

Exhibit I**Statement of Fiduciary Net Position****Fiduciary Funds**

As of August 31, 2025 (With Comparative Data as of August 31, 2024)

	Pension and Other Post-Employment Benefits (OPEB) Trust Funds	
	Pension Trust Fund	TRS-Care
Assets		
Cash		
Cash in State Treasury	\$ 606,328,375	\$ 5,216,220,442
Cash in Bank (Note 3B)	(326,524,085)	
Cash on Hand (Note 3B)	3,149,785	
Total Cash	\$ 282,954,075	\$ 5,216,220,442
Receivables		
Sale of Investments	\$ 5,917,210,753	\$
Interest and Dividends	471,635,749	18,894,612
Member and Retiree	492,901	
Service Credit Purchase	13,208,425	3,411
Due from Employers	667,302,860	48,689,798
Due from State's General Fund	162,107,617	81,012,085
Due from Employees Retirement System of Texas	2,854,812	
Other Receivables	5,559,323	390,138,034
Total Receivables	\$ 7,240,372,440	\$ 538,737,940
Investments (Note 3)		
Short-Term Investments	\$ 8,502,509,741	\$
Equity Investments	57,889,853,716	
Fixed Income Investments	29,076,562,976	
Alternative Investments	119,351,230,826	
Derivative Instruments (Notes 3 and 15)	1,035,053,866	
Pooled Investments	28,579,773,959	
Total Investments	\$ 244,434,985,084	\$ —
Invested Securities Lending Collateral	\$ 4,357,671,166	\$ —
Prepaid Expenses and Deposits	\$ 6,812,115	\$ —
Capital Assets (Note 2)		
Intangible Assets	\$ 66,083,745	\$ 13,028,366
Right to Use Assets	30,920,060	
Less Accumulated Amortization	(73,890,084)	(10,639,832)
Depreciable Assets	343,250,472	
Less Accumulated Depreciation	(25,735,422)	
Non-Depreciable Assets	60,359,705	
Total Capital Assets	\$ 400,988,476	\$ 2,388,534
Total Assets	\$ 256,723,783,356	\$ 5,757,346,916
Deferred Outflow of Resources		
Related to Participation in ERS' OPEB Plan (Note 10K)	\$ 63,046,655	\$
Total Deferred Outflow of Resources	\$ 63,046,655	\$ —

(Continued)

Total Pension and Other Post-Employment Benefits (OPEB) Trust Funds		Custodial Funds	
2025	2024	Child Support Employee Deductions	
\$ 5,822,548,817	\$ 4,991,577,950		7,725
(326,524,085)	72,111,154		
3,149,785	3,937,969		
\$ 5,499,174,517	\$ 5,067,627,073	\$	7,725
\$ 5,917,210,753	\$ 8,078,239,641		
490,530,361	482,217,735		
492,901	869,597		
13,211,836	12,779,879		
715,992,658	664,029,367		
243,119,702	189,487,665		
2,854,812	2,877,708		
395,697,357	395,347,076		
\$ 7,779,110,380	\$ 9,825,848,668	\$	—
\$ 8,502,509,741	\$ 9,209,814,617		
57,889,853,716	52,506,356,349		
29,076,562,976	32,697,849,428		
119,351,230,826	110,716,527,278		
1,035,053,866	772,580,858		
28,579,773,959	22,026,382,193		
\$ 244,434,985,084	\$ 227,929,510,723	\$	—
\$ 4,357,671,166	\$ 5,276,749,145	\$	—
\$ 6,812,115	\$ 409,816	\$	—
\$ 79,112,111	\$ 78,938,778		
30,920,060	35,098,813		
(84,529,916)	(88,964,111)		
343,250,472	20,533,097		
(25,735,422)	(17,762,580)		
60,359,705	344,406,464		
\$ 403,377,010	\$ 372,250,461	\$	—
\$ 262,481,130,272	\$ 248,472,395,886	\$	7,725
\$ 63,046,655	\$ 54,604,892		
\$ 63,046,655	\$ 54,604,892	\$	—

Exhibit I**Statement of Fiduciary Net Position****Fiduciary Funds**

As of August 31, 2025 (With Comparative Data as of August 31, 2024)

	Pension and Other Post-Employment Benefits (OPEB) Trust Funds	
	Pension Trust Fund	TRS-Care
Liabilities		
Payables		
Benefits Payable	\$ 363,477,874	\$
Health Care Claims Payable		132,396,264
Accounts Payable	91,928,143	3,184,677
Payroll Payable	14,255,401	1,673,975
Fees Payable		8,155,060
Investment Fees Payable	19,325,751	
Investment Purchased Payable	949,846,513	
Total Payables	\$ 1,438,833,682	\$ 145,409,976
Investments (Note 3)		
Derivative Instruments (Notes 3 and 15)	\$ 596,456,406	\$
Securities Sold Short	3,428,080,529	
Obligations Under Reverse Repurchase Agreements	19,420,349,098	
*Derivative Instrument Collateral Obligations	282,123,000	
Total Investment Liabilities	\$ 23,727,009,033	\$ —
*Securities Lending Obligations (Note 3)	\$ 4,876,287,132	\$
Net Other Post-Employment Benefits Liability (Note 10F)	129,857,133	
Due to State's General Fund	210,731,842	40,506,043
Due to Employees Retirement System of Texas	11,024,031	
Employee Compensable Absences Payable (Note 4)	20,671,016	1,640,431
Funds Held for Others	159,709	
Right to Use Obligations (Note 5)	15,355,442	
Other Liabilities	584,410	
Total Liabilities	\$ 30,430,513,430	\$ 187,556,450
Deferred Inflow of Resources		
Related to Participation in ERS' OPEB Plan (Note 10K)	\$ 28,015,980	\$
Gain on Sale - Red River (Note 5)		
Total Deferred Inflow of Resources	\$ 28,015,980	\$ —
Net Position		
Net Investment in Capital Assets	\$ 385,633,034	\$ 2,388,534
Restricted for Pensions	225,942,667,567	
Restricted for Other Post-Employment Benefits		5,186,001,932
Restricted for OPEB - 60 Day Contingency		381,400,000
Net Position Restricted for Pensions and Other Post-Employment Benefits	\$ 226,328,300,601	\$ 5,569,790,466

*The collateral obligations for securities lending and derivative instruments were collectively reported as Collateral Obligations in Fiscal Year 2024. To provide additional clarity, these two types of obligations are reported separately beginning in Fiscal Year 2025. The balances of these two types of obligations for Fiscal Year 2024 are also reported separately. This change in reporting has no effect on the beginning fund balance in Exhibit II, Statement of Changes in Fiduciary Net Position for Fiscal Year 2025.

See accompanying Notes to the Financial Statements.

Total Pension and Other Post-Employment Benefits (OPEB) Trust Funds		Custodial Funds	
2025	2024	Child Support Employee Deductions	
\$ 363,477,874	\$ 340,677,143	\$	
132,396,264	126,697,616		
95,112,820	88,096,843		
15,929,376	15,393,496		
8,155,060	8,129,888		
19,325,751	16,698,434		
949,846,513	1,572,530,503		
\$ 1,584,243,658	\$ 2,168,223,923	\$	—
\$ 596,456,406	\$ 393,773,211	\$	
3,428,080,529	4,936,316,660		
19,420,349,098	20,005,277,339		
282,123,000	65,797,463		
\$ 23,727,009,033	\$ 25,401,164,673	\$	—
\$ 4,876,287,132	\$ 5,282,903,868	\$	
129,857,133	108,783,871		
251,237,885	97,528,784		
11,024,031	10,707,836		
22,311,447	20,904,302		
159,709	(37,573)		7,725
15,355,442	7,867,054		
584,410	144,564		
\$ 30,618,069,880	\$ 33,098,191,302	\$	7,725
\$ 28,015,980	\$ 36,852,044	\$	
	32,052,626		
\$ 28,015,980	\$ 68,904,670	\$	—
\$ 388,021,568	\$ 364,383,407	\$	
225,942,667,567	210,183,869,295		
5,186,001,932	4,458,252,104		
381,400,000	353,400,000		
\$ 231,898,091,067	\$ 215,359,904,806	\$	

Exhibit II**Statement of Changes in Fiduciary Net Position****Fiduciary Funds**

For the Fiscal Year Ended August 31, 2025 (With Comparative Data for August 31, 2024)

	Pension and Other Post-Employment Benefits (OPEB) Trust Funds	
	Pension Trust Fund	TRS-Care
Additions		
Contributions		
Member (Notes 9, 11)	\$ 5,093,206,594	\$ 294,947,940
Non-Employer Contributing Entity - State (Notes 9, 11)	2,564,554,383	526,551,253
Employer (Notes 9, 11)		
Employer	2,171,064,784	340,324,079
State - Higher Education	344,940,843	
Employer - Paid at State Rate		40,656,324
Employer Surcharges (Notes 9, 11)		
Employment after Retirement - Employee Rate	31,309,887	
Employment after Retirement - Employer Rate	31,309,887	16,852,694
Public Education Employers	705,362,179	
Service Credit Purchase - Refundable	28,205,257	
Service Credit Purchase - Non-Refundable	25,044,208	
State Contributions for 415 Excess Benefit Arrangement	4,313,450	
Employees Retirement System of Texas		
Service Contributions	34,800,249	
415 Excess Benefit Arrangement	18,601	
Total Contributions	\$ 11,034,130,322	\$ 1,219,332,290
Net Investment Income		
Investment Income (Loss)	\$ 21,305,276,741	\$ 217,628,208
Less: Investing Activity Expenses (Schedule 1)	(1,280,879,680)	
Total Investment Income (Loss)	\$ 20,024,397,061	\$ 217,628,208
Securities Lending Income (Loss)	\$ 291,470,339	\$
Less: Securities Lending Expenses	(276,903,463)	
Total Securities Income (Loss)	\$ 14,566,876	\$
Total Net Investment Income	\$ 20,038,963,937	\$ 217,628,208
Other Additions		
Federal Revenue (Note 6)	\$	\$ 329,977,509
Rebate and Discount Income		693,568,184
Supplemental Funding - Appropriations		
Miscellaneous Revenue	241,709	3,221,559
Gain on Capital Assets	32,800,195	
Funds Received for Others		
Total Other Additions	\$ 33,041,904	\$ 1,026,767,252
Total Additions	\$ 31,106,136,163	\$ 2,463,727,750

(Continued)

Total Pension and Other Post-Employment Benefits (OPEB) Trust Funds		Custodial Funds	
2025	2024	Child Support Employee Deductions	
\$ 5,388,154,534	\$ 5,212,003,052	\$	
3,091,105,636	2,988,753,623		
2,511,388,863	2,448,070,782		
344,940,843	313,657,649		
40,656,324	52,913,289		
31,309,887	28,966,289		
48,162,581	45,284,389		
705,362,179	666,516,787		
28,205,257	27,045,770		
25,044,208	20,987,761		
4,313,450	4,334,908		
34,800,249	33,284,703		
18,601	26,806		
\$ 12,253,462,612	\$ 11,841,845,808	\$ —	
\$ 21,522,904,949	\$ 25,164,870,641	\$	
(1,280,879,680)	(1,188,815,570)		
\$ 20,242,025,269	\$ 23,976,055,071		
\$ 291,470,339	\$ 396,465,572		
(276,903,463)	(380,880,720)		
\$ 14,566,876	\$ 15,584,852		
\$ 20,256,592,145	\$ 23,991,639,923	\$ —	
\$ 329,977,509	\$ 221,928,259	\$	
693,568,184	645,294,092		
	5,000,000,000		
3,463,268	16,290,572		
32,800,195	27,156,818		
		94,863	
\$ 1,059,809,156	\$ 5,910,669,741	\$ 94,863	
\$ 33,569,863,913	\$ 41,744,155,472	\$ 94,863	

Exhibit II**Statement of Changes in Fiduciary Net Position****Fiduciary Funds**

For the Fiscal Year Ended August 31, 2025 (With Comparative Data for August 31, 2024)

	Pension and Other Post-Employment Benefits (OPEB) Trust Funds	
	Pension Trust Fund	TRS-Care
Deductions		
Benefits		
Benefits	\$ 14,238,546,669	\$
Refunds of Contributions - Active	815,958,412	
Refunds of Contributions - Death	9,390,279	
415 Excess Benefit Arrangement	4,168,173	
Benefits Paid to Employees Retirement System of Texas		
Service Contributions	129,231,400	
415 Excess Benefit Arrangement	163,878	
Other Post-Employment Benefits Expense (Note 10K)	16,719,495	
Health Care Claims		2,060,138,577
Less: Health Care Premiums Paid by Retirees (Note 1)		(398,015,264)
Health Care Claims Processing		20,033,908
Insurance Premium Payments		5,051
Total Benefits	\$ 15,214,178,306	\$ 1,682,162,272
Administrative Expenses, Excluding Investing Activity Expenses		
Salaries and Wages	\$ 60,844,849	\$ 13,997,358
Payroll Related Costs	2,690,403	1,793,620
Professional Fees and Services	3,085,710	4,771,748
Travel	275,403	125,030
Materials and Supplies	4,668,972	1,898,315
Communications and Utilities	1,209,648	105,888
Repairs and Maintenance	5,154,699	615,506
Rentals and Leases	1,016,929	266,106
Printing and Reproduction	20,858	12,679
Depreciation Expense	11,307,594	
Amortization Expense	12,062,256	2,605,673
Other Expenses	4,578,430	1,982,244
Total Administrative Expenses, Excluding Investing Activity Expenses (Schedule 1)	\$ 106,915,751	\$ 28,174,167
Other Deductions		
Affordable Care Act Fees	\$	\$ 247,156
Funds Paid to Others		
Total Other Deductions	\$ —	\$ 247,156
Total Deductions	\$ 15,321,094,057	\$ 1,710,583,595
Net Increase (Decrease) in Net Position	\$ 15,785,042,106	\$ 753,144,155
Beginning Net Position Restricted for Pensions and Other Post-Employment Benefits	\$ 210,543,258,495	\$ 4,816,646,311
Ending Net Position Restricted for Pensions and Other Post-Employment Benefits	\$ 226,328,300,601	\$ 5,569,790,466

See accompanying Notes to the Financial Statements.

Total Pension and Other Post-Employment Benefits (OPEB) Trust Funds		Custodial Funds	
2025	2024	Child Support Employee Deductions	
\$ 14,238,546,669	\$ 15,114,584,479	\$	
815,958,412	734,052,938		
9,390,279	10,430,901		
4,168,173	4,170,171		
129,231,400	125,188,573		
163,878	191,542		
16,719,495	14,084,381		
2,060,138,577	1,898,949,514		
(398,015,264)	(583,752,411)		
20,033,908	18,588,327		
5,051	5,051		
\$ 16,896,340,578	\$ 17,336,493,466	\$	—
\$ 74,842,207	\$ 61,009,343	\$	
448,402	364,863		
7,857,458	6,198,859		
400,433	381,610		
6,567,287	5,653,528		
1,315,536	1,338,311		
5,770,205	5,991,598		
1,283,035	3,009,286		
33,537	14,816		
11,307,594	1,045,737		
14,667,929	11,428,145		
6,560,674	8,129,038		
\$ 135,089,918	\$ 107,848,903	\$	—
\$ 247,156	\$ 209,058	\$	
			94,863
\$ 247,156	\$ 209,058	\$	94,863
\$ 17,031,677,652	\$ 17,444,551,427	\$	94,863
\$ 16,538,186,261	\$ 24,299,604,045	\$	—
\$ 215,359,904,806	\$ 191,060,300,761	\$	
\$ 231,898,091,067	\$ 215,359,904,806		

Exhibit III**Statement of Net Position****Proprietary Funds**

As of August 31, 2025 (With Comparative Data as of August 31, 2024)

	Enterprise Funds-Major TRS-ActiveCare			
	2025		2024	
Assets				
Current Assets				
Cash				
Cash In State Treasury	\$	993,885,643	\$	832,714,429
Total Cash	\$	993,885,643	\$	832,714,429
Receivables				
Interest	\$	3,396,543	\$	3,824,856
Health Care Premiums		29,911		92,133
Rebate and Discount Income		149,756,356		170,129,104
Total Receivables	\$	153,182,810	\$	174,046,093
Total Assets	\$	1,147,068,453	\$	1,006,760,522
Liabilities				
Current Liabilities				
Accounts Payable	\$	5,137,580	\$	619,064
Payroll Payable		253,362		227,809
Fees Payable		1,463,697		1,260,568
Health Care Claims Payable (Note 12)		321,138,297		315,861,067
Employee Compensable Absences Payable (Note 4)		189,593		189,280
Total Current Liabilities	\$	328,182,529	\$	318,157,788
Non-Current Liabilities				
Employee Compensable Absences Payable (Note 4)	\$	129,664	\$	125,925
Total Non-Current Liabilities	\$	129,664	\$	125,925
Total Liabilities	\$	328,312,193	\$	318,283,713
Net Position				
Restricted for Health Care Programs	\$	818,756,260	\$	688,476,809
Total Net Position	\$	818,756,260	\$	688,476,809

See accompanying Notes to the Financial Statements.

Exhibit IV**Statement of Revenues, Expenses, and Changes in Net Position****Proprietary Funds**

For the Fiscal Year Ended August 31, 2025 (With Comparative Data for August 31, 2024)

	Enterprise Funds-Major	
	TRS-ActiveCare	
	2025	2024
Operating Revenues		
Health Care Premiums	\$ 2,045,518,099	\$ 1,907,469,935
Rebate and Discount Income	341,407,107	289,318,116
Total Operating Revenues	\$ 2,386,925,206	\$ 2,196,788,051
Operating Expenses		
Benefit Claims Payments		
Health Care Claims (Note 12)	\$ 2,573,490,646	\$ 2,276,218,388
Health Care Claims Processing (Note 12)	77,163,171	75,272,131
Premium Payments to HMOs	7,555,814	72,524,931
Affordable Care Act Fees	1,360,523	1,131,855
Total Benefit Claims Payments	\$ 2,659,570,154	\$ 2,425,147,305
Administrative Expenses		
Salaries and Wages	\$ 3,266,598	\$ 2,450,384
Payroll Related Costs	335,476	279,111
Professional Fees and Services	1,912,541	299,168
Travel	41,523	65,805
Materials and Supplies	95,929	43,877
Communications and Utilities	59,287	60,293
Repairs and Maintenance	130,964	92,762
Rentals and Leases	558	2,487
Printing and Reproduction		78
Other Expenses	440,004	425,785
Total Administrative Expenses (Schedule 1)	\$ 6,282,880	\$ 3,719,750
Total Operating Expenses	\$ 2,665,853,034	\$ 2,428,867,055
Operating Income (Loss)	\$ (278,927,828)	\$ (232,079,004)
Non-Operating Revenues		
Supplemental Funding - Appropriations	\$ 369,224,574	\$ 588,518,000
Investment Income	38,487,178	48,200,848
Other Non-Operating Revenues	1,495,527	
Total Non-Operating Revenues	\$ 409,207,279	\$ 636,718,848
Change in Net Position	\$ 130,279,451	\$ 404,639,844
Beginning Net Position	\$ 688,476,809	\$ 283,836,965
Ending Net Position	\$ 818,756,260	\$ 688,476,809

See accompanying Notes to the Financial Statements.

Exhibit V**Statement of Cash Flows****Proprietary Funds**

For the Fiscal Year Ended August 31, 2025 (With Comparative Data for August 31, 2024)

	Enterprise Funds-Major TRS-ActiveCare	
	2025	2024
Cash Flows from Operating Activities		
Receipts from Health Care Premiums	\$ 2,045,580,321	\$ 1,907,095,974
Receipts from Rebate and Discount Income	361,779,854	242,678,402
Payments for Administrative Expenses	(1,734,758)	(3,936,538)
Payments for Health Care Claims	(2,568,213,416)	(2,273,680,082)
Payments for Health Care Claims Processing	(77,163,171)	(75,272,131)
Payments for HMO Premiums	(7,555,814)	(72,524,931)
Payments for Affordable Care Act Fees	(1,157,394)	(1,082,283)
Net Cash Provided (Used) by Operating Activities	\$ (248,464,378)	\$ (276,721,589)
Cash Flows from Non-Capital Financing Activities		
Proceeds from Other Non-Operating Revenues	\$ 370,720,101	\$ 588,518,000
Net Cash Provided (Used) by Non-Capital Financing Activities	\$ 370,720,101	\$ 588,518,000
Cash Flows from Investing Activities		
Interest Received	\$ 38,915,491	\$ 46,601,074
Net Cash Provided (Used) by Investing Activities	\$ 38,915,491	\$ 46,601,074
Net Increase (Decrease) in Cash	\$ 161,171,214	\$ 358,397,485
Beginning Cash and Cash Equivalents	\$ 832,714,429	\$ 474,316,944
Ending Cash and Cash Equivalents	\$ 993,885,643	\$ 832,714,429
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	\$ (278,927,828)	\$ (232,079,004)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Changes in Assets & Liabilities		
(Increase) Decrease in Health Care Premium Receivables	\$ 62,222	\$ (373,961)
(Increase) Decrease in Rebate and Discount Income	20,372,748	(46,639,714)
Increase (Decrease) in Health Care Claims Payable	5,277,230	2,538,306
Increase (Decrease) in Affordable Care Act Fees Payable	203,129	49,572
Increase (Decrease) in Accounts Payable	4,518,516	(64,377)
Increase (Decrease) in Payroll Payable	25,553	(203,749)
Increase (Decrease) in Employee Compensable Absences Payable	4,052	51,338
Total Adjustments	\$ 30,463,450	\$ (44,642,585)
Net Cash Provided (Used) by Operating Activities	\$ (248,464,378)	\$ (276,721,589)

See accompanying Notes to the Financial Statements.

Exhibit B**Investment Performance****Annualized Time-Weighted Total Returns**

As of August 31, 2025

Asset Class	Returns (A)			
	1 Year %	3 Years %	5 Years %	10 Years %
Global Equity				
All Country	N/A	N/A	N/A	N/A
USA	N/A	N/A	N/A	N/A
Non-US Developed	20.42	19.85	11.71	8.23
Emerging Markets	9.12	10.22	5.29	7.35
Private Equity	9.54	7.26	14.31	11.94
Stable Value				
Government Bonds - Nominal	(7.12)	(5.94)	(9.99)	(0.95)
Government Bonds - Real	N/A	N/A	N/A	N/A
Absolute Return	17.34	14.87	12.04	9.09
Stable Value Hedge Funds	9.43	8.18	9.32	6.84
Real Return				
Real Estate	(2.65)	(3.62)	5.53	7.15
Energy, Natural Resources & Infrastructure	13.41	12.12	14.54	N/A
Commodities	24.43	7.74	7.19	6.69
Asset Allocation Leverage				
Asset Allocation Leverage	N/A	N/A	N/A	N/A
Cash	4.80	5.66	3.63	2.64
Total Fund	9.77	8.75	8.44	8.27
(A) All returns were calculated by the Custodian and are net of fees. Any N/A in the table are either due to a new asset class that was not established over the entire timeframe or is an offset to the Leverage in the other asset classes.				
(B) The rate of return for other TRS funds is 4.45%.				



November 21, 2024

Board of Trustees
Teacher Retirement System of Texas
1000 Red River Street
Austin, TX 78701-2698

Subject: Actuary's Certification of the Actuarial Valuation as of August 31, 2024

We certify that the information included herein and contained in the 2024 Actuarial Valuation Report is accurate and fairly presents the actuarial position of the Teacher Retirement System of Texas (TRS) Pension Fund (Fund) as of August 31, 2024. This report was prepared at the request of the Board of Trustees (Board) and is intended for use by the TRS staff and those designated or approved by the Board. This report may be provided to parties other than TRS staff only in its entirety and only with the permission of the Board.

All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion, the results presented comply with the requirements of the Texas statutes and, where applicable, the Internal Revenue Code, ERISA, and the Statements of the Governmental Accounting Standards Board. The undersigned are independent actuaries. Mr. Newton is an Enrolled Actuary, a member of the American Academy of Actuaries and is qualified to give a Statement of Actuarial Opinion. All are experienced in performing valuations for large public retirement systems.

ACTUARIAL VALUATIONS

The primary purpose of the valuation report is to determine the adequacy of the statutory contribution rates through measuring the resulting funding period, to describe the current financial condition of the Fund, and to analyze changes in the Fund's condition. In addition, the report provides various summaries of the data. This report may not be appropriate for other purposes. The information required by the Fund in connection with Governmental Accounting Standards Board Statement No. 67 (GASB No. 67) will be provided under separate cover. Valuations are prepared annually, as of August 31 of each year, the last day of the Fund's plan and fiscal year.

FINANCING OBJECTIVE OF THE PLAN

The employee, employer, and State contribution rates are established by State law that, over time, are intended to remain level as a percent of payroll and provide assets to cover benefits when due.

The assessment of the current contribution rates performed in this actuarial valuation are intended to ensure they provide for the normal cost plus fully amortizing the unfunded actuarial accrued liability (UAAL) over a reasonable time.

The 2019 Legislature increased contribution rates for the State, employers, and the members in a phased-in schedule that will be completed in Fiscal Year 2025 (rates after Fiscal Year 2025 will remain at the Fiscal Year 2025 level]. The State's base rate of 8.00% in Fiscal Year 2023 became 8.25% in Fiscal Year 2024. In addition, covered public education employers contributed 1.90% of salary (capped at the minimum salary schedule] in Fiscal Year 2024 and this will increase to 2.00% in Fiscal Year 2025. These employer contributions are assumed to be approximately 1.18% of total payroll at the end of the phase-in. Combined, these contributions are ultimately assumed to be approximately 9.43% of total payroll. Over the same period, the member contribution rate has increased from 7.70% to the current 8.25% in Fiscal Year 2024. In addition to these contributions, there are contributions made on behalf of members who are receiving a pension but who have also returned to work. These contributions are assumed to be approximately 0.09% of total payroll. As a result, for Fiscal Year 2025 and thereafter, the Fund is expected to receive a total contribution rate of 17.77% of pay. All funding calculations in this report assume the rate will remain at that level thereafter.

In 2019, the Board adopted a funding policy per Texas Government Code Sec. 802.2011. In it, the Board Policy states that *"A declining UAAL over time will evidence that contribution and benefit policies are being implemented consistent with Tex. Gov't Code § 802.2011."* In the portion of the Board Policy titled *"Achieving the Stated Funding Objective of at Least 100% Funded"*, the policy indicates that after the phase-in of contributions in SB 12, if at any time the annual valuation of TRS does not project the UAAL to begin to decline in the next 5 years, the next LAR request for TRS will include an increase in contribution rates so that the UAAL would be projected to begin to decline the year following the legislative session. Thus, this valuation is also assessing whether the UAAL is decreasing, or if it is not decreasing, how soon before it is expected to begin to do so.

PROGRESS TOWARD REALIZATION OF FINANCING OBJECTIVE

Based on this actuarial valuation as of August 31, 2024, the Fund's UAAL has increased to \$60.6 billion compared to \$57.9 billion as of August 31, 2023. The primary reason for the increase is an approximate \$1.5 billion loss on the liability side associated with higher-than-expected salary increases for continuing active employees. In addition, there was continued recognition of the investment experience for Fiscal Year 2022 which produced a loss on the actuarial value of assets of \$0.7 billion.

The total contribution rate pattern discussed above is sufficient to pay the normal cost and amortize the current UAAL of the Fund over a period of 28 years based on the smoothed asset value as of the valuation date. Therefore, the financing objectives of the Statute are expected to be met (assuming all assumptions are realized].

However, based on the contribution schedule established in 2019, the UAAL was anticipated to grow in nominal dollars through 2028 before beginning to decline annually after that. As of 2024, the UAAL

is \$5.9 billion greater than originally projected in the 2019 Legislative impact statement for SB 12 and is currently expected to peak in 2031. The change in the assumed investment return from 7.25% to 7.00% during the 2021 experience investigation makes up all of this difference. The 7.00% assumption continues to be the more appropriate forward-looking assumption. However, at this time the UAAL is not expected to begin to decrease in the next five years. A contribution rate increase of 0.97% of payroll is necessary beginning in Fiscal Year 2026 for the UAAL to be expected to begin decreasing. Alternatively, a level dollar automatically adjusting payment structure, similar to the one passed in HB 600 in the 88th Legislative Session, would also be expected to move the UAAL towards full amortization, although it would take longer than five years before the UAAL would begin to decline.

The actuarial valuation report as of August 31, 2024 reveals that the funded ratio [the ratio of actuarial assets to actuarial accrued liability] is 77.8%, increasing from 77.5% last year. The funded status is one of many metrics used to show trends and develop future expectations about the health of the Fund. The funded status measure itself is not appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations or assessing the need for or the amount of future contributions since it does not reflect normal cost contributions, the timing of amortization payments, or future experience other than expected.

Please note these expectations are based on the current benefit provisions, assumptions, contribution rates and a level active population. Any additional benefit enhancements (ad hoc Cost of Living Adjustments or "COLAs") granted without additional funding would increase the ultimate UAAL and extend the funding period before the funding status begins to improve. Thus, we continue to advise against any future benefit enhancements without additional sources of funding that cover the cost of the enhancement.

PLAN PROVISIONS

The plan provisions used in the actuarial valuation are described in Appendix 1 of the valuation report. Except as noted below, there have been no changes to the ongoing benefit provisions of the Fund since the prior valuation.

The 88th Texas Legislature (2023) passed two benefit enhancements for eligible retired public and higher education employees. The first was a one-time stipend to be paid in early Fiscal Year 2024. The legislation also provided for a one-time contribution expected to equal to the total amount of the stipend. The second enhancement was an ad hoc COLA which permanently increased the benefits of certain retirees. However, this benefit increase was contingent upon an amendment to the Texas Constitution which was approved by voters in the November 2023 election. Therefore, the COLA was paid to the eligible retirees and an additional contribution equal to the present value of the COLA was made from the State's general fund in Fiscal Year 2024. Since both benefit enhancements and the one-time contributions to pay for them occurred after August 31, 2023, they are first reflected in this valuation.

DISCLOSURE OF PENSION INFORMATION

Beginning with Fiscal Year 2014, the Fund began reporting financial information in accordance with GASB Statement No. 67. The disclosure information for GASB No. 67 is provided in a separate report and is not contained herein.

This report should not be relied on for any purpose other than the purpose described above. Determinations of the financial results associated with the benefits described in this report in a manner other than the intended purpose may produce significantly different results.

ACTUARIAL METHODS AND ASSUMPTIONS

The actuarial methods and assumptions have been selected by the Board based upon our analysis and recommendations. These assumptions and methods are detailed in Appendix 2 of this valuation report. The Board has sole authority to determine the actuarial assumptions used for the plan. The actuarial methods and assumptions are primarily based on a study of actual experience for the period ending August 31, 2021 and adopted on July 15, 2022. The most notable change was a reduction in the assumed invested return from 7.25% to 7.00%. Please see our experience study report dated July 15, 2022 for more information on the rationale for the current assumptions. In our opinion, the actuarial assumptions and methods used in this funding valuation meet the parameters set by the Actuarial Standards of Practice (ASOP) issued by the Actuarial Standards Board (ASB) for such purposes.

The results of the actuarial valuation are dependent on the actuarial assumptions used. Actual results can and almost certainly will differ, as actual experience deviates from the assumptions. Even seemingly minor changes in the assumptions can materially change the liabilities, calculated contribution rates and funding periods. To illustrate this point, on page 9 of this report we have shown illustrative results based on future investment experience deviating from the assumptions. Based on the scope of this engagement, we have not performed analysis on the potential range of future measurements based on other factors. The actuarial calculations are intended to provide information for rational decision making.

In our opinion, the actuarial assumptions used are appropriate for purposes of the valuation and are internally consistent and reasonably related to the experience of the Fund and to reasonable expectations.

This report was prepared using our proprietary valuation model and related software which in our professional judgment has the capability to provide results that are consistent with the purposes of the valuation. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

Data

Member data for retired, active and inactive members was supplied as of August 31, 2024 by the TRS staff. The staff also supplied asset information as of August 31, 2024. While GRS did not audit this data, we did apply a number of tests to the data and concluded that it was reasonable and consistent with the prior year's data. It is also our understanding that TRS' auditor has attested to this information. GRS is not responsible for the accuracy or completeness of the information provided to us by TRS.

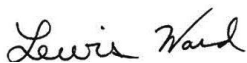
The following schedules in the Actuarial Section of the TRS Annual Comprehensive Financial Report were prepared by GRS:

- Actuarial Present Value of Future Benefits
- Schedule of Retirees and Beneficiaries Added to and Removed from Rolls
- Schedule of Funding Progress
- Post-Retirement Mortality
- Rates of Retirement
- Probability of Decrement due to Withdrawal
- Active Mortality

All other schedules shown in the actuarial section were prepared by TRS staff based upon our work. For further information please see the full actuarial valuation report.

This document and the PowerPoint presentation of the actuarial valuation results presented to the TRS Board in December 2024 comprise the full actuarial report.

Respectfully submitted,
Gabriel, Roeder, Smith & Company



Lewis Ward
Consultant



Joseph P. Newton, FSA, EA, MAAA
Pension Market Leader and Actuary

Actuarial Disclosure

The Actuarial Section is based on a valuation as of August 31, 2024.

Table 1: Actuarial Present Value of Future Benefits
(With Comparative Data for August 31, 2023)

2024			
Present Value of Benefits Presently Being Paid			
Service Retirement Benefits	\$	131,030,875,199	\$ 121,228,651,468
Disability Retirement Benefits		1,302,190,997	1,253,162,105
Death Benefits		1,196,279,980	1,134,410,754
Present Survivor Benefits		398,458,981	372,296,035
	\$	133,927,805,157	
Present Value of Benefits Payable in the Future to Present Active Members			
Service Retirement Benefits	\$	159,529,210,880	\$ 153,452,492,658
Disability Retirement Benefits		6,018,789,085	5,411,262,155
Termination Benefits		19,588,651,118	18,201,090,371
Death and Survivor Benefits		2,747,848,684	2,634,107,756
	\$	187,884,499,767	
Present Value of Benefits Payable in the Future to Present Inactive Members			
Inactive Vested Participants	\$	7,509,703,539	\$ 7,103,073,295
Refunds of Contributions to Inactive Non-vested Members		1,218,489,735	1,138,614,072
Future Survivor Benefits Payable On Behalf of Present Annuitants		2,079,196,524	1,995,830,968
	\$	10,807,389,798	
Total Actuarial Present Value of Future Benefits	\$	332,619,694,722	\$ 313,924,991,637

Table 2: Summary of Cost Items
(With Comparative Data for August 31, 2023)

Present Value of Future Benefits	\$	332,619,694,722	\$	313,924,991,637
Present Value of Future Normal Costs		(59,524,634,671)		(56,381,732,199)
	\$	273,095,060,051		
Actuarial Value of Assets	\$	(212,520,440,440)	\$	(199,663,655,982)
Unfunded Actuarial Accrued Liability	\$	60,574,619,611	\$	57,879,603,456



November 13, 2024

Board of Trustees
Teacher Retirement System of Texas
1000 Red River Street
Austin, TX 78701-2698

Subject: Actuary's Certification of the GASB Statement No. 74 Actuarial Valuation as of August 31, 2024 for TRS-Care

Submitted in this report are the results of an Actuarial Valuation of the liabilities associated with the employer financed retiree health benefits provided through TRS-Care, a benefit program designed to provide post-retirement medical benefits for certain members of the Teacher Retirement System of Texas (TRS). The date of the valuation was August 31, 2023. Update procedures were used to roll forward the total OPEB liability to August 31, 2024. This report was prepared at the request of TRS.

The actuarial calculations were prepared for purposes of complying with the requirements of Statement No. 74 of the Governmental Accounting Standards Board (GASB). The calculations reported herein have been made on a basis consistent with our understanding of this accounting standard. Determinations of the liability associated with the benefits described in this report for purposes other than satisfying the financial reporting requirements of TRS-Care and participating employers may produce significantly different results. Actuarial valuations of the post-retirement benefits are performed annually.

The valuation was based upon information, furnished by TRS, concerning retiree health benefits, members' census, and financial data. Data was checked for internal consistency but was not otherwise audited. Certain actuarial assumptions applicable only to the TRS-Care OPEB valuation have changed since the prior report. These changes are disclosed in the assumptions section of this report.

The following Annual Comprehensive Financial Report (ACFR) schedules were prepared by GRS and can be found in Sections D and E of this report:

1. Actuarial Assumptions and Methods
2. Schedule of Retirees and Beneficiaries Added and Removed from Rolls

GRS is not responsible for any trend data schedules not found in this report.

The current objective is to fund the Trust in order to maintain benefits through individual biennial periods. There is no arrangement into which the participating employers would make contributions to advance-fund the obligation. However, a Trust does exist into which participating employers are making contributions based on the current funding policy.

The Net OPEB Liability (NOL) increased by \$8.21 billion, from \$22.1 billion as of August 31, 2023 to \$30.4 billion as of August 31, 2024. The increase was primarily due to lowering the Medicare retiree premiums effective January 1, 2025 and declines in the discount rate.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in plan provisions or applicable law.

This report was prepared using our proprietary valuation model and related software which in our professional judgment has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

To the best of our knowledge, this report is complete and accurate. The assumptions and methods used for financial reporting purposes are reasonable and in accordance with generally accepted actuarial principles set by the Actuarial Standards of Practice (ASOPs). Joseph Newton and Blake Orth are members of the American Academy of Actuaries and meet the Qualification Standards of the Academy of Actuaries to render the actuarial opinion herein. The signing individuals are independent of the plan sponsor.

Respectfully submitted,
Gabriel, Roeder, Smith & Company



Joseph P. Newton, FSA, EA, FCA, MAAA
Pension Market Leader



Blake Orth, FSA, EA, MAAA
Consultant and Actuary