Financial Statements
South Carolina Retirement Systems
Year Ended June 30, 2025

Administered by the
South Carolina Public Employee Benefit Authority
Columbia, South Carolina

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SOUTH CAROLINA OFFICE OF THE STATE AUDITOR
1401 Main Street, Suite 1200 • Columbia, SC 29201

October 14, 2025

Members of the South Carolina Public Employee
 Benefit Authority
State of South Carolina
Columbia, South Carolina

This report on the audit of the financial statements of the South Carolina Retirement Systems for the fiscal year ended June 30, 2025, was issued by Crowe LLP, Certified Public Accountants, under contract with the South Carolina Office of the State Auditor.

If you have any questions regarding this report, please let us know.

Respectfully submitted,

Sue F. Moss

Sue F. Moss, CPA
Interim State Auditor

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Table of Contents

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INDEPENDENT AUDITOR'S REPORT

The Honorable Henry D. McMaster, Governor
Ms. Sue F. Moss, CPA, State Auditor,
and Board of Directors
South Carolina Public Employee Benefit Authority
Columbia, South Carolina

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the South Carolina Retirement Systems (the Systems) as administered by the South Carolina Public Employee Benefit Authority, included as fiduciary funds of the State of South Carolina, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Systems' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Systems, as of June 30, 2025, and the changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States *(Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Systems and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Systems' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Systems' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Systems' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Systems' 2024 financial statements, and we expressed unmodified opinions on the respective financial statements of the Systems in our report dated October 11, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of changes in the employers' net pension liability, employers' net pension liability, employers' and nonemployer's contributions, and investment returns and related notes as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit for the year ended June 30, 2025 was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Systems' basic financial statements. The other supplementary information, as listed in the table of contents, for the year ended June 30, 2025 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2025 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2025.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Systems as of and for the year ended June 30, 2024 (not presented herein) and have issued our report thereon dated October 11, 2024 which contained unmodified opinions on the respective financial statements of the Systems. The other supplementary information, as listed in the table of contents, for the year ended June 30, 2024 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2024 basic financial statements. The information was subjected to the audit procedures applied in the audit of the 2024 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or to those basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2024.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated October 14, 2025 on our consideration of the Systems' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Systems' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Systems' internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Dallas, Texas
October 14, 2025

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Management's Discussion and Analysis (unaudited)

This section presents management's discussion and analysis of the financial position and performance for the year ended June 30, 2025, for the South Carolina Retirement Systems' pension trust funds (Systems), and is offered as an introduction and analytical overview. This narrative is intended as a supplement and should be read in conjunction with the financial statements.

The Systems' financial statements provide information about the activities of the five defined benefit pension plans administered, which are listed below, in addition to comparative summary information about the activities of the Systems as a whole:

- The South Carolina Retirement System (SCRS) - A member contributory multiple-employer plan covering teachers, as well as state and municipal employees;
- The Police Officers Retirement System (PORS) - A member contributory multiple-employer plan covering state and local law enforcement personnel and firefighters;
- The Retirement System for Members of the General Assembly of the State of South Carolina (GARS) - A member contributory plan providing benefits to members of the South Carolina General Assembly, which is closed to persons first elected to the South Carolina General Assembly at or after the general election in November 2012;
- The Retirement System for Judges and Solicitors of the State of South Carolina (JSRS) - A member contributory plan covering Judges, Solicitors, Public Defenders and Administrative Law Judges; and
- The South Carolina National Guard Supplemental Retirement Plan (SCNG) - A non-contributory supplemental benefit plan for members of the South Carolina National Guard.

Overview of the Financial Statements

The Systems represents the collective retirement funds that are held in a group trust for the plans and are protected by the state's constitution. The South Carolina Public Employee Benefit Authority (PEBA) was created July 1, 2012 and operates a Retirement Division to administer the various retirement systems and retirement programs. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets. The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the annual comprehensive financial report of the state. Financial statements prepared on behalf of the Systems, include the following information, for the fiscal year ended June 30, 2025, with combined total comparative information for the fiscal year ended June 30, 2024:

- Statement of Fiduciary Net Position
- Statement of Changes in Fiduciary Net Position
- Notes to the Financial Statements
- Required Supplementary Information
- Other Supplementary Information

The Statement of Fiduciary Net Position presents the Systems' assets and liabilities and the resulting net position restricted for pensions. This statement reflects a year-end snapshot of the Systems' investments, at fair value, along with cash and short-term investments, receivables and other assets and liabilities.

The Statement of Changes in Fiduciary Net Position presents information showing how the Systems' net positions restricted for pensions changed during the year. This statement includes additions for members, employers, nonemployer and state appropriated contributions and investment earnings (losses) and deductions for retirement benefit payments, refunded contributions, death benefit payments and administrative expenses.

Notes to the Financial Statements are an integral part of the basic financial statements and provide additional information that is necessary in order to gain a comprehensive understanding of data reported in the basic financial statements.

Required Supplementary Information presents schedules pertaining to the employers' net pension liability, changes in employers' net pension liability, employers' and nonemployer's contributions, and the money-weighted rate of return on investments. These schedules are intended to provide additional information useful in evaluating the condition of the Systems.

Other Supplementary Information includes Schedules of Changes in Fiduciary Net Position, as well as Schedules of Administrative Expenses, Professional and Consultant Fees and Investment Fees and Expenses.

Financial Highlights

- Total fiduciary net position for the Systems' five defined benefit plans increased from $45.4 billion to $50.8 billion. This represented a 12 percent increase from the prior fiscal year ended June 30, 2024 and is the first time the Systems' net position exceeded $50 billion. The net position of the plans is impacted by contributions paid into the plans, investment performance, and benefits paid out of the plans. Although contributions received exceeded benefits and expenses for the fiscal year, allowing the plans to continue to experience positive net cash outflows, it is also crucial for favorable investment performance to be achieved in order for the fiduciary net position to grow. Thus, the increase in net position for the fiscal year was attributable to both increased contributions and positive investment performance.
- For the fiscal year ended June 30, 2025, investment performance, net of fees, on a time-weighted basis reported by the custodial bank, the Bank of New York (BNY), was 11.34 percent. The net rate of return reflects performance of the Systems, at the aggregate for the pooled investments of the consolidated pension trust funds, after the deduction for manager fees and investment expenses. Performance for fiscal year 2025 exceeded the prior fiscal year's return of 10.49 percent. The actuarial assumed rate of return is 7 percent; therefore, the plans also experienced an actuarial gain for fiscal year. Actuarial valuations are prepared for each of the plans annually for funding purposes, at which time gains and losses from investment performance are recognized using smoothing methods that help mitigate sharply fluctuating market returns over a long-term period. The smoothing methodology offsets both deferred investment gains and losses against each other and is intended to produce an actuarial asset value that should be reasonably consistent with fair value during periods of ordinary investment returns. Smoothing investment performance avoids overreaction to inherently volatile conditions that would otherwise overweight the effects of a single year of under or over performance that may potentially be reversed in subsequent years. Actuarial smoothing is intended to result in more stable contribution rates and a more level funded status and is also a valuable methodology for governmental entities because it permits participating employers to plan their budgets over more than one fiscal year when there is a change in contribution rates.

- The Statement of Fiduciary Net Position illustrates that Cash and cash equivalents, receivables, and prepaid expenses increased 57% from fiscal year 2024. The net change in this line item was primarily due to the increase from $3.77 billion to $6.14 billion in the dollar amount of Cash and cash equivalents at June 30, 2025. Cash fluctuates in line with Plan allocations. As allocations shift, the RSIC adjusts cash positions accordingly. Additionally, cash allocations have remained elevated due to the attractiveness of short-term interest rates. Balances remain within the target asset allocation ranges allowed per the Commission's Annual Investment Plan (AIP).
- The Statement of Changes in Fiduciary Net Position depicts slight increases in the dollar amounts of both employee and employer contributions, attributable to increased payroll growth. For fiscal year 2025, employee contribution rates remained capped at a rate of 9.00 percent of pay for SCRS and 9.75 percent for PORS, and total employer contribution rates for both SCRS and PORS remained at a rate of 18.56 percent of pay and 21.24 percent, respectively. These employer rates are inclusive of contributions for the incidental and accidental death benefit plans, which are only applicable to employers participating in those benefits. Provided contributions allow the unfunded actuarial accrued liability (UAAL) to be amortized over the statutorily defined funding period, there are no scheduled rate increases for either employee or employer contributions, and rates are expected to remain at the current levels. However, if at any point in the future, contribution rates are no longer considered sufficient to meet the funding periods set for the applicable year, future employer contribution rates may be further increased if necessary. The PEBA board has authority to increase the employer contribution rates as necessary to meet the amortization period set in statute.
- In the State of South Carolina's budget, the General Assembly again appropriated funds to PEBA for the SCRS Trust Fund and the PORS Trust Fund, to be distributed to certain employers to help offset a portion of the employer's retirement contributions. Each employer's credit is the same dollar amount as the prior fiscal year. In no event shall a participating employer receive a credit that exceeds the employer contributions due from the employer for the fiscal year. This represents the eighth year in which PEBA issued credit invoices to SCRS and PORS employers, who then applied the credit invoices towards contributions otherwise due to the Systems. The amount of credit invoices issued in fiscal year 2025 totaled $88.7 million and $12.5 million for SCRS and PORS respectively. The General Assembly also continues to fund $2.9 million in nonemployer contributions to JSRS.
- Annuity benefits paid from the five defined benefit plans, increased nearly 4 percent from the prior fiscal year. The change resulted in part from the annual benefit adjustment equal to the lesser of 1 percent or $500 granted to eligible SCRS and PORS annuity recipients effective July 1, 2024. In addition, the number of annuitants receiving monthly benefits increased slightly, as did the average monthly benefit of those annuitants.
- The Systems' investment portfolio participates in a securities lending program, managed by BNY, whereby securities are loaned for the purpose of generating additional income. As the securities lending agent, BNY is responsible for making loans of securities on a collateralized basis from the Systems' investment portfolio to various third-party broker-dealers and financial institutions. Securities lending revenue, net of borrower rebates, was $1.69 million, an increase of $620 thousand from the prior year. As reported by BNY, at June 30, 2025, the fair value of securities on loan was $299.15 million, the fair value of the invested cash collateral was $306.41 million, and the securities lending obligations were $306.41 million.
- The Commission operates pursuant to statutory provisions and under governance policies that allow for a diverse asset allocation, and which afford the RSIC and its Chief Investment Officer (CIO) discretion and flexibility to quickly react to changes in market conditions. The Retirement

Systems' investment portfolio is structured to focus on ensuring the long-term stability of the plans, seeking superior returns at acceptable levels of risk.

- In accordance with SC State Statute, the Commission has exclusive authority to select the custodial bank, with PEBA as a third-party beneficiary of the contract with full rights to information. The Commission contracts with BNY to serve as custodial bank for the Retirement Systems' funds. Under a provision of the contract for custody services and in an effort to maintain transparency, BNY directly invoices the trust funds on a quarterly basis for both custody and other ancillary services utilized. PEBA and the RSIC jointly verify that invoices accurately reflect services rendered and are appropriate for the period, before amounts are paid from the trust fund. Securities lending revenue within the pension trust fund is the initial source from which such costs are paid to the custodial agent.
- All investment manager fees, whether directly invoiced or deducted from the funds' Net Asset Value (NAV) on a net of fee basis, are classified and reported as investment expense in the Statement of Changes in Fiduciary Net Position. The RSIC is responsible for overseeing the collection, validation, and aggregation of non-invoiced/netted fee and expense information performed by their external consultant. On an annual basis, fee information is communicated to PEBA so that amounts can be reclassified and reported in the Systems' financial statements. Investment manager fees reported include management fees, performance fees and carried interest (accrued during the fiscal year), and other expenses. There is no industry standard for reporting pension plan investment fees and expenses; therefore, in order to compare investment expenses as reported by the Systems with investment management costs reported by other public pension plans, an understanding of the actual fees and expenses included in any comparative report is necessary. Total investment manager fees for fiscal year 2025 were $562.63 million, which includes both directly invoiced amounts and amounts deducted on a net of fee basis, but excludes bank fees and other miscellaneous investment expenses. Comparatively, total investment manager fees were 19.5 percent higher than the prior fiscal year 2024 total of $470.99 million. The increase for the current fiscal year is primarily attributed to higher returns in certain asset classes, by managers that are compensated through performance fees.
- PEBA is the governing body responsible for administration of both the state's retirement plans and employee insurance programs. Administrative costs are proportionately allocated for retirement operations and funded from the retirement trust funds. Amounts are reflected as administrative expenses on the Statement of Changes in Fiduciary Net Position. Administrative and other expenses remained relatively flat for the fiscal year.
- PEBA retains Gabriel, Roeder, Smith & Company (GRS) as the consulting actuary for the defined benefit retirement plans. South Carolina state statute requires that the actuary complete a valuation of the Systems annually and that an experience study be conducted at least once in each five-year period. The most recent annual valuation reports were issued in December 2024 reflecting the valuation of the Systems as of July 1, 2024. The most recent actuarial experience study was completed by GRS for the five-year period ending June 30, 2023. With the exception of the investment return assumption, the Board adopted a new set of demographic and economic assumptions that were first used in the July 1, 2024 actuarial valuations. The investment return assumption is a prescribed assumption set in Section 9-16-335 of South Carolina State Code, requiring a new rate to be set and made by the General Assembly every four years. The current 7 percent investment return assumption was scheduled to expire on July 1, 2025. The PEBA board recommended to the Senate Finance Committee and the House Ways and Means Committee, continued use of the 7 percent investment return assumption for the subsequent four-year period.

- For financial reporting purposes, liability calculations for each of the five defined benefit plans were performed and certified by Gabriel Roeder Smith & Company (GRS) in the GASB No. 67 Accounting Valuation Report as of June 30, 2025. The calculations presented in the accounting valuation report are not applicable for other purposes, such as determining the plans' funding requirements. The total pension liability, net pension liability, and sensitivity information for each plan are based on the actuarial valuations performed as of July 1, 2024. The total pension liability for each plan was rolled-forward from the valuation date to the plans' fiscal year ending June 30, 2025, using generally accepted actuarial principles. The Notes and Required Supplementary Information (RSI) sections of the Financial Statements include disclosures required by GASB No. 67.
- As a cost-sharing multiple-employer defined benefit pension plan, PEBA works closely with our consulting actuary and external audit firm to ensure employers are provided with pension information needed to prepare their GAAP based financial statements in compliance with Governmental Accounting Standards Board (GASB), specifically Statements No. 68, 71 and 82. PEBA's public website includes a dedicated GASB section where information is posted for participating employers and auditors to access financial statement disclosure information related to their proportionate share of the net pension liability, deferred inflows and outflows of resources and pension expense.
- All of the plans (excluding SCNG) include certain provisions that allow retired members to return to covered employment while also receiving a monthly retirement benefit. Under SCRS, PORS and JSRS, when members return to work for a covered employer after retirement, the employer must pay the corresponding employer contribution for that particular plan, and those working retired members are also required to pay the same employee contribution as an active member in the same position. As of June 30, 2024, the actuarial valuations for SCRS and PORS collectively reported that over 14,000 retired members were working for a covered employer; thereby, making up approximately five percent of the total public workforce covered by the Systems. The historical return-to-work provisions, coupled with demographic changes of the membership, caused concern over the long-term stability of the plan so legislation enacted in 2012 addressed retiree return-to-work provisions. Generally, SCRS and PORS members may return to covered employment after retirement. However, members who retire after January 1, 2013, and who have not reached age 62 (SCRS) or age 57 (PORS) at retirement, are subject to an earnings limit of $10,000 each calendar year on wages earned from covered employment unless they meet an allowable exemption. Additionally, a retired member must experience a bona-fide separation of employment and have been retired a minimum of 30 calendar days before returning to work for a participating employer.
- Qualified Excess Benefit Arrangement (QEBA) trust funds are maintained for each of the plans administered by the Retirement Division of PEBA (excluding SCNG). A QEBA is intended to be a qualified governmental excess benefit arrangement within the meaning of Section 415(m)(3) of the Internal Revenue Code and provides the part of a participant's retirement benefit that would have been paid by the Systems had there been no limitation under Code Section 415(b). The QEBA plans are separate and apart from the funds comprising the retirement funds and are not commingled with assets of those funds. The QEBA is not prefunded; therefore, no assets or income are accumulated to pay future benefits. The amount of required contributions necessary to pay benefits under the plans is determined and deposited to the trust funds on an as-needed basis. Employer contributions to fund the excess benefits are not credited or commingled with contributions paid into and accumulated in the retirement funds.

- GARS was closed to persons first elected to the South Carolina General Assembly at or after the general election in November 2012. Members so elected to the SC Senate or House of Representatives have the option to join SCRS, the State Optional Retirement Program (State ORP), which is a defined contribution plan, or they may elect to opt out of a plan altogether. As a result of the plan closure, employee contributions to the GARS plan should decrease over time, while employer contributions may increase as necessary to fund the plan.

Condensed Financial Information

The Systems' financial stability and long-term ability to sufficiently fund retirement benefits payable to members in future years is viable because funds are accumulated and invested on a regular and systematic basis. The five defined benefit funds provide monthly service retirement benefits, disability benefits and death benefits to eligible members and/or their surviving beneficiaries.

The Systems' principal sources of revenue are employee contributions, employer contributions and investment earnings. In addition, the General Assembly provided funds to PEBA through legislative appropriations that are classified as nonemployer contributions by the Systems. A portion of the appropriated funds were made available for PEBA to distribute to participating employers in the form of a credit to be used towards contributions due to SCRS and PORS, and a portion of the funds were appropriated as additional contributions to JSRS. Required annual contributions for the SCNG are also funded through an annual state appropriation. Expenses of the Systems consist primarily of payments of monthly annuities to retired members or their beneficiaries, and refunds of member contributions and accumulated interest that are distributed upon request and subsequent to termination of employment. The defined benefit plans include an incidental death benefit that employers may elect to participate in which provides benefits to beneficiaries of both active and retired members, and additionally, PORS includes an accidental death plan that provides benefits to survivors of PORS members.

PEBA sponsors the State ORP which is a defined contribution plan that is administered by four different third-party service providers. State ORP is an alternative plan available to newly hired employees of state agencies, higher education institutions, public school districts and individuals first elected to the General Assembly at or after the general election in November 2012. In addition, PEBA is responsible for the South Carolina Deferred Compensation Program, which offers 401(k) and 457 plans, and is also administered by a third-party record keeper. Neither State ORP nor Deferred Compensation assets are considered part of the Retirement Systems for financial statement purposes. Summary comparative financial statements of the SC Retirement Systems' pension trust funds are presented on the following page.

Fiduciary Net Position

As of June 30

(Amounts expressed in thousands)

Assets	2025	2024	Increase / (Decrease)	% Increase / (Decrease)
Cash and cash equivalents, receivables, and prepaid expenses	$ 7,611,493	$ 4,846,238	$ 2,765,255	57.06%
Investments, at fair value	43,650,203	40,864,832	2,785,371	6.82%
Securities lending cash collateral invested	306,413	308,709	(2,296)	(0.74)%
Capital assets, net of accumulated depreciation	1,543	1,718	(175)	(10.19)%
Total assets	51,569,652	46,021,497	5,548,155	12.06%
Liabilities				
Obligations under securities lending	306,413	308,709	(2,296)	(0.74)%
Other liabilities	444,223	273,128	171,095	62.64%
Total liabilities	750,636	581,837	168,799	29.01%
Net Position Restricted for Pensions	$ 50,819,016	$ 45,439,660	$ 5,379,356	11.84%

Changes in Fiduciary Net Position

Years Ended June 30

(Amounts expressed in thousands)

Additions	2025	2024	Increase / (Decrease)	% Increase / (Decrease)
Employee contributions	$ 1,398,575	$ 1,318,817	$ 79,758	6.05%
Employer contributions	3,109,604	2,898,288	211,316	7.29%
Nonemployer contributions	104,076	104,076		0.00%
State appropriated contributions	5,290	5,290		0.00%
Net investment income	5,100,830	4,294,965	805,865	18.76%
Other income	1,820	1,976	(156)	(7.89)%
Total additions	9,720,195	8,623,412	1,096,783	12.72%
Deductions				
Annuity benefits	4,094,422	3,951,675	142,747	3.61%
Refunds	192,915	179,219	13,696	7.64%
Death benefits	30,355	32,383	(2,028)	(6.26)%
Administrative and other expenses	23,147	23,495	(348)	(1.48)%
Total deductions	4,340,839	4,186,772	154,067	3.68%
Net increase in Net Position	5,379,356	4,436,640	942,716	21.25%
Net Position Restricted for Pensions				
Beginning of year	45,439,660	41,003,020	4,436,640	10.82%
End of year	$ 50,819,016	$ 45,439,660	$ 5,379,356	11.84%

Analysis of the Plan's Financial Position and Results of Operations

On a combined basis, the defined benefit plans' fiduciary net position was $50.8 billion at June 30, 2025, up from $45.4 billion in the prior fiscal year. This represents an increase of nearly 12 percent from the previous fiscal year-end. As explained in the financial highlights section, the fiduciary net position increased due to both increased contributions and positive performance of plan investments.

During fiscal year 2025, the total dollar amount of employee and employer contributions added to the plans increased due to payroll growth, while the nonemployer funding remained the same. Amounts paid out of the plans also increased marginally compared with the previous year. There was a slight increase in the number of annuitants, as well as an increase related to the annual benefit adjustment equal to the lesser of 1 percent or $500, that was granted to eligible SCRS and PORS annuity recipients effective July 1, 2024.

For investment performance calculation purposes, the books are closed 12 business days after month end, capturing the corresponding valuations reported by investment managers to that point. However, for investment valuation purposes, and specifically in order to ensure financial statements include the most complete values of private market investments, the books are held open longer at fiscal year-end which allows more time for valuations to be received from investment managers with lagged reporting. Because of the timing difference between accounting and performance, the investment performance of some reported valuations included in the reported plan's net position are not included in plan performance for the current fiscal year. Accordingly, the performance of those particular assets will be included in the calculation of following fiscal year's plan performance.

Net of fee performance return, on a time-weighted basis, was 11.34 percent for the fiscal year. The Plan outperformed the policy benchmark, which returned 10.46 percent, by 88 basis points. Additionally, the Plan performance exceeded the actuarial assumed rate of return of 7 percent by 434 basis points.

The Public Equity asset class was the strongest performer for the fiscal year, achieving a return of 16.25 percent and outperformed the asset class benchmark which returned 15.89 percent. Private Equity generated a positive return of 11.41 percent, outperforming its benchmark by 494 basis points. The Private Debt asset class returned 9.69 percent, surpassing its benchmark by 133 basis points. Hedge Funds, which support the Portable Alpha program, returned 9.14 percent and had an excess return of 436 basis points over Secured Overnight Financing Rate (SOFR). The Bonds asset class, which includes cash and short duration investments, returned 4.59 percent versus the asset class benchmark which returned 6.08 percent. The Real Assets asset class, which comprises both private and public Real Estate and Infrastructure investments, recorded a return of 2.05 percent, underperforming the benchmark return of 2.67 percent. Asset class returns include the impact of synthetic returns generated from the overlay portfolio.

Actuarial Valuations and Funding Progress

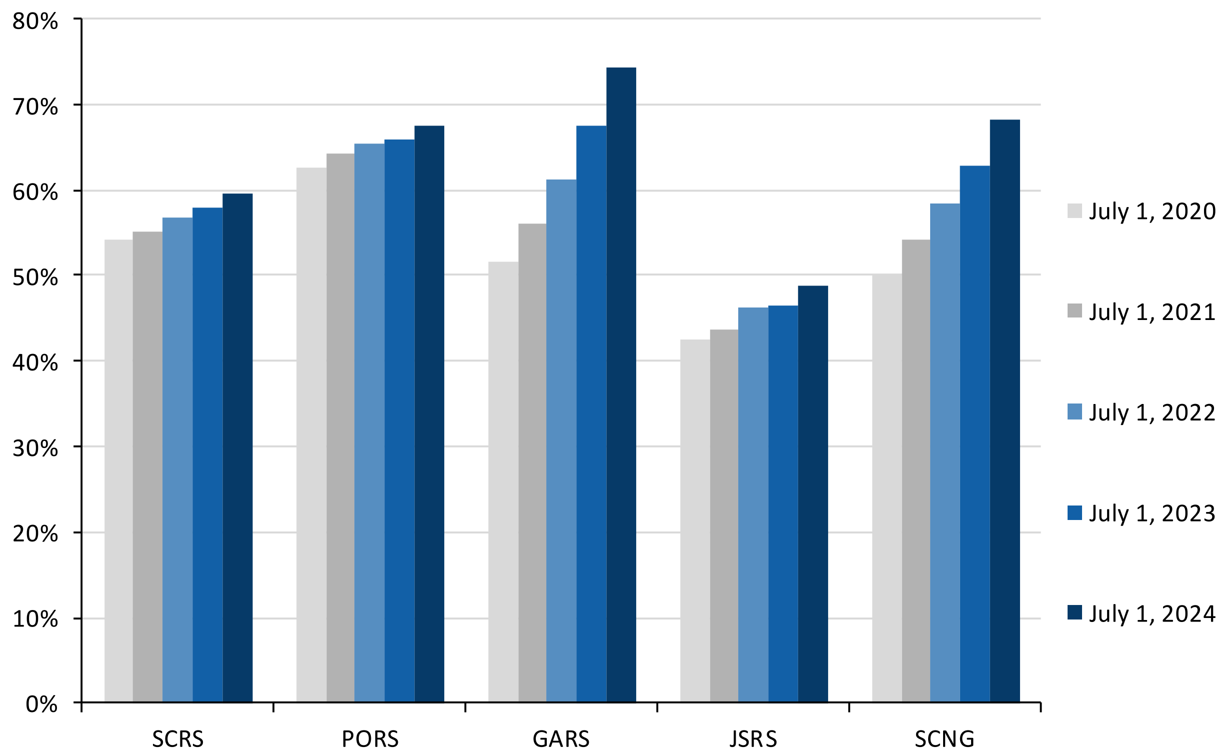
Actuarial valuations are performed annually by an external consulting actuary for each of the five defined benefit plans to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Additionally, the Board is prohibited from decreasing the SCRS and PORS contribution rates until the funded ratio is at least 85 percent. The Retirement System Funding and Administration Act of 2017, which became effective on July 1, 2017, schedules the amortization period to be reduced from 30 years to 20 years over a ten-year schedule. Over time and provided investment performance meets long-term assumptions and there are no future benefit enhancements, the funded ratio of each system is expected to improve significantly.

For purposes of developing the actuarially determined contribution rate, the most recently completed valuations prepared as of July 1, 2024, recognized investment performance using a smoothing method which recognizes each year's investment gain or loss, determined on a fair value of assets basis, over a closed five year period at a rate of 20 percent per year. This asset valuation method mitigates the short-term impact of market volatility and allows changes in market conditions to be recognized (smoothed) over a period of time.

Actuarial valuations are prepared by GRS for funding purposes and the funded ratio (the ratio of the actuarial assets to the actuarial accrued liability) is a standard of measure of a plan's funded status. It provides an indication as to whether sufficient assets are accumulated to pay benefits when due; the greater the level of funding, the larger the ratio of assets to liabilities. The funding progress of a retirement system should be reviewed over a multi-year period, such as five to ten years, to identify trends in the system's funded status. The most recent actuarial valuations prepared by GRS for funding purposes as of July 1, 2024, showed a slight increase in funded status for SCRS, PORS and JSRS while the funded ratios for GARS and SCNG showed larger improvements. The changes in funded ratios do not affect the availability of funds or resources for future use, and considering scheduled contributions, actuarial projections indicate that unfunded liabilities should be amortized and funded within the guidelines established in Title 9 of the South Carolina Code of Laws. The actuarial funded ratios of the five plans are presented in the graph below.

Actuarial Funded Ratios

(Actuarial assets as a percentage of actuarial accrued liabilities)



GASB separates a plan's funding from the accounting; therefore, for the purpose of providing accounting information under GASB Statement No. 67, GRS prepares an accounting valuation report which determines the plan fiduciary net position on a fair value basis. This differs from the actuarial valuation which uses the actuarial value of assets for funding purposes. As a result, the GASB accounting ratio of plan fiduciary net position to the total pension liability can result in significant short-term volatility. The Net Position as a Percentage of the Total Pension Liability can be found in the Schedule of Employers' Net Pension Liability on page 66.

Requests for Information

This financial report is designed to provide a general overview of the Retirement Systems' financial activities and position for all interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the South Carolina PEBA, Attn: Retirement Systems Finance, 202 Arbor Lake Drive, Columbia, SC 29223. Inquiries may also be made at www.peba.sc.gov or by calling 888.260.9430.

South Carolina Retirement Systems
Statement of Fiduciary Net Position

June 30, 2025

With summarized comparative totals for June 30, 2024

(Amounts expressed in thousands)

	SCRS	PORS	GARS	JSRS	SCNG	TOTAL	2024 TOTAL
Assets							
Cash and cash equivalents	$ 4,966,989	$ 1,116,125	$ 9,607	$ 34,196	$ 13,776	$ 6,140,693	$ 3,764,213
Receivables							
Due from other systems	1,674	413				2,087	142
Employee and employer contributions	386,537	46,580	4	669		433,790	504,379
Accrued investment income	25,149	5,340	44	176	57	30,766	34,676
Unsettled investment sales	839,187	156,838	1,054	5,312	893	1,003,284	542,334
Other investment receivables	109	21		1		131	2
Total receivables	1,252,656	209,192	1,102	6,158	950	1,470,058	1,081,533
Investments, at fair value							
Short-term securities	182,864	34,176	230	1,157	194	218,621	237,839
Fixed Income	688,232	128,626	865	4,356	732	822,811	1,280,038
Global Public Equity	18,634,461	3,482,650	23,409	117,947	19,818	22,278,285	20,177,063
Alternatives	17,005,242	3,178,162	21,362	107,635	18,085	20,330,486	19,169,892
Total investments	36,510,799	6,823,614	45,866	231,095	38,829	43,650,203	40,864,832
Securities lending cash collateral invested	256,296	47,900	322	1,622	273	306,413	308,709
Prepaid expenses	620	116	1	4	1	742	492
Capital assets, net of accumulated depreciation	1,387	145	4	7		1,543	1,718
Total assets	42,988,747	8,197,092	56,902	273,082	53,829	51,569,652	46,021,497
Liabilities							
Due to other systems	413	1,674				2,087	142
Accounts payable - unsettled investment purchases	118,610	22,167	149	751	126	141,803	35,651
Investment fees payable	1,968	368	3	12	2	2,353	4,385
Obligations under securities lending	256,296	47,900	322	1,622	273	306,413	308,709
Due to South Carolina Retiree Health Insurance Trust Fund	103,497	1,907				105,404	107,209
Benefits payable	7,611	872			10	8,493	7,557
Other liabilities	153,000	29,774	190	958	161	184,083	118,184
Total liabilities	641,395	104,662	664	3,343	572	750,636	581,837
Net Position Restricted for Pensions	$ 42,347,352	$ 8,092,430	$ 56,238	$ 269,739	$ 53,257	$ 50,819,016	$ 45,439,660

The accompanying notes are an integral part of these financial statements.

South Carolina Retirement Systems
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2025
With summarized comparative totals for the year ended June 30, 2024
(Amounts expressed in thousands)

	SCRS	PORS	GARS	JSRS	SCNG	TOTAL	2024 TOTAL
Additions							
Contributions							
Employee	$ 1,188,284	$ 206,095	$ 127	$ 4,069	$ -	$ 1,398,575	$ 1,318,817
Employer	2,643,644	437,054	6,200	22,706		3,109,604	2,898,288
Nonemployer	88,706	12,470		2,900		104,076	104,076
State appropriated					5,290	5,290	5,290
Total contributions	3,920,634	655,619	6,327	29,675	5,290	4,617,545	4,326,471
Investment income							
Net appreciation in fair value of investments	4,165,968	778,590	5,233	26,369	4,431	4,980,591	4,146,030
Interest and dividend income	575,470	114,385	1,012	4,446	1,105	696,418	640,888
Investment expense	(483,348)	(90,335)	(607)	(3,060)	(514)	(577,864)	(493,025)
Net income from investing activities	4,258,090	802,640	5,638	27,755	5,022	5,099,145	4,293,893
From securities lending activities:							
Securities lending income	11,748	2,184	15	74	12	14,033	8,734
Securities lending borrower rebates	(10,338)	(1,921)	(13)	(65)	(11)	(12,348)	(7,662)
Net income from securities lending activities	1,410	263	2	9	1	1,685	1,072
Total net investment income	4,259,500	802,903	5,640	27,764	5,023	5,100,830	4,294,965
Supplemental retirement benefits funded by the State	157	5				162	168
Transfers of contributions from other Systems	-	1,462		196		1,658	1,808
Total additions	8,180,291	1,459,989	11,967	57,635	10,313	9,720,195	8,623,412
Deductions							
Refunds of contributions to members	163,006	29,609		300		192,915	179,219
Transfers of contributions to other Systems	1,617	41				1,658	1,808
Regular retirement benefits	3,542,663	507,472	6,226	30,580	4,823	4,091,764	3,949,442
Deferred retirement benefits				414		414	
Supplemental retirement benefits	157	5				162	168
Death benefits	27,034	3,095	5	221		30,355	32,383
Accidental death benefits		2,082				2,082	2,065
Depreciation	166	22		1		189	186
Administrative expenses	17,788	3,352	24	114	22	21,300	21,501
Total deductions	3,752,431	545,678	6,255	31,630	4,845	4,340,839	4,186,772
Net increase in Net Position	4,427,860	914,311	5,712	26,005	5,468	5,379,356	4,436,640
Net Position Restricted for Pensions							
Beginning of year	37,919,492	7,178,119	50,526	243,734	47,789	45,439,660	41,003,020
End of year	$ 42,347,352	$ 8,092,430	$ 56,238	$ 269,739	$ 53,257	$ 50,819,016	$ 45,439,660

The accompanying notes are an integral part of these financial statements

South Carolina Retirement Systems
Notes to Financial Statements

I. Basis of Presentation and Summary of Significant Accounting Policies

Description of the Entity

The South Carolina Public Employee Benefit Authority (PEBA) was created by the South Carolina General Assembly effective July 1, 2012. PEBA is a state agency responsible for the administration and management of the state's employee insurance programs and retirement systems.

The governing board of the authority is a board of directors consisting of 11 members. The membership composition is as follows:

- three non-representative members appointed by the Governor;
- two members appointed by the President Pro Tempore of the Senate, one a non-representative member and one a representative member who is either an active or retired member of the South Carolina Police Officers Retirement System (PORS);
- two members appointed by the Chairman of the Senate Finance Committee, one a non-representative member and one a representative member who is a retired member of the South Carolina Retirement System (SCRS);
- two members appointed by the Speaker of the House of Representatives, one a non-representative member and one a representative member who must be a state employee who is an active contributing member of SCRS;
- two members appointed by the Chairman of the House Ways and Means Committee, one a non-representative member and one a representative member who is an active contributing member of SCRS employed by a public school district.

Non-representative members of the PEBA board may not belong to the classes of employees and retirees from which representative members must be appointed. Individuals appointed to the PEBA board must possesses certain qualifications.

Members of the PEBA board serve for terms of four years, on a staggered schedule and until their successors are appointed and qualify. Vacancies on the PEBA Board must be filled within 60 days in the manner of the original appointment for the unexpired portion of the term.

The financial statements of the South Carolina Retirement Systems (Systems) presented herein contain the following funds:

Pension Trust Funds

- South Carolina Retirement System (SCRS)
- South Carolina Police Officers Retirement System (PORS)
- Retirement System for Members of the General Assembly of the State of South Carolina (GARS)
- Retirement System for Judges and Solicitors of the State of South Carolina (JSRS)
- South Carolina National Guard Supplemental Retirement Plan (SCNG)

Each pension trust fund operates on an autonomous basis; funds may not be utilized for any purpose other than for the benefit of each plan's participants.

The Systems are part of the state of South Carolina's primary government and are included in the *Annual Comprehensive Financial Report of the State of South Carolina*. In making this determination, factors of financial accountability, governance and fiduciary responsibility of the state were considered.

Plan Descriptions

The South Carolina Retirement System (SCRS), a cost–sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for public school districts and employees of the state and its political subdivisions thereof.

The South Carolina Police Officers Retirement System (PORS), a cost–sharing multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for police officers and firemen of the state and its political subdivisions.

The Retirement System for Members of the General Assembly of the State of South Carolina (GARS), a single-employer defined benefit pension plan, was created effective January 1, 1966, pursuant to the provisions of Section 9-9-20 of the South Carolina Code of Laws to provide retirement allowances and other benefits for members of the General Assembly. Retirement reform legislation closed the plan to individuals newly elected to the Senate or House of Representatives on or after the general election of 2012.

The Retirement System for Judges and Solicitors of the State of South Carolina (JSRS), a single-employer defined benefit pension plan, was created effective July 1, 1979, pursuant to the provisions of Section 9-8-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for judges, solicitors, circuit public defenders of the state and administrative law court judges.

The South Carolina National Guard Supplemental Retirement Plan (SCNG), a single-employer defined benefit pension plan, was created effective July 1, 1975, and is governed by the provisions of Section 9-10-30 of the South Carolina Code of Laws for the purpose of providing supplemental retirement benefits to certain members who served in the South Carolina National Guard.

A summary of information related to employers and members follows (dollar amounts expressed in thousands). This information was reported in the most recent actuarial valuation as of July 1, 2024.

	State	School	Other	Total
SCRS				
Number of Employers[1]	34	112	597	743
Annualized Prior Year Compensation for Active Members	$3,726,104	$4,763,765	$3,079,970	$11,569,839
Average Number of:				
Active Contributing Members	61,968	91,976	56,943	210,887
Retirees and beneficiaries currently receiving benefits[2]				156,141
Terminated members entitled to but not yet receiving benefits[2]				237,262
Total SCRS Membership				604,290
PORS				
Number of Employers[1]	22	4	299	325
Annualized Prior Year Compensation for Active Members	$567,236		$1,276,716	$1,843,952
Average Number of:				
Active Contributing Members	8,889		19,993	28,882
Retirees and beneficiaries currently receiving benefits[2]				21,787
Terminated members entitled to but not yet receiving benefits[2]				23,681
Total PORS Membership				74,350
GARS				
Number of Employers	1			1
Annualized Prior Year Compensation for Active Members	$967			$967
Average Number of:				
Active Members	59			59
Retirees and beneficiaries currently receiving benefits	336			336
Terminated members entitled to but not yet receiving benefits	25			25
Total GARS Membership	420			420
JSRS				
Number of Employers	1			1
Annualized Prior Year Compensation for Active Members	$36,076			$36,076
Average Number of:				
Active Members (168 positions)	168			168
Retirees and beneficiaries currently receiving benefits[3]	227			227
Terminated members entitled to but not yet receiving benefits	5			5
Total JSRS Membership	400			400
SCNG				
Number of Employers	1			1
Annualized Prior Year Compensation for Active Members[4]	N/A			N/A
Average Number of:				
Active Members	12,620			12,620
Retirees and beneficiaries currently receiving benefits	5,211			5,211
Terminated members entitled to but not yet receiving benefits	1,292			1,292
Total SCNG Membership	19,123			19,123

[1] *Although there are 89 SCRS, 28 PORS, 2 GARS and 4 JSRS state agencies that report separately, the State is considered the primary government and therefore, all state agencies are included as a single employer. Institutions of Higher Education and Quasi-State Agencies are counted as separate employers and included within the "State" category. This schedule includes only employers that submitted contributions for an active member during the fiscal year.*

[2] *Employee Class not determinable from data.*

[3] *Count includes 13 retired-in-place members as of July 1, 2024.*

[4] *Annualized Prior Year Compensation is not applicable for SCNG because it is a non-contributory plan.*

Membership

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is presented below.

SCRS

Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. A member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. A member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

State ORP

As an alternative to membership in SCRS, newly hired state, public school and higher education employees and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election have the option to participate in the State Optional Retirement Program (State ORP), which is a defined contribution plan. State ORP participants direct the investment of their funds into an account administered by one of four third-party service providers. The Retirement Systems assumes no liability for State ORP benefits. Rather, the benefits are the liability of the four third-party service providers. For this reason, State ORP assets are not considered part of the Systems for financial statement purposes.

Contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employers to the investment providers for the employee contribution (9 percent) and a portion of the employer contribution (5 percent). A direct remittance is also required to SCRS for a portion of the employer contribution (13.41 percent) and a death benefit contribution (0.15 percent), which is retained by SCRS. The activity for the State ORP is as follows:

State ORP Activity

Year Ended June 30, 2025

(Dollar amounts expressed in thousands)

Active Contributing Participants	37,772
Compensation of Participants	$2,424,760
Employer Contributions Retained by SCRS	$325,159
Death Benefit Contributions Retained by SCRS	$3,629
Employee Contributions to Investment Providers	$218,228
Employer Contributions to Investment Providers	$121,238

PORS

To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property and detect crimes in the state; to prevent and control property destruction by fire; be a coroner in a full-time permanent position; or be a peace officer employed by the Department of Corrections, the Department of Juvenile Justice or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least $2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. A member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. A member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

GARS

Members of the Senate and the House of Representatives who were first elected to office prior to November 2012 are required to participate in and contribute to the system upon taking office as a member of the South Carolina General Assembly; however, the GARS plan is closed to individuals newly elected to the Senate or the House of Representatives on or after the general election of 2012.

JSRS
All solicitors, circuit public defenders, judges of a Circuit, Family or Administrative Law Court and justices of the Court of Appeals and Supreme Court are required to participate in and contribute to the system upon taking office.

SCNG
Membership consists of individuals who serve in the South Carolina National Guard.

Pension Benefits

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service and average final compensation/current annual salary. A brief summary of benefit terms for each system is presented below.

SCRS
A Class Two member who has separated from service with at least five years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight years of earned service is eligible for a monthly pension subject to the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

PORS
A Class Two member who has separated from service with at least five years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

GARS
A member is eligible for a monthly pension at age 60 or with 30 years credited service. A member who has attained age 70 or has 30 years of service is eligible to retire and draw an annuity while continuing to serve in the General Assembly. A member is eligible to receive a deferred annuity with eight years of service. An incidental death benefit is also provided to beneficiaries of deceased members. Retirees receive increases in benefits based upon increases in the current salary of their respective active positions. GARS is closed to new members and persons newly elected to the General

Assembly must elect membership in SCRS or State ORP or may elect non-membership.

JSRS

A pension benefit is payable at age 70 with 15 years' service, age 65 with 20 years' service, 25 years' service regardless of age for a judge or 24 years of service for a solicitor or a circuit public defender regardless of age. A judge is vested in the system after attaining 10 years of earned service in the position of judge, and a solicitor or a circuit public defender is vested in the system after attaining eight years of earned service. A member who has reached maximum eligibility is eligible to retire and draw an annuity while continuing to serve. An incidental death benefit is also provided to members. Retirees receive increases in benefits based upon increases in the current salary of their respective active positions.

SCNG

A monthly pension is payable at age 60 provided the member was honorably discharged from active duty with at least 20 years of total creditable military service. Of the 20 years total creditable military service, at least 15 must have been served in the South Carolina National Guard. Additionally, the final 10 years of military service must have been served in the South Carolina National Guard. No cost-of-living increases are provided to SCNG retirees.

Summary of Significant Accounting Policies

Fund Structure

The Systems' accounts are maintained in accordance with the principles of fund accounting. This is the procedure whereby resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives. Separate pension trust funds (fiduciary fund type) are used to account for the activities of the five public employee retirement systems administered by PEBA.

Comparative Totals

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Systems' financial statements for the year ended June 30, 2024, from which the summarized information was derived.

Basis of Accounting

All funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan.

Administrative Expenses

Administrative expenses are the responsibility of PEBA and all accounting and corresponding disclosures relating to administrative expenses of the pension trust funds are included in the financial statements of the Systems.

Administrative expenses for the Retirement Division of PEBA are funded by the trust funds and are allocated to each of the systems based on its respective portion of the prior fiscal year Net Position Restricted for Pensions in order to pay for actual expenses incurred during the year. Administrative expenses of the Systems include the Retirement Division's portion of PEBA employee salaries and associated employee benefits, costs for contractual services and operating expenses.

Cash and Cash Equivalents

The Systems classify cash on deposit in financial institutions and cash on deposit in the state's internal cash management pool as cash and cash equivalents. The Systems also classify certain short-term highly liquid securities as cash equivalents if the date of maturity is three months or less from the date of acquisition. Forward contracts, foreign currencies and cash held in the strategic partnership accounts are also classified as cash and cash equivalents.

Contributions

Employee, employer, nonemployer and state appropriated contributions are recognized in the period in which they are due, pursuant to formal commitments as well as statutory requirements. Substantially all contributions receivable are collected within 30 days of year-end.

Investments

The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority for investing and managing all assets held in trust for the South Carolina Retirement Systems. The Commission serves as co-trustee and co-fiduciary for the assets of the Retirement Systems. Funds of the Systems are invested subject to the terms, conditions, limitations, and restrictions imposed by Section 16, Article X of the South Carolina Constitution and Section 9-1-1310 (B) and Title 9 Chapter 16 of the South Carolina Code of Laws. The funds and assets of the various state retirement systems are not funds of the State, but are instead held in trust as provided in Section 9-16-20.

The RSIC is structured as a separate state agency reporting to a body of appointed and ex officio Commissioners. The Commission is an eight member board as provided in Section 9-16-315 of the South Carolina Code of Laws. The Commission employs a Chief Executive Officer (CEO) who serves as the agency head of the RSIC, reporting directly to the Commission, with functions and duties assigned by the Commission. The CEO is the central source of authority and accountability for administrative decisions. In addition, the Commission employs a Chief Investment Officer (CIO) who reports to the CEO for day to day oversight and strategic planning objectives and who serves as the central source of authority and accountability for all investment decisions delegated to him or her by the Commission and state law. The Commission also engages external investment consultants, who are accountable to the Commission, to work collaboratively with RSIC staff to fulfill the duties of investing the Systems' portfolio.

As with PEBA, administrative costs of the RSIC are paid from the Systems, and its budget is funded entirely from the trust fund. Costs include Commissioner, investment and administrative staff compensation, as well as other contractual services and other operating expenses. The allocation of those administrative costs is based upon a proration of such costs in proportion to the assets that each system bears to the total assets of all of the systems for the most recently completed fiscal year.

State law requires the Commission to adopt a Statement of Investment Objectives and Policies ("SIOP") and to review it annually and to either amend it or reaffirm it. The SIOP establishes investment and performance objectives, policies and guidelines, roles, responsibilities, and delegation of authority for the management of plan assets. State law also requires RSIC's Chief Investment Officer ("CIO") to develop an Annual Investment Plan ("AIP") which must be presented to and adopted by the Commission prior to May 1st of each year. Pursuant to state law, relevant portions of the SIOP may constitute parts of the AIP.

In order to ensure consistency and agreement between the SIOP and AIP, the Commission has consolidated the requirements of both into one document which it will review annually prior to May 1st. As part of the annual review, the Commission will amend or reaffirm, as it deems appropriate, those portions of this document intended to meet the requirements of the SIOP and the Commission will consider the CIO's recommendation of any necessary changes to those portions of this document intended to meet the requirements of the AIP.

The Commission manages Systems' assets with a long-term horizon and seeks to earn an appropriate risk-adjusted return in consideration of the specific goals, needs and circumstances of the Systems and in the exclusive interest of members of the Systems. Among the decisions the Commission can make, asset allocation has the most significant impact on the portfolio's return, risk profile and cost and is reviewed annually as part of the development of the SIOP/AIP.

The asset allocation process is paramount to the development of the AIP. Based on 20-year Capital Market Expectations provided by the Commission's investment consultant, the Commission comes to a consensus and establishes the Policy Portfolio expected to achieve a 30-year annualized rate of return that meets its investment objective with an expected volatility acceptable to the Commission. The Commission recognizes that the CIO and investment staff may add value by structuring the Actual Portfolio in a manner that deviates from the Policy Portfolio target weights or may also pursue a strategy that causes the composition of an asset class to differ from the policy benchmark. As a result, the Commission provides the CIO and the investment staff with the discretion to structure the portfolio within the asset class and sub-asset class ranges. The asset allocation is reviewed on an ongoing (typically weekly) basis by staff and the CIO to ensure that the Portfolio is within its allocation ranges. When an asset class reaches its minimum or maximum allocation, staff will initiate rebalancing transactions to keep allocations within the approved ranges or seek Commission approval to remain outside the range. At June 30, 2025, the Private Equity weight was 13.3% exceeding the maximum threshold of 13%, and the cumulative weight of Private Equity, Private Debt, and Private Real Assets was 30.4% and exceeded the maximum threshold of 30%. The Commission approved remaining outside of these ranges. The approved asset allocation for the subsequent fiscal year beginning July 1, 2025, increases these thresholds and brings the allocation back into tolerance.

Based on the Commission's determination of the appropriate risk tolerance for the Portfolio and its long-term return expectations, it has authorized the following Policy Asset Allocation, including target allocations and ranges for each asset class that were adopted by the Commission for the fiscal year beginning July 1, 2024.

Asset Class	Target	Range	
Public Equity[1]	**46%**	**30%**	**60%**
Domestic	Index[2]	Index +/- 6%	
Developed Non-US	Index	Index +/- 6%	
Emerging Market	Index	Index +/- 4%	
Equity Options	0%	0%	7%
Bonds[1]	**26%**	**10%**	**35%**
Core Bonds (IG[3])	26%	10%	35%
Inflation-linked (IG)	0%	0%	5%
Mixed Credit (non-IG)	0%	0%	8%
Emerging Market Debt	0%	0%	6%
Net Cash/Short Duration	0%	0%	7%
Private Equity[1,4]	**9%**	**5%**	**13%**
Private Debt [1,4]	**7%**	**3%**	**11%**
Real Assets[1,4]	**12%**	**6%**	**18%**
Real Estate	9%	5%	13%
Infrastructure	3%	0%	5%
Portable Alpha Hedge Funds[5]	0%	0%	15%

[1] Component of Policy Benchmark.
[2] Component weight of MSCI ACWI Index.
[3] "IG" denotes "Investment Grade".
[4] RSIC staff and consultant will notify the Commission if the collective exposure to Private Equity, Private Debt and Private Real Assets exceeds 30 percent of total plan assets.
[5] Portable Alpha Hedge Funds are expressed as gross exposure but, as collateral supporting the Overlay program, net to zero when calculating total plan fair value. Hedge funds may not exceed 15 percent of total plan assets.

At June 30, 2025, the Systems held no investments (other than those issued or explicitly guaranteed by the U.S. government) in any one organization that represent five percent or more of the plans' fiduciary net position.

For the year ended June 30, 2025, the annual money weighted rate of return on plan investments was 11.34 percent net of fees. The money weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

As a fiduciary acting on behalf of the Systems, the Commission enters into individual agreements with various investment managers to invest plan assets. As of June 30, 2025, there were 273 legal agreements in place with 105 investment managers.

The PEBA Board serves as custodian and co-trustee of the assets of the retirement trust funds. The Commission is also co-trustee of the assets of the retirement trust funds and has exclusive authority to select the custodial bank with PEBA as a third-party beneficiary of the contract, with full rights to information.

BNY serves as custodial bank of the funds of the Retirement Systems. Assets also include investments not custodied at BNY, such as funds held in partnerships, commingled accounts, or private market asset classes. The custodial bank provides consolidated recordkeeping services which reflect these securities not held in the custodian's vault or for which the custodian or its nominee is not the registered owner (non-custody securities).

For financial statement purposes, investments of the pension trust funds are reported at fair value in the Statement of Fiduciary Net Position. Short term securities categorized as cash or cash equivalents are reported at fair value. The Systems hold domestic and global equity securities which are traded on organized exchanges. Equity securities held by the custodian are valued by the custodian using the last reported price on a trade-date basis. The Systems hold domestic and global fixed income securities. The custodian values those fixed income assets which are held in custody based upon prices received from external pricing sources and in accordance with the custodian's pricing policy. Commingled funds, which may contain equity and/or fixed income securities are priced based upon the manager's pricing policy and a Net Asset Value (NAV) is provided to the custodian. Private market investments typically utilize a limited partnership structure and private equity funds normally invest in companies that are not publicly traded on a stock exchange. The fair values of alternative investments including private equity, private debt, hedge funds, private real estate and private infrastructure, for which daily fair values are not readily ascertainable, are valued in good faith based on the most recent financial information available for the underlying companies and reported by the investment managers at the measurement date, adjusted for subsequent cash flow activities through June 30, 2025. Valuation of investments is a joint responsibility of PEBA and RSIC. Staff from both offices serve on a joint valuation committee which oversees and reviews the valuations provided by the custodian and/or the external investment managers. The estimated fair value of these investments is intended to approximate, but at times may differ, from values that would have been used had a liquid public market existed.

Investments are combined in a commingled investment pool, with each system owning a percentage of the pool and receiving proportionate investment income in accordance with their respective ownership percentage. Investment income includes realized and unrealized appreciation (depreciation) in the fair value of investments, interest income earned, dividend income earned, less investment expense, plus income from securities lending activities, less deductions for securities lending expenses.

While some investment managers submit invoices for their investment management fees, a significant number of investment managers provide account valuations on a net of fee basis. For greater transparency, the RSIC makes a good faith attempt to account for netted fee amounts that are not necessarily readily separable. Through a process that consists of the collection, validation, and aggregation by RSIC's consultant and reasonableness testing and review by RSIC, the Retirement Division of PEBA is provided with a collection of investment fees and expenses that would not otherwise be disclosed. The RSIC provides the netted fee information to PEBA on an annual basis so that amounts can be reclassified and reported in the financial statements on the Investment expense line of the Statement of Changes in Fiduciary Net Position. The non-invoiced investment expenses include amounts for investment management fees, performance fees (including carried interest allocations), and other investment expenses such as organizational expenses in limited partnership structures. Management Fees are reported net of offsets and rebates, which has the effect of reducing the total fees reported, because it is a truer representation of the overall cost of the investment. Offsets can include things such as Board of Director fees, Broken Deal fees, and Monitoring fees. There is no industry standard for reporting pension plan investment fees and expenses, therefore, in order to compare investment expense as reported by the Systems with investment management costs reported by other public pension plans, an understanding of the actual fees and expenses included in any comparative reports is necessary. Additionally, investment plan composition directly influences the fee structure of a plan and adjustments for differences in plan asset allocation are necessary before conclusions can be reached from such comparisons.

Capital Assets

Capital Assets are valued at historical cost or at estimated historical cost if actual historical cost data is not available. The costs of normal maintenance and repairs that do not significantly add to the value of an asset or materially extend the asset's useful life are not capitalized. An individual asset is capitalized and reported if it has an estimated useful life of at least two years and a historical cost as follows: more than $5 thousand for machinery and equipment; more than $100 thousand for buildings. All land and non-depreciable land improvements are capitalized and reported, regardless of cost. Depreciation is recorded using the straight-line method over the useful life of 40 years for the building and a useful life of 2 to 25 years for equipment. Land is not depreciated.

II. Contributions and Reserves

Contributions to each of the Plans are prescribed in Title 9 of the South Carolina Code of Laws. The board may increase the percentage rate in SCRS and PORS employer contributions on the basis of the actuarial valuations. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the board are insufficient to meet the statutory funding period for amortization of the unfunded liabilities of the plans, the board shall increase the contribution rates for the employer as necessary to maintain the amortization period.

If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85 percent, then the board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85 percent, then effective on the following July first, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85 percent.

The Retirement System Funding and Administration Act established a ceiling on employee contribution rates at 9 percent and 9.75 percent for SCRS and PORS respectively. State statute sets the employer rate at 18.56 percent for SCRS and 21.24 percent for PORS and beginning July 1, 2017 scheduled the amortization periods to be reduced from 30 years to 20 years over a ten-year schedule.

Following are the employee and employer contribution rates applicable for fiscal year 2025 (amounts expressed in thousands):

System	Employee Rate	Employer Rate
SCRS	9%	18.56%[1]
PORS	9.75%	21.24%[2]
GARS	11%	$6,200[3]
JSRS	10%	62.94%[3]
SCNG	Non-contributory	$5,290[4]

[1] Includes incidental death benefit contribution rate of 0.15%.
[2] Includes incidental death benefit and accidental death benefit contribution rate of 0.20% each.
[3] Includes incidental death benefit contributions as determined by the Systems' actuary.
[4] The contributions for SCNG determined by the Systems' actuary were $3,621 however, the contributions provided by state appropriations were $5,290.

The General Assembly included funding to PEBA, to be distributed to some employers to help offset a portion of the employer's retirement contributions. PEBA allocates amounts to employers in the same dollar amount for which credits were calculated in previous years. In no event shall a participating employer receive a credit that exceeds the employer contributions due from the employer for the fiscal year. PEBA issued credit invoices to certain SCRS and PORS employers who then applied the credit invoices towards contributions otherwise due to the Systems. The amount of credit invoices issued in fiscal year 2025 totaled $88.7 million and $12.5 million for SCRS and PORS respectively. The General Assembly also continues to fund $2.9 million in nonemployer contributions to JSRS.

Employer contributions for GARS and SCNG are determined by the Systems' actuary on an annual basis. SCNG employer contributions are provided annually by state appropriations.

In accordance with South Carolina State Statute, for fiscal year 2025 an additional employer contribution surcharge of 6.35 percent of covered payroll was added to the contribution rate applicable to state and local governments, and public school entities covered by the state's retiree health and dental insurance benefits. This assessment is for the purpose of providing retiree health and dental insurance benefits and is not a part of the actuarially established contribution rates for retirement funding purposes. Functioning as a collecting agent, SCRS and PORS collected and remitted these funds to the South Carolina Retiree Health Insurance Trust Fund. (amounts expressed in thousands):

	Retiree Insurance Surcharge
SCRS	$592,796
State ORP	152,265
PORS	37,974
Total	$783,035

The Fiduciary Net Position of each plan is required to be reserved in the following accounts:

The **Employer Fund** is credited with all employer and nonemployer retirement contributions and investment earnings of the Employee and Employer Funds. Upon retirement, all member account balances and contributions are transferred to the Employer Fund as all annuities and administrative expenses of the Systems are paid from this fund. Annual state appropriations to the SCNG are also credited to the Employer Fund to provide funding for the payment of annuities and administrative expenses.

The **Employee Fund** is credited with all contributions made by active members of the Systems. Interest is credited to each active member's individual account at an annual rate of 4 percent by transferring funds from the Employer Fund to the Employee Fund. At termination of employment prior to retirement, employee contributions and accumulated interest may be refunded from this fund to the member. At retirement, employee contributions and interest are transferred from the Employee Fund to the Employer Fund for subsequent payment of benefits.

The **Death Benefit Fund**, an incidental death program within SCRS and PORS, is the fund to which participating employers contribute for the purpose of providing a death benefit to active and retired members of the Systems. Employer contributions and investment earnings are credited to this fund. Death benefit payments and administrative expenses are paid from this fund. The assets in the Death Benefits Fund are not held separately in a dedicated trust for the sole purpose of paying death benefits to beneficiaries of deceased members. These benefits are considered allowable within the defined benefit plans and are held within the pension trust funds.

The **Accidental Death Fund** (PORS only) is the fund to which participating employers contribute for the purpose of providing annuity benefits to beneficiaries of members of PORS killed in the actual performance of their duties. This fund and its benefits are independent of any other retirement benefit available to the beneficiary. Employer contributions and investment earnings are credited to this fund. Monthly survivor annuities and administrative expenses are paid from this fund.

The **Qualified Excess Benefit Arrangement (QEBA) Fund** is the fund from which annuity benefits are paid when a benefit recipient exceeds IRC Section 415(b) limits on the amount an individual may receive annually from a qualified defined benefit pension plan. Employer contributions are credited to this fund on an as-needed basis in an amount equivalent to the amount of funds necessary to pay benefits out of the QEBA fund due to IRC Section 415(b) limitations. Accordingly, the QEBA fund currently has no reserve balance.

Balances in the respective reserves on June 30, 2025, were as follows (amounts expressed in thousands):

	SCRS	PORS	GARS	JSRS	SCNG	Total
Employee Fund	$ 12,383,050	$ 1,751,489	$ 5,174	$ 36,107	$ -	$ 14,175,820
Employer Fund	29,819,465	6,136,767	51,064	233,632	53,257	36,294,185
Death Benefit Fund	144,837	84,423				229,260
Accidental Death Fund		119,751				119,751
QEBA Fund						-
Totals	$ 42,347,352	$ 8,092,430	$56,238	$ 269,739	$ 53,257	$ 50,819,016

III. Deposits and Investments

Deposit and Investment Risk Disclosures

The tables presented on pages 36-39 include disclosures of credit and interest rate risk in accordance with Governmental Accounting Standards Board Statement 40 and are designed to inform financial statement users about investment risks which could affect the Systems' ability to meet its obligations. These tables classify investments by risk type, while the financial statements disclose investments by asset class. The table amounts were provided by the custodian bank and agree to the Statement of Fiduciary Net Position.

Custodial Credit Risk

Deposits

The Systems' deposits at June 30, 2025, were as follows (amounts expressed in thousands):

	Carrying Amount
SCRS	$73,565
PORS	10,253
GARS	119
JSRS	157
SCNG	123
Total	$84,217

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Systems' deposits may not be recovered. Deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000; however, amounts in excess of $250,000 are uninsured and uncollateralized. The Commission has a formal Counterparty Policy which covers policies and procedures related to oversight and management of Counterparty Risk, including the custodial bank. To monitor custodial credit risk, the credit quality of financial institutions at which deposits are held are periodically reviewed using internal analysis and rating agencies' reports.

As of June 30, 2025, actual bank balances totaled $45.7 million. Amounts in excess of $250,000 were uninsured and uncollateralized.

As of June 30, 2025, cash held by the custodian, in broker and strategic partnerships accounts as well as forward contracts and foreign currencies totaled $36.1 million. These balances are classified as cash and cash equivalents on the Statement of Fiduciary Net Position.

Investments

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, the Systems will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. Investing for the Systems is governed by Section 16, Article X of the South Carolina Constitution and Section 9-1-1310(B) and Title 9 Section 16 of the South Carolina Code of Laws. Funds held in trust for the Retirement Systems may be invested and reinvested in a variety of instruments as outlined by Section 9-1-1310(B) of the South Carolina Code of Laws.

The following table presents the fair value of investments:

Statement of Invested Assets

June 30, 2025

(Amounts expressed in thousands)

Investment Type	Fair Value	Investment Type	Fair Value
Short Term Investments		**Fixed Income Allocation**	
Short Term Investment Funds (U.S. Regulated)	$ 5,993,429	**U.S. Government**	
Commercial Paper	54,617	U.S. Government Treasuries[1]	$ 10,645
Certificates of Deposit	25,286	**Mortgage Backed**	
U. S. Treasury Bills	163,777	Federal National Mortgage Association	1,460
Municipals - 1 year or less	530	**Municipals**	3,362
Private Placements - 1 year or less	1,270	**Corporate**	
Foreign Currency Options	76	Corporate Bonds	273,077
Total Short Term Investments	$ 6,238,985	Asset Backed Securities	54,042
		Private Placements	278,552
Equity Allocation		**Investment Grade Bonds**	15,380
Global Public Equity		**Emerging Debt**	34,732
Common Stocks	$ 22,013,074	**Options - Fixed Income**	141
Real Estate Investment Trusts	249,701	**Futures - Fixed Income**	145,642
Preferred	1,702	**Swaps - Fixed Income**	5,778
Swaps - Equity	12,911	**Total Fixed Income**	$ 822,811
Options - Equity	897		
Total Global Public Equity	$ 22,278,285		
Alternatives			
Hedge Funds	$ 4,876,259		
Private Equity	6,787,259		
Private Debt	3,528,140		
Private Real Estate	3,631,069		
Private Infrastructure	1,507,759		
Total Alternative Investments	$ 20,330,486		

Total Invested Assets	**$ 49,670,567**
Invested Securities Lending Collateral	$ 306,413

Reconciliation of Statement of Invested Assets (listed above) to the *Statement of Fiduciary Net Position*

Total Invested Assets	$ 49,670,567
Short Term Investments classified as Cash & Cash Equivalents on *Statement of Fiduciary Net Position*	
Short Term Investment Funds (U.S. Regulated)	(5,993,429)
Commercial Paper	(22,641)
Certificates of Deposit	(2,220)
U. S. Treasury Bills	(1,998)
Foreign Currency Options	(76)
Total Investments on *Statement of Fiduciary Net Position*	$ 43,650,203

[1] *U.S. Government Treasuries includes Notes, Bonds, and Treasury Inflation Protected Securities (TIPS).*

Fair Value Measurements

The Systems categorize fair value measurements within the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*. The valuation technique uses a three level hierarchy of inputs to measure the fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). These classifications are summarized as follows:

> Level 1 Inputs: Quoted prices (unadjusted) for identical assets or liabilities in active markets that a reporting entity can access at the measurement date.
>
> Level 2 Inputs: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.
>
> Level 3 Inputs: Unobservable inputs for an asset or liability.

In the event that inputs used to measure the fair value of an asset or liability fall into different levels in the fair value hierarchy, the overall level of the fair value hierarchy in its entirety is determined based on the lowest level input that is significant to the entire valuation. These levels are not necessarily an indication of risk but are based upon the pricing transparency of the investment. In determining the appropriate levels, the Systems performed a detailed analysis of the assets and liabilities that are subject to GASB Statement No. 72.

Fair value of certain investments that do not have a readily determinable fair value is established using net asset value (or its equivalent) as a practical expedient. These investments are not categorized according to the fair value hierarchy.

Investments classified according to the fair value hierarchy are valued according to the pricing policy established by the Plan's custodian bank. Pricing is based primarily on prices from several third-party vendors or other specified alternative sources which are considered to be reliable. Where available, the custodian bank uses more than one vendor for securities of each asset type, class or issue. The price received from a primary source is used in valuation unless a tolerance check, or price challenge, results in the use of a price from a secondary vendor. The Systems may override prices provided by the custodian bank if it is deemed necessary or appropriate.

The Systems have the following recurring fair value measurements as of June 30, 2025 (amounts in thousands):

Investments by Fair Value Level	At 6/30/2025	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Short Term Investments				
Short Term Investment Funds (U. S. Regulated)	$ 5,993,429	$ 5,993,429	$ -	$ -
Commercial Paper	54,617		54,617	
Certificates of Deposit	25,286		25,286	
U. S. Treasury Bills	163,777	163,777		
Municipals - 1 year or less	530		530	
Private Placements - 1 year or less	1,270		1,270	
Total Short Term Investments	$ 6,238,909	$ 6,157,206	$ 81,703	$ -
Equity Allocation				
Global Public Equity				
Common Stocks	$ 1,294,235	$ 1,294,235	$ -	$ -
Real Estate Investment Trusts	249,701	249,701		
Preferred	1,702	1,034	668	
Total Global Public Equity	$ 1,545,638	$ 1,544,970	$ 668	$ -
Fixed Income Allocation				
U. S. Government				
U.S. Government Treasuries	$ 10,645	$ 10,645	$ -	$ -
Mortgage Backed				
Federal National Mortgage Association	1,460		1,460	
Municipals	3,362		3,362	
Corporate				
Corporate Bonds	273,077		193,319	79,758
Asset Backed Securities	54,042		54,042	
Private Placements	278,552		278,552	
Total Fixed Income	$ 621,138	$ 10,645	$ 530,735	$ 79,758
Total Investments by Fair Value Level	$ 8,405,685	$ 7,712,821	$ 613,106	$ 79,758
Investments measured at the net asset value (NAV)				
Global Equity Common Stocks	$ 20,718,839			
Investment Grade Bonds	15,380			
Emerging Debt	34,732			
Hedge Funds	4,876,259			
Private Equity	6,787,259			
Private Debt	3,528,140			
Private Real Estate	3,631,069			
Private Infrastructure	1,507,759			
Total investments measured at the NAV	$ 41,099,437			
Total investments measured at fair value	$ 49,505,122			
Investment derivative instruments				
Cash Equivalents				
Options - Cash Equivalents	$ 76	$ -	$ 76	$ -
Equity Investments				
Swaps - Equity	12,911		12,911	
Options - Equity	897	382	515	
Fixed Income Investments				
Options - Fixed Income	141		141	
Futures - Fixed Income	145,642	145,642		
Swaps - Fixed Income	5,778		5,778	
Total investment derivative instruments	$ 165,445	$ 146,024	$ 19,421	$ -
Total Invested Assets	$ 49,670,567			

The investments that are measured at the Net Asset Value (NAV) are noted below (amounts in thousands).

	Fair Value at 6/30/25	Unfunded Commitments[1]	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Global Equity Common Stocks	$ 20,718,839	$ -	Daily/Monthly	5 - 30 days
Investment Grade Bonds	15,380		Illiquid	Illiquid
Emerging Debt	34,732		Daily/Monthly	10 - 15 days
Hedge Funds	4,876,259		Monthly/Quarterly	2 - 90 days
Private Equity	6,787,259	2,900,173	Illiquid	Illiquid
Private Debt	3,528,140	2,624,884	Illiquid	Illiquid
Private Real Estate	3,631,069	954,439	Illiquid	Illiquid
Private Infrastructure	1,507,759	192,307	Illiquid	Illiquid
Total investments measured at the NAV	$ 41,099,437	$ 6,671,803		

[1] *For purposes of this table, amounts are reported in US Dollars. The Private Equity Category includes £13,907 and €258,990 that have been converted to USD.*

Global Equity Funds. This investment type includes 7 passive index funds that invest primarily in global developed and emerging equity public markets instruments. The fair values of the investments in this asset type have been determined using NAV per share of the fund and reported by the Investment Managers. Redemptions are generally allowed monthly, provided adequate notice.

Investment Grade Bond Funds. This investment type includes one fund that generally invests in mortgage-related securities. The fair value estimates are calculated using an internal discounted cash flow model for each asset pool and reported by the Investment Manager. A withdrawal of capital requires prior consent of the fund's Board which may or may not be granted.

Emerging Debt Funds. This investment type includes two funds that generally invest in debt securities issued in any currency and may hold foreign currency. The fair values of the investments in this asset type have been determined using NAV per share of the fund or percent ownership of the NAV of the fund and reported by the Investment Managers. Redemptions are generally allowed monthly, provided adequate notice, and one fund charges a redemption fee.

Hedge Funds. This investment type includes 27 funds that generally invest in hedge fund strategies that seek alpha in equity or credit markets or seek to minimize embedded market beta. There are 21 of these funds invested through strategic partnership investments which may consist of underlying investments in more than one hedge fund. The fair values of the investments in this asset type have been determined using NAV per share of the investments or percent ownership of the NAV of the fund and reported by the Investment Managers. Redemptions are generally allowed monthly, provided adequate notice, however, it is common that funds have authority to require longer redemption timeframes and/or make the redemption subject to gates to mitigate any detrimental impact to the fund.

Private Equity Funds. This investment type includes 170 funds that consist of 85 investments in limited partnerships, 57 investments in co-investment funds, 18 investments on manager co-investment platforms, and 10 funds within strategic partnership investments. Strategic partnerships may consist of underlying investments in more than one limited partnership or co-investment fund. Manager co-investment platforms consist of underlying investments in more than one co-investment fund. The private equity investments span the venture capital, growth equity, secondaries, energy and buyout strategies. Private equity is considered an illiquid investment strategy as funds generally have a life span of seven to 10 years. The nature of investments in this asset type is that distributions are received through the liquidation of the underlying assets of the fund. The fair values of the investments in this asset type are valued in good faith based upon the most recent financial information available for the underlying companies. These are reported by the Investment Managers at the measurement date, adjusted for subsequent cash flow activities through the year-end reporting date. The estimated fair value of these investments may differ from values that would have been used had a ready market existed.

Private Debt Funds. This investment type includes 67 funds that consist of 39 investments in limited partnerships, 11 co-investment funds, and 17 funds within strategic partnership investments. Strategic partnerships may consist of underlying investments in more than one limited partnership or co-investment fund. The private debt investments span the direct lending, distressed, mezzanine, mortgages, and opportunistic strategies. Private Debt is considered an illiquid investment strategy as funds generally have a life span of seven to 10 years. The nature of investments in this asset type is that distributions are received through investment generated income and the liquidation of the underlying assets of the fund. The fair values of the investments in this asset type are valued in good faith based upon the most recent financial information available for the underlying companies. These are reported by the Investment Managers at the measurement date, adjusted for subsequent cash flow activities through the year-end reporting date. The estimated fair value of these investments may differ from values that would have been used had a ready market existed.

Private Real Estate Funds. This investment type includes 35 funds that consist of 29 investments in limited partnerships, 3 investments in co-investment funds, and 3 funds that are strategic partnership investments. Strategic partnerships may consist of underlying investments in more than one limited partnership or co-investment fund. The real estate investments span the core, diversified, real estate debt, value add, and opportunistic strategies. Real Estate is considered an illiquid investment strategy as funds generally have a life span of seven to 10 years. The nature of investments in this asset type is that distributions are received through investment generated income and the liquidation of the underlying assets of the fund. The fair values of the investments in this asset type are valued in good faith based upon the most recent financial information available for the underlying companies. These are reported by the Investment Managers at the measurement date, adjusted for subsequent cash flow activities through the year-end reporting date. The estimated fair value of these investments may differ from values that would have been used had a ready market existed.

Private Infrastructure Funds. This investment type includes 18 funds that consist of 11 investments in limited partnerships, and 7 investments in co-investment funds. Common types of infrastructure investments are in transportation, energy, telecommunications, and utilities. These assets tend to benefit from a rising inflation environment. Infrastructure is considered an illiquid investment strategy as funds generally have a life span of 20 years. The nature of investments in this asset type is that distributions are received through investment generated income and the liquidation of the underlying assets of the fund. The fair values of the investments in this asset type are valued in good faith based upon the most recent financial information available for the underlying companies. These are reported by the Investment Managers at the measurement date, adjusted for subsequent cash flow activities through the year-end reporting date. The estimated fair value of these investments may differ from values that would have been used had a ready market existed.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. While the RSIC has no formal interest rate risk policy, interest rate risk is observed within the portfolio using effective duration (option adjusted duration), which is a measure of the price sensitivity of a bond or a portfolio of bonds to interest rate movements given a 100 basis point change in interest rates. Effective duration takes into account that expected cash flows will fluctuate as interest rates change and provides a measure of risk that changes proportionately with market rates. Investment guidelines may specify the degree of interest rate risk taken versus the benchmark within each fixed income portfolio. Disclosures for interest rate risk at June 30, 2025, are noted below (amounts expressed in thousands).

Investment Type	Fair Value Total	Fair Value Duration Not Available	Fair Value Duration Available	Effective Duration (option adjusted duration)
Short Term Investments				
Short Term Investment Funds (U.S. Regulated)	$ 5,993,429	$ -	$ 5,993,429	0.08
Invested Securities Lending Collateral	306,413		306,413	0.00
Commercial Paper	54,617		54,617	0.22
Certificates of Deposit	25,286		25,286	0.28
U. S. Treasury Bills	163,777		163,777	0.22
Municipals - 1 year or less	530		530	0.73
Private Placements - 1 year or less	1,270		1,270	0.01
Foreign Currency Options	76	76		
Total Short Term Investments	$ 6,545,398	$ 76	$ 6,545,322	
Global Public Equity				
Preferred	1,702		1,702	11.48
Total Equity Investments	$ 1,702	$ -	$ 1,702	
Fixed Income Allocation				
U. S. Government				
U.S. Government Treasuries	10,645		10,645	1.78
Mortgage Backed				
Federal National Mortgage Association	1,460		1,460	7.18
Municipals	3,362		3,362	0.76
Corporate				
Corporate Bonds	273,077	212,072	61,005	1.56
Asset Backed Securities	54,042	8,560	45,482	0.23
Private Placements	278,552	80,600	197,952	2.16
Investment Grade Bonds	15,380		15,380	5.50
Emerging Debt	34,732		34,732	5.84
Options - Fixed Income	141		141	154.85
Futures - Fixed Income	145,642		145,642	394.61
Swaps - Fixed Income	5,778	5,778		
Total Fixed Income	$ 822,811	$ 307,010	$ 515,801	
Mixed Credit Hedge Fund Allocation				
Mixed Credit Hedge Funds	5,604		5,604	0.01
Total Mixed Credit Hedge Funds	$ 5,604	$ -	$ 5,604	
Total Invested Assets	**$ 7,375,515**	**$ 307,086**	**$ 7,068,429**	
Total Portfolio Effective Duration (option adjusted duration)				**8.34**

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the holders of its securities. Each individual portfolio within fixed income is managed in accordance with investment guidelines that are specific as to permissible credit quality ranges, exposure levels within individual quality tiers and average credit quality. Within high yield portfolios, a quality rating of lower than C is not permissible in any of the fixed income guidelines except in those circumstances of downgrades subsequent to purchase, in which case the investment manager is responsible for communicating the downgrade to the Commission's consultant and staff. The Systems' fixed income investments at June 30, 2025, were rated by Moody's and are presented below.

Credit Risk

(Amounts expressed in thousands)

Investment Type and Fair Value	AAA	AA	A	BAA	BA	B
Short Term Investments[2]						
Short Term Investment Funds (U. S. Regulated)	$ 5,993,429	$ -	$ -	$ -	$ -	$ -
Invested Securities Lending Collateral						
Commercial Paper		38,113		13,387		
Certificates of Deposit		22,064	669			
Municipals - 1 year or less		530				
Private Placements - 1 year or less			1,270			
Foreign Currency Options						
Global Public Equity						
Preferred				350	796	
Fixed Income Allocation[2]						
Mortgage Backed						
Federal National Mortgage Association						
Municipals	891	2,471				
Corporate						
Corporate Bonds		14,001	24,550	4,441	1,958	11,103
Asset Backed Securities	9,197	8,892	6,732	8,734	2,525	
Private Placements	14,302	20,094	20,652	24,908	13,001	3,946
Investment Grade Bonds						
Emerging Debt						
Options - Fixed Income						
Futures - Fixed Income						
Swaps - Fixed Income						
Totals	**$ 6,017,819**	**$ 106,165**	**$ 53,873**	**$ 51,820**	**$ 18,280**	**$ 15,049**

Chart continued on next page

[1]The column labeled Not Rated by S&P or Moody's represents securities that were either not rated or had a withdrawn rating.
[2]U.S. Treasury Bills, Notes and Bonds with a fair value of $174.4 million are not included because they are not subject to credit risk.

Chart continued from previous page

Credit Risk (cont.)

(Amounts expressed in thousands)

		Not Rated		
CAA	**CA**	**Int'l and EMD Commingled Funds or held in Strategic Partnerships**	**Not rated by S&P or Moody's[1]**	**Total**
$ -	$ -	$ -	$ -	$ 5,993,429
			306,413	306,413
			3,117	54,617
			2,553	25,286
				530
				1,270
			76	76
			556	1,702
			1,460	1,460
				3,362
1,281	1,211		214,532	273,077
5,654			12,308	54,042
1,433			180,216	278,552
		15,380		15,380
		34,732		34,732
			141	141
			145,642	145,642
			5,778	5,778
$ 8,368	**$ 1,211**	**$ 50,112**	**$ 872,792**	**$ 7,195,489**

Concentration of Credit Risk – Investments

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. Concentration of credit risk shall not apply to the obligations of the U.S. Government and Federal Agencies. Concentration limits are outlined in the investment guidelines of each individual portfolio within domestic fixed income and monitored by the investment managers. RSIC receives annual attestation of credit risk concentration levels from those managers. As of June 30, 2025, there is no single issuer exposure within the portfolio that comprises five percent or more of the overall portfolio. Therefore, there is no concentration of credit risk.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. The Systems participates in foreign markets to diversify assets, reduce risk and enhance returns. Currency forwards are used to manage currency fluctuations and are permitted by investment policy. Policy forbids speculating in forwards and other derivatives.

The table below presents the Systems' exposure to foreign currency risk in U.S. dollars at June 30, 2025, (amounts expressed in thousands):

Currency	Cash & Cash Equivalents	Forward Contracts	Private Equity	Private Debt	Private Infrastructure	Fixed Income	Equity	Total
Australian Dollar	$ -	$ (31,114)	$ -	$ -	$ 31,946	$ -	$ 832	$ 1,664
Canadian Dollar	9	(235)					7,788	7,562
Euro Currency	(842)	(266,514)	291,869	31,767	162,399	34,516	10,706	263,901
Hong Kong Dollar	14						1,607	1,621
Japanese Yen							763	763
Pound Sterling	38	(56,306)	128,724	13,011		2,566	5,082	93,115
Swedish Krona	2							2
Totals	$ (779)	$(354,169)	$ 420,593	$ 44,778	$ 194,345	$ 37,082	$ 26,778	$ 368,628

Derivatives

Derivatives are financial instruments for which the value is derived from underlying assets or data. All of the Systems' derivatives are considered investments. Excluding futures, derivatives generally take the form of contracts in which two parties agree to make payments at a later date based on the value of specific assets or indices. Through certain collective trust funds, the Systems may invest in various derivative financial instruments such as futures and options thereon; forward foreign currency contracts, options, interest rate, currency, equity, index, credit default, total return swaps, interest-only strips, and CMOs to enhance the performance and reduce volatility.

To comply with the requirements of multiple exchanges, cash and securities in the amount of $46.8 and $157.5 million, respectively, were held in trust by the clearing brokers on June 30, 2025. The Systems' derivatives, consisting of futures, options, forward contracts and swaps are presented in the tables on pages 40-45. Investments in limited partnerships and commingled funds may include derivatives that are not shown in the derivative totals.

The RSIC works with their overlay provider to utilize derivatives primarily to facilitate changes to the asset allocation of the total plan and take advantage of their low cost of implementation. Derivatives are utilized for several reasons:

- Asset Allocation: In many cases, synthetic exposures (using derivatives) are placeholders until managers are hired and funded. In time, the Commission may substitute traditional managers for much of the synthetic exposure currently in the portfolio. Efficient Market Theory dictates that in some asset classes, synthetics are the best way to achieve exposure.

- Risk Management: Derivatives allow investors the ability to swiftly and efficiently increase or decrease exposures in order to manage portfolio risk.
- Cost: A synthetic (derivative) solution is often the least expensive way to gain exposure to an asset class or to manage portfolio risk. Derivatives are more beneficial in each of the three major measures of cost: commission costs, market impact of trading and opportunity costs.

Futures

Futures are contractual obligations that require the buyer (seller) to buy (sell) assets at a predetermined date at a predetermined price. These contracts are standardized and trade on an organized exchange with gains and losses settled daily thereby significantly reducing credit and default risk. Gains and losses are included in the net appreciation/ (depreciation) in the fair value of investments total of the Statement of Changes in Fiduciary Net Position.

The tables below present classification information on the Systems' derivatives at June 30, 2025, (amounts expressed in thousands):

	Changes in Fair Value	
	Classification	**Gain/Loss**
Futures Contracts	Net appreciation	$ 90,445
Forward Contracts	Net depreciation	(4,663)
Swaps	Net appreciation	12,020
Options	Net appreciation	399

	Fair Value			
	Forward Contracts	**Futures**	**Options**	**Swaps**
Cash and Cash Equivalents	$ 1,891	$ -	$ 76	$ -
Fixed Income		145,642	141	5,778
Global Public Equity			897	12,911
Totals	$ 1,891	$145,642	$ 1,114	$ 18,689

At June 30, 2025, the Systems had the following exposure via futures contracts (dollar amounts expressed in thousands):

Futures Contracts	Expiration	Long/Short	Quantity	Notional Value[1]	Fair Value
US TREAS BD FUTURE (CBT)	September 2025	Long	13,292	$ 1,534,811	$ 57,135
US 10YR TREAS NTS FUTURE (CBT)	September 2025	Long	23,790	2,667,454	33,492
US 5YR TREAS NTS FUTURE (CBT)	September 2025	Long	24,010	2,617,090	20,260
US 2YR NOTE FUTURE (CBT)	September 2025	Long	4,915	1,022,435	3,880
US ULTRA BOND (CBT)	September 2025	Long	5,831	694,618	30,875
Totals				$ 8,536,408	$ 145,642

[1] *Notional value is the nominal or face amount that is used to calculate payments made on derivative instruments (futures, forwards, swaps and options). This amount generally does not change hands and is thus referred to as notional. The notional amount represents the economic equivalent to an investment in the physical securities represented by the derivative contract.*

Forwards

Forwards are contractual obligations that require the delivery of assets at a fixed price on a predetermined date. These contracts are "over-the-counter" (OTC) instruments, meaning they are not traded on an organized exchange. Currency forwards gains and losses are included in the net appreciation/(depreciation) in the fair value of investments total of the Statement of Changes in Fiduciary Net Position.

At June 30, 2025, the Systems had the following forward exposures, listed by counterparty (amounts expressed in thousands):

Broker	Notional Value	Fair Value	Counterparty Exposure
Bank of America NA	$ 67,634	$ 35	19.19%
Bank of New York Mellon Corp	40,451	(1,068)	11.48%
Barclays Bank PLC	1,923	(39)	0.55%
Goldman Sachs Bank USA/New York NY	260	(1)	0.07%
HSBC Bank USA NA/New York NY	73,227	(201)	20.78%
JPMorgan Chase Bank NA	8,965	(103)	2.54%
Morgan Stanley Capital Services LLC	576	(9)	0.16%
Royal Bank of Canada	86,116	(343)	24.44%
State Street Corp	73,267	(162)	20.79%
Totals	$ 352,419	$ (1,891)	100%

Swaps

The Systems entered into various swap agreements to manage plan exposure. Swaps are OTC agreements to exchange a series of cash flows according to specified terms. The underlying asset can be an interest rate, an exchange rate, a commodity price or any other index.

Total return swaps are primarily used to efficiently achieve a target asset allocation. Exposures to an asset class are typically gained by paying a reference rate such as SOFR, plus or minus a spread, in exchange for the risk and returns of a desired market index. Similarly, exposures can be reduced by receiving a reference rate in exchange for the economic risks and returns of an index.

Counterparty risk, or default risk, is the risk that a party will not honor its contractual obligations. The Systems seeks to actively manage its counterparty risk by thorough analysis and evaluation of all potential counterparties by investment staff and the independent overlay manager. Risk is further minimized through diversification among counterparties with high credit ratings and collateralizing unrealized gains and losses. The Systems currently does not participate in a master netting agreement. Unrealized gains and losses are not netted across instrument types and are included in the net appreciation/(depreciation) in the fair value of investments total of the Statement of Changes in Fiduciary Net Position. The table below reflects the counterparty credit ratings at June 30, 2025, for currency forwards, swap agreements, and options (amounts expressed in thousands):

Quality rating	Forwards	Swaps	Options	Total
Aa2	$ (1,338)	$ -	$ 21	$ (1,317)
Aa3	(170)	(89)	38	(221)
A1	(383)	18,778	184	18,579
A2			889	889
Total subject to credit risk	$ (1,891)	$ 18,689	$ 1,132	$ 17,930
Centrally cleared:				
LCH.Clearnet Ltd			(18)	(18)
Total not subject to credit risk	$ -	$ -	$ (18)	$ (18)
Totals	$ (1,891)	$ 18,689	$ 1,114	$ 17,912

At June 30, 2025, the Systems held swaps as shown in the tables below (amounts expressed in thousands):

Counterparty	Total Return Swaps	SCRS Pays	SCRS Receives	Maturity Date	Current Notional	Fair Value[1]	Gain/Loss Since Trade
Barclays Bank PLC	Barclays US Agg Proxy	Variable	Fixed	Various	$ 2,120,649	$ 18,778	$ 103,265
Morgan Stanley Capital Services	iBoxx Leveraged Loan Index	Variable	Fixed	9/20/2025	1,850	8	
					$ 2,122,499	$ 18,786	$ 103,265

Counterparty	Fixed Income Swaps	SCRS Pays	SCRS Receives	Maturity Date	Current Notional	Fair Value[1]
Morgan Stanley Capital Services	Credit Default Swaps	Fixed	Variable	12/20/2029	$ 870	$ (97)
					$ 870	$ (97)

[1] *Fair Value is the amount reasonably expected to be received if the underlying positions were liquidated on the following business day.*

Options

Options are exchange traded agreements between two parties for a future transaction on an underlying asset at a reference or strike price. The buyer of an option has the right, but not the obligation, to transact. The seller of an option has the obligation to transact if forced by the buyer. The price of an option is derived by taking the difference in the underlying asset and the strike price plus a premium for the remaining time until expiration. At June 30, 2025, the Systems had the following option positions (dollar amounts expressed in thousands):

Option Contracts	Underlying Security	Expiration	Quantity	Fair Value
Put Nov 25 001.010 ED 112625	USD/EUR SPOT OPTION 2025	November 2025	2,987,000	$ 1
Put Nov 25 001.010 ED 112425	USD/EUR SPOT OPTION 2025	November 2025	4,254,000	1
Put Nov 25 140.000 ED 111925	JPY/USD SPOT OPTION 2025	November 2025	1,450,000	28
Put Nov 25 130.000 ED 111925	JPY/USD SPOT OPTION 2025	November 2025	(1,450,000)	(7)
Put Apr 26 140.000 ED 040126	JPY/USD SPOT OPTION 2026	April 2026	1,030,000	34
Call May 26 123.500 ED 052026	JPY/USD SPOT OPTION 2026	May 2026	207,000	19
Total Cash Equivalents				76
Call Aug 25 003.500 ED 081926	CCP IRS P SONIA	August 2025	4,200,000	40
Call Aug 26 003.000 ED 081926	CCP_OIS R SONIA 1D	August 2025	(4,200,000)	(20)
Put Aug 28 004.500 ED 081926	CCP OIS P SONIA	August 2025	(4,200,000)	(9)
Put Aug 26 005.500 ED 081926	CCP_OIS R SONIA 1D	August 2025	4,200,000	2
Call Feb 26 003.500 ED 021326	IRS P SOFR 1D	February 2026	3,310,000	57
Call Feb 26 003.000 ED 021326	IRS R SOFR1D	February 2026	(3,310,000)	(25)
Call Feb 26 003.500 ED 021326	IRS P SOFR1D	February 2026	3,310,000	57
Call Feb 26 003.000 ED 021326	IRS R SOFR 1D	February 2026	(3,310,000)	(25)
Call Feb 26 003.500 ED 021326	IRS P SOFR 1D	February 2026	3,310,000	57
Call Feb 26 003.000 ED 021326	IRS R SOFR 1D	February 2026	(3,310,000)	(25)
Call Feb 26 003.500 ED 021326	IRS P SOFR1D	February 2026	3,310,000	57
Call Feb 26 003.000 ED 021326	IRS R SOFR1D	February 2026	(3,310,000)	(25)
Total Fixed Income				141
Call Jul 25 030.000 ED 071625	CBOE VOLATILITY INDE INDEX VIX	July 2025	(554)	(15)
Call Jul 25 025.000 ED 071625	CBOE VOLATILITY INDE INDEX VIX	July 2025	554	23
Call Aug 25 028.000 ED 082025	CBOE VOLATILITY INDE INDEX VIX	August 2025	323	35
Call Aug 25 040.000 ED 082025	CBOE VOLATILITY INDE INDEX VIX	August 2025	(323)	(18)
Put Sep 25 5447.670 ED 093025	S & P 500 INDEX (SPX)	September 2025	17,439	685
Put Sep 25 4587.510 ED 093025	S & P 500 INDEX (SPX)	September 2025	(17,439)	(195)
Put Sep 25 679.520 ED 093025	MSCI ACWI	September 2025	(117,730)	(156)
Put Sep 25 806.930 ED 093025	MSCI ACWI	September 2025	117,730	538
Total Global Equity				$ 897
Total				$ 1,114

Alternative Investments

The Alternative Investment category includes the following asset classes: private equity, hedge funds, private debt, private real estate and private infrastructure.

Private equity, private debt, private real estate and private infrastructure investments are typically structured as limited partnerships. In this structure, the Systems is one of several limited partners, while the investment manager serves as the general partner. Investing in such limited partnerships legally obligates the Systems to invest the committed amount until the investment is fully funded or the contractual investment period has expired. Hedge fund investments are typically on subscription basis with a single, initial investment with no further commitment.

The Systems established several strategic partnerships to gain access to deal flow, to receive favorable economics and to efficiently take advantage of market opportunities. Investments within the strategic partnership accounts may include allocations to any asset class including those considered alternative investments. Assets of Strategic Partnerships are reported within their respective asset class totals.

The Commission's intent is to access superior risk-adjusted returns through investing in alternative investment asset classes. Due to their low correlation to traditional asset classes, alternative investments diversify the portfolio and help reduce the risk associated with volatility of returns.

Commitments

The Commission, on behalf of the Systems, has entered into contractual agreements with numerous alternative investment managers and is committed for future funding of private equity, private debt, private real estate and private infrastructure investments. At June 30, 2025, the Systems' commitments, including commitments within Strategic Partnerships, are shown in the following table (amounts expressed in thousands):

	Total Commitment	Amount Funded to Date	Remaining Unfunded Commitment[1]
Limited Partnerships USD			
Private Equity	$ 9,192,638	$ 6,615,523	$ 2,577,115
Private Debt	7,902,772	5,277,888	2,624,884
Private Real Estate	5,446,076	4,491,637	954,439
Private Infrastructure	1,230,000	1,037,693	192,307
Totals	$ 23,771,486	$ 17,422,741	$ 6,348,745
Limited Partnerships EUR			
Private Equity	€ 491,609	€ 232,619	€ 258,990
Private Debt	22,657	22,657	
Private Infrastructure	125,000	125,000	
Totals	€ 639,266	€ 380,276	€ 258,990
Limited Partnerships AUD			
Private Infrastructure	$ 40,000	$ 40,000	
Totals	$ 40,000	$ 40,000	$ -
Limited Partnerships GBP			
Private Equity	£ 75,000	£ 61,093	£ 13,907
Private Debt	7,000	7,000	
Private Infrastructure	22,000	22,000	
Totals	£ 104,000	£ 90,093	£ 13,907

[1] *For purposes of this table, amounts are reported separately by currency.*

Securities Lending

The Systems' investment portfolio currently participates in a securities lending program, managed by BNY ("Securities Lending Program"), whereby securities are loaned for the purpose of generating additional income. BNY is responsible for making loans of securities on a collateralized basis to various third party broker-dealers and financial institutions and collecting cash and non-cash collateral. The fair value of the required collateral must initially meet or exceed 102 percent of the fair value of the securities loaned for U. S. securities, 105 percent for cross currency securities and 107 percent for equity securities, providing a margin against a decline in the fair value of collateral. If the collateral value falls below 102 percent, the borrower must post additional collateral. In conjunction with generating revenue, the collateral pool seeks to maintain a net asset value (NAV) of $1, which is determined by dividing the fair value of the assets by the cost of those assets.

The Commission's Policy requires that the maximum amount of securities that may be on loan is 65 percent of eligible securities. Conservative investment guidelines continue to be maintained within the Securities Lending Program. The re-investment of the cash collateral is restricted to short duration, low risk securities and is monitored by RSIC on an ongoing basis. The types of securities available for loan during the year ended June 30, 2025 included U. S. Government securities, Corporate bonds, Non- U. S. Sovereign debt and Global equities. The contractual agreement between the RSIC and BNY provides indemnification in the event the borrower fails to return the securities lent or fails to pay the Systems income distribution by the securities' issuers while the securities are on loan.

Indemnification is also provided if the investment of cash collateral results in investment loss. Cash, U. S. Government securities, Corporate securities, Asset-backed securities and Global equities can be received as collateral for these loans. Collateral securities cannot be pledged or sold without a borrower default. Cash collateral received is invested, and accordingly, investments made with cash collateral are reported as an asset. A corresponding liability is recorded as the Systems must return the cash collateral to the borrower upon the expiration of the loan.

At June 30, 2025, the fair value of securities on loan was $299.15 million. The fair value of the invested cash collateral was $306.41 million and securities lending obligations were $306.41 million. Securities lending revenue, net of borrower rebates, for the fiscal year was $1.69 million, an increase from $1.07 million in the prior year.

With regard to counterparty credit risk, the Systems' cash collateral invested is held by the counterparty and is uninsured. All securities loaned can be terminated on demand by either the Systems or the borrower. At year end the average number of days the loans were outstanding was one day. The average weighted maturity of investments made with cash collateral was three days. At June 30, 2025, there had been no losses resulting from borrower defaults and the Systems had no credit risk exposure to borrowers because the amounts the Systems owed the borrowers exceeded the amounts the borrowers owed the Systems.

The following table presents the fair value (amounts expressed in thousands) of the underlying securities and the total collateral received for securities on loan at June 30, 2025:

	SCRS	PORS	GARS	JSRS	SCNG	06/30/25 TOTALS	06/30/24 TOTALS
Securities lent for cash collateral							
Corporate bonds	$ 6,294	$ 1,176	$ 8	$ 40	$ 7	$ 7,525	$ 2,846
Global Public Equity	243,927	45,588	306	1,544	259	291,624	298,281
Total	$250,221	$ 46,764	$ 314	$1,584	$ 266	$ 299,149	$ 301,127
Securities lent for non-cash collateral							
U. S. Government Securities	$ 1,671	$ 312	$ 2	$ 11	$ 2	$ 1,998	$ -
Global Public Equity	230,658	43,108	290	1,460	245	275,761	272,503
Total	$232,329	$ 43,420	$ 292	$1,471	$ 247	$ 277,759	$ 272,503
Cash collateral invested as follows							
Repurchase agreements	$256,296	$ 47,900	$ 322	$1,622	$ 273	$ 306,413	$ 308,709
Total	$256,296	$ 47,900	$ 322	$1,622	$ 273	$ 306,413	$ 308,709
Securities received as collateral							
U.S. Government Securities	$ 27,073	$ 5,060	$ 34	$ 171	$ 29	$ 32,367	$ 20,531
U.S. Government Agencies						-	1,750
Global Public Equity	98,717	18,449	124	625	105	118,020	228,660
Global Fixed Income	122,048	22,810	153	773	129	145,913	40,852
Total	$247,838	$ 46,319	$ 311	$1,569	$ 263	$ 296,300	$ 291,793

IV. Transfers between Systems

Transfers between systems are statutorily authorized internal transfers of contributions and service credit from one retirement system to another retirement system that result from members voluntarily initiating the transfer when certain conditions are met.

Transfers made within the systems administered by PEBA during the fiscal year ended June 30, 2025, were as follows (amounts expressed in thousands):

Transfers from:	Transfers to:					
	SCRS	PORS	GARS	JSRS	SCNG	Total
SCRS		$1,462		$155		$1,617
PORS				41		41
GARS						
JSRS						
SCNG						
Total	$ -	$1,462	$ -	$196	$ -	$1,658

The following schedule reflects amounts due to or due from other systems as of June 30, 2025, (amounts expressed in thousands):

Due from:	Due to:					
	SCRS	PORS	GARS	JSRS	SCNG	Total
SCRS		$ 413				$ 413
PORS	1,674					1,674
GARS						
JSRS						
SCNG						
Total	$1,674	$ 413	$ -	$ -	$ -	$ 2,087

V. Related Party Transaction

The pension plans provide pension and other benefits to employees of all state agencies. Revenues received from these agencies are recorded in the financial statements as employee and employer contributions and constitute approximately 34 percent of combined contribution revenues.

At June 30, 2025, a liability of approximately $105.4 million was due to the South Carolina Retiree Health Insurance Trust Fund for insurance surcharge collected from employers in accordance with section 1-11-710 of the South Carolina State Statute. Employee and employer contributions receivable of approximately $118.3 million were due from state agencies, institutions of higher education and quasi-state agencies.

The SCNG Supplemental Retirement Plan received state appropriated contributions in the amount of $5.3 million during the fiscal year.

The General Assembly included funding to PEBA, to be distributed to some employers to help offset a portion of the employer's retirement contributions. PEBA allocates amounts to employers in the same dollar amount for which credits were calculated in previous years. In no event shall a participating employer receive a credit that exceeds the employer contributions due from the employer for the fiscal year. PEBA issued credit invoices to certain SCRS and PORS employers who then applied the credit invoices towards contributions otherwise due to the Systems. The amount of credit invoices issued in fiscal year 2025 totaled $88.7 million and $12.5 million for SCRS and PORS respectively. The General Assembly also continues to fund $2.9 million in nonemployer contributions to JSRS.

The Retirement System Investment Commission is a separate state agency; however, the administrative costs of the RSIC are funded by transfers from the Systems' trust funds. Transfers in the amount of approximately $12.4 million were made to the RSIC during the fiscal year.

VI. Deferred Retirement Option Plan

A deferred retirement option plan exists under JSRS. A member who has not yet reached the age of 60 years, but who is eligible to retire and receive the maximum monthly benefit, may retire and continue to serve as a judge, a solicitor or a circuit public defender. The member's normal monthly retirement benefit is deferred and placed in the system's trust fund on behalf of the member. Upon reaching the age of 60 years, the balance of the member's deferred retirement benefit is distributed to the member. As of June 30, 2025, the benefits held in trust totaled $855,817.

VII. Capital Assets

Capital assets at June 30, 2025, consist of the following amounts (expressed in thousands).

	Ending Balances 6/30/2024	Additions	Deletions	Ending Balances 6/30/2025
Asset Class (at Cost)				
Land	$ 582	$ -	$ -	$ 582
Building	4,749			4,749
Equipment	1,761	14		1,775
Total Capital Assets	7,092	14	-	7,106
Accumulated Depreciation				
Building	3,772	118		3,890
Equipment	1,602	71		1,673
Total Accumulated Depreciation	5,374	189	-	5,563
Capital Assets, Net	$ 1,718	$ (175)	$ -	$ 1,543

VIII. Compensated Absences

As state employees, most full-time permanent employees of SC PEBA's Retirement Division earn 15 days of annual leave and 15 days of sick leave per year during their first ten years of service. After ten years of service is complete, most employees earn an additional 1.25 days of annual leave for each year of service over ten until they reach a maximum of 30 days per year. Sick leave earnings remain at 15 days per year regardless of years of service. Employees may carry forward up to 45 days of annual leave and 180 days of sick leave from one calendar year to the next. Upon termination of employment, employees are eligible to receive payment for up to 45 days of accumulated unused annual leave at the pay rate then in effect. Employees are not eligible to receive payment for accumulated unused sick leave upon termination. As of June 30, 2025, the total amount accrued for unused annual leave for PEBA's Retirement Division employees was $1.17 million and the associated liability is included in Other Liabilities on the Statement of Fiduciary Net Position.

IX. Participation in Pension Plans

Generally, all employees of PEBA are required to participate in the South Carolina Retirement System (SCRS) or the State Optional Retirement Program (ORP) as a condition of employment. Additional information related to membership, benefits and contribution requirements is contained within these notes to the financial statements.

Employer contributions for Retirement Division staff are paid by PEBA and are allocated to the pension trust funds along with all other administrative expenses. Administrative expenses of the Systems are funded by investment earnings. For the year ended June 30, 2025, PEBA's contributions to SCRS for Retirement Division staff were $1.89 million of which $143 thousand represented the nonemployer contribution that was applied as a legislatively appropriated credit.

X. Net Pension Liability of Employers

The total pension liability of each defined benefit pension plan summarized below was determined based on the most recent actuarial valuation, which was conducted using membership data as of July 1, 2024, projected forward to the end of the fiscal year, and financial information as of June 30, 2025, using generally accepted actuarial procedures. Information included in the following schedule is based on the certification provided by our consulting actuary, Gabriel Roeder Smith & Company. A Schedule of Employers' Net Pension Liability is intended to provide information about whether the plan fiduciary net positions are increasing or decreasing over time relative to the total pension liability. This schedule as well as a Schedule of Changes in the Employers' Net Pension Liability is presented in the Required Supplementary Information (RSI) section.

The net pension liability (i.e. the Systems' total pension liability determined in accordance with GASB Statement No. 67 less the fiduciary net position) as of June 30, 2025, is as follows (dollar amounts expressed in thousands):

	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability	Plan Fiduciary Net Position as a % of the Total Pension Liability
SCRS	$ 63,956,319	$ 42,347,352	$ 21,608,967	66.2%
PORS	10,857,735	8,092,430	2,765,305	74.5%
GARS	64,951	56,238	8,713	86.6%
JSRS	501,144	269,739	231,405	53.8%
SCNG	69,640	53,257	16,383	76.5%

Actuarial valuations of the ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2023.

The following table provides a summary of the actuarial assumptions and methods used to calculate the total pension liability for each plan as of June 30, 2025. The total pension liability for each plan is based on the actuarial valuations performed as of July 1, 2024, and rolled-forward from the valuation date to the plans' fiscal year ending June 30, 2025, using generally accepted actuarial principles. There was no legislation enacted during the 2024 legislative session that had a material change in the benefit provisions for any of the systems.

	SCRS	PORS	GARS	JSRS	SCNG
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Actuarial assumptions:					
Investment rate of return[1]	7.00%	7.00%	7.00%	7.00%	7.00%
Projected salary increases	3.0% to 11.25% (varies by service)	3.5% to 11.0% (varies by service)	None	3.0%	None
Benefit adjustments	lesser of 1% or $500 annually	lesser of 1% or $500 annually	None	3.00%	None

[1] Includes inflation at 2.25%.

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumption, the 2020 Public Retirees of South Carolina Mortality table (2020 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using 80 percent of Scale UMP projected from the year 2020.

Former Job Class	Males	Females
Educators and Judges	2020 PRSC Males multiplied by 95%	2020 PRSC Females multiplied by 94%
General Employees and Members of the General Assembly	2020 PRSC Males multiplied by 97%	2020 PRSC Females multiplied by 107%
Public Safety, Firefighters and members of the South Carolina National Guard	2020 PRSC Males multiplied by 127%	2020 PRSC Females multiplied by 107%

The long-term expected rate of return on pension plan investments is based upon 30-year capital market assumptions. The long-term expected rates of return represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2025 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.00 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

Allocation / Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Public Equity	46.0%	5.87%	2.70%
Bonds	26.0%	3.20%	0.83%
Private Equity[1]	9.0%	8.50%	0.77%
Private Debt[1]	7.0%	7.40%	0.52%
Real Assets	12.0%		
Real Estate[1]	9.0%	5.00%	0.45%
Infrastructure[1]	3.0%	7.70%	0.23%
Expected Real Return[2]	100.0%		5.50%
Inflation for Actuarial Purposes			2.25%
Expected Rate of Return			7.75%

[1]RSIC staff and consultant will notify the Commission if the collective exposure to Private Equity, Private Debt and Private Real Assets exceeds 30 percent of total plan assets.

[2]Portable Alpha Strategies, which utilize Hedge Funds and are not included in the Policy Target, will be capped at 15% of total assets.

The discount rate used to measure the total pension liability of each plan was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. The contributions required for JSRS, GARS, and the SCNG are based on PEBA's current funding policy which include the change in funding in future years as a result of the enactment of the Retirement System Funding and Administration Act of 2017. Based on those assumptions, the system's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In accordance with GASB Statement No. 67 regarding the disclosure of the sensitivity of the net pension liability to changes in the discount rate, the following table presents the net pension liability of the participating employers calculated using the discount rate of 7 percent, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is 1 percent lower (6 percent) or 1 percent higher (8 percent) than the current rate.

Discount Rate Sensitivity Analysis

(Amounts expressed in thousands)

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
SCRS	$ 29,201,117	$ 21,608,967	$ 15,291,155
PORS	4,208,916	2,765,305	1,580,963
GARS	14,028	8,713	4,074
JSRS	286,026	231,405	185,161
SCNG	25,311	16,383	9,159

XI. Death Benefit Program

In addition to monthly pension benefits provided through the Systems, a death benefit program is available to employers. For participating employers, incidental death benefits are provided for both active and retired members. These benefits are funded through separate death benefit programs within SCRS and PORS on a cost-sharing, multiple-employer basis. The assets in the death benefits fund are not held separately in a dedicated trust for the sole purpose of paying death benefits to beneficiaries of deceased members. These benefits are considered allowable within the defined benefit plans and are held within the pension trust funds. Coverage is provided to eligible active and retired working members as well as non-working retirees under the governing statute. Funding for the plans is collected as a percent of covered payroll as determined by the Systems' actuary and approved by the governing board. The current employer contribution rates for the programs are 0.15 percent and 0.20 percent of payroll for SCRS and PORS respectively. These contributions fund both the active and retiree death benefits.

Active Death Benefits

An incidental death benefit is payable upon the death of an SCRS, State ORP or PORS contributing member who worked for a participating employer at the time of death. The member must have been in service and had at least one full year of membership or must have died as a result of an injury arising in the course of performing his duties regardless of length of membership. The incidental death benefit is equal to the annual earnable compensation of the member at the time of death and is payable apart and separate from the payment of pension benefits.

Retiree Death Benefits

Retired members of SCRS and PORS whose last employer prior to retirement is covered by the program, and who met applicable service credit requirements, are also protected under the state-sponsored death benefit program. Upon the death of a retired member, the beneficiary of a non-working retiree will receive a benefit payment of $2,000, $4,000 or $6,000 based on the member's total creditable service at the time of retirement.

Members who work after retirement by returning to covered employment as a working retiree are eligible for an increased level of death benefits. Beneficiaries of working retirees are provided with a death benefit equal to the amount of the member's annual earnable compensation in lieu of the standard $2,000, $4,000 or $6,000 retired member benefit.

All benefits provided by the Systems are included in the actuarial valuations, including the incidental death benefit program for SCRS, PORS, GARS and JSRS. The July 1, 2024 actuarial valuations reflect the inclusion of the assets and liabilities of the incidental death benefit program and accidental death benefits for PORS.

XII. Litigation

The South Carolina Retirement Systems are involved in litigation relating to various matters arising in the ordinary course of business, including routine administrative litigation involving individual members' claims regarding their benefits. In the opinion of management, in consultation with legal counsel, the outcomes of these matters are not expected to have a material adverse effect on the Systems' financial position or operations.

South Carolina Retirement Systems
Required Supplementary Information

Schedule of Changes in the Employers' Net Pension Liability

SCRS Pension Trust Fund
Years Ended June 30
(Amounts expressed in thousands)

	2025	2024	2023	2022	2021
Total Pension Liability					
Service cost	$ 1,281,057	$ 1,182,494	$ 1,120,136	$ 1,069,012	$ 1,028,783
Interest	4,210,079	4,007,724	3,869,177	3,778,285	3,678,394
Benefit changes					
Difference between actual and expected experience	828,079	748,621	502,096	(142,936)	232,794
Assumption changes		571,462			1,591,642
Benefit payments	(3,732,703)	(3,604,897)	(3,481,786)	(3,381,161)	(3,244,221)
Net Change in Total Pension Liability	2,586,512	2,905,404	2,009,623	1,323,200	3,287,392
Total Pension Liability - Beginning	61,369,807	58,464,403	56,454,780	55,131,580	51,844,188
Total Pension Liability - Ending (a)	$ 63,956,319	$ 61,369,807	$ 58,464,403	$ 56,454,780	$ 55,131,580
Plan Fiduciary Net Position					
Employer contributions	$ 2,643,644	$ 2,463,230	$ 2,133,553	$ 1,884,209	$ 1,673,320
Nonemployer contributions	88,706	88,706	88,706	88,706	88,706
Employee contributions	1,188,284	1,117,409	1,035,919	983,536	932,014
Refunds of contributions to members	(163,006)	(152,910)	(145,376)	(160,567)	(124,286)
Annuity benefits	(3,542,663)	(3,422,601)	(3,309,645)	(3,189,790)	(3,090,155)
Death benefits	(27,034)	(29,386)	(26,765)	(30,804)	(29,780)
Net investment income (loss)	4,259,500	3,588,045	2,317,284	(832,364)	7,767,185
Administrative expenses	(17,954)	(18,155)	(17,206)	(17,990)	(17,523)
Net transfers to other systems	(1,617)	(1,808)	(2,135)	(2,615)	(1,593)
Net Change in Plan Fiduciary Net Position	4,427,860	3,632,530	2,074,335	(1,277,679)	7,197,888
Plan Fiduciary Net Position - Beginning	37,919,492	34,286,962	32,212,627	33,490,306	26,292,418
Plan Fiduciary Net Position - Ending (b)	$ 42,347,352	$ 37,919,492	$ 34,286,962	$ 32,212,627	$ 33,490,306
Net Pension Liability - Ending (a) - (b)	$ 21,608,967	$ 23,450,315	$ 24,177,441	$ 24,242,153	$ 21,641,274

South Carolina Retirement Systems
Required Supplementary Information (continued)

Schedule of Changes in the Employers' Net Pension Liability

SCRS Pension Trust Fund (continued)
Years Ended June 30
(Amounts expressed in thousands)

	2020	2019	2018	2017	2016
Total Pension Liability					
Service cost	$ 975,416	$ 967,897	$ 910,846	$ 804,057	$ 763,357
Interest	3,551,535	3,463,073	3,401,588	3,318,051	3,231,572
Benefit changes					
Difference between actual and expected experience	392,332	(101,351)	(172,340)	54,584	46,714
Assumption changes				1,746,649	
Benefit payments	(3,148,155)	(3,078,289)	(3,562,801)	(3,035,119)	(2,782,738)
Net Change in Total Pension Liability	1,771,128	1,251,330	577,293	2,888,222	1,258,905
Total Pension Liability - Beginning	50,073,060	48,821,730	48,244,437	45,356,215	44,097,310
Total Pension Liability - Ending (a)	$51,844,188	$50,073,060	$48,821,730	$48,244,437	$45,356,215
Plan Fiduciary Net Position					
Employer contributions	$ 1,647,757	$ 1,450,308	$ 1,300,477	$ 1,168,847	$ 1,072,659
Nonemployer contributions	88,706	88,706	104,974		
Employee contributions	922,539	880,664	868,681	826,543	754,153
Refunds of contributions to members	(117,860)	(118,067)	(113,867)	(105,169)	(93,694)
Annuity benefits	(3,007,545)	(2,938,416)	(3,426,650)	(2,907,273)	(2,668,385)
Death benefits	(22,750)	(21,806)	(22,284)	(22,677)	(20,659)
Net investment income (loss)	(441,580)	1,499,391	1,986,948	2,791,215	(165,394)
Administrative expenses	(14,218)	(15,536)	(14,658)	(13,469)	(13,149)
Net transfers to other systems	(1,547)	(1,244)	(1,534)	(1,550)	(997)
Net Change in Plan Fiduciary Net Position	(946,498)	824,000	682,087	1,736,467	(1,135,466)
Plan Fiduciary Net Position - Beginning	27,238,916	26,414,916	25,732,829	23,996,362	25,131,828
Plan Fiduciary Net Position - Ending (b)	$26,292,418	$27,238,916	$26,414,916	$25,732,829	$23,996,362
Net Pension Liability - Ending (a) - (b)	$25,551,770	$22,834,144	$22,406,814	$22,511,608	$21,359,853

South Carolina Retirement Systems
Required Supplementary Information (continued)

Schedule of Changes in the Employers' Net Pension Liability

PORS Pension Trust Fund
Years Ended June 30
(Amounts expressed in thousands)

	2025	2024	2023	2022	2021
Total Pension Liability					
Service cost	$ 293,876	$ 240,895	$ 228,881	$ 218,062	$ 206,733
Interest	703,760	651,802	616,200	598,566	574,351
Benefit changes					
Difference between actual and expected experience	224,452	274,584	165,789	(78,185)	70,304
Assumption changes		78,629			242,143
Benefit payments	(542,258)	(518,026)	(498,536)	(485,343)	(455,331)
Net Change in Total Pension Liability	679,830	727,884	512,334	253,100	638,200
Total Pension Liability - Beginning	10,177,905	9,450,021	8,937,687	8,684,587	8,046,387
Total Pension Liability - Ending (a)	$ 10,857,735	$ 10,177,905	$ 9,450,021	$ 8,937,687	$ 8,684,587
Plan Fiduciary Net Position					
Employer contributions	$ 437,054	$ 407,492	$ 342,451	$ 292,364	$ 262,577
Nonemployer contributions	12,470	12,470	12,470	12,470	12,470
Employee contributions	206,095	197,697	179,072	163,536	152,148
Refunds of contributions to members	(29,609)	(26,309)	(25,820)	(32,691)	(24,346)
Annuity benefits	(507,472)	(486,675)	(468,123)	(447,401)	(425,232)
Death benefits	(5,177)	(5,042)	(4,593)	(5,251)	(5,753)
Net investment income (loss)	802,903	674,179	432,834	(155,638)	1,411,353
Administrative expenses	(3,374)	(3,369)	(3,153)	(3,257)	(3,121)
Net transfers to other systems	1,421	1,751	2,079	2,904	1,401
Net Change in Plan Fiduciary Net Position	914,311	772,194	467,217	(172,964)	1,381,497
Plan Fiduciary Net Position - Beginning	7,178,119	6,405,925	5,938,708	6,111,672	4,730,175
Plan Fiduciary Net Position - Ending (b)	$ 8,092,430	$ 7,178,119	$ 6,405,925	$ 5,938,708	$ 6,111,672
Net Pension Liability - Ending (a) - (b)	$ 2,765,305	$ 2,999,786	$ 3,044,096	$ 2,998,979	$ 2,572,915

South Carolina Retirement Systems
Required Supplementary Information (continued)

Schedule of Changes in the Employers' Net Pension Liability

PORS Pension Trust Fund (continued)
Years Ended June 30
(Amounts expressed in thousands)

	2020	2019	2018	2017	2016
Total Pension Liability					
Service cost	$ 198,744	$ 189,379	$ 184,570	$ 166,682	$ 156,567
Interest	548,454	528,699	500,758	473,059	453,696
Benefit changes					
Difference between actual and expected experience	49,922	(27,766)	102,882	5,044	11,582
Assumption changes				333,190	
Benefit payments	(432,483)	(412,535)	(397,921)	(376,801)	(360,656)
Net Change in Total Pension Liability	364,637	277,777	390,289	601,174	261,189
Total Pension Liability - Beginning	7,681,750	7,403,973	7,013,684	6,412,510	6,151,321
Total Pension Liability - Ending (a)	$ 8,046,387	$ 7,681,750	$ 7,403,973	$ 7,013,684	$ 6,412,510
Plan Fiduciary Net Position					
Employer contributions	$ 263,135	$ 237,821	$ 211,793	$ 192,006	$ 175,223
Nonemployer contributions	12,470	12,470	13,122		
Employee contributions	151,835	144,747	138,652	127,840	115,188
Refunds of contributions to members	(22,492)	(21,608)	(23,899)	(19,964)	(19,178)
Annuity benefits	(405,790)	(387,228)	(369,536)	(352,986)	(337,928)
Death benefits	(4,201)	(3,699)	(4,485)	(3,852)	(3,550)
Net investment income (loss)	(79,106)	264,323	331,529	455,914	(24,636)
Administrative expenses	(2,469)	(2,596)	(2,402)	(2,149)	(2,055)
Net transfers to other systems	984	1,148	1,534	1,278	1,147
Net Change in Plan Fiduciary Net Position	(85,634)	245,378	296,308	398,087	(95,789)
Plan Fiduciary Net Position - Beginning	4,815,809	4,570,431	4,274,123	3,876,036	3,971,825
Plan Fiduciary Net Position - Ending (b)	$ 4,730,175	$ 4,815,809	$ 4,570,431	$ 4,274,123	$ 3,876,036
Net Pension Liability - Ending (a) - (b)	$ 3,316,212	$ 2,865,941	$ 2,833,542	$ 2,739,561	$ 2,536,474

Schedule of Changes in the Employers' Net Pension Liability

GARS Pension Trust Fund
Years Ended June 30
(Amounts expressed in thousands)

	2025	2024	2023	2022	2021
Total Pension Liability					
Service cost	$ 212	$ 220	$ 263	$ 275	$ 364
Interest	4,417	4,584	4,698	4,815	4,937
Benefit changes					
Difference between actual and expected experience	439	(684)	(289)	(420)	379
Assumption changes		(241)			1,386
Benefit payments	(6,231)	(6,256)	(6,328)	(6,348)	(6,315)
Net Change in Total Pension Liability	(1,163)	(2,377)	(1,656)	(1,678)	751
Total Pension Liability - Beginning	66,114	68,491	70,147	71,825	71,074
Total Pension Liability - Ending (a)	$ 64,951	$ 66,114	$ 68,491	$ 70,147	$ 71,825
Plan Fiduciary Net Position					
Employer contributions	$ 6,200	$ 6,286	$ 6,308	$ 6,279	$ 5,956
Employee contributions	127	147	155	164	184
Refunds of contributions to members					(77)
Annuity benefits	(6,226)	(6,243)	(6,313)	(6,332)	(6,222)
Death benefits	(5)	(13)	(15)	(16)	(16)
Net investment income (loss)	5,640	4,813	3,106	(1,045)	9,444
Administrative expenses	(24)	(24)	(22)	(23)	(23)
Net transfers to other systems			(135)	(206)	(45)
Net Change in Plan Fiduciary Net Position	5,712	4,966	3,084	(1,179)	9,201
Plan Fiduciary Net Position - Beginning	50,526	45,560	42,476	43,655	34,454
Plan Fiduciary Net Position - Ending (b)	$ 56,238	$ 50,526	$ 45,560	$ 42,476	$ 43,655
Net Pension Liability - Ending (a) - (b)	$ 8,713	$ 15,588	$ 22,931	$ 27,671	$ 28,170

South Carolina Retirement Systems
Required Supplementary Information (continued)

Schedule of Changes in the Employers' Net Pension Liability

GARS Pension Trust Fund (continued)
Years Ended June 30
(Amounts expressed in thousands)

	2020	2019	2018	2017	2016
Total Pension Liability					
Service cost	$ 358	$ 440	$ 464	$ 488	$ 493
Interest	5,003	5,149	5,200	5,293	5,301
Benefit changes					
Difference between actual and expected experience	60	(1,135)	138	(348)	798
Assumption changes				2,330	
Benefit payments	(6,348)	(6,515)	(6,468)	(6,737)	(6,656)
Net Change in Total Pension Liability	(927)	(2,061)	(666)	1,026	(64)
Total Pension Liability - Beginning	72,001	74,062	74,728	73,702	73,766
Total Pension Liability - Ending (a)	$ 71,074	$ 72,001	$ 74,062	$ 74,728	$ 73,702
Plan Fiduciary Net Position					
Employer contributions	$ 6,329	$ 5,804	$ 5,428	$ 4,539	$ 4,501
Employee contributions	222	162	287	468	292
Refunds of contributions to members		(17)			(22)
Annuity benefits	(6,323)	(6,480)	(6,452)	(6,678)	(6,625)
Death benefits	(25)	(18)	(16)	(59)	(9)
Net investment income (loss)	(443)	1,887	2,376	3,329	(266)
Administrative expenses	(18)	(20)	(18)	(17)	(18)
Net transfers to other systems				19	(147)
Net Change in Plan Fiduciary Net Position	(258)	1,318	1,605	1,601	(2,294)
Plan Fiduciary Net Position - Beginning	34,712	33,394	31,789	30,188	32,482
Plan Fiduciary Net Position - Ending (b)	$ 34,454	$ 34,712	$ 33,394	$ 31,789	$ 30,188
Net Pension Liability - Ending (a) - (b)	$ 36,620	$ 37,289	$ 40,668	$ 42,939	$ 43,514

South Carolina Retirement Systems
Required Supplementary Information (continued)

Schedule of Changes in the Employers' Net Pension Liability

JSRS Pension Trust Fund
Years Ended June 30
(Amounts expressed in thousands)

	2025	2024	2023	2022	2021
Total Pension Liability					
Service cost	$ 10,960	$ 10,226	$ 9,791	$ 9,515	$ 8,718
Interest	33,546	31,729	31,468	30,554	29,199
Benefit changes					
Difference between actual and expected experience	(1,355)	16,557	(9,303)	(249)	4,000
Assumption changes		(2,574)			17,439
Benefit payments	(31,515)	(29,192)	(27,697)	(26,099)	(25,941)
Net Change in Total Pension Liability	11,636	26,746	4,259	13,721	33,415
Total Pension Liability - Beginning	489,508	462,762	458,503	444,782	411,367
Total Pension Liability - Ending (a)	$ 501,144	$ 489,508	$ 462,762	$ 458,503	$ 444,782
Plan Fiduciary Net Position					
Employer contributions	$ 22,706	$ 21,280	$ 20,164	$ 19,577	$ 19,100
Nonemployer contributions	2,900	2,900	2,900	2,900	2,900
Employee contributions	4,069	3,564	4,236	3,012	3,587
Refunds of contributions to members	(300)				
Annuity benefits	(30,994)	(29,185)	(27,686)	(26,089)	(25,746)
Death benefits	(221)	(7)	(11)	(10)	(195)
Net investment income (loss)	27,764	23,612	15,272	(5,202)	47,659
Administrative expenses	(115)	(117)	(110)	(114)	(109)
Net transfers to other systems	196	57	191	(83)	237
Net Change in Plan Fiduciary Net Position	26,005	22,104	14,956	(6,009)	47,433
Plan Fiduciary Net Position - Beginning	243,734	221,630	206,674	212,683	165,250
Plan Fiduciary Net Position - Ending (b)	$ 269,739	$ 243,734	$ 221,630	$ 206,674	$ 212,683
Net Pension Liability - Ending (a) - (b)	$ 231,405	$ 245,774	$ 241,132	$ 251,829	$ 232,099

South Carolina Retirement Systems
Required Supplementary Information (continued)

Schedule of Changes in the Employers' Net Pension Liability

JSRS Pension Trust Fund (continued)
Years Ended June 30
(Amounts expressed in thousands)

	2020	2019	2018	2017	2016
Total Pension Liability					
Service cost	$ 8,919	$ 6,645	$ 6,521	$ 6,186	$ 5,886
Interest	28,154	21,737	21,271	20,404	20,022
Benefit changes					
Difference between actual and expected experience	3,262	80,801	(3,548)	(995)	(3,085)
Assumption changes				13,790	
Benefit payments	(25,673)	(17,950)	(17,811)	(18,602)	(17,191)
Net Change in Total Pension Liability	14,662	91,233	6,433	20,783	5,632
Total Pension Liability - Beginning	396,705	305,472	299,039	278,256	272,624
Total Pension Liability - Ending (a)	$ 411,367	$ 396,705	$ 305,472	$ 299,039	$ 278,256
Plan Fiduciary Net Position					
Employer contributions	$ 19,098	$ 11,730	$ 11,043	$ 10,534	$ 10,202
Nonemployer contributions	2,900				
Employee contributions	4,966	2,840	3,016	2,928	2,303
Refunds of contributions to members	(182)			(629)	(60)
Annuity benefits	(25,301)	(17,947)	(17,655)	(17,679)	(16,989)
Death benefits	(190)	(3)	(156)	(293)	(143)
Net investment income (loss)	(2,361)	9,183	11,723	16,399	(871)
Administrative expenses	(86)	(92)	(86)	(79)	(75)
Net transfers to other systems	563	96		253	(3)
Net Change in Plan Fiduciary Net Position	(593)	5,807	7,885	11,434	(5,636)
Plan Fiduciary Net Position - Beginning	165,843	160,036	152,151	140,717	146,353
Plan Fiduciary Net Position - Ending (b)	$ 165,250	$ 165,843	$ 160,036	$ 152,151	$ 140,717
Net Pension Liability - Ending (a) - (b)	$ 246,117	$ 230,862	$ 145,436	$ 146,888	$ 137,539

South Carolina Retirement Systems
Required Supplementary Information (continued)

Schedule of Changes in the Employers' Net Pension Liability

SCNG Pension Trust Fund
Years Ended June 30
(Amounts expressed in thousands)

	2025	2024	2023	2022	2021
Total Pension Liability					
Service cost	$ 838	$ 786	$ 782	$ 791	$ 696
Interest	4,749	4,733	4,706	4,654	4,754
Benefit changes					
Difference between actual and expected experience	(956)	(678)	(392)	(59)	(960)
Assumption changes		135			971
Benefit payments	(4,823)	(4,738)	(4,669)	(4,607)	(4,574)
Net Change in Total Pension Liability	(192)	238	427	779	887
Total Pension Liability - Beginning	69,832	69,594	69,167	68,388	67,501
Total Pension Liability - Ending (a)	$ 69,640	$ 69,832	$ 69,594	$ 69,167	$ 68,388
Plan Fiduciary Net Position					
Employer contributions	$ 5,290	$ 5,290	$ 5,290	$ 5,290	$ 5,290
Employee contributions					
Refunds of contributions to members					
Annuity benefits	(4,823)	(4,738)	(4,669)	(4,607)	(4,574)
Death benefits					
Net investment income (loss)	5,023	4,316	2,776	(878)	7,996
Administrative expenses	(22)	(22)	(21)	(22)	(20)
Net transfers to other systems					
Net Change in Plan Fiduciary Net Position	5,468	4,846	3,376	(217)	8,692
Plan Fiduciary Net Position - Beginning	47,789	42,943	39,567	39,784	31,092
Plan Fiduciary Net Position - Ending (b)	$ 53,257	$ 47,789	$ 42,943	$ 39,567	$ 39,784
Net Pension Liability - Ending (a) - (b)	$ 16,383	$ 22,043	$ 26,651	$ 29,600	$ 28,604

Schedule of Changes in the Employers' Net Pension Liability

SCNG Pension Trust Fund (continued)
Years Ended June 30
(Amounts expressed in thousands)

	2020	2019	2018	2017	2016
Total Pension Liability					
Service cost	$ 805	$ 786	$ 804	$ 696	$ 689
Interest	4,731	4,764	4,743	4,589	4,594
Benefit changes					
Difference between actual and expected experience	(627)	(1,501)	(767)	(843)	(992)
Assumption changes				4,161	
Benefit payments	(4,514)	(4,534)	(4,411)	(4,426)	(4,310)
Net Change in Total Pension Liability	395	(485)	369	4,177	(19)
Total Pension Liability - Beginning	67,106	67,591	67,222	63,045	63,064
Total Pension Liability - Ending (a)	$ 67,501	$ 67,106	$ 67,591	$ 67,222	$ 63,045
Plan Fiduciary Net Position					
Employer contributions	$ 5,290	$ 5,290	$ 4,814	$ 4,591	$ 4,591
Employee contributions					
Refunds of contributions to members					
Annuity benefits	(4,514)	(4,534)	(4,411)	(4,425)	(4,310)
Death benefits					
Net investment income (loss)	(352)	1,616	1,902	2,533	(121)
Administrative expenses	(15)	(16)	(14)	(13)	(12)
Net transfers to other systems					
Net Change in Plan Fiduciary Net Position	409	2,356	2,291	2,686	148
Plan Fiduciary Net Position - Beginning	30,683	28,327	26,036	23,350	23,202
Plan Fiduciary Net Position - Ending (b)	$ 31,092	$ 30,683	$ 28,327	$ 26,036	$ 23,350
Net Pension Liability - Ending (a) - (b)	$ 36,409	$ 36,423	$ 39,264	$ 41,186	$ 39,695

South Carolina Retirement Systems
Required Supplementary Information (continued)

Schedule of Employers' Net Pension Liability

(Dollar amounts expressed in thousands)

	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	Projected Covered Payroll[1]	Net Pension Liability as a Percentage of Covered Payroll
SCRS						
6/30/2025	$ 63,956,319	$ 42,347,352	$ 21,608,967	66.2%	$ 11,927,904	181.2%
6/30/2024	61,369,807	37,919,492	23,450,315	61.8%	11,041,023	212.4%
6/30/2023	58,464,403	34,286,962	24,177,441	58.6%	10,429,574	231.8%
6/30/2022	56,454,780	32,212,627	24,242,153	57.1%	9,925,834	244.2%
6/30/2021	55,131,580	33,490,306	21,641,274	60.7%	9,788,610	221.1%
6/30/2020	51,844,188	26,292,418	25,551,770	50.7%	9,272,010	275.6%
6/30/2019	50,073,060	27,238,916	22,834,144	54.4%	9,183,081	248.7%
6/30/2018	48,821,730	26,414,916	22,406,814	54.1%	8,592,885	260.8%
6/30/2017	48,244,437	25,732,829	22,511,608	53.3%	8,213,042	274.1%
6/30/2016	45,356,215	23,996,362	21,359,853	52.9%	7,765,588	275.1%
PORS						
6/30/2025	10,857,735	8,092,430	2,765,305	74.5%	1,898,424	145.7%
6/30/2024	10,177,905	7,178,119	2,999,786	70.5%	1,601,690	187.3%
6/30/2023	9,450,021	6,405,925	3,044,096	67.8%	1,513,764	201.1%
6/30/2022	8,937,687	5,938,708	2,998,979	66.4%	1,434,621	209.0%
6/30/2021	8,684,587	6,111,672	2,572,915	70.4%	1,440,645	178.6%
6/30/2020	8,046,387	4,730,175	3,316,212	58.8%	1,378,255	240.6%
6/30/2019	7,681,750	4,815,809	2,865,941	62.7%	1,306,961	219.3%
6/30/2018	7,403,973	4,570,431	2,833,542	61.7%	1,263,314	224.3%
6/30/2017	7,013,684	4,274,123	2,739,561	60.9%	1,187,195	230.8%
6/30/2016	6,412,510	3,876,036	2,536,474	60.4%	1,105,703	229.4%
GARS						
6/30/2025	64,951	56,238	8,713	86.6%	967	901.2%
6/30.2024	66,114	50,526	15,588	76.4%	1,000	1,558.6%
6/30/2023	68,491	45,560	22,931	66.5%	1,204	1,905.1%
6/30/2022	70,147	42,476	27,671	60.6%	1,249	2,216.2%
6/30/2021	71,825	43,655	28,170	60.8%	1,570	1,794.0%
6/30/2020	71,074	34,454	36,620	48.5%	1,570	2,332.1%
6/30/2019	72,001	34,712	37,289	48.2%	1,866	1,998.8%
6/30/2018	74,062	33,394	40,668	45.1%	1,961	2,074.3%
6/30/2017	74,728	31,789	42,939	42.5%	2,316	1,853.7%
6/30/2016	73,702	30,188	43,514	41.0%	2,338	1,861.0%
JSRS						
6/30/2025	501,144	269,739	231,405	53.8%	36,076	641.4%
6/30/2024	489,508	243,734	245,774	49.8%	33,639	730.6%
6/30/2023	462,762	221,630	241,132	47.9%	32,037	752.7%
6/30/2022	458,503	206,674	251,829	45.1%	31,104	809.6%
6/30/2021	444,782	212,683	232,099	47.8%	30,346	764.8%
6/30/2020	411,367	165,250	246,117	40.2%	30,346	811.0%
6/30/2019	396,705	165,843	230,862	41.8%	22,347	1,033.1%
6/30/2018	305,472	160,036	145,436	52.4%	22,347	650.8%
6/30/2017	299,039	152,151	146,888	50.9%	21,958	668.9%
6/30/2016	278,256	140,717	137,539	50.6%	21,267	646.7%
SCNG						
6/30/2025	69,640	53,257	16,383	76.5%	Not Applicable[2]	Not Applicable[2]
6/30/2024	69,832	47,789	22,043	68.4%	Not Applicable2	Not Applicable2
6/30/2023	69,594	42,943	26,651	61.7%	Not Applicable[2]	Not Applicable[2]
6/30/2022	69,167	39,567	29,600	57.2%	Not Applicable[2]	Not Applicable[2]
6/30/2021	68,388	39,784	28,604	58.2%	Not Applicable[2]	Not Applicable[2]
6/30/2020	67,501	31,092	36,409	46.1%	Not Applicable[2]	Not Applicable[2]
6/30/2019	67,106	30,683	36,423	45.7%	Not Applicable[2]	Not Applicable[2]
6/30/2018	67,591	28,327	39,264	41.9%	Not Applicable[2]	Not Applicable[2]
6/30/2017	67,222	26,036	41,186	38.7%	Not Applicable[2]	Not Applicable[2]
6/30/2016	63,045	23,350	39,695	37.0%	Not Applicable[2]	Not Applicable[2]

[1]Projected covered payroll is the annualized, projected compensation for the following year and does not include payroll attributable to members in State ORP or working retirees.

[2] The contributions and benefits associated with the SCNG are not determined as a function of payroll.

Schedule of Employers' and Nonemployer's Contributions

(Dollar amounts expressed in thousands)

	Actuarially Determined Contributions[3]	Amount of Contributions Recognized[3]	Difference Between Actuarially Determined Contributions and Contributions Recognized	Projected Covered Payroll[4]	Percentage of Contributions to Covered Payroll
SCRS[1]					
6/30/2025	$ 2,732,350	$ 2,732,350	$ -	$ 11,927,904	22.9%
6/30/2024	2,551,936	2,551,936		11,041,023	23.1%
6/30/2023	2,222,259	2,222,259		10,429,574	21.3%
6/30/2022	1,972,915	1,972,915		9,925,834	19.9%
6/30/2021	1,762,026	1,762,026		9,788,610	18.0%
6/30/2020	1,736,463	1,736,463		9,272,010	18.7%
6/30/2019	1,539,014	1,539,014		9,183,081	16.8%
6/30/2018	1,405,451	1,405,451		8,592,885	16.4%
6/30/2017	1,168,847	1,168,847		8,213,042	14.2%
6/30/2016	1,072,659	1,072,659		7,765,588	13.8%
PORS[1]					
6/30/2025	449,524	449,524		1,898,424	23.7%
6/30/2024	419,962	419,962		1,601,690	26.2%
6/30/2023	354,921	354,921		1,513,764	23.4%
6/30/2022	304,834	304,834		1,434,621	21.2%
6/30/2021	275,047	275,047		1,440,645	19.1%
6/30/2020	275,605	275,605		1,378,255	20.0%
6/30/2019	250,291	250,291		1,306,961	19.2%
6/30/2018	224,915	224,915		1,263,314	17.8%
6/30/2017	192,006	192,006		1,187,195	16.2%
6/30/2016	175,223	175,223		1,105,703	15.8%
GARS[5]					
6/30/2025	6,200	6,200		967	641.2%
6/30/2024	6,286	6,286		1,000	628.6%
6/30/2023	6,308	6,308		1,204	523.9%
6/30/2022	6,279	6,279		1,249	502.7%
6/30/2021	5,956	5,956		1,570	379.4%
6/30/2020	6,329	6,329		1,570	403.1%
6/30/2019	5,804	5,804		1,866	311.0%
6/30/2018	5,428	5,428		1,961	276.8%
6/30/2017	4,539	4,539		2,316	196.0%
6/30/2016	4,501	4,501		2,338	192.5%

Schedule of Employers' and Nonemployer's Contributions continued on next page.

Schedule of Employers' and Nonemployer's Contributions (cont.)

(Dollar amounts expressed in thousands)

	Actuarially Determined Contributions[3]	Amount of Contributions Recognized[3]	Difference Between Actuarially Determined Contributions and Contributions Recognized	Projected Covered Payroll[4]	Percentage of Contributions to Covered Payroll
JSRS[2]					
6/30/2025	$ 25,606	$ 25,606	$ -	$ 36,076	71.0%
6/30/2024	24,180	24,180		33,639	71.9%
6/30/2023	23,064	23,064		32,037	72.0%
6/30/2022	22,477	22,477		31,104	72.3%
6/30/2021	22,000	22,000		30,346	72.5%
6/30/2020	21,998	21,998		30,346	72.5%
6/30/2019	11,730	11,730		22,347	52.5%
6/30/2018	11,044	11,044		22,347	49.4%
6/30/2017	10,534	10,534		21,958	48.0%
6/30/2016	10,202	10,202		21,267	48.0%
SCNG[6]					
6/30/2025	3,621	5,290	(1,669)	Not Applicable	Not Applicable
6/30/2024	3,837	5,290	(1,453)	Not Applicable	Not Applicable
6/30/2023	3,984	5,290	(1,306)	Not Applicable	Not Applicable
6/30/2022	4,405	5,290	(885)	Not Applicable	Not Applicable
6/30/2021	5,188	5,290	(102)	Not Applicable	Not Applicable
6/30/2020	5,262	5,290	(28)	Not Applicable	Not Applicable
6/30/2019	5,290	5,290		Not Applicable	Not Applicable
6/30/2018	4,814	4,814		Not Applicable	Not Applicable
6/30/2017	4,509	4,591	(82)	Not Applicable	Not Applicable
6/30/2016	4,570	4,591	(21)	Not Applicable	Not Applicable

[1] The actual contribution rates and the actuarially determined contribution rates for SCRS and PORS are determined in accordance with Sections 9-1-1085 and 9-11-225 of the South Carolina Code, respectively. The SCRS and PORS employer contribution rates effective July 1, 2023, are 18.56 percent and 21.24 percent, respectively.

[2] The contribution rate for JSRS is based on the funding policy maintained by the SC Public Employee Benefit Authority. The JSRS employer contribution rate adopted by the PEBA Board effective July 1, 2023, is 62.94 percent and the remaining portion of the contribution effort is attributable to the $2.9 million in non-payroll based appropriations.

[3] Includes employer contributions on employee payroll and contributions remitted to SCRS on the payroll of employees participating in State ORP and working retirees. Total contributions for SCRS, PORS and JSRS also includes nonemployer contributions.

[4] Projected covered payroll is the annualized, projected compensation for the following year and does not include payroll attributable to members in State ORP or working retirees.

[5] GARS was closed to new members beginning with the 2012 general election. The actuarially determined contributions are based on the funding policy maintained by the SC Public Employee Benefit Authority.

[6] Benefits for members in the SCNG are not a function of pay. The actuarially determined contributions are based on the funding policy maintained by the SC Public Employee Benefit Authority.

South Carolina Retirement Systems
Required Supplementary Information (continued)

Schedule of Investment Returns[1]

Fiscal Year Ending June 30	Annual Money Weighted Rate of Return, Net of Investment Expense
2025	11.34%
2024	10.47
2023	6.80
2022	(0.91)
2021	28.48
2020	(1.59)
2019	5.70
2018	7.89
2017	11.82
2016	(0.51)

[1] *Trailing periods reflect a performance correction that affected the time period 07/1/2015 through 6/30/2022.*

Notes to Required Supplementary Information

The following table provides a summary of the actuarial methods and significant assumptions used in calculations of the actuarially determined contributions for fiscal year 2025 for each of the individual plans administered by PEBA.

Summary of Actuarial Methods and Significant Assumptions[1]

	SCRS	PORS	GARS	JSRS	SCNG
Valuation date	07/01/23	07/01/23	07/01/23	07/01/23	07/01/23
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Amortization method	Level percent of pay	Level percent of pay	Level dollar	Level percent of pay	Level dollar
Amortization period	24 years maximum, closed period[2]	24 years maximum, closed period[2]	4 years, closed	24 years maximum, closed period	13 years, closed
Asset Valuation method	5-Year Smoothed	5-Year Smoothed	5-Year Smoothed	5-Year Smoothed	5-Year Smoothed
Actuarial assumptions:					
Inflation rate	2.25%	2.25%	2.25%	2.25%	2.25%
Projected salary increases	3.0% plus step-rate increases for members with less than 21 years of service[3]	3.5% plus step-rate increases for members with less than 21 years of service[3]	None	3%[3]	None
Investment rate of return	7%	7%	7%	7%	7%
Benefit adjustments	lesser of 1% or $500 annually	lesser of 1% or $500 annually	None	3%	None

[1] *The actual contribution rates and the actuarially determined contribution rates for SCRS and PORS are determined in accordance with Sections 9-1-1085 and 9-11-225 of the South Carolina Code, respectively. Contribution requirements for JSRS, GARS and the SCNG are determined in accordance with funding policies established and maintained by the PEBA Board.*

[2] *Pension reform legislation enacted effective July 1, 2017, schedules the amortization period to be reduced from 30 years to 20 years over a ten-year schedule.*

[3] *Includes inflation at 2.25%.*

South Carolina Retirement Systems

Schedule of Changes in Fiduciary Net Position

SCRS Pension Trust Fund
Year Ended June 30, 2025
With summarized comparative totals for the year ended June 30, 2024
(Amounts expressed in thousands)

	EMPLOYEE FUND	EMPLOYER FUND	DEATH BENEFIT FUND	QEBA FUND	TOTAL	2024 TOTAL
Additions						
Employee contributions						
State	$ 369,379	$ 7,466	$ -	$ -	$ 376,845	$ 351,845
Public school	469,444	32,582			502,026	475,450
Other	300,106	9,307			309,413	290,114
Employer contributions						
State		942,789	8,611	855	952,255	880,520
Public school		1,066,938	9,289		1,076,227	1,007,739
Other		610,582	4,580		615,162	574,971
Nonemployer contributions						
State		31,126			31,126	31,126
Public school		43,822			43,822	43,822
Other		13,758			13,758	13,758
Total contributions	1,138,929	2,758,370	22,480	855	3,920,634	3,669,345
Investment income						
Net appreciation (depreciation) in fair value of investments		4,151,206	14,762		4,165,968	3,467,680
Interest and dividend income		573,435	2,035		575,470	531,868
Investment expense		(481,635)	(1,713)		(483,348)	(412,400)
Net income (loss) from investing activities		4,243,006	15,084		4,258,090	3,587,148
From securities lending activities:						
Securities lending income		11,706	42		11,748	7,309
Securities lending borrower rebates		(10,301)	(37)		(10,338)	(6,412)
Net income from securities lending activities		1,405	5		1,410	897
Total net investment income (loss)		4,244,411	15,089		4,259,500	3,588,045
Supplemental retirement benefits funded by the State		157			157	163
Transfers of contributions from other systems						
Total additions	1,138,929	7,002,938	37,569	855	8,180,291	7,257,553
Deductions						
Refunds of contributions to members	163,006				163,006	152,910
Transfers of contributions to other systems	1,017	600			1,617	1,808
Regular retirement benefits		3,541,808		855	3,542,663	3,422,601
Supplemental retirement benefits		157			157	163
Death benefits			27,034		27,034	29,386
Depreciation		166			166	164
Administrative expenses		17,725	63		17,788	17,991
Total deductions	164,023	3,560,456	27,097	855	3,752,431	3,625,023
Interfund transfers according to statutory requirements						
Contributions by members at retirement	(722,239)	722,239				
Interest credited to members' accounts	402,057	(402,057)				
Net interfund transfers	(320,182)	320,182				
Net increase (decrease) in Net Position	654,724	3,762,664	10,472		4,427,860	3,632,530
Net Position Restricted for Pensions						
Beginning of year	11,728,326	26,056,801	134,365	-	37,919,492	34,286,962
End of year	$ 12,383,050	$ 29,819,465	$ 144,837	$ -	$ 42,347,352	$ 37,919,492

South Carolina Retirement Systems

Schedule of Changes in Fiduciary Net Position

PORS Pension Trust Fund
Year Ended June 30, 2025
With summarized comparative totals for the year ended June 30, 2024
(Amounts expressed in thousands)

	EMPLOYEE FUND	EMPLOYER FUND	DEATH BENEFIT FUND	ACCIDENTAL DEATH FUND	QEBA FUND	TOTAL	2024 TOTAL
Additions							
Employee contributions							
State	$ 56,241	$ 1,779	$ -	$ -	$ -	$ 58,020	$ 60,118
Public school	201	683				884	765
Other	139,871	7,320				147,191	136,814
Employer contributions							
State		120,781	1,186	1,184		123,151	122,812
Public school		1,629	16	16		1,661	1,626
Other		306,501	2,935	2,806		312,242	283,054
Nonemployer contributions							
State		4,070				4,070	4,070
Public school		44				44	44
Other		8,356				8,356	8,356
Total contributions	196,313	451,163	4,137	4,006		655,619	617,659
Investment income							
Net appreciation (depreciation) in fair value of investments		758,952	8,138	11,500		778,590	648,393
Interest and dividend income		111,513	1,190	1,682		114,385	102,677
Investment expense		(88,057)	(944)	(1,334)		(90,335)	(77,058)
Net income (loss) from investing activities		782,408	8,384	11,848		802,640	674,012
From securities lending activities:							
Securities lending income		2,129	23	32		2,184	1,362
Securities lending borrower rebates		(1,873)	(20)	(28)		(1,921)	(1,195)
Net income from securities lending activities		256	3	4		263	167
Total net investment income (loss)		782,664	8,387	11,852		802,903	674,179
Supplemental retirement benefits funded by the State		5				5	5
Transfers of contributions from other systems	861	601				1,462	1,751
Total additions	197,174	1,234,433	12,524	15,858		1,459,989	1,293,594
Deductions							
Refunds of contributions to members	29,609					29,609	26,309
Transfers of contributions to other systems	41					41	
Regular retirement benefits		507,472				507,472	486,675
Supplemental retirement benefits		5				5	5
Death Benefits		(6)	3,101			3,095	2,977
Accidental death benefits				2,082		2,082	2,065
Depreciation		22				22	21
Administrative expenses		3,268	34	50		3,352	3,348
Total deductions	29,650	510,761	3,135	2,132		545,678	521,400
Interfund transfers according to statutory requirements							
Contributions by members at retirement	(105,134)	105,134					
Interest credited to members' accounts	57,464	(57,464)					
Net interfund transfers	(47,670)	47,670					
Net increase (decrease) in Net Position	119,854	771,342	9,389	13,726		914,311	772,194
Net Position Restricted for Pensions							
Beginning of year	1,631,635	5,365,425	75,034	106,025	-	7,178,119	6,405,925
End of year	$ 1,751,489	$ 6,136,767	$ 84,423	$ 119,751	$ -	$ 8,092,430	$ 7,178,119

South Carolina Retirement Systems

Schedule of Changes in Fiduciary Net Position

GARS Pension Trust Fund
Year Ended June 30, 2025
With summarized comparative totals for the year ended June 30, 2024
(Amounts expressed in thousands)

	EMPLOYEE FUND	EMPLOYER FUND	QEBA FUND	TOTAL	2024 TOTAL
Additions					
Contributions					
Employee contributions - State	$ 127	$ -	$ -	$ 127	$ 147
Employer contributions - State		6,198	2	6,200	6,286
Total contributions	127	6,198	2	6,327	6,433
Investment income					
Net appreciation (depreciation) in fair value of investments		5,233		5,233	4,349
Interest and dividend income		1,012		1,012	981
Investment expense		(607)		(607)	(518)
Net income (loss) from investing activities		5,638		5,638	4,812
From securities lending activities:					
Securities lending income		15		15	9
Securities lending borrower rebates		(13)		(13)	(8)
Net income from securities lending activities		2		2	1
Total net investment income (loss)		5,640		5,640	4,813
Total additions	127	11,838	2	11,967	11,246
Deductions					
Refunds of contributions to members					
Transfers of contributions to other systems					
Regular retirement benefits		6,224	2	6,226	6,243
Death benefits		5		5	13
Administrative expenses		24		24	24
Total deductions		6,253	2	6,255	6,280
Interfund transfers according to statutory requirements					
Contributions by members at retirement	(658)	658			
Interest credited to members' accounts	170	(170)			
Net interfund transfers	(488)	488			
Net increase (decrease) in Net Position	(361)	6,073		5,712	4,966
Net Position Restricted for Pensions					
Beginning of year	5,535	44,991	-	50,526	45,560
End of year	$ 5,174	$ 51,064	$ -	$ 56,238	$ 50,526

South Carolina Retirement Systems
Schedule of Changes in Fiduciary Net Position

JSRS Pension Trust Fund
Year Ended June 30, 2025
With summarized comparative totals for the year ended June 30, 2024
(Amounts expressed in thousands)

	EMPLOYEE FUND	EMPLOYER FUND	QEBA FUND	TOTAL	2024 TOTAL
Additions					
Contributions					
Employee contributions - State	$ 3,751	$ 318	$ -	$ 4,069	$ 3,564
Employer contributions - State		22,098	608	22,706	21,280
Nonemployer contributions		2,900		2,900	2,900
Total contributions	3,751	25,316	608	29,675	27,744
Investment income					
Net appreciation (depreciation) in fair value of investments		26,369		26,369	21,932
Interest and dividend income		4,446		4,446	4,284
Investment expense		(3,060)		(3,060)	(2,610)
Net income (loss) from investing activities		27,755		27,755	23,606
From securities lending activities:					
Securities lending income		74		74	46
Securities lending borrower rebates		(65)		(65)	(40)
Net income from securities lending activities		9		9	6
Total net investment income (loss)		27,764		27,764	23,612
Transfers of contributions from other systems	196			196	57
Total additions	3,947	53,080	608	57,635	51,413
Deductions					
Refunds of contributions to members	300			300	
Transfer of contributions to other systems					
Regular retirement benefits		29,972	608	30,580	29,185
Deferred retirement benefits		414		414	
Death benefits		221		221	7
Depreciation		1		1	1
Administrative expenses		114		114	116
Total deductions	300	30,722	608	31,630	29,309
Interfund transfers according to statutory requirements					
Contributions by members at retirement	(5,041)	5,041			
Interest credited to members' accounts	1,272	(1,272)			
Net interfund transfers	(3,769)	3,769			
Net increase (decrease) in Net Position	(122)	26,127		26,005	22,104
Net Position Restricted for Pensions					
Beginning of year	36,229	207,505	-	243,734	221,630
End of year	$ 36,107	$ 233,632	$ -	$ 269,739	$ 243,734

South Carolina Retirement Systems
Schedule of Changes in Fiduciary Net Position

SCNG Pension Trust Fund
Year Ended June 30, 2025
With summarized comparative totals for the year ended June 30, 2024
(Amounts expressed in thousands)

	2025 Total	2024 Total
Additions		
Contributions		
State appropriated	$ 5,290	$ 5,290
Total contributions	5,290	5,290
Investment income		
Net appreciation (depreciation)		
in fair value of investments	4,431	3,676
Interest and dividend income	1,105	1,078
Investment expense	(514)	(439)
Net Income (loss) from investing activities	5,022	4,315
From securities lending activities:		
Securities lending income	12	8
Securities lending borrower rebates	(11)	(7)
Net income from securities lending activities	1	1
Total net investment income (loss)	5,023	4,316
Total additions	10,313	9,606
Deductions		
Regular retirement benefits	4,823	4,738
Administrative expenses	22	22
Total deductions	4,845	4,760
Net increase in Net Position	5,468	4,846
Net Position Restricted for Pensions		
Beginning of year	47,789	42,943
End of year	$ 53,257	$ 47,789

South Carolina Retirement Systems
Schedule of Administrative Expenses

Year Ended June 30, 2025

(Amounts expressed in thousands)

Personnel Services	
Salaries and Wages	$ 10,489
Employee Benefits	4,504
Total Personnel Services	14,993
Professional and Consultant Fees	
Information Technology	2,676
Medical and Health Services	171
Financial Audit	235
Actuarial Services	203
Management Professional Services	1,085
Legal Services	26
Total Professional and Consultant Fees	4,396
Operating Expenses	
Facilities Management	301
Software Licenses and Programs	858
Furniture and Equipment - Expensed	2
Communications and Utilities	68
Insurance	256
Postage	280
Supplies	146
Miscellaneous Expenses	
Total Operating Expenses	1,911
Total Administrative Expenses	$ 21,300
Allocation of Administrative Expenses	
SCRS	$ 17,788
PORS	3,352
GARS	24
JSRS	114
SCNG	22
Total Administrative Expenses	$ 21,300

South Carolina Retirement Systems
Schedule of Professional and Consultant Fees

Year Ended June 30, 2025

(Amounts expressed in thousands)

Professional / Consultant Type	Nature of Service Provided	Amounts
CapFinancial Partners	Investment Advisory Services	$ 80
Crowe	Audit and Consulting Services	235
Data Network Solutions	Cyber Security Consulting/Disaster Recovery Solution Services	48
Gabriel Roeder Smith & Company	Actuarial and Consulting Services	203
ICON Integration & Design	Data Conversion and Bridging Services	207
Linea Solutions	Client Services Vendor to Facilitate and Support Program Activities	768
NWN Corporation	IT Installation Services	67
Optiv Security	Cybersecurity Advisory Services	11
Roper Personnel Services	Personnel Services	22
SHI International	IT Training	45
Smith Robinson Holler Dubose	Legal/Attorney Services	16
Software AG	Application Management	111
Soteria	Cyber Security Consulting Services	23
Standard Insurance Company	Disability Review Services	87
Tapfin	Application Development Resources	435
Telus Health	Benefits Administration Solution Implementation	1,778
TierPoint	Disaster Recovery Solution Services	116
Vocational Rehabilitation	Disability Review Services	84
Aggregate of payees less than $10,000 each	Professional and Consulting Services	60
Total Professional and Consultant Fees		$ 4,396

South Carolina Retirement Systems
Schedule of Investment Fees and Expenses

Year Ended June 30, 2025

(Amounts expressed in thousands)

	SCRS	PORS	GARS	JSRS	SCNG	TOTALS[1]
Short Term	$ 45	$ 9	$ -	$ -	$ -	$ 54
Fixed Income:						
Core Bonds (IG)[2]	3,603	674	4	23	4	4,308
Mixed Credit	1,264	236	2	8	1	1,511
Emerging Market Debt	134	25		1		160
Global Public Equity	3,592	671	5	23	4	4,295
Public Real Estate	403	75	1	2	1	482
Public Infrastructure	488	91	1	3		583
Beta Overlay	1,333	249	2	8	1	1,593
Alternatives:						
Hedge Funds	223,444	41,760	281	1,414	238	267,137
Private Debt	64,881	12,126	81	411	69	77,568
Private Equity	124,269	23,225	156	787	132	148,569
Private Real Estate	27,612	5,161	34	175	29	33,011
Private Infrastructure	19,535	3,651	24	124	21	23,355
Total Investment Manager Fees	470,603	87,953	591	2,979	500	562,626
Bank Fees and Investment Expenses[3]	12,745	2,382	16	81	14	15,238
Total Investment Expenses	$483,348	$90,335	$ 607	$ 3,060	$ 514	$ 577,864
Securities Lending Expenses:						
Borrower Rebates	$ 10,338	$ 1,921	$ 13	$ 65	$ 11	$ 12,348
Total Securities Lending Expenses	$ 10,338	$ 1,921	$ 13	$ 65	$ 11	$ 12,348

[1] *All investment manager and performance fees, whether directly invoiced ($10,045) or deducted from the fund on a net basis ($552,581), are classified and reported as Investment Expense. Investment expenses include amounts for investment management fees, performance fees (including carried interest allocations), other expenses such as organizational expenses in limited partnership structures, as well as offsets which may have the effect of reducing the total.*

[2] *This asset class includes both Fixed Rate and Floating Rate Investment Grade Bonds.*

[3] *Includes miscellaneous investment expenses, commissions on futures, bank fees and RSIC administrative expenses.*

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Henry D. McMaster, Governor
Ms. Sue F. Moss, CPA, State Auditor,
and Board of Directors
South Carolina Public Employee Benefit Authority
Columbia, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the South Carolina Retirement Systems (the Systems) as administered by the South Carolina Public Employee Benefit Authority, included as fiduciary funds of the State of South Carolina, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Systems' basic financial statements, and have issued our report thereon dated October 14, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Systems' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Systems' internal control. Accordingly, we do not express an opinion on the effectiveness of the Systems' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Systems' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Dallas, Texas
October 14, 2025