2][2]	**27.90%**	**25.06%**

[1] Prior year pensionable payroll projected two years with the payroll growth assumption.

[2] Actual City contribution will equal the Municipal Legacy Contribution Amount plus Municipal Contribution Rate applied to actual payroll.

In summary, for the 2027 calendar year, the Municipal Contribution Rate is 12.41% of payroll plus $19,825,290 for the Municipal Legacy Contribution Amount. The Municipal Legacy Contribution Amount for 2027 is estimated to represent 15.49% of the 2027 Projected Pensionable Payroll of $128,012,010 resulting in an Estimated Total City Contribution Rate of 27.90%.

The following table provides the Minimum Municipal Contribution Rate, Corridor Midpoint, and Maximum Municipal Contribution Rate, along with the Municipal Contribution Rate, for the non-Legacy Liability portion of the City's contributions, based on the Initial and Subsequent RSVSs. Note that with each subsequent RSVS, an additional year of actual Municipal Contribution Rate will be added.

SECTION V – CONTRIBUTIONS

Table V-3 Municipal Contribution Rate				
Fiscal Year Ending	Corridor Minimum	Corridor Midpoint	Corridor Maximum	Actual Municipal Contribution Rate
12/31/2026	7.62%	12.62%	17.62%	12.62%
12/31/2027	7.41%	12.41%	17.41%	12.41%
12/31/2028	7.18%	12.18%	17.18%	
12/31/2029	6.96%	11.96%	16.96%	
12/31/2030	6.73%	11.73%	16.73%	
12/31/2031	6.50%	11.50%	16.50%	
12/31/2032	6.30%	11.30%	16.30%	
12/31/2033	6.07%	11.07%	16.07%	
12/31/2034	5.85%	10.85%	15.85%	
12/31/2035	5.63%	10.63%	15.63%	
12/31/2036	5.40%	10.40%	15.40%	
12/31/2037	5.18%	10.18%	15.18%	
12/31/2038	4.95%	9.95%	14.95%	
12/31/2039	4.71%	9.71%	14.71%	
12/31/2040	4.48%	9.48%	14.48%	
12/31/2041	4.25%	9.25%	14.25%	
12/31/2042	4.01%	9.01%	14.01%	
12/31/2043	3.77%	8.77%	13.77%	
12/31/2044	3.52%	8.52%	13.52%	
12/31/2045	3.27%	8.27%	13.27%	
12/31/2046	3.03%	8.03%	13.03%	
12/31/2047	2.79%	7.79%	12.79%	
12/31/2048	2.57%	7.57%	12.57%	
12/31/2049	2.35%	7.35%	12.35%	
12/31/2050	2.16%	7.16%	12.16%	
12/31/2051	1.99%	6.99%	11.99%	
12/31/2052	1.83%	6.83%	11.83%	
12/31/2053	1.69%	6.69%	11.69%	
12/31/2054	1.57%	6.57%	11.57%	
12/31/2055	1.47%	6.47%	11.47%	

SECTION V – CONTRIBUTIONS

The table below provides the Unfunded Actuarial Liability (Gain) / Loss Layers from the Subsequent RSVSs. This current valuation is the first Subsequent RSVS, so there is only one layer. Because the total experience for 2025 was a gain, the amortization payment for subsequent experience is a negative amount, partially offsetting the fixed Legacy Liability payment. As a gain layer, it is amortized over the period of the largest remaining Liability Loss Layer, which currently is 29 years for the Legacy Loss Layer.

Table V-4

Unfunded Actuarial Liability for (Gain) / Loss Layers

Date Base Established	Original Layer	Remaining Layer	Remaining Payments	Payment for 2027
12/31/2025	($13,213,685)	($13,213,685)	29	($894,140)
Projected Payoll				$128,012,010
Amortization Rate				-0.70%

Actuarially Determined Contribution Benchmark ("ADC Benchmark")

Because the City and firefighters each contributed to the Fund at a fixed rate before 2026, the Board developed an Actuarially Determined Contribution (ADC) benchmark for comparative purposes in the Fund's Funding Policy dated December 16, 2019. Note the "ADC Benchmark" provided in the table below is not a Reasonable ADC as defined by ASOP 4. It is provided in this table solely for comparative purposes as defined by the Board's Funding Policy. In addition to not being a Reasonable ADC as defined by the actuarial standards, it has also not been updated to reflect recent statutory changes. As such, this value should not be read as a statutory or reasonable benchmark or used for any purpose beyond a comparative benchmark.

This ADC Benchmark is developed using the actuarial assumptions and methods identical to those disclosed in this report, except as follows:

Amortization Period—The ADC Benchmark is the contribution rate that, if in effect as of the valuation date, would amortize the UAL over 30 years. Note that while the Fund's Funding Policy only specifies this 30-year open amortization period benchmark, a similar benchmark based on amortizing the UAL as of the valuation date over a 20-year open amortization is provided for informational purposes.

Payroll Growth Assumption—The ADC Benchmark will be calculated using the lesser of 3.0% and the Austin Fire Department's average payroll growth over the last ten (10) years. This assumption is specified in the Fund's Funding Policy. Since the 10-year average as of

SECTION V – CONTRIBUTIONS

December 31, 2025 is 3.41%, a payroll growth assumption of 3.0% is used for this valuation's ADC Benchmark calculations.

For purposes of ASOP 4, in our professional opinion, the statutory contribution allocation procedure described earlier in this section produces a Reasonable ADC for this valuation. This conclusion assumes that the required statutory contributions are made and that the actuarial assumptions are met. This result is provided as the "valuation results" in the following table.

Table V-5
Board Policy Actuarially Determined Contribution Benchmark Development and Reasonable Actuarially Determined Contribution

For Year Beginning January 1 of:	2026	2025
Valuation Results		
Actuarial Liability	$ 1,551,973,394	$ 1,514,813,506
Actuarial Value of Assets	1,201,840,087	1,165,347,238
Unfunded Actuarial Liability (UAL)	$ 350,133,307	$ 349,466,268
Exp. Payroll For Year Following Valuation Date	$ 124,889,766	$ 119,063,835
Firefighter Contribution Rate	18.70%	18.70%
City Contribution Rate	25.06%	22.05%
Total Statutory Contribution Rate	43.76%	40.75%
ADC Benchmark		
Normal Cost Rate	31.29%	31.32%
Amortization of UAL Rate	16.47%	17.24%
Total Cost Rate	47.76%	48.56%
City Contribution Rate Based on ADC Benchmark	29.06%	29.86%
City Rate Surplus/(Deficit)	*(4.00%)*	*(7.81%)*

If the "ADC Benchmark" amortized the UAL over a 20-year open period instead of the 30 years specified in the Fund's Funding Policy, the Total City Contribution Rate based on the "ADC Benchmark" as of December 31, 2025 would be 33.42%, producing an 8.35% percentage-point deficit relative to the current 25.06% statutory Total City Contribution Rate.

APPENDIX A – FUND MEMBERSHIP

The data for this valuation was provided electronically in Excel format by the Fund's office. Cheiron did not audit any of the data, but we did perform an informal examination of the data's obvious characteristics for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23, Data Quality. The data for active and inactive members is as of December 31, 2025.

The following pages contain a summary of the data provided:

- Member status reconciliation from December 31, 2024 to December 31, 2025
- Active member statistics, including age, service, and salary
- Age and service distribution for active members as of December 31, 2025
- Inactive member statistics, including age and average benefit amounts
- DROP statistics and DROP balance reconciliation

APPENDIX A – FUND MEMBERSHIP

Table A-1
Member Status Reconciliation

		Actives	Term Vested Or Awaiting Refund	Retirees	Disability Retirees	Beneficiaries and Alt Payees	Total
1.	December 31, 2024 Valuation	**1,249**	**36**	**834**	**14**	**184**	**2,317**
2.	Additions						
	a. New Entrants	77				7	84
	b. Total	77	-	-	-	7	84
3.	Reductions						
	a. Benefits Expired						-
	b. Refunds	(5)	(1)				(6)
	c. Deaths with no Beneficiaries			(1)		(8)	(9)
	d. Total	(5)	(1)	(1)	-	(8)	(15)
4.	Changes in Status						
	a. Disabled	(2)			2		-
	b. Non Vested Termination	(6)	6				-
	c. Retired	(60)		60			-
	d. Terminated Vested	(1)	1				-
	e. Death with Beneficiaries			(8)		8	-
	f. Rehire						-
	g. Data Corrections						-
	h. Total	(69)	7	52	2	8	-
5.	December 31, 2025 Valuation	**1,252**	**42**	**885**	**16**	**191**	**2,386**

APPENDIX A – FUND MEMBERSHIP

Table A-2
Active Members Statistics

	December 31, 2025	December 31, 2024	% Change
Active Members in Valuation			
Count			
Total	1,252	1,249	0.24%
Average Current Age			
Total	40.7	41.2	-1.14%
Average Service			
Total	11.6	11.9	-2.52%
Average Reported Compensation			
Total	$94,156	$92,725	1.54%

APPENDIX A – FUND MEMBERSHIP

AGE/SERVICE DISTRIBUTION OF ACTIVE MEMBERS
ACTIVE MEMBERS AS OF DECEMBER 31, 2025

COUNTS BY AGE/SERVICE

	Service										
Age	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	Total
Under 25	16	24	0	0	0	0	0	0	0	0	40
25 to 29	38	70	12	0	0	0	0	0	0	0	120
30 to 34	19	109	72	4	0	0	0	0	0	0	204
35 to 39	4	53	142	42	1	0	0	0	0	0	242
40 to 44	0	9	82	92	40	6	0	0	0	0	229
45 to 49	0	0	10	64	53	47	14	0	0	0	188
50 to 54	0	0	0	7	27	53	46	11	0	0	144
55 to 59	0	0	0	1	1	23	29	20	1	0	75
60 to 64	0	0	0	0	0	0	7	3	0	0	10
65 to 69	0	0	0	0	0	0	0	0	0	0	0
70 & up	0	0	0	0	0	0	0	0	0	0	0
Total	77	265	318	210	122	129	96	34	1	0	1,252

Average Age = 40.7 Average Service = 11.6

APPENDIX A – FUND MEMBERSHIP

Table A-3
Inactive Member Statistics

	December 31, 2025	December 31, 2024	% Change
Vested Terminated Members and Awaiting Refund			
Count			
Total	42	36	16.67%
Average Current Age			
Total	39.9	39.4	1.29%
Retirees, including DROP Members			
Count			
Total	885	834	6.12%
Average Current Age			
Total	66.6	66.5	0.18%
Average Monthly Benefit			
Total	$6,081	$6,059	0.37%
Disability Retirees			
Count			
Total	16	14	14.29%
Average Current Age			
Total	62.6	64.6	-3.22%
Average Monthly Benefit			
Total	$3,996	$3,854	3.70%
Beneficiaries and Alternate Payees			
Count			
Total	191	184	3.80%
Average Current Age			
Total	67.5	68.3	-1.04%
Average Monthly Benefit			
Total	$2,793	$2,907	-3.94%

APPENDIX A – FUND MEMBERSHIP

Table A-4
DROP Statistics and DROP Balance Reconciliation

	December 31, 2025	December 31, 2024	% Change
Number of DROP	323	326	-0.90%
Total DROP Balance	$162,141,308	$159,436,132	1.70%
As a % of Trust Assets	12.87%	13.68%	
Average DROP Balance	$501,985	$489,068	2.60%

Reconciliation of DROP Balances	
12/31/2024 Balance	$159,436,132
Deposits	32,542,358
Interest	8,093,666
Withdrawals	(37,930,848)
12/31/2025 Balance	$162,141,308

APPENDIX B – SUMMARY OF PLAN PROVISIONS

Group A Members

1. Membership Requirement

All commissioned civil service and Texas state-certified firefighters with at least six months of service employed by the City of Austin fire department that were hired before January 1, 2026.

2. Salary

Salary (compensation) means base pay and longevity pay. No other forms of pay are included within the pensionable salaries.

3. Average Monthly Compensation

The average of the member's compensation for the 36 months of highest compensation.

4. Service Credit

One month of service credit is earned for each month the member makes the required contribution to the Fund.

5. Firefighter Contributions

18.70% of Salary; may increase by up to two percentage points if the Estimated Municipal Contribution Rate exceeds the Maximum Municipal Contribution Rate and an increase is required under statute toto ensure the Fund receives the full ADC.

6. Normal Retirement

Eligibility:	Age 50 with 10 years of service or 25 years of service, regardless of age.
Amount:	3.3% of average monthly compensation for each year of service with a minimum of $2,000 per month.
Normal Form of Payment:	Life Annuity with 75% continued to the Surviving Spouse (or designated beneficiary if the participant is unmarried).

7. Early Retirement

Eligibility:	Age 45 with 10 years of service or 20 years of service regardless of age.
Amount:	3.3% of average monthly compensation for each year of service.

APPENDIX B – SUMMARY OF PLAN PROVISIONS

8. Disability Retirement

Eligibility:	Upon approval of disability by the Board of Trustees.
Amount:	3.3% of average monthly compensation for each year of service (but not less than 20 years).

9. Death while an Active Employee

Eligibility:	Termination of employment due to death.
Amount:	The surviving spouse or designated beneficiary will receive 75% of the member's accrued benefit based on the greater of their service at death or 20 years of service. Each dependent child of a surviving spouse will receive 15% of the Member's accrued benefit, but not less than 9.9% of Average Monthly Compensation, with a reduction if there are more than five surviving dependent children.

10. Deferred Retirement

Eligibility:	Ten years of service. Must also elect to leave their member contributions in the Fund.
Amount:	The accrued benefit is payable at Normal Retirement eligibility, with such eligibility determined as if the member had remained employed.

11. Non-Vested Termination

Eligibility:	Less than ten years of service.
Amount:	A lump sum of member contributions with accumulated interest through December 31, 2025. Effective January 1, 2026, interest will not be earned on contributions.

12. Deferred Retirement Option Plan (DROP)

Under this program, a member eligible for service retirement may elect to continue in active service as a firefighter but have the Fund begin crediting "payments" to a deferred retirement option plan (DROP) account. The monthly "payments" would be an amount equal to what the member's monthly annuity would have been if the member had retired as of that eligible DROP date. Any eligible cost-of-living adjustments (COLAs) would be applied to the monthly annuity during this DROP period. During the DROP period, the member would have all their pension contributions and applicable annual interest of 5% go into the DROP.

APPENDIX B – SUMMARY OF PLAN PROVISIONS

When the member retires, by terminating their active service in the fire department, an accumulated lump sum balance may be available to be distributed (all or part) to the member from the DROP account. After termination, the DROP account continues to earn interest at 5% per year until withdrawn.

In lieu of electing to participate in the DROP before actual retirement, a member who is eligible for normal service retirement may elect to terminate active service as a firefighter and establish the DROP account at termination. Under this "RETRO or BACK DROP," the firefighter's DROP account reflects the accrual from the actual termination date back to a date on or after the date they become eligible for normal service retirement.

The maximum period under which a firefighter can participate in a DROP is seven years. A firefighter may elect to establish a DROP account after reaching normal or early service retirement eligibility. Twelve total withdrawals are allowed while the retiree's DROP account balance remains in the pension plan, with a maximum of four withdrawals in any year. These withdrawal limits can be altered by Board policy, provided the change is deemed feasible. The withdrawals can be either a distribution to the retiree (provided the retiree reaches age 50 before retiring) or a rollover into a qualified IRA. The entire DROP balance must be withdrawn from the Fund by April 1st of the calendar year following the year the retiree reaches age 70½.

13. Cost-of-Living Adjustments (COLAs)

Prior to January 1, 2026

When deemed affordable, eligible pension recipients are entitled to annual cost-of-living adjustments (COLA). COLAs are approved only when the fund's actuary has advised the Board that such adjustment would not impair the fund's financial stability based on the COLA Adjustment Policy approved by the Board. The COLAs are to be based on the annual percentage increase in the Consumer Price Index (CPI-U).

Members who retire under Early Retirement are only eligible for COLAs once they would have reached Normal Service Retirement eligibility had they continued their employment. The COLAs provided over the last ten years are as follows:

APPENDIX B – SUMMARY OF PLAN PROVISIONS

Effective Date	Group A COLA
12/31/2025	0.00%
12/31/2024	0.00%
12/31/2023	0.00%
12/31/2022	0.00%
12/31/2021	5.40%
12/31/2020	1.40%
12/31/2019	1.70%
12/31/2018	2.30%
12/31/2017	2.20%
12/31/2016	1.50%

Effective January 1, 2026

The Board may approve a COLA of up to 1.5% per year if the financial stability tests described below are met. Participants are eligible for any approved COLA upon reaching the later of age 67 and 5 years after retirement (age 69 if retired under early retirement).

The financial stability tests that must be satisfied, for the current year and all projected years, including the liability of the proposed COLA, are:

1. The AVA-Funded Ratio, after taking into account the proposed COLA, is projected to be at least 80% for COLAs payable beginning in calendar years 2026-2040, 85% for COLAs payable beginning in calendar years 2041-2045, and 90% for COLAs payable in calendar year 2046 or later.
2. The Amortization Period of the Fund as a whole, after taking into account the proposed COLA, will not exceed 25 years for COLAs payable beginning in calendar years 2026-2035, 20 years for COLAs payable beginning in calendar years 2036-2040, and 15 years for COLAs payable beginning in calendar year 2041 or later.
3. The Estimated Municipal Contribution Rate, after taking into account the proposed COLA, does not exceed the Corridor Midpoint by more than four percentage points.
4. No COLA may be approved for a calendar year that begins on the second January 1 following a calendar year in which the Fund reports:
   a. A negative investment return
   b. A five-year investment return below the assumed return

Note that the Austin City Council may separately approve a COLA in a manner and amount it determines appropriate when one or more requirements prohibit the AFRF Board from granting one.

14. Changes Since Last Valuation

None.

APPENDIX B – SUMMARY OF PLAN PROVISIONS

Group B Members

1. **Membership Requirement**

   All commissioned civil service and Texas state-certified firefighters with at least six months of service employed by the City of Austin fire department who were hired on or after January 1, 2026.

2. **Salary**

   Salary (compensation) means base pay and longevity pay. No other forms of pay are included within the pensionable salaries.

3. **Average Monthly Compensation**

   The average of the member's compensation for the 60 months of highest compensation.

4. **Service Credit**

   One month of service credit is earned for each month the member makes the required contribution to the Fund.

5. **Firefighter Contributions**

   18.70% of Salary; may increase by up to two percentage points if the Estimated Municipal Contribution Rate exceeds the Maximum Municipal Contribution Rate and an increase is required under statute toto ensure the Fund receives the full ADC.

6. **Normal Retirement**

Eligibility:	Age 50 with 10 years of service or 25 years of service regardless of age.
Amount:	3.0% of average monthly compensation for each year of service with a minimum of $2,000 per month.
Normal Form of Payment:	Life Annuity

7. **Disability Retirement**

Eligibility:	Upon approval of disability by the Board of Trustees.
Amount:	3.0% of average monthly compensation for each year of service (but not less than 20 years).

8. **Death while an Active Employee**

Eligibility:	Termination of employment due to death

APPENDIX B – SUMMARY OF PLAN PROVISIONS

Amount:	The surviving spouse or designated beneficiary will receive 75% of the member's accrued benefit based on the greater of their service at death or 20 years of service. Each dependent child of a surviving spouse will receive 15% of the Member's accrued benefit, but not less than 9.9% of Average Monthly Compensation, with a reduction if there are more than five surviving dependent children.

9. Deferred Retirement

Eligibility:	Ten years of service. Must also elect to leave their member contributions in the Fund.
Amount:	The accrued benefit is payable at Normal Retirement eligibility, with such eligibility determined as if the member had remained employed.

10. Non-Vested Termination

Eligibility:	Less than ten years of service.
Amount:	A lump sum of member contributions.

11. Deferred Retirement Option Plan (DROP)

Under this program, a member eligible for service retirement may elect to continue in active service as a firefighter but have the Fund begin crediting "payments" to a deferred retirement option plan (DROP) account. The monthly "payments" would be an amount equal to what the member's monthly annuity would have been if the member had retired as of that eligible DROP date. During the DROP period, 50% of the member's pension contributions and the applicable annual interest of 4% would go into the DROP. When the member retires, by terminating their active service in the fire department, an accumulated lump sum balance may be available to be distributed (all or part) to the member from the DROP account. After termination, the DROP account continues to earn interest at 4% per year until withdrawn if the Fund reports a positive return. If the Fund reports a return less than 0%, in the following calendar year, the DROP account earns 2% per year.

The maximum period under which a firefighter can participate in a DROP is seven years. A firefighter may elect to establish a DROP account after reaching normal retirement eligibility. Twelve total withdrawals are allowed while the retiree's DROP account balance remains in the pension plan, with a maximum of four withdrawals in any year. These withdrawal limits can be altered by Board policy, provided the change is deemed feasible. The withdrawals can be either a distribution to the retiree (provided the retiree reaches age 50 before retiring) or a rollover into a qualified IRA. The entire DROP balance must be

APPENDIX B – SUMMARY OF PLAN PROVISIONS

withdrawn from the Fund by April 1st of the calendar year following the year the retiree reaches age 70½.

12. Cost-of-Living Adjustments (COLAs)

The Group B Cost-of-Living Adjustment (COLA) Percentage is performance-based and targets 1% per year (minimum of 0% and maximum of 2%) based on the Fund's Five-Year Investment Return. The percentage equals 50% of the amount by which the Five-Year Investment Return exceeds the Adjustment Factor, with a minimum of 0% and a maximum of 2%. Participants are eligible for the approved COLA upon reaching the later of age 67, five years after retirement, or, if applicable, the year in which the member's DROP account is fully distributed.

13. Changes Since Last Valuation

None.

APPENDIX C – ACTUARIAL ASSUMPTIONS AND METHODS

A. Actuarial Assumptions

1. Rate of Investment Return

7.30%, net of investment expenses only.

2. Price Inflation

2.5% per year.

3. Rates of Salary Increase

Salary increases are split between a wage inflation assumption of 2.50% and a service-based merit scale, shown below.

Years of Service	Merit Increase
0	7.00%
1	7.00%
2	6.50%
3	1.50%
4	0.50%
5	4.50%
6-7	1.00%
8	4.50%
9	0.50%
10	1.00%
11	3.50%
12	1.50%
13	1.00%
14	3.50%
15-16	1.00%
17	3.50%
18-19	1.00%
20	3.50%
21	0.50%
22+	0.00%

For fiscal 2024 and 2025, the salary increase assumption reflects additional base increases of 5.7% and 1.5%, respectively, based on the latest agreement between the City of Austin and Austin Firefighters Association Local 975.

4. Aggregate Payroll Growth

2.50% per year.

APPENDIX C – ACTUARIAL ASSUMPTIONS AND METHODS

5. Disability

Age	Rate
Under 30	0.013%
30-39	0.040%
40-49	0.067%
50+	0.033%

6. Mortality Rates

Active and Vested Terminated Lives:
PubS(A)-2010 Mortality Table for Employees.

Retiree Lives:
PubS(A)-2010 Mortality Table for Healthy Retirees.

Contingent Survivor Lives:
PubS(A)-2010 Mortality Table for Contingent Survivors.

Disabled Lives:
PubS(A)-2010 Mortality Table for Disabled Retirees.

Generational mortality improvements are projected from 2010 using Scale MP-2021.

7. Withdrawal

Withdrawal rates are based on service, as shown below.

Years of Service	Rate
0-4	1.50%
5-14	0.75%
15+	0.00%

8. Retirement Rates

Age	Rate
Under 43	0.00%
43-48	3.00%
49-51	4.00%
52-53	7.00%
54	12.00%
55-57	20.00%
58-60	35.00%
61-62	50.00%
63+	100.00%

APPENDIX C – ACTUARIAL ASSUMPTIONS AND METHODS

9. DROP Election

Group A Members are assumed to elect either normal retirement or DROP, with the DROP period maximizing the present value of their retirement benefits, including reflecting the impact of previously granted COLAs the member would be eligible for during the assumed DROP period. Group B Members are assumed to maximize their DROP period after age 50 up to 5 years.

10. Existing DROP Balances

Members with existing DROP balances are assumed to withdraw their balances over the next eight years, but no later than age 70½.

11. Future Cost-of-Living Adjustment Assumption

0.25% per year for Group A and 1.0% per year for Group B.

12. Active Payment Form Assumption

Life annuity with 75% continued to the surviving spouse (or designated beneficiary) for Group A and Life Annuity for Group B.

13. Percent Married

100% of actives are assumed to be married.

14. Beneficiary Age

A male participant is assumed to be three years older than his beneficiary.

A female participant is assumed to be one year younger than her beneficiary.

15. Dependent Children

50% of active members are assumed to have dependent children, and the youngest child is assumed to be one year old.

16. Administrative Expenses

Administrative expenses of 1.25% of payroll are added to the normal cost.

17. Technical and Miscellaneous Assumptions

Decrement timing: Beginning of year.

Terminated vested members: All terminated vested members are assumed married and assumed to retire at normal retirement eligibility.

The limits in IRC sections 415(b) and 401(a)(17) are assumed to increase 2.5% per year.

APPENDIX C – ACTUARIAL ASSUMPTIONS AND METHODS

18. Low-Default-Risk Obligation Measure (LDROM) Discount Rate

The discount rate for LDROM is based on the FTSE yield curve as of December 31, 20252025 and the Fund's expected future benefit cash flows. The single equivalent rate as of December 31, 2025 is 5.59%.

19. Disclosures regarding Models Used

In accordance with Actuarial Standard of Practice (ASOP) No. 56 *Modeling*, the following disclosures are made related to the valuation software:

A. Valuation Software
Cheiron utilizes ProVal, an actuarial valuation software leased from Winklevoss Technologies (WinTech), to calculate liabilities and project benefit payments. We have relied on WinTech as the developer of ProVal. We have a basic understanding of ProVal and have used ProVal in accordance with its original intended purpose. We have not identified any material inconsistencies in ProVal's assumptions or output that would affect this valuation. We have reviewed the underlying workings of this model to the degree feasible and consistent with ASOP No. 56 and believe them to be appropriate for the purposes of the valuation.

B. Projections
Projections in this report were developed using P-Scan, our proprietary tool for the intended purpose of developing projections. The projections shown in this report cover multiple individual scenarios, and the variables are not necessarily correlated. We are not aware of any material inconsistencies, unreasonable output resulting from aggregation of assumptions, material limitations, or known weaknesses that would affect the projections shown in this report.

The projections are based on the same census data and financial information as of December 31, 2025 disclosed in this actuarial valuation. The projections assume continuation of the plan provisions, actuarial assumptions in effect as of December 31, 2025, and active membership remains at current levels. They do not reflect the impact of any changes in benefits other than those described in statute for Group B or actuarial assumptions that may be adopted after December 31, 2025.

The projections assume that all future assumptions are met except where specifically indicated. Future outcomes become increasingly uncertain over time; therefore, general trends, rather than absolute values, should be considered when reviewing these projections. Further, for the purposes of these projections, we have reflected only the aggregate impact of new entrants to the Fund and have not developed individual liabilities or detailed profiles for them. In our professional judgment, this approach is appropriate for these projections; however, if they were used for other purposes, alternative projections may be needed.

APPENDIX C – ACTUARIAL ASSUMPTIONS AND METHODS

20. New Entrant Profile for Initial Risk Sharing Valuation and Projections

When existing Group A members are assumed to decrement and no longer be active after December 31, 2025, it is assumed that the employee replacing them is covered under the reduced Group B provisions. Because the projections are on an open-group basis, the active population is assumed to be constant in size. For the purposes of these projections, we assumed that the characteristics of future hires will mirror the 124 members (95% male, 5% female) hired in 2024 and 2025. In our professional judgment, this assumption is reasonable and appropriate for this purpose.

21. Changes since Last Valuation

None.

22. Rationale for Assumptions

The actuarial assumptions were chosen by the Board of Trustees, upon the recommendation of the actuaries, based on an experience study issued by Cheiron on March 25, 2024, based on data through December 31, 2022, and adopted by the Board at the March 25, 2024 meeting.

Group A's 0.25% future COLA assumption was prescribed by legislation for the December 31, 2024 actuarial valuation and has been retained for this valuation. Given the number and parameters that are required before a COLA can be granted and the COLA cap of 1.5% per year to Group A, in our professional judgment, this assumption is reasonable and appropriate for this purpose. However, we have not performed any detailed quantitative analysis of this assumption.

Group B COLA is a performance-based COLA. To model future COLAs for Group B, assumptions were based on a lognormal distribution of returns with a 7.3% mean and 12.4% standard deviation. Initially, assuming returns are independent and identically distributed, the expected Group B COLA was calculated to be 0.85%. Given market return behavior and Actuarial Standard of Practice No. 27 guidance related to difficult-to-value provisions, 1.0% per year was selected for Group B Future COLA assumption. In our professional judgment, this assumption is reasonable and appropriate for the purpose of this analysis.

In our professional judgment, the combined effect of the assumptions selected by the actuary is not expected to have significant bias.

APPENDIX C – ACTUARIAL ASSUMPTIONS AND METHODS

B. Actuarial Methods

1. Funding Method

Liabilities and contributions shown in this report are computed using the Entry Age Normal Funding Method. Under this funding method, a Normal Cost Rate is determined as a level percentage of pay for each active member. The Normal Cost Rate times payroll equals the total normal cost allocated to the current year. Future normal costs, together with the Actuarial Liability for past service, fund the projected retirement benefits for Fund members.

The Actuarial Liability is that portion of the Present Value of Future Benefits allocated to service before the valuation date and not expected to be funded by future employer normal cost or Firefighter contributions. The difference between this liability and the assets accumulated as of the same date is referred to as the Unfunded Actuarial Liability (UAL).

Beginning with the 2026 calendar year, contributions will be determined under the statutory contribution allocation procedure described in Section V of this report. Prior to January 1, 2026, the City and Firefighter contributions were fixed, most recently at 22.05% and 18.70% of pay, respectively.

2. Asset Valuation Method

The Actuarial Value of Assets (AVA) has been calculated by taking the Market Value of Assets (MVA) less 80% of the investment gain (loss) during the preceding year, less 60% of the investment gain (loss) during the second preceding year, less 40% of the investment gain (loss) during the third preceding year, and less 20% of the investment gain (loss) in the fourth preceding year.

The investment gain (loss) is calculated as the difference between the expected MVA under the investment return assumption and the actual MVA.

As required by statute, the AVA was set to MVA as of December 31, 2024.

3. Amortization Method

The Legacy Liability is amortized using a closed 30-year Level Percent of Payroll Method. Future unanticipated changes in Unfunded Actuarial Liability are amortized as follows:

A. Losses: Level percentage of pay amortization over a 20-year closed period.

B. Gains: Level percentage of pay amortization over a closed period equal to the remaining amortization period on the largest remaining Liability Loss Layer, including the Legacy Loss Layer, or if no Liability Loss Layer exists, a period of 20 years.

APPENDIX C – ACTUARIAL ASSUMPTIONS AND METHODS

For the Actuarially Determined Contribution (ADC) Benchmark, the amortization method is an open 30-year Level Percent of Payroll Method amortization based on a payroll growth assumption of 3.00% per the Board's Funding Policy.

4. Changes since Last Valuation

None.

APPENDIX D – GLOSSARY

Glossary

Corridor Midpoint: the projected Municipal Contribution Rate specified for each calendar year for 30 years as provided by the Initial Risk Sharing Valuation Study, rounded to the nearest hundredth of a decimal place.

Corridor: the range of Municipal Contribution Rates that are:
(A) equal to or greater than the Minimum Municipal Contribution Rate; and
(B) equal to or less than the Maximum Municipal Contribution Rate.

Employer Normal Cost Rate: for a given calendar year, the Normal Cost Rate minus the applicable Firefighter Contribution Rate.

Estimated Municipal Contribution Rate: for a given calendar year, a Municipal Contribution Rate equal to the sum of the Municipal Normal Cost Rate and the amortization rate of the Liability Layers, as applicable, excluding the Legacy Liability layer, and before adjustments to the rate to be within the Corridor.

Five-Year Investment Return: means the average money-weighted rate of return of the Fund, based on a rolling five-year basis and net of investment expenses, for the applicable five-year period.

Funded Ratio: the ratio of assets divided by the actuarial accrued liability. Where the asset measure is not specified, the asset basis is the smoothed, actuarial value of assets (AVA).

Group A Members: Members hired before January 1, 2026

Group B Members: Members hired on or after January 1, 2026

Group B Cost-of-Living Adjustment Percentage: a percentage that is equal to the excess of the Fund's five-year investment return over the assumed rate of return, reduced by a 2% adjustment factor, multiplied by 50 percent. The resulting COLA is limited to a minimum of 0% and a maximum of 2%.

Legacy Liability: the Unfunded Actuarial Accrued Liability determined as of December 31, 2024, and for each subsequent calendar year reduced by the municipal legacy contribution amount for the calendar year allocated to the amortization of the legacy liability; and adjusted by the assumed rate of return adopted by the board of trustees for the calendar year ending December 31, 2024.

Level Percent of Payroll Method: an amortization method that defines the amount of the Liability Layer recognized each calendar year as a level percent of Pensionable Payroll until the amount of the Liability Layer remaining is reduced to zero.

Liability Gain Layer: a Liability Layer that decreases the Unfunded Actuarial Accrued Liability.

APPENDIX D – GLOSSARY

Liability Layer: means the Legacy Liability established in the Initial Risk Sharing Valuation Study or, for calendar years after December 31, 2024, the amount that the Fund's Unfunded Actuarial Accrued Liability increases or decreases, as applicable, due to the unanticipated change for the calendar year as determined in each Subsequent Risk Sharing Valuation Study.

Liability Loss Layer: a Liability Layer that increases the Unfunded Actuarial Accrued Liability. The Legacy Liability is included as a Liability Loss Layer.

Maximum Municipal Contribution Rate: for a given calendar year, the rate equal to the corridor midpoint plus the corridor margin.

Minimum Municipal Contribution Rate: for a given calendar year, the rate equal to the Corridor Midpoint minus the Corridor Margin.

Municipal Contribution Rate: for a given calendar year, a percentage rate equal to the sum of the Employer Normal Cost Rate and the amortization rate, as adjusted for the Corridor, if applicable.

Municipal Legacy Contribution Amount: for each calendar year, a predetermined payment amount, expressed in dollars, in accordance with a payment schedule that amortizes the Legacy Liability for the calendar year ending December 31, 2024.

Normal Cost Rate: for a given calendar year, the salary-weighted average of the individual normal cost rates determined for the current active member population, plus the assumed administrative expenses determined in the most recent actuarial experience study.

Payoff Year: the year a Liability Layer is fully amortized under the amortization period.

Pensionable Payroll: the compensation of all members in active service for a calendar year or pay period, as applicable.

Projected Pensionable Payroll: the estimated Pensionable Payroll for the calendar year beginning 12 months after the date of the Risk Sharing Valuation Study by projecting the prior calendar year's Pensionable Payroll forward two years using the current payroll growth rate assumption adopted by the Board of Trustees; and adjusting, if necessary, for changes in population or other known factors, provided those factors would have a material impact on the calculation, as determined by the Board of Trustees.

Unanticipated change: means, with respect to the Unfunded Actuarial Accrued Liability in each Subsequent Risk Sharing Valuation study, the difference between the remaining balance of all then-existing Liability Layers as of the date of the Risk Sharing Valuation Study that were created before the date of the study and the actual Unfunded Actuarial Accrued Liability as of the date of the Risk Sharing Valuation Study.

APPENDIX D – GLOSSARY

Unfunded Actuarial Accrued Liability: the difference between the Actuarial Accrued Liability and an asset measure. Where not otherwise specified, the asset basis is the Actuarial Value of Assets.

CHEIRON

Classic Values, Innovative Advice