

SUBCOMMITTEE RECOMMENDATION

Public Employees Retirement System 2025 Preliminary Earnings Crediting

To: Ways and Means Full Committee
From: General Government Subcommittee
Carrier: Representative Gomberg

On February 9th, the General Government Subcommittee received a report from the Public Employees Retirement System (or PERS) on 2025 preliminary earnings crediting.

The PERS Board approved net preliminary crediting of \$9.2 billion for calendar year 2025, which will increase reserves from \$97.1 billion to \$106.2 billion. This represents an overall return of 9.5%, which is 2.6% above the assumed earnings rate of 6.9%.

Preliminary earnings crediting is expected to decrease the unfunded accrued liability from \$24.8 billion to \$22.3 billion, or by \$2.5 billion. This will increase the system's funded status to 80%. Advisory employer contribution rates have been published by the PERS Board for the 2027-29 biennium, which are based on 2024 actual earnings crediting. Board-adopted employer contribution rates will be based on 2025 actual earnings.

Holding all other PERS Board and actuarial variables constant, 2027-29 employer contribution rates should decline due to the investment returns for 2025 being

above the assumed earnings rate and the corresponding reduction to the unfunded accrued liability.

The General Government Subcommittee recommends acknowledging receipt of the report.