FINANCIAL SECTION



Independent Auditor's Report

To the Board of Trustees
Missouri State Employees' Retirement System
Jefferson City, Missouri

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of pension funds and custodial fund of the Missouri State Employees' Retirement System (MOSERS), a component unit of the state of Missouri, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise MOSERS' 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 respective fiduciary net position of the pension funds and custodial fund of MOSERS, as of June 30, 2026, and the respective 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 MOSERS 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.

Emphasis of Matter

As discussed in Note 1, the financial statements of MOSERS are intended to present the fiduciary net position and changes in fiduciary net position of the State of Missouri that are attributable to the transactions of MOSERS. The financial statements do not present the financial position of the State of Missouri as of June 30, 2026, the changes in its financial positions for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with the respect to this matter.

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.

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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 MOSERS' 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 opinions. 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 MOSERS' 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 MOSERS' 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information 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 GAAS, 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 was conducted for the purpose of forming an opinion on the financial statements that collectively comprise MOSERS' B*asic Financial Statements*. The additional supplementary information accompanying financial information listed as additional supplemental schedules in the table of contents are presented for purposes of additional analysis and are 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* 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 additional supplementary information accompanying financial information listed as additional supplemental schedules in the table of contents are fairly stated, in all material respects, in relation to the *Basic Financial Statements* as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the *Introductory*, *Investment*, *Actuarial*, and *Statistical Sections* but does not include the *Basic Financial Statements* and our auditor's report thereon. Our opinion on the *Basic Financial Statements* does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the *Basic Financial Statements*, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2026, on our consideration of the MOSERS 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 MOSERS' 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 MOSERS' internal control over financial reporting and compliance.

Eide Bailly LLP

Boise, Idaho
October 19, 2026

Management's Discussion and Analysis

Overview of the Financial Statements

This discussion and analysis of the Missouri State Employees' Retirement System (MOSERS) provides an overview of the retirement system's financial activities for the fiscal year ended June 30, 2026. It is intended to be used in conjunction with the *Letter of Transmittal* beginning on page 6 and *Basic Financial Statements* and *Notes to the Basic Financial Statements*, beginning on page 25 of this report.

This *Annual Comprehensive Financial Report* (ACFR) reflects the activities of MOSERS as reported in the *Statements of Fiduciary Net Position* and the *Statements of Changes in Fiduciary Net Position*, which begin on page 25. These statements are prepared in conformity with generally accepted accounting principles. The *Notes to the Basic Financial Statements* are an integral part of the financial statements and include additional information not readily evident in the statements themselves. The *Required Supplementary Information* (RSI) and *Additional Financial Information* following the *Notes to the Basic Financial Statements* provide historical information and additional details considered useful in evaluating the condition of the plan.

See the *Actuarial Section* of this report for a detailed discussion of the actuarial value of assets and liabilities and the funded status of the plans.

The *Basic Financial Statements* contained in this section of the ACFR consist of:

- The *Statements of Fiduciary Net Position* report the fiduciary funds' assets, deferred outflows, liabilities, deferred inflows, and resulting net position, where total assets plus deferred outflows less current liabilities and deferred inflows equal net position held in trust for future pension benefits available at the end of the fiscal year. It is a snapshot of the financial position of the fiduciary funds at that specific point in time.
- The *Statements of Changes in Fiduciary Net Position* summarize the fiduciary funds' financial transactions that have occurred during the fiscal year where additions less deductions equal the change in net position. It supports the change that has occurred from the prior year's net position on the *Statements of Fiduciary Net Position*.
- The *Notes to the Basic Financial Statements* are an integral part of the above financial statements and include additional information not readily evident in the statements themselves.

Financial Summary

Summary Comparative Statements of Fiduciary Net Position

	As of June 30, 2026	As of June 30, 2025	Amount of Change	Percentage Change
Assets				
Administrative operating cash and equivalents	$ 11,567,321	$ 7,939,565	$ 3,627,756	45.69%
Receivables	2,178,285,206	1,159,727,469	1,018,557,737	87.83
Investments	10,348,313,662	10,899,610,931	(551,297,269)	(5.06)
Capital assets, net of accumulated depreciation	17,913,745	18,893,447	(979,702)	(5.19)
Total assets	12,556,079,934	12,086,171,412	469,908,522	3.89
Deferred outflow of resources	1,548,118	1,193,520	354,598	29.71
Liabilities				
Administrative and other payables	7,140,672	8,526,028	(1,385,356)	(16.25)
Investment related payables and obligations	1,690,022,289	2,502,418,380	(812,396,091)	(32.46)
MOSERS investment portfolio liability (MIP)	0	2,742,513	(2,742,513)	(100.00)
Net OPEB liability	6,886,473	6,086,710	799,763	13.14
Total liabilities	1,704,049,434	2,519,773,631	(815,724,197)	(32.37)
Deferred inflow of resources	1,404,366	1,790,687	(386,321)	(21.57)
Net position restricted for fiduciary activities	$ 10,852,174,252	$ 9,565,800,614	$ 1,286,373,638	13.45

Summary Comparative Statements of Changes in Fiduciary Net Position

	Year Ended June 30, 2026	Year Ended June 30, 2025	Amount of Change	Percentage Change
Additions				
Contributions	$ 979,229,049	$ 903,803,944	$ 75,425,105	8.35%
Net investment income	1,540,374,654	854,635,369	685,739,285	80.24
Miscellaneous income	482,376	481,126	1,250	0.26
Total additions	2,520,086,079	1,758,920,439	761,165,640	43.27
Deductions				
Benefit payments	1,163,175,844	1,123,094,440	40,081,404	3.57
Premium disbursements	37,346,542	36,423,636	922,906	2.53
Service transfers and refunds	17,631,579	15,333,544	2,298,035	14.99
Administrative expenses	15,558,476	13,903,043	1,655,433	11.91
Total deductions	1,233,712,441	1,188,754,663	44,957,778	3.78
Net increase	1,286,373,638	570,165,776	716,207,862	125.61
Net position beginning of year	9,565,800,614	8,995,634,838	570,165,776	6.34
Net position restricted for fiduciary activities	$ 10,852,174,252	$ 9,565,800,614	$ 1,286,373,638	13.45

Detailed Analysis

The largest components of the net position of the pension trust funds are investments and investment-related receivables and liabilities. The majority of MOSERS' receivable balances are comprised of investment-related transactions, such as pending trade settlements and interest and dividends receivable. Investment-related liabilities include payables for investments purchased, manager fees payable, and obligations under repurchase agreements. Investment receivables and payables can vary significantly from year to year due to the timing trading activity.

MOSERS investment portfolio liability (MIP) represents the amount MO Deferred Comp Plan participants have invested in MOSERS' portfolio. As of June 30, 2025, the MIP investment option was in the process of being terminated, and there was no remaining MIP liability as of June 30, 2026.

The investment portfolio, which includes investments, and investment-related receivable and liability balances, experienced positive performance this year. MOSERS experienced a 16.21% time-weighted return on assets. MOSERS, like other mature pension plans, relies in part on cash flow generated from investments to fund benefit payments.

Investment Results

MOSERS' total fund net position increased by $1.3 billion, ending at $10.9 billion in fiscal year 2026. The significant increase from last year was driven primarily by investment returns. The fund returned a time-weighted return of 16.21% in fiscal year 2026 compared to 9.75% in fiscal year 2025.

Portfolio returns were led by the global public equities allocation, which came in at 27.2%, outperforming its benchmark by more than 2.6%. Private Real Assets was also a strong performer on both a nominal and relative basis, returning 20.5%, outperforming its policy benchmark by over 4.7%. All asset classes posted positive returns for the fiscal year, with the exception of U.S. Treasuries. Intermediate Treasury bonds posted a modestly negative return for the year, as rising interest rates pushed bond prices lower by more than the interest income they generated and the cost of financing the bonds. This created a slight drag on the portfolio amid the current higher-inflation, increasingly volatile interest rate environment.

As further discussed in the *Investment Section* of this report, we continue to recognize the importance of diversifying our investment assets to contribute to our long-term success. It is also important to note that investment gains and losses are actuarially smoothed over a five-year period to prevent market volatility from causing significant year-to-year changes in the contribution rate.

The *Investment Section* of this report contains additional information regarding investment activity.

Contribution Revenue

Contribution revenue increased by 8.3% from the prior year. This increase in contribution revenue is primarily due to two factors: the contribution rate increased, and the covered payroll of active benefit-eligible employees increased. The contribution rate is set in advance; however, unexpected changes in covered payroll can cause contribution revenue to come in above or below expectations.

The employer retirement contribution rate for the MSEP members is a primary driver for total fund contributions revenue. This rate increased from 28.75% in fiscal year 2025 to 30.25% in fiscal year 2026. The employee contribution rate for 2011 tier members is set by statute at 4% of gross pay. The percent of MSEP 2011 tier members who contribute 4% continues to grow every year to make up a larger percentage of our overall membership base. As of June 30, 2026, 72% of the active membership population were MSEP 2011 members.

Covered payroll is the other primary factor that ultimately determines our contribution revenue. The active MSEP membership base remained similar to that reported last fiscal year, which was close to levels immediately preceding the pandemic. Active MSEP member covered payroll increased this year by 4%. This increase was greater than our actuarial assumption of 2.25%.

Judicial Plan contributions and Insurance Fund premium contributions each account for less than 10% of total fund contributions revenues. Covered payroll for judges increased 1.1% over last year based on the actuarial valuation report. Judges contributions revenue was consistent with last year. In addition, the active membership population was comprised of 84% of Judicial Plan 2011 tier members compared to 82% last year. Insurance Fund premium contributions were also higher than the prior year.

The *Actuarial Section* of this report contains more information about our actuarial assumptions and experience.

Benefits Expenses

Benefit payment expenses were 3.57% greater than the prior year due to a growing retiree population and cost-of-living adjustments (COLAs).

The population of retirees receiving benefits continued to grow during the fiscal year. A growing retiree population puts upward pressure on the contribution rate. Schedules of retirees added to, and removed from, the benefit rolls can be viewed on pages 102-103 of the *Actuarial Section* of this report.

COLAs provided to existing benefit recipients also cause benefit expenses to increase each year. Members employed before August 28, 1997, who retired under the MSEP, receive a COLA of at least 4% each year (maximum 5%) until they reach their COLA cap. For general state employees, COLAs are based on 80% of the percentage increase in the average Consumer Price Index (CPI) from one year to the next. The maximum increase is 5% (minimum 0%). The cost-of-living adjustment for fiscal year 2026 was 2.152%.

Administrative Expenses

Administrative expenses totaled $15.6 million in fiscal year 2026 compared to $13.9 million in fiscal year 2025. MOSERS experienced an increase in administrative expense mainly due to increases in personnel services, fringe benefits, and professional services.

Funding Analysis

Funded status is presented using two different valuation methods within this document for two different purposes. One valuation method is for the purpose of determining contribution rates and the other method is required by Governmental Accounting Standards Board (GASB) Statement 67, *Financial Reporting for Pension Plans*, to provide information about the net pension liability as of a specific point in time using the fair value of investment assets. The valuation method used for determining contribution rates smooths investment activity over a period of five years to minimize the impact investment market volatility can have on contribution rates.

Funding Methodology for Determining Contribution Rates

The unfunded actuarial accrued liability (UAAL) for the Missouri State Employees' Plan (MSEP) increased by approximately $416 million from $7.8 billion at June 30, 2025, to $8.2 billion at June 30, 2026. Our actuarial accrued liability experience was consistent with 2025, with only a 1.3% experience loss. Like the last couple of years, salary increases for active members and cost-of-living adjustments for retired members exceeded assumptions. These were the primary factors driving the increase in the UAAL.

The actuarially smoothed rate of return of 5% was a little under our 6.95% assumed rate of return, resulting in 0.4% actuarial loss. The discrepancy between a 16.21% investment rate of return compared with a 5% actuarial smoothed rate of return resulted from significant investment return volatility between the fiscal years ended June 2021 and 2022. We had a money weighted annual rate of return for the fiscal year ended June 30, 2021, of 26.56%, followed by a money weighted annual rate of return for the fiscal year ended June 30, 2022, of negative 8.75%. These returns were smoothed over five years from their respective reporting periods pursuant to our smoothing policy to maintain contribution rate stability. During the prior four fiscal years, we had the benefit of the high returns in 2021 offsetting the losses in 2022 from the market pullback. The investment gains of 2021 were fully recognized last year, and this year, we are recognizing the final year of the amortization of the 2022 investment losses.

The UAAL for the Judicial Plan increased by $23 million from $480 million at June 30, 2025, to $503 million at June 30, 2026, with a decrease in funded percentage from 31.1% to 30.6%.

The assumed rate of investment return, net of investment expense, was 6.95% for both the MSEP and the Judicial Plan.

Financial Reporting Methodology required by GASB Statement 67

The fund net position as a percentage of total pension liability increased from 53.8% at June 30, 2025, to 58.8% at June 30, 2026, for the MSEP Fund, and increased from 30.27% to 32.98% for the Judicial Plan Fund. See the *Required Supplementary Information* section of this report for more information about net pension liability and related information.

Significant Capital Asset and Long-Term Financing Activity

Capital asset and long-term financing activity are relatively insignificant to MOSERS' operations from a financial perspective. During the year, MOSERS purchased some technology related assets to support business operations. MOSERS' most significant capital assets include its office building and its pension administration system software.

MOSERS' net capital asset balances decreased by $979,702, primarily due to depreciation expense. MOSERS had depreciation expense of $1,209,344. See Note 4 for additional details on MOSERS' capital assets and Subscription-Based Information Technology Arrangement activity.

Currently Known Facts, Decisions, or Conditions

Demographic Trends

In the MSEP, we experienced declines in active membership averaging around 1.6% per year from 2015 through 2020. During the pandemic and subsequent recovery period from 2021 through 2024, we experienced significant declines in active membership followed by an upward trend, ending up with an average rate of decline in active membership of approximately 0.6% during that four-year period. From 2024 through 2026, our active membership counts have remained relatively stable. In our actuarial valuation, we assume that active member counts will stay consistent on a going-forward basis. There is a risk that advances in artificial intelligence and other technologies could enable our participating employers to conduct business with fewer employees, thereby reducing our active member population.

Retiree counts in the MSEP continue to grow, but the rate at which retiree counts are increasing is decelerating. Between 2025 and 2026, retiree counts increased by 1.5%. The average number of years of service employees have at retirement over the last several years has remained relatively flat at just over 22 years of service. In the near term, we expect retiree counts to increase slightly over the next few years, but at a decreasing rate. In the long term, we expect the decrease in active employee counts will result in fewer retirements and a decrease in retiree counts.

We expect our net position to increase, subject to investment returns. MOSERS pays out more dollars in retirement benefits than it receives in retirement contributions, so our change in net position is entirely dependent on investment performance. See the *Investment Section* of this report for more information on our investment policy and holdings.

The Judicial Plan has stable demographics and we do not expect any significant demographic changes.

Legislation was recently passed that requires mandatory refunds of contribution balances less than $1,000 for terminated non-vested individuals, and also allows the MOSERS Board to establish a buyout program to provide vested members the opportunity to buy out their service at a discount on actuarial value. These legislative actions have more of an operational impact than a financial impact. When participants elect to buy out their service at a discount, it has a positive effect on our funded ratio.

Requests for Information

This financial report is designed to provide a general overview of the System's finances for all those who are interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed to MOSERS at P.O. Box 209, Jefferson City, MO 65102 or by email at *sunshinelawrequest@mosers.org*.

Statements of Fiduciary Net Position

As of June 30, 2026

	MSEP Pension Fund	Judicial Pension Fund	Insurance Custodial Fund	Total
Assets				
Administrative operating cash and cash equivalents	$ 7,359,607	$ 88,140	$ 4,119,574	$ 11,567,321
Receivables				
Contributions and premiums	35,723,239	1,968,331	1,102,156	38,793,726
Investment income	1,201,052,883	31,247,668	0	1,232,300,551
Investment sales	884,187,124	23,003,805	0	907,190,929
Total receivables	2,120,963,246	56,219,804	1,102,156	2,178,285,206
Investments and derivatives				
Investments - cash and cash equivalents	2,121,185,129	17,543,311	0	2,138,728,440
Investments - treasuries	1,343,632,460	34,957,146	0	1,378,589,606
Investments - alternatives and limited partnerships	6,657,272,480	173,201,568	0	6,830,474,048
Investments - other	371,483	9,665	0	381,148
Investments - derivative instruments	136,859	3,561	0	140,420
Total investments and derivatives	10,122,598,411	225,715,251	0	10,348,313,662
Capital assets, net of accumulated depreciation	17,913,745	0	0	17,913,745
Total assets	12,268,835,009	282,023,195	5,221,730	12,556,079,934
Deferred outflow of resources	1,514,027	34,091	0	1,548,118
Liabilities				
Administrative and benefit expense payables	1,616,497	42,340	4,486,317	6,145,154
Employee vacation and overtime liability	973,596	21,922	0	995,518
Payable for investments purchased	164,194,092	4,271,821	0	168,465,913
Management fees payable	1,163,075	30,260	0	1,193,335
Investment activities payable	996,345,665	25,921,822	0	1,022,267,487
Obligations under repurchase agreements	485,465,255	12,630,299	0	498,095,554
Net OPEB liability	6,734,828	151,645	0	6,886,473
Total liabilities	1,656,493,008	43,070,109	4,486,317	1,704,049,434
Deferred inflow of resources	1,373,441	30,925	0	1,404,366
Net position restricted for pension activities	10,612,482,587	238,956,252	0	10,851,438,839
Net position restricted for custodial activities	0	0	735,413	735,413
Net position restricted for fiduciary activities	$10,612,482,587	$ 238,956,252	$ 735,413	$10,852,174,252

See accompanying *Notes to the Basic Financial Statements.*

Statements of Changes in Fiduciary Net Position

For the Year Ended June 30, 2026

	MSEP Pension Fund	Judicial Pension Fund	Insurance Custodial Fund	Total
Additions				
Contributions and premiums				
Employer contributions and premiums	$ 818,852,020	$ 44,543,009	$ 17,828,514	$ 881,223,543
Employee contributions and premiums	71,155,933	2,447,111	19,530,572	93,133,616
Member purchases of service credit	1,158,340	0	0	1,158,340
Service transfer contributions	5,120,870	0	0	5,120,870
Prepaid employer contributions discount	(1,407,320)	0	0	(1,407,320)
Total contributions and premiums	894,879,843	46,990,120	37,359,086	979,229,049
Investment activity				
Investing activity income:				
Net appreciation in fair value of investments	1,637,316,874	36,910,467	0	1,674,227,341
Interest	123,865,947	2,799,421	153,255	126,818,623
Dividends	6,708,445	151,316	0	6,859,761
Other	64,968	885	0	65,853
Total investing activity income	1,767,956,234	39,862,089	153,255	1,807,971,578
Investing activity expenses:				
Management and incentives fees	272,801,987	6,140,892	0	278,942,879
Custody and other fees	573,565	12,911	0	586,476
Consultant fees	1,339,123	30,183	0	1,369,306
Internal investment activity expenses	9,926,236	92,072	0	10,018,308
Total investing activity expenses	284,640,911	6,276,058	0	290,916,969
Reverse repurchase agreement activity:				
Income from assets in reverse repurchase agreements	75,350,626	1,701,289	0	77,051,915
Interest expense from reverse repurchase agreements	(52,546,356)	(1,185,514)	0	(53,731,870)
Total net gain from reverse repurchase agreement activity	22,804,270	515,775	0	23,320,045
Total net investment income	1,506,119,593	34,101,806	153,255	1,540,374,654
Miscellaneous income	2,244	12	480,120	482,376
Total additions	2,401,001,680	81,091,938	37,992,461	2,520,086,079
Deductions				
Benefit payments	1,053,496,839	53,156,326	0	1,106,653,165
Premium disbursements	0	0	37,346,542	37,346,542
BackDROP payments	56,463,284	0	0	56,463,284
Buyout and lump-sum payments	59,395	0	0	59,395
Service transfer payments	6,313,685	0	0	6,313,685
Contribution and premium refunds	11,276,954	28,396	12,544	11,317,894
Administrative expenses	14,950,847	127,509	480,120	15,558,476
Total deductions	1,142,561,004	53,312,231	37,839,206	1,233,712,441
Net increase in net position	1,258,440,676	27,779,707	153,255	1,286,373,638
Net position restricted for fiduciary activities:				
Beginning of year	9,354,041,911	211,176,545	582,158	9,565,800,614
End of year	$10,612,482,587	$ 238,956,252	$ 735,413	$10,852,174,252

See accompanying *Notes to the Basic Financial Statements.*

Notes to the Basic Financial Statements

Note 1 – Plan Descriptions and Contribution Information

The MSEP and the Judicial Plan are pension plans covering substantially all state of Missouri employees and judges.

Missouri State Employees' Plan (MSEP)

The MSEP is a cost-sharing multiple-employer, defined benefit public employee retirement plan with two benefit structures known as the MSEP (closed plan) and MSEP 2000 (which includes the MSEP 2011 tier), which are administered by the Missouri State Employees' Retirement System (MOSERS) in accordance with Sections 104.010 and 104.312 to 104.1215 of the Revised Statutes of Missouri (RSMo). As established under Section 104.320, RSMo, MOSERS is a body corporate and an instrumentality of the state. The System is vested with the powers and duties specified in Sections 104.010 and 104.312 to 104.1215, RSMo, and such other powers as may be necessary or proper to enable it, its officers, employees, and agents to carry out fully and effectively all the purposes of Sections 104.010 and 104.312 to 104.1215, RSMo.

Responsibility for the operation and administration of the System is vested in the 11-member MOSERS Board of Trustees (the Board) as defined by state law. The Board is comprised of individuals appointed by the legislature, governor, ex-officio members, and representatives elected by active members and retirees. Due to the nature of MOSERS' reliance on funding from the state of Missouri and the overall control of the plan document by the legislative and executive branches of state government, the MSEP is considered a component unit of the state of Missouri.

The Board intends to follow a financing pattern that computes and requires contribution amounts that are expressed as a percent of active member payroll and will remain approximately level from year to year and from one generation of citizens to the next. For the year ended June 30, 2026, the employer contribution rate was 30.25% of covered payroll.

Complete recognition of the year-to-year swings in the fair value of System assets would produce contribution rate changes that would run counter to the "approximately level" goal. A common actuarial practice, referred to as asset smoothing, is used to address that issue. Recognizing the difference between the actual and assumed investment returns over a closed, five-year period helps ensure a more stable contribution rate.

At any point in time, the actuarial value of assets will be more or less than the fair value, but if the smoothing method is prudent and properly constructed, those values will converge over time. As of June 30, 2026, the ratio of actuarial value of assets to fair value of assets was 93.05% for the MSEP.

Per the June 30, 2026, actuarial valuation, membership in the MSEP consisted of the following:

Retirees and beneficiaries currently receiving benefits	57,330
Active Vested	23,964
Active Nonvested	20,721
Total Active	44,685
Inactive Vested (not yet receiving benefits)*	17,776
Inactive Nonvested (with contribution balances)	42,486
Total Inactive	60,262
Total membership	162,277

** Includes 324 members on leave of absence and 437 members on long-term disability*

Generally, all full-time state employees employed before July 2000, who became vested and were not covered under another state-sponsored retirement plan, are eligible for membership in the MSEP (closed plan). Full-time state employees who were employed after July 1, 2000, but before January 1, 2011, are members of the MSEP 2000.

Those first employed in a benefit-eligible position on or after January 1, 2011, are members of the MSEP 2011 tier of the MSEP 2000.

There were 16 participating employers in the Missouri State Employees' Plan as of June 30, 2026. MOSERS participates as an employer in the MSEP and MSEP 2000, including the MSEP 2011 tier.

Unless otherwise delineated, data for the MSEP is inclusive of members in the MSEP 2000 and MSEP 2011, which all provide defined benefit pension, survivor, life insurance, and long-term disability benefits.

Employer contributions for the MSEP are determined through annual actuarial valuations. The required contributions are expressed as a percentage of covered payroll. The state of Missouri and its component employers make required contributions to the plans. Employer contributions for the fiscal year ended June 30, 2026, were 30.25% of covered payroll. Members of MSEP and MSEP 2000 do not make employee contributions. Members of the MSEP 2011 tier are required to contribute 4% of covered payroll.

Final average pay (FAP) is the average pay of a member for the 36 full, consecutive months of service before termination of employment when the member's pay was greatest. If the member was on workers' compensation leave of absence or medical leave of absence due to an employee illness, or on long-term disability, FAP is the amount of pay the member would have received, but for such leave of absence as reported and verified by the employing department. If the member was employed for less than 36 months, FAP is the average monthly pay of a member during the period for which the member was employed.

For a summary of benefits for general state employees, legislators, and statewide elected officials under the MSEP, MSEP 2000, and MSEP 2011 tier, refer to the *Summary of Plan Provisions* in the *Actuarial Section* of this report.

MSEP (closed plan)

General state employees are fully vested for benefits upon accruing five years of credited service. Under the MSEP, general employees may retire with full benefits upon the earliest of attaining:

- Age 65 with five years of service; or
- Age 60 with 15 years of service; or
- Age 48 with age and service equaling 80 or more − "Rule of 80."

General employees may retire early at age 55 with at least 10 years of service with reduced benefits. The base benefit in the general employee plan is equal to 1.6% multiplied by the final average pay multiplied by years of credited service.

Members employed prior to August 28, 1997, receive cost-of-living adjustments (COLAs) annually based on 80% of the percentage increase in the average consumer price index (CPI) from one year to the next, with a minimum rate of 4% and maximum rate of 5% until the cumulative amount of COLAs equal 65% of the original benefit. Thereafter, the 4% minimum rate is eliminated. Members employed on or after August 28, 1997, and members who have met their COLA cap receive COLAs annually based on 80% of the percentage increase in the average CPI from one year to the next, up to a maximum rate of 5%.

Qualified, inactive-vested members may make a one-time election to receive the present value of their future benefit in a lump-sum payment rather than a monthly benefit at retirement age. To qualify, members must have left state employment on or after October 1, 1984, and prior to September 1, 2002, have less than 10 years of service, not be within five years of retirement eligibility, and meet age requirements. In addition, if members left state employment on or after August 28, 1997, and prior to September 1, 2002, the present value of their benefit must be less than $10,000.

MSEP 2000

General state employees are fully vested for benefits upon accruing five years of credited service. Under the MSEP 2000, general employees may retire with full benefits upon the earliest of attaining:

- Age 62 with five years of service; or
- Age 48 with age and service equaling 80 or more − "Rule of 80."

General employees may retire early at age 57 with at least five years of service with reduced benefits. The base benefit in the general employee plan is equal to 1.7% multiplied by final average pay multiplied by years of credited service.

Those retiring under the "Rule of 80" receive an additional temporary benefit equivalent to 0.8% multiplied by final average pay multiplied by years of credited service, which is payable until age 62.

COLAs are provided annually based on 80% of the percentage increase in the average CPI from one year to the next, up to a maximum rate of 5%.

MSEP 2011 Tier

On July 19, 2010, legislation was signed into law adding a new tier (MSEP 2011) to the MSEP 2000 defined benefit pension plan. This tier includes all members first employed in a benefit-eligible position on or after January 1, 2011.

Legislation signed into law on July 14, 2017, changed the original vesting requirement of 10 years to five years for actively employed members of the MSEP 2011, effective January 1, 2018.

Under the MSEP 2011, general employees may retire with full benefits upon the earliest of attaining:

- Age 67 with five years of service; or
- Age 55 with age and service equaling 90 or more − "Rule of 90."

General employees may retire early at age 62 with at least five years of service with reduced benefits. The base benefit in the general employee plan is equal to 1.7% multiplied by final average pay multiplied by years of credited service.

Those retiring under "Rule of 90" receive an additional temporary benefit equivalent to 0.8% multiplied by final average pay multiplied by years of credited service, which is payable until age 62.

COLAs are provided annually based on 80% of the percentage increase in the average CPI from one year to the next, up to a maximum rate of 5%.

Judicial Plan

The Judicial Plan is a single-employer, defined benefit public employee retirement plan administered in accordance with Sections 476.445 to 476.690, RSMo. Responsibility for the operation and administration of the Judicial Plan is vested in the MOSERS Board of Trustees. Due to the nature of MOSERS' reliance on funding from the state of Missouri and the overall control of the plan document by the legislative and executive branches of state government, the Judicial Plan is considered a component unit of the state of Missouri financial reporting entity.

Judges and commissioners of the supreme court or the court of appeals; judges of any circuit court, probate court, magistrate court, court of common pleas, court of criminal corrections, justices of the peace, commissioners or deputy commissioners of the probate division of the circuit court appointed after February 29, 1972, in a first-class county having a charter form of government in a city not within a county, commissioners of the juvenile division of the circuit court appointed pursuant to Section 211.023, RSMo; commissioners of the drug court or commissioners of any family court are eligible for membership in the Judicial Plan. The Judicial Plan provides defined benefit pension and survivor benefits. Members are immediately vested.

Per the June 30, 2026, actuarial valuation, membership in the Judicial Plan consisted of the following:	
Retirees and beneficiaries currently receiving benefits	639
Active Vested	423
Inactive Vested (not yet receiving benefits)*	30
Total membership	1,092

** Includes 1 member on leave of absence*

Funding of the Judicial Plan on an actuarial basis began on July 1, 1998. Employer contributions are determined through annual actuarial valuations. For the year ended June 30, 2026, the employer contribution rate was 60.54% of covered payroll. The state of Missouri makes the employer contribution to the Judicial Plan. Members of the Judicial Plan (closed plan) do not make employee contributions. Members of the Judicial Plan 2011 tier are required to contribute 4% of covered payroll.

Judicial Plan (closed plan)

Members of the Judicial Plan may retire with full benefits upon the earliest of attaining:

- Age 62 with 12 years of service; or
- Age 60 with 15 years of service; or
- Age 55 with 20 years of service.

Employees may retire early at age 62 with less than 12 years of service, or age 60 with less than 15 years of service with a reduced benefit that is based upon years of service relative to 12 or 15 years.

In the Judicial Plan, the base benefit for members with 12 or more years of service is equivalent to 50% of compensation on the highest judicial position that the judge ever held on a full-time basis.

Members first employed prior to August 28, 1997, receive COLAs annually based on 80% of the percentage increase in the average CPI from one year to the next, with a minimum rate of 4% and a maximum rate of 5%, until the cumulative amount of COLAs equal 65% of the original benefit. Thereafter, the 4% minimum rate is eliminated. Members first employed on or after August 28, 1997, and members who have met their COLA cap receive COLAs annually based on 80% of the percentage increase in the average CPI from one year to the next, up to a maximum rate of 5%.

Qualified inactive-vested members may make a one-time election to receive the present value of their future benefit in a lump-sum payment rather than a monthly benefit at retirement age. To qualify, they must have left state employment on or after August 28, 1997, and prior to September 1, 2002, have less than 10 years of service, not be within five years of retirement eligibility, and have a benefit present value of less than $10,000.

Judicial Plan 2011 Tier

On July 19, 2010, an additional tier of the defined benefit Judicial Plan was signed into law. This tier (Judicial Plan 2011) includes all new judicial members first employed as a judge on or after January 1, 2011.

Under the Judicial Plan 2011, members may retire with full benefits upon the earliest of attaining:

- Age 67 with 12 years of service; or
- Age 62 with 20 years of service.

Judicial Plan 2011 members may retire early at age 67 with less than 12 years of service with reduced benefits, or age 62 with less than 20 years of service with a reduced benefit based on years of service.

For a more detailed summary of benefits for members of the Judicial Plan, refer to the *Summary of Plan Provisions* in the *Actuarial Section* of this report.

Administrative Law Judges and Legal Advisors' Plan

On April 26, 2005, Senate Bill 202 was enacted, which terminated the Administrative Law Judges and Legal Advisors' Plan (ALJLAP) for new hires only. Under this legislation, administrative law judges and legal advisors (ALJs) who assume a position after April 26, 2005, and would have otherwise been covered by the ALJLAP will instead participate in the MSEP or the MSEP 2000, depending on when they initially became state employees. For fiscal years 2005 and after, all liabilities and assets of the ALJLAP were transferred and combined with the MSEP. Membership totals for the ALJLAP are included in the MSEP in all relevant sections of this report.

Missouri State Insured Defined Benefit Insurance Plan

The Missouri State Insured Defined Benefit Insurance Plan is administered through and underwritten by Standard Insurance Company (The Standard), which is a third-party administrator with oversight by MOSERS. It provides basic life insurance in an amount equal to one times an employee's annual salary while actively employed (with a $15,000 minimum) to eligible members of the MSEP, MSEP 2000, and MSEP 2011 (except employees of the Missouri Department of Conservation and certain state universities), Judicial Plan, Judicial Plan 2011, and certain members of the Public School Retirement System (PSRS).

The plan also provides duty-related death benefits, optional life insurance for active employees and retirees who are eligible for basic coverage, and a long-term disability insurance plan for eligible members. For a more detailed description of insurance benefits, refer to pages 116-117 in the *Actuarial Section* of this report.

Due to the nature of MOSERS' reliance on funding from the state of Missouri and its component employers, and the overall control of the plan document by the legislative and executive branches of state government, the Missouri State Insured Defined Benefit Insurance Plan is considered a component unit of the state of Missouri financial reporting entity and is included in the state's financial reports.

State of Missouri Deferred Compensation Plan (MO Deferred Comp)

MO Deferred Comp is a retirement savings plan for state of Missouri employees, including faculty and staff at 10 state colleges and universities. Money invested in the plan provides income in retirement to supplement the member's defined benefit pension and Social Security benefits. Funds are automatically deducted from the participating member's pay and placed in their account. The participating member decides how the money will be invested. Participating members may also roll over eligible pre-tax distributions from other qualified retirement plans.

The MO Deferred Comp plan is comprised of a 457 deferred compensation plan for employee contributions and a related 401(a) plan for an employer incentive match contribution. MOSERS uses Voya as an external provider for record keeping for the plans. These plans have separately issued financial statements. The net position of these plans was approximately $2.9 billion and $773.9 million as of June 30, 2026, for the 457 and 401(a) plans, respectively.

Audited financial statements for the State of Missouri Deferred Compensation Plan can be viewed online at *www.modeferredcomp.org*.

Colleges & Universities Retirement Plan (CURP)

The Colleges & Universities Retirement Plan (CURP) is a defined contribution plan administered by MOSERS for education employees (as determined by the university) at nine Missouri state universities. Retirement income from the plan is dependent upon the employee's plan account balance at retirement. The employee's plan account balance is built from mandatory contributions to the plan and the investment returns generated from employee-selected investment options. To be eligible for the CURP, the employee must:

- Meet the definition of "education employee" as defined by their employer, and
- Be employed in this position for the first time on or after July 1, 2002, and
- Not have previous employment in a position covered by another defined benefit pension plan administered by MOSERS, and
- Be employed at a participating regional Missouri university.

After six years of participation in CURP, the employee may transfer to a MOSERS defined benefit pension plan and will immediately become a vested member of MSEP 2011. By transferring to MOSERS, the employee forfeits all rights to future participation in CURP (i.e., they cannot go back to CURP). However, the employee will continue to own and control their CURP account. CURP activities are not included within this report.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the U.S. that apply to governmental accounting on an accrual basis.

Contributions are recognized as revenues when due, pursuant to statutory requirements. Benefits, refunds, and BackDROP payments are recognized when due and payable. Administrative and other expenses are recorded when the corresponding liabilities are incurred.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the accompanying financial statements and disclosures. Actual results could differ from those estimates.

Method Used to Value Investments

Investment assets are reported at fair value, in accordance with Standards issued by the Governmental Accounting Standards Board (see Note 3 for discussion of the valuation methodology for investment assets). The *Schedule of Investments and Derivative Instruments Measured at Fair Value* in Note 3 presents the fair value information of the investments as reported on the *Statements of Fiduciary Net Position*.

MOSERS' Participation in Other Post-Employment Benefit (OPEB) Programs

Other Post-Employment Benefit (OPEB)-related items, including: net OPEB liability, deferred outflows of resources, deferred inflows of resources, net OPEB expense, fiduciary net assets, and additions to and deductions from fiduciary net assets, have been determined on the same basis as they are reported by MCHCP. For this purpose, employer contributions are recognized as revenue when due and payable. Benefits are recognized when due and payable in accordance with the terms of the OPEB plan (see *Note 7 – MCHCP Post-Employment Retiree Health Care OPEB Program*).

Capital & Intangible Assets

The MOSERS building and other capital assets are stated at cost less accumulated depreciation. Intangible assets include software applications and are stated at cost less accumulated amortization. Intangible assets are reported with capital assets in the *Statements of Fiduciary Net Position*. Capital and intangible assets are depreciated or amortized on a straight-line basis over their estimated useful lives. MOSERS evaluates leases and subscription-based information technology arrangements to determine if they should be capitalized as right-to-use assets. Right-to-use assets are amortized on a straight-line basis over the non-cancellable life of the lease, including only those optional periods for which MOSERS is reasonably certain to renew the subscription.

Adoption of Accounting Standards

MOSERS has adopted Governmental Accounting Standards (GASB) Statement No. 103 *Financial Reporting Model Improvements*. There is no material effect on the financial statements as a result of implementing GASB Statement 103.

Note 3 – Cash and Investments

Cash Deposits with Financial Institutions

MOSERS requires its business bank to collateralize amounts on deposit that exceed the Federal Deposit Insurance Corporation (FDIC) insured amount. The types of collateral security shall be included on a list maintained by the State Treasurer's office in accordance with Section 30.270, RSMo. Securities pledged as collateral are held in agency by a separate bank. As of June 30, 2026, all deposit balances with MOSERS' business bank in excess of FDIC insurance limits were fully collateralized.

Investment Policy

Section 104.440, RSMo, allows the Board of Trustees to invest the trust fund assets in accordance with the prudent person rule. In February 2024, the Board voted to adopt a new asset allocation, which includes seven categories: global public equities, global private equities, U.S. Treasuries, private real estate, private real assets, alternative beta, and private credit. The Board-approved asset allocation eliminates six categories from the previous asset allocation: long treasuries, core bonds, commodities, treasury inflation-protected securities (TIPS), public real assets, and hedge funds. The Board adopted a two-year transition to implement the new portfolio allocation, which was completed in fiscal year 2026. As such, the portfolio included investments in all thirteen asset classes listed above during the fiscal year but as of the end of the fiscal year 2026, the portfolio composite was the seven categories approved in February 2024.

MOSERS' policy, with respect to the allocation of invested assets, is established and amended by a majority vote by the Board. The Board's guiding principles, with respect to the investment of MOSERS' assets, are to maximize total return within prudent risk parameters, and act in the exclusive interest of the members of the System. The Board has developed a policy allocation that is designed to achieve the long-term required return objectives of the System, given certain risk constraints. The current asset allocation reflects a diversified portfolio, which will perform well in a variety of economic conditions and will help reduce the portfolio's overall volatility.

The Board has authorized staff to create and maintain a portfolio that utilizes a modest amount of leverage in order to diversify the risk across the seven asset class categories contained in the portfolio. The target may also be stated as 110% of capital. As of the end of fiscal year 2026, the target market exposure was 1.10 times capital, with a limit of 1.20 times capital. The table below illustrates the fair value, market exposure, and policy exposure of the portfolio by asset class as of June 30, 2026.

Schedule of Internally Managed Leverage

	Fair Value Capital**	Percent of Portfolio at Fair Value	Market Exposure	Percent of Portfolio at Market Exposure *	Policy Exposure *
Global Public Equities	$ 4,365,388,020	40.5%	$ 4,365,387,910	40.4%	40.0%
Global Private Equities	1,585,113,670	14.7	1,585,113,904	14.7	15.0
U.S. Treasuries	1,047,638,581	9.7	2,161,275,335	20.0	20.0
Private Real Estate	436,169,463	4.0	436,169,463	4.0	5.0
Private Real Assets	543,764,758	5.0	543,764,518	5.0	5.0
Alternative Beta	1,629,556,246	15.1	1,629,556,246	15.1	15.0
Private Credit	1,187,126,703	11.0	1,185,647,153	11.0	10.0
Total portfolio	$ 10,794,757,441	100.0%	$ 11,906,914,529	110.2%	110.0%

** Percentage total may not equal sum due to rounding.*

*** See Investment Section for a reconciliation of the portfolio value to investment assets on the Statements of Fiduciary Net Position.*

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate rates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage and by adjusting for expected inflation, volatility, and correlations. Best estimates of the real rates of return for each major asset class included in MOSERS' target asset allocation adopted in February 2024 are summarized in the table below. The Board adopted a transition period for the asset allocation to be implemented over a two-year period, and the transition was completed on June 30, 2026.

Target Asset Allocation

Asset Class	Policy Allocation	Long-Term Expected Nominal Return*	Long-Term Expected Real Return	Weighted Average Long-Term Expected Nominal Return
Global Public Equities	40.0%	8.2%	5.7%	3.3%
Global Private Equities	15.0	10.9	8.4	1.6
U.S. Treasuries	20.0	4.8	2.3	1.0
Private Real Estate	5.0	7.5	5.0	0.4
Private Real Assets	5.0	9.7	7.2	0.5
Alternative Beta	15.0	5.6	3.1	0.8
Private Credit	10.0	8.4	5.9	0.8
Cash and Cash Equivalents**	(10.0)	4.1	1.6	(0.4)
	100.0%			8.0%
			Correlation/volatility adjustment	(0.6)%
			Long-term expected net nominal return	7.4 %
			Less: investment inflation assumption	(2.5)%
			Long-term expected geometric net real return	4.9 %

* *Long-term expected arithmetic returns of the asset classes at the time of the asset allocation study for the portfolio.*

** *Cash and cash equivalents policy allocation amounts are negative due to use of leverage.*

Money-Weighted Rate of Return

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 16.29% for the year ended June 30, 2026. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested.

Fair Value Measurement

MOSERS categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

- **Level 1** – Unadjusted quoted prices for identical instruments in active markets.
- **Level 2** – 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** – Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. MOSERS' assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability. The tables on pages 36-37 show the fair value leveling of the investments and additional information for investments valued at net asset value.

Fair values for the private real estate investment funds are based on appraisals. Fair values of the limited partnership investments are based on valuations of the underlying companies of the limited partnerships as reported by the general partner. Certain limited partnerships reflect values and related performance on a quarter-lag basis due to the nature of those investments and the time it takes to value them. Fair value of the commingled funds is determined based on the underlying asset values. The remaining assets are primarily valued by the System's master custodian using the last trade price information supplied by various pricing data vendors.

Investments and Derivative Instruments Measured at Fair Value

June 30, 2026	Total	Fair Value Measurement Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment by fair value level				
U.S. Treasuries	$ 1,378,589,606	$ 1,378,589,606	$ 0	$ 0
Other securities	381,148	0	0	381,148
Total investment by fair value level	1,378,970,754	1,378,589,606	0	381,148
Investments measured at the NAV				
Hedge funds	4,069,543,708			
Private markets funds	2,760,930,340			
Total investments measured at the NAV	6,830,474,048			
Total investments measured at fair value	8,209,444,802	1,378,589,606	0	381,148
Investment derivative instruments				
Future contracts	(6,382,290)	(6,382,290)	0	0
Swap contracts	6,522,710	0	6,522,710	0
Total investment derivative instruments	140,420	(6,382,290)	6,522,710	0
Investments at cost or contract value:				
Cash held in investment accounts	428,728,440			
Repurchase agreements	1,710,000,000			
Total investments at cost or contract value	2,138,728,440			
Total investments	10,348,313,662	1,372,207,316	6,522,710	381,148
Obligations under repurchase agreements	(498,095,554)			
Total investments, net of obligations under repurchase agreements	$ 9,850,218,108	$ 1,372,207,316	$ 6,522,710	$ 381,148

Investments Measured at the Net Asset Value

	June 30, 2026	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period (Days)
Hedge funds				
Equity market neutral	$ 193,979,197		Semi-Annually	180
Fund-of-funds	1,344,036,629		Daily, Monthly, Quarterly	5-95
Macro	160,641,316		Quarterly	60
Merger arbitrage	142,168,933		Monthly	45
Multi-strategy	1,715,299,906		Quarterly, Semi-Annually	45-90
Quantitative	354,292,435		Monthly	30
Relative value volatility	156,500,020		Monthly	30
Pending liquidated hedge funds	2,625,272			
Private markets funds	2,760,930,340	$ 1,648,251,230		
Total investments measured at the net asset value (NAV)	$ 6,830,474,048	$ 1,648,251,230		

- **Equity market neutral hedge fund** – Consisting of one fund, this strategy invests in both long and short U.S. and global equity securities, with the goal of having little to no net market exposure. This investment is valued at the NAV, is redeemable semi-annually, and is not subject to lock-up restrictions.
- **Fund-of-funds** – Consisting of eight funds, these funds seek to provide diversification by holding a number of funds within a single fund structure. These investments are valued at the NAV, are redeemable daily, monthly, or quarterly, and are subject to liquidation of the underlying funds.
- **Macro hedge fund** – Consisting of one fund, this strategy invests in equities, bonds, FX and commodities forecasting and trading on central bank policy in emerging markets. This investment is valued at the NAV, is redeemable quarterly, and is not subject to lock-up restrictions.
- **Merger arbitrage hedge fund** – Consisting of one fund, this strategy invests in the common stock of companies that are involved in publicly announced mergers and seeks to generate attractive returns while dampening volatility. This investment is valued at the NAV, is redeemable monthly, and is not subject to lock-up restrictions.
- **Multi-strategy hedge funds** – Consisting of eight funds, these funds aim to pursue varying strategies in order to diversify risks and reduce volatility. These investments are valued at the NAV, are redeemable quarterly or semi-annually, but are subject to lock-up restrictions.
- **Quantitative hedge funds** – Consisting of three funds, this strategy attempts to achieve uncorrelated returns using advanced statistical methods to select securities across liquid public markets and systematic volatility trading. These investments are valued at the NAV, are redeemable monthly, and are not subject to lock-up restrictions.
- **Relative value volatility hedge funds** – Consisting of one fund, this strategy invests liquid volatility-related instruments in listed futures and options primarily in U.S. markets, with the goal of having little to no net market exposure. This investment is valued at the NAV, is redeemable monthly, and is not subject to lock-up restrictions.
- **Pending liquidated hedge funds** – Consisting of five funds which have been fully redeemed as of June 30, 2026, for which MOSERS is awaiting final distribution of the proceeds, which will be received upon sale of the underlying investments or upon completion of the audit of the firm's annual financial statements.
- **Private markets funds** – The MOSERS private markets portfolio consists of 70 funds with exposure to buyout funds, direct lending, distressed funds, infrastructure, energy, natural resources, secondary, special situations, and U.S. commercial real estate. The fair values of the majority of these funds have been determined using net assets valued one quarter in arrears plus current quarter cash flows. Most of these funds are not eligible for redemption. Distributions are received as underlying investments in the funds are liquidated, which, on average, can occur over the span of five to 10 years.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to MOSERS. MOSERS public fixed income assets primarily include U.S. Treasuries and repurchase agreements collateralized by U.S. Treasuries.

As a matter of practice, there are no overarching limitations for credit risk exposures within the overall fixed income portfolio. Each individual portfolio within fixed income is managed in accordance with operational guidelines that are specific as to permissible credit quality ranges, exposure levels within individual quality tiers, and average credit quality.

As of June 30, 2026, MOSERS held $10,954,000 in money market funds with a AAA credit quality rating in the investment portfolio.

Information regarding MOSERS' credit risk related to repurchase agreements is found under the repurchase agreements disclosures beginning on page 39 of the notes.

Credit risk for derivative instruments held by the System results from counterparty risk assumed by MOSERS. This is essentially the risk that the counterparty to a MOSERS transaction will be unable to meet its obligation. Information regarding MOSERS' credit risk related to derivatives is found under the derivatives disclosures beginning on page 40 of the notes.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. This risk is managed by using the effective duration, or option-adjusted, methodology. It is widely used in the management of fixed income assets by quantifying the risk of interest rate changes. This methodology takes into account optionality on bonds and scales the risk of price changes on bonds depending upon the degree of change in rates and the slope of the yield curve. Within the investment policy, operational guidelines specify the degree of interest rate risk taken within the System's fixed income portfolios, with the exception of some portfolios in which credit risk is the predominant factor and is also controlled by specific guidelines. MOSERS believes that the reporting of effective duration found in the tables below quantifies to the fullest extent possible the interest rate risk of the System's fixed income securities.

Effective Duration of Fixed Income Assets by Security Type

Fixed Income Security Type	Fair Value June 30, 2026	Percent of all Fixed Income Assets	Weighted Average Effective Duration (Years)	Interest Rate Risk Requiring Further Disclosure
U.S. Treasuries	$ 1,378,589,606	39.3%	3.5	See below
Bank deposits held in STIF account	405,000,000	11.6	0.0	None
Repurchase agreements	1,710,000,000	48.8	0.0	None
Pooled instruments	10,954,000	0.3	0.0	None
	$ 3,504,543,606	100.0%	1.4	

Effective Duration Analysis of U.S. Treasuries

Maturity	Fair Value June 30, 2026	Average Effective Duration of the Security Type (Years)	Contribution to Effective Duration (Years)
Less than 1 year to maturity	$ 706,237,751	0.1	0.1
1- to 10-year maturities	672,351,855	7.0	3.4
	$ 1,378,589,606		3.5

Repurchase Agreements

Tri-party repurchase agreements (repos) are secured loans by a financial institution with the collateral held at a custodian bank. In a tri-party repo transaction, MOSERS transfers cash to a financial institution and the financial institution transfers securities to the custodian bank. Simultaneously, the financial institution promises to repay the loan in the future plus interest in exchange for the return of the securities.

Reverse repurchase agreements (reverse repos) are used to convert securities into cash. In a reverse repo transaction, MOSERS transfers securities that are owned in the portfolio to a financial institution and the financial institution transfers cash to MOSERS. Simultaneously, MOSERS promises to repay the loan in the future plus interest in exchange for the return of the securities.

Typical collateral for repos and reverse repos includes treasury securities, agency securities, mortgage-backed securities, investment-grade corporate bonds, commercial paper, and common stock. Repos and reverse repos are typically done for an overnight term; however, they can be done for a longer term. MOSERS enters into repo transactions to earn interest on short-term funds and enters into reverse repos to finance the purchase of additional securities.

The yield earned by MOSERS on the repo transactions ranged from 3.48% to 4.53% with maturities of one to five days.

The yield earned by the counterparties on the reverse repo transactions ranged from 3.52% to 4.48% and had maturities of one month to one year. The investments made with reverse repo proceeds generally have maturities of one to 30 years.

In repo transactions, MOSERS may have credit risk if the counterparty fails to repay the loan and the value of the securities held as collateral falls below the loan balance. To minimize this risk, MOSERS requires the financial institution to send collateral with a fair value greater than the value of the loan and revalues the collateral on a daily basis. As of fiscal year end, MOSERS held approximately $46.1 million of counterparty collateral in excess of the repo balance.

In a reverse repo transaction, MOSERS may be subject to credit risk if the counterparty fails to return the securities and the value of the securities held as collateral rises above the loan balance. To minimize this risk, MOSERS sends the minimum amount of collateral required by the financial institution and requires the financial institution to revalue the collateral and return excess collateral on a daily basis. Counterparties held approximately $0.5 million of MOSERS' collateral in excess of the reverse repo balance as of the end of the fiscal year.

The tables below summarize MOSERS' exposure for repo and reverse repo transactions.

Tri-Party Repurchase Agreements by Collateral Type

Collateral Type	Fair Value of Collateral June 30, 2026	Fair Value Including Accrued Interest of Repurchase Agreements June 30, 2026	Excess (Deficit) Collateral	Percent Over Collateralized
U.S. Treasuries	$ 1,183,226,269	$ 1,160,000,000	$ 23,226,269	
U.S. government agencies	408,000,001	400,000,000	8,000,001	
Common stock	165,011,443	150,000,000	15,011,443	
Accrued interest	0	174,511	(174,511)	
	$ 1,756,237,713	$ 1,710,174,511	$ 46,063,202	2.7%

Reverse Repurchase Agreements by Collateral Type

Collateral Type	Fair Value of Collateral June 30, 2026	Fair Value Including Accrued Interest of Repurchase Agreements June 30, 2026	Excess (Deficit) Collateral	Percent Over Collateralized
U.S. Treasuries	$ 502,608,169	$ 498,095,554	$ 4,512,615	
Payables	(3,317,668)	0	(3,317,668)	
Accrued interest	0	717,966	(717,966)	
	$ 499,290,501	$ 498,813,520	$ 476,981	0.1 %

Foreign Currency Risk

Foreign currency risk is the risk that changes to foreign exchange rates will adversely impact the fair value of non-U.S. dollar-denominated assets. The following table summarizes MOSERS' exposure to foreign currencies for all assets that are held in custody at the System's custodial bank. MOSERS has exposure to foreign currencies in other areas of the portfolio, such as commingled international funds, hedge funds, and private partnerships, which are held in the custody of other banks acting as administrators for the funds. MOSERS' exposure to foreign currency risk in U.S. dollars, as of June 30, 2026, is highlighted in the table below.

Currency Exposures by Asset Class

Currency	Cash & Cash Equivalents	Equities	Fixed Income	Total
Australian Dollar	$ 7,893,493	$ 0	$ 0	$ 7,893,493
Canadian Dollar	5,235,634	0	0	5,235,634
Hong Kong Dollar	(7,125,229)	0	0	(7,125,229)
Israeli Shekel	1	0	0	1
Japanese Yen	705,343	668,737	(28,661)	1,345,419
South African Rand	(913,385)	0	0	(913,385)
South Korean Won	3,274,139	(2,198,378)	0	1,075,761
Euro	6,443,671	(401,806)	411,904	6,453,769
United Kingdom Pound Sterling	1,332,214	0	0	1,332,214
	$ 16,845,881	$ (1,931,447)	$ 383,243	$ 15,297,677

Derivatives

Derivative instruments are financial contracts whose values depend on the values of one or more underlying assets, reference rates, or financial indexes. They include contracts for futures, swaps, options, and forward foreign currency exchanges. The following tables summarize the various contracts in the portfolio as of June 30, 2026.

Futures Contracts

Futures Contract	Notional Value	Exposure
Currency futures	$ 54,451,716	$ (1,250,398)
Fixed income futures	(270,818,895)	(1,551,037)
Equity index futures	79,067,083	1,961,212
Commodity futures	33,475,156	(5,542,067)
Total	$ (103,824,940)	$ (6,382,290)

Swap Contracts

Counterparty Credit Rating	Notional Value	Exposure
Total return swaps - equity		
A+	$ 4,810,224,436	$ 117,868,984
AA-	(4,999,094)	0
Total	$ 4,805,225,342	$ 117,868,984
Total return swaps - fixed income		
A+	$ 1,438,199,418	$ (1,250,911)
A	336,192,271	(194,606)
Total	$ 1,774,391,689	$ (1,445,517)

While the Board has no formal policy specific to derivatives, the MOSERS investment implementation program, through its external managers, holds investments in futures contracts and swap contracts. MOSERS enters into these certain derivative instruments as investments primarily to enhance the performance and reduce the volatility of its portfolio. It enters into swaps and futures contracts to gain or hedge exposure to certain markets and to manage interest rate risk.

The notional values associated with these derivative instruments are generally not recorded in the financial statements; however, the fair values of these instruments are recorded in the *Statements of Fiduciary Net Position,* and the total changes in fair value for the year are included as net appreciation in fair value of investments in the *Statements of Changes in Fiduciary Net Position*. For the year ended June 30, 2026, the change in fair value in the swap contracts resulted in a gain of $764 million of investment income. The change in fair value in the futures contracts resulted in a gain of $38.8 million of investment income. Foreign currency risk associated with derivative activities is included in the *Currency Exposures by Asset Class* table. MOSERS does not anticipate additional significant market risk from the derivative arrangements.

MOSERS could be exposed to risk if the counterparties to the contracts are unable to meet the contract terms. MOSERS' investment managers seek to control this risk through counterparty credit evaluations and approvals, counterparty credit limits, and exposure monitoring procedures. MOSERS anticipates that the counterparties will be able to satisfy their obligations under the contracts.

Investments in limited partnerships and commingled funds may include derivatives that are not shown in the derivative totals.

Securities Lending Program

The Board of Trustees' *Investment Policy Statement* permits the pension trust funds to participate in a securities lending program. Fixed income, international equity, and domestic equity securities of the pension trust funds can be loaned to participating brokers who provide collateral in the form of cash, U.S. Treasury or government agency securities, or letters of credit issued by approved banks. Collateral must be provided in the amount of 102% of fair value for domestic loans and 105% of fair value for international loans. MOSERS does not have the authority to pledge or sell collateral securities without borrower default.

There was no securities lending activity in fiscal year 2026.

Note 4 – Capital Assets

Office building, furniture, fixtures, equipment, and software costing $10,000 or more are capitalized. Capital assets are valued at cost and reported net of accumulated depreciation. Improvements, which increase the useful life of the property, are also capitalized. Maintenance and repairs are charged to expense as incurred. Depreciation is computed using the straight-line method over the estimated useful life of the related assets according to the following guidelines:

- Five years for furniture, fixtures, and equipment
- 40 years for building
- 30 years for pension administration system
- Five years for all other software

Schedules of the capital asset account balances for the year ended June 30, 2026, are as follows:

Capital Assets

	Right-to-Use Assets	Pension Admin. System and Other Software	Building and Building Improvements *	Furniture, Fixtures and Equipment	Total Capital Assets
Capital assets					
Balances June 30, 2025	$ 2,045,358	$ 16,185,625	$ 4,568,675	$ 2,315,908	$ 25,115,566
Additions	0	24,025	0	205,617	229,642
Deletions	(1,011,928)	0	0	(870,412)	(1,882,340)
Capital assets June 30, 2026	1,033,430	16,209,650	4,568,675	1,651,113	23,462,868
Accumulated depreciation					
Balances June 30, 2025	1,238,568	480,187	2,563,215	1,940,149	6,222,119
Depreciation expense	374,794	531,669	107,435	195,446	1,209,344
Deletions	(1,011,928)	0	0	(870,412)	(1,882,340)
Accumulated depreciation June 30, 2026	601,434	1,011,856	2,670,650	1,265,183	5,549,123
Net capital assets June 30, 2026	$ 431,996	$ 15,197,794	$ 1,898,025	$ 385,930	$ 17,913,745

** Building and Building Improvements includes $267,286 of land that the building is situated on.*

Capital Assets - Right-to-Use Assets

	Right-to-Use Assets Buildings	Right-to-Use Assets Software	Total Right-to-Use Assets
Right-to-use assets			
Balances June 30, 2025	$ 569,330	$ 1,476,028	$ 2,045,358
Additions	0	0	0
Deletions	(278,312)	(733,616)	(1,011,928)
Right-to-use assets June 30, 2026	291,018	742,412	1,033,430
Accumulated amortization			
Balances June 30, 2025	316,282	922,286	1,238,568
Depreciation expense	99,456	275,338	374,794
Deletions	(278,312)	(733,616)	(1,011,928)
Accumulated amortization June 30, 2026	137,426	464,008	601,434
Net right-to-use assets June 30, 2026	$ 153,592	$ 278,404	$ 431,996

Right-to-Use Assets

Right-to-use assets consist of leased office space and subscription-based software. The intangible right-to-use assets and related liabilities are recorded under GASB Statement No. 87, *Leases*, and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. The capitalized value of right-to-use assets and lease liabilities has been calculated based on the future lease payments, discounted to present value. The difference between the liability booked to record the present value of these future payment obligations, and the actual lease payments, is reported as interest expense.

The recording of these liabilities resulted in a future minimum lease commitment, as follows:

Schedule of Minimum Lease and SBITA Commitments

	Building			Software		
Year Ended June 30	Principal	Imputed Interest	Total	Principal	Imputed Interest	Total
2027	$ 99,476	$ 4,622	$ 104,098	$ 98,492	$ 9,925	$ 108,417
2028	60,957	815	61,772	107,719	5,814	113,533
2029	0	0	0	86,235	1,444	87,679
Total commitments	$ 160,433	$ 5,437	$ 165,870	$ 292,446	$ 17,183	$ 309,629

The changes in the lease liability amounts are reported in the following table:

Schedule of Changes in Lease and SBITA Liability Amount

	Right-to-Use Assets Buildings	Right-to-Use Assets Software	Total Right-to-Use Assets
Balances June 30, 2025	$ 253,048	$ 553,742	$ 806,790
Increases to liability	0	0	0
Decreases from liability	(92,615)	(261,296)	(353,911)
Lease liability June 30, 2026	$ 160,433	$ 292,446	$ 452,879

Note 5 – Employers' Net Pension Liability

The components of net pension liability as of June 30, 2026, are in the *Schedule of Employers' Net Pension Liability* below.

Schedule of Employers' Net Pension Liability

	MSEP	Judicial Plan
Total pension liability	$ 18,041,503,593	$ 724,653,365
MOSERS' fiduciary net position	10,612,482,587	238,956,252
Employers' net pension liability	$ 7,429,021,006	$ 485,697,113
Plan net position as a percentage of the total pension liability	58.82%	32.98%
Covered payroll	$ 2,706,948,826	$ 73,576,163
Employers' net pension liability as a percentage of covered payroll	274.44%	660.13%

An actuarial valuation of an ongoing plan involves 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. The *Schedule of Changes in Employers' Net Pension Liability* presents multi-year trend information about whether the plan fiduciary net positions are increasing or decreasing over time relative to the total pension liability. These schedules are presented in the *Required Supplementary Information*. The total pension liability as of June 30, 2026, is $18,041,503,593 for the MSEP and $724,653,365 for the Judicial Plan based on an actuarial valuation performed as of June 30, 2026, and a measurement date of June 30, 2026, using generally accepted actuarial procedures.

Actuarial Assumptions Used to Determine Net Pension Liability

An actuarial experience study covering the five-year period ended June 30, 2025, was performed in 2026. A summary of the assumptions used to calculate the net pension liability is contained in the table below. The next experience study is scheduled for 2031.

Summary of Actuarial Assumptions for the MSEP & the Judicial Plan Used to Determine Net Pension Liability

Valuation date	June 30, 2026
Actuarial cost method	Entry age normal
Asset valuation method	Fair value
Investment rate of return, net of investment expense	6.95%
Projected salary increases	3.25 – 10.50% (MSEP) 3.5% (Judicial Plan)
Rate of payroll growth	2.25%
COLAs	4% or 2.00% *
Price inflation	2.50%

* 4.00% compounded annually, when a minimum COLA of 4.00% is in effect. 2.00% compounded annually, when no minimum COLA is in effect (80% of price inflation).

Mortality Rates - MSEP

Pre-retirement mortality rates were based on the Pub-2016 General Members Below Median Employee mortality table, scaled by 95%, set back one year for males and set forward two years for females. Mortality projected generationally using Scale MP-2021.

Post-retirement mortality rates for retirees were based on the Pub-2016 General Members Below Median Healthy Retiree mortality table, scaled by 95%, set back one year for males and set forward two years for females. Mortality was projected generationally using Scale MP-2021.

Post-retirement mortality rates for beneficiaries were based on the Pub-2016 General Members Median Contingent Survivor mortality table, set back one year for males and set forward two years for females. Mortality projected generationally using Scale MP-2021.

Disabled mortality rates were based on the Pub-2016 Non-Safety Disabled Retiree mortality table, without mortality projection.

Mortality Rates - Judicial Plan

Pre-retirement mortality rates were based on the Pub-2016 General Members Median Employee mortality table. Mortality projected generationally using Scale MP-2021.

Post-retirement mortality rates for retirees were based on the Pub-2016 General Members Median Healthy Retiree mortality table. Mortality projected generationally using Scale MP-2021.

Post-retirement mortality rates for beneficiaries were based on the Pub-2016 General Members Median Contingent Survivor mortality table. Mortality projected generationally using Scale MP-2021.

Discount Rate

The discount rate used to measure the total pension liability was 6.95%, net of investment expenses. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made using the actuarially determined rates. Based on those assumptions, MOSERS' fiduciary net position was projected to be available to make all the projected future benefit payments of the current plan members. As a result, the long-term expected rate of return on pension plan investments, net of investment expense of 6.95%, was applied to all periods of projected benefit payments to determine the total pension liability.

The table below presents the net pension liability of the plans, as of June 30, 2026, calculated using the discount rate of 6.95%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% lower (5.95%) or 1% higher (7.95%) than the current rate.

Sensitivity of Net Pension Liability to Changes in the Discount Rate

Employers' Net Pension Liability	1% Decrease 5.95%	Current Discount Rate 6.95%	1% Increase 7.95%
MSEP	$ 9,531,140,848	$ 7,429,021,006	$ 5,674,829,909
Judicial Plan	$ 555,764,990	$ 485,697,113	$ 425,550,477

The funding status of the plans and *Employer Schedule of Funding Progress* can be found in the *Actuarial Section* on page 98.

Note 6 – Retiree Life Insurance and Long-Term Disability Insurance Programs

In addition to the defined benefit pension provided through MOSERS, the state of Missouri also funds, either partially or in its entirety, retiree life insurance, and long-term disability insurance programs for eligible members. These insurance programs are underwritten by The Standard. MOSERS collects premiums for participants of these programs and remits them to The Standard on behalf of the state of Missouri.

Retiree Life Insurance

Members who retire on or after October 1, 1985, are eligible for $5,000 of state-sponsored basic life insurance coverage if they retire directly from active employment. As of June 30, 2026, 31,559 retirees were participating in the program. This insured defined benefit coverage is financed on a percentage of payroll (.115%) and is purchased as a group policy through The Standard. The cost for the year ended June 30, 2026, was $2,695,366. Premiums are contributed entirely by the state and its component employers as provided by Section 104.515, RSMo.

Retirees of the Department of Labor and Industrial Relations (DOLIR) who retired prior to January 1, 1996, are eligible for state-sponsored insured defined benefit insurance coverage in the same amount of coverage they were receiving through the DOLIR. As of June 30, 2026, 38 retirees were participating in the program. The coverage for this closed group is purchased as a group policy at a current cost of $2.07 per thousand dollars of coverage, per month, per eligible participant ($4,955 for the year ended June 30, 2026). Premiums are paid entirely by the DOLIR as provided by Section 288.225, RSMo. Retirees of the DOLIR who retired on or after January 1, 1996, are eligible for $5,000 of state-sponsored life insurance coverage if they retire directly from active employment. They are included in the group described in the preceding paragraph.

Long-Term Disability Insurance (LTD)

MOSERS provides LTD coverage for eligible members and generally includes those active members of MOSERS' retirement plans who do not have other disability coverage and are not yet eligible to receive normal (unreduced) retirement benefits.

There were 36,721 members covered under the program as of June 30, 2026. This insured defined benefit coverage is financed on a percentage of covered payroll (0.445%). Purchased as a group policy, LTD is administered by The Standard. The cost for the year ended June 30, 2026, was $9,455,274. Premiums are contributed by the state and its component employers, as provided for by Section 104.515, RSMo.

Note 7 – MCHCP Post-Employment Retiree Health Care OPEB Program

MOSERS participates as an employer in a cost-sharing, multiple-employer, defined benefit, other post-employment benefits plan, the State Retiree Welfare Benefit Trust (SRWBT), operated by Missouri Consolidated Health Care Plan (MCHCP). Employees may participate at retirement if eligible to receive a monthly retirement benefit from MOSERS. The terms and conditions governing post-employment benefits are vested with the MCHCP Board of Trustees within the authority granted under Chapter 103, Sections 103.003 through 103.190, RSMo. The SRWBT does not issue a separate stand-alone financial report. Financial activity of the SRWBT is included in the *MCHCP Annual Comprehensive Financial Report* as a fiduciary fund and is intended to present only the financial position of the activities attributable to the SRWBT. Additionally, MCHCP is considered a component unit of the state of Missouri reporting entity and is included in the state's financial report.

The Plan's financial statements are available on the MCHCP website at *www.mchcp.org*.

Benefits

The SRWBT was established and organized on June 27, 2008, to provide health and welfare benefits for the exclusive benefit of current and future retired employees of the state and their dependents who meet eligibility requirements, except for those retired members covered by other OPEB plans of the state. The three medical plans from MCHCP offer the same basic coverage such as preventive care and freedom to choose care from a nationwide network of primary care providers, specialists, pharmacies, and hospitals, usually at a lower negotiated group discount and the same covered benefits for both medical and pharmacy. Benefits are the same in all three plans; other aspects differ, such as premium, deductible, and out-of-pocket costs. Retiree benefits are the same as for active employees until they are Medicare eligible.

Contributions

Contributions are established and may be amended by the MCHCP Board of Trustees with the authority granted under Chapter 103, Sections 103.003 through 103.190, RSMo. For the fiscal year ended June 30, 2025, employers were required to contribute, on average, 3.47% of active employee covered payroll to fund current fiscal year cost of retiree plan benefits. Employees do not contribute to this OPEB plan.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

At June 30, 2026, MOSERS reported a liability of $6,886,473 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2025, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. MOSERS' proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating entities, actuarially determined. As of June 30, 2025, MOSERS' proportionate share was 0.3971%. For the year ended June 30, 2026, MOSERS recognized a net increase in administrative costs of $380,817 related to OPEB expense. As of June 30, 2026, MOSERS reported OPEB-related deferred outflows of resources and deferred inflows of resources as follows:

Deferred Outflows/Inflows of Resources Related to Post-Employment Retiree Health Care

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 233,571	$ 16,264
Changes of assumptions	560,482	1,090,992
Net difference between projected and actual earnings on plan investments	0	15,887
Changes in proportion and differences between MOSERS' contributions and proportionate share of contributions	432,093	281,223
MOSERS' contributions subsequent to the measurement date	321,972	0
	$ 1,548,118	$ 1,404,366

The $321,972 currently reported as deferred outflows of resources related to OPEB resulting from MOSERS' contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2027. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Net Deferred Outflows (Inflows) of Resources Related to Post-Employment Retiree Health Care to be Recognized in Future Years

Year Ending June 30		
2027	$	(111,741)
2028		(132,730)
2029		(81,341)
2030		44,660
2031		106,512
Thereafter		(3,580)
Total	$	(178,220)

Actuarial Assumptions

The collective total OPEB liability for the June 30, 2025, measurement date was determined by an actuarial valuation as of June 30, 2025. This actuarial valuation used the following actuarial assumptions:

Summary of SRWBT's Actuarial Assumptions for Post-Employment Retiree Health Care

Valuation year	July 1, 2024 - June 30, 2025
Actuarial cost method	Entry age normal, level percentage of payroll
Asset valuation method	Fair value
Discount rate	5.50%
Projected payroll growth rate	4.0%
Inflation rate	3.0%
Health care cost trend rate (medical & prescription drugs combined)	
Non-Medicare	6.86% *
* (6.86% in fiscal year 2026, 6.64% in fiscal year 2027, 6.43% in fiscal year 2028, 6.21% in fiscal year 2029, 5.99% in fiscal year 2030, 5.86% in fiscal year 2031, 5.80% in fiscal year 2032, 5.69% in fiscal year 2033, 5.53% in fiscal year 2034, 5.35% in fiscal year 2035, 5.17% in fiscal year 2036, 4.98% in fiscal year 2037, 4.79% in fiscal year 2038, 4.60% in fiscal year 2039, and 4.50% in fiscal year 2040 and later.)	
Medicare	9.39% **
** (9.39% in fiscal year 2026, 12.87% in fiscal year 2027, 12.74% in fiscal year 2028, 9.56% in fiscal year 2029, 9.14% in fiscal year 2030, 8.34% in fiscal year 2031, 7.67% in fiscal year 2032, 7.35% in fiscal year 2033, 6.92% in fiscal year 2034, 6.49% in fiscal year 2035, 6.05% in fiscal year 2036, 5.61% in fiscal year 2037, 5.16% in fiscal year 2038, 4.72% in fiscal year 2039, and 4.50% in fiscal year 2040 and later.)	

Mortality: *Pre-Retirement*: Pri-2012 Employee Amount-weighted Mortality Table projected generationally using MP-2021.
Annuitant: Pri-2012 Retiree Amount-weighted Mortality Table projected generationally using MP-2021.

The last experience study was conducted in 2020. Termination rates, retirement rates, participation, and dependent coverage assumptions were updated as a result of the experience study. Per capita claims costs, administrative expenses, and retiree contributions were updated based on analysis of 2025 rates.

Change in Assumptions and Methods Since Prior Valuation

Per capita health costs, administrative expenses, and retiree contributions were updated to reflect current experience. Trend assumptions were revised to reflect future expectations based on the rates guaranteed for the Medicare Advantage medical plan and the estimated impact of the Inflation Reduction Act of 2022 (IRA) on Medicare Prescription Drug plans. There were no changes in benefits.

Sensitivity to Changes in the Health Care Cost Trend Rates

The following table presents MOSERS' net OPEB liability, calculated using the current trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

Sensitivity of the Net SRWBT OPEB Liability to Changes in Health Care Cost Trend Rates

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Net OPEB Liability	$ 5,856,292	$ 6,886,473	$ 8,179,917

Discount Rate

A discount rate of 5.5% was used to measure the total OPEB liabilities. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and the contributions will be made at statutorily required rates, actuarially determined. This discount rate was determined as the best estimate of the expected return on plan assets as of the measurement date.

Sensitivity to Changes in the SRWBT Discount Rate

The following table presents MOSERS' net OPEB liability, calculated using a discount rate of 5.5%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

Sensitivity of the Net SRWBT OPEB Liability to Changes in Discount Rate

	1% Decrease in Discount Rate (4.5%)	Current Discount Rate (5.5%)	1% Increase in Discount Rate (6.5%)
Net OPEB Liability	$ 8,108,070	$ 6,886,473	$ 5,902,854

Long-Term Expected Rate of Return

The target allocation and expected real rate of return for each major asset class are listed below:

SRWBT Long-Term Expected Rate of Return

Asset Class	Target Allocation	Expected Real Rate of Return
Domestic large cap stocks	23.0%	7.7%
Domestic mid cap stocks	6.0	8.6
Domestic small cap stocks	6.0	9.4
Global equity	6.0	7.6
Domestic fixed income	59.0	5.1

Note 8 – Commitments

As of June 30, 2026, MOSERS has $1.6 billion in unfunded commitments in private markets funds.

Note 9 – Contingencies

There were no contingencies that would have a material impact on the financial statements as of June 30, 2026.

Note 10 – Risk Management

MOSERS is exposed to various risks of loss related to natural disasters, errors and omissions, loss of assets, torts, etc. MOSERS has chosen to cover such losses through the purchase of commercial insurance to help mitigate some of the exposure to those risks. In the previous three years, MOSERS has not experienced any losses that exceeded our insurance coverage limits.

Note 11 – Subsequent Events

Subsequent events were evaluated through October 19, 2026.

Schedules of Changes in Employers' Net Pension Liability - MSEP

Last Ten Fiscal Years

	2026	2025	2024	2023	2022
Total pension liability					
Service cost	$ 209,354,736	$ 203,839,004	$ 185,156,962	$ 166,052,284	$ 166,110,518
Interest on the total pension liability	1,170,530,381	1,138,567,199	1,089,983,221	1,037,223,987	1,017,493,541
Benefit changes	0	0	0	0	0
Difference between expected and actual experience	239,440,487	223,215,660	486,904,589	570,092,422	77,335,262
Assumption changes	156,375,983	0	0	0	0
Benefit payments and member refunds	(1,127,610,157)	(1,087,238,087)	(1,037,830,071)	(991,550,039)	(962,590,826)
Net change in total pension liability	648,091,430	478,383,776	724,214,701	781,818,654	298,348,495
Total pension liability - beginning	17,393,412,163	16,915,028,387	16,190,813,686	15,408,995,032	15,110,646,537
Total pension liability - ending (a)	$18,041,503,593	$17,393,412,163	$16,915,028,387	$16,190,813,686	$15,408,995,032
Plan fiduciary net position					
Employer contributions	$ 817,444,700	$ 750,670,662	$ 669,903,073	$ 1,080,661,379	$ 471,302,256
Employee contributions	71,155,933	66,285,220	58,710,640	48,487,731	39,809,873
Pension plan net investment income (loss)	1,506,119,593	835,488,746	556,669,632	177,598,790	(816,407,543)
Benefit payments and member refunds	(1,127,610,157)	(1,087,238,087)	(1,037,830,071)	(991,550,039)	(962,590,826)
Pension plan administrative expense	(14,950,847)	(13,313,154)	(11,885,804)	(10,984,550)	(9,248,916)
Other	6,281,454	3,503,340	5,284,466	5,165,340	5,619,673
Net change in plan fiduciary net position	1,258,440,676	555,396,727	240,851,936	309,378,651	(1,271,515,483)
Plan fiduciary net position - beginning	9,354,041,911	8,798,645,184	8,557,793,248	8,248,414,597	9,519,930,080
Plan fiduciary net position - ending (b)	10,612,482,587	9,354,041,911	8,798,645,184	8,557,793,248	8,248,414,597
Net pension liability - ending (a)-(b)	$ 7,429,021,006	$ 8,039,370,252	$ 8,116,383,203	$ 7,633,020,438	$ 7,160,580,435
Plan fiduciary net position as a percentage of total pension liability	58.82%	53.78%	52.02%	52.86%	53.53%
Covered payroll	$ 2,706,948,826	$ 2,616,403,802	$ 2,463,403,760	$ 2,211,853,954	$ 2,004,688,456
Net pension liability as a percentage of covered payroll	274.44%	307.27%	329.48%	345.10%	357.19%

See accompanying *Notes to the Schedules of Required Supplementary Information - Pension Trust Funds.*

Schedules of Changes in Employers' Net Pension Liability - MSEP (continued)

Last Ten Fiscal Years

	2021	2020	2019	2018	2017
Total pension liability					
Service cost	$ 162,668,072	$ 159,559,528	$ 158,190,866	$ 157,351,979	$ 152,766,134
Interest on the total pension liability	959,662,398	960,644,327	956,725,536	956,201,619	945,654,398
Benefit changes	0	0	0	0	(1,696,059)
Difference between expected and actual experience	133,886,066	(70,371,777)	7,426,685	(118,252,032)	(104,203,260)
Assumption changes	515,859,705	124,766,739	74,340,841	351,899,973	202,554,786
Benefit payments and member refunds	(919,838,592)	(873,816,238)	(851,821,580)	(886,711,473)	(793,964,857)
Net change in total pension liability	852,237,649	300,782,579	344,862,348	460,490,066	401,111,142
Total pension liability - beginning	14,258,408,888	13,957,626,309	13,612,763,961	13,152,273,895	12,751,162,753
Total pension liability - ending (a)	$15,110,646,537	$14,258,408,888	$13,957,626,309	$13,612,763,961	$13,152,273,895
Plan fiduciary net position					
Employer contributions	$ 463,293,368	$ 436,895,653	$ 394,150,042	$ 379,557,962	$ 335,217,422
Employee contributions	37,571,263	35,141,960	31,286,632	28,303,994	25,439,343
Pension plan net investment income (loss)	2,032,991,086	400,354,303	313,159,178	576,188,826	272,595,668
Benefit payments and member refunds	(919,838,592)	(873,816,238)	(851,821,580)	(886,711,473)	(793,964,857)
Pension plan administrative expense	(8,816,943)	(8,398,164)	(9,200,826)	(9,799,256)	(8,759,341)
Other	3,899,365	4,187,740	4,383,409	1,610,073	5,668,849
Net change in plan fiduciary net position	1,609,099,547	(5,634,746)	(118,043,145)	89,150,126	(163,802,916)
Plan fiduciary net position - beginning	7,910,830,533	7,916,465,279	8,034,508,424	7,945,358,298	8,109,161,214
Plan fiduciary net position - ending (b)	9,519,930,080	7,910,830,533	7,916,465,279	8,034,508,424	7,945,358,298
Net pension liability - ending (a)-(b)	$ 5,590,716,457	$ 6,347,578,355	$ 6,041,161,030	$ 5,578,255,537	$ 5,206,915,597
Plan fiduciary net position as a percentage of total pension liability	63.00%	55.48%	56.72%	59.02%	60.41%
Covered payroll	$ 2,024,883,601	$ 2,006,870,248	$ 1,950,272,350	$ 1,951,454,817	$ 1,975,353,105
Net pension liability as a percentage of covered payroll	276.10%	316.29%	309.76%	285.85%	263.59%

See accompanying *Notes to the Schedules of Required Supplementary Information - Pension Trust Funds.*

Schedules of Changes in Employers' Net Pension Liability - Judicial Plan

Last Ten Fiscal Years

	2026	2025	2024	2023	2022
Total pension liability					
Service cost	$ 14,662,793	$ 13,868,523	$ 13,144,478	$ 13,037,787	$ 13,303,763
Interest on the total pension liability	46,661,239	45,166,381	43,796,414	42,246,794	42,073,646
Benefit changes	0	0	0	0	0
Difference between expected and actual experience	735,363	14,638,654	12,831,120	14,023,318	(9,088,237)
Assumption changes	18,248,242	0	0	0	0
Benefit payments and member refunds	(53,184,722)	(51,178,589)	(48,978,854)	(45,108,589)	(42,530,378)
Net change in total pension liability	27,122,915	22,494,969	20,793,158	24,199,310	3,758,794
Total pension liability - beginning	697,530,450	675,035,481	654,242,323	630,043,013	626,284,219
Total pension liability - ending (a)	$ 724,653,365	$ 697,530,450	$ 675,035,481	$ 654,242,323	$ 630,043,013
Plan fiduciary net position					
Employer contributions	$ 44,543,009	$ 44,634,596	$ 40,748,235	$ 39,064,758	$ 39,228,848
Employee contributions	2,447,111	2,276,185	2,029,670	1,746,913	1,550,712
Pension plan net investment income (loss)	34,101,806	18,980,578	12,647,192	4,165,663	(18,801,946)
Benefit payments	(53,184,722)	(51,178,589)	(48,978,854)	(45,108,589)	(42,530,378)
Pension plan administrative expense	(127,509)	(109,769)	(99,460)	(91,076)	(79,492)
Other	12	3	3	0	0
Net change in plan fiduciary net position	27,779,707	14,603,004	6,346,786	(222,331)	(20,632,256)
Plan fiduciary net position - beginning	211,176,545	196,573,541	190,226,755	190,449,086	211,081,342
Plan fiduciary net position - ending (b)	238,956,252	211,176,545	196,573,541	190,226,755	190,449,086
Net pension liability - ending (a)-(b)	$ 485,697,113	$ 486,353,905	$ 478,461,940	$ 464,015,568	$ 439,593,927
Plan fiduciary net position as a percentage of total pension liability	32.98%	30.27%	29.12%	29.08%	30.23%
Covered payroll	$ 73,576,163	$ 72,765,888	$ 68,106,694	$ 64,923,979	$ 63,333,626
Net pension liability as a percentage of covered payroll	660.13%	668.38%	702.52%	714.71%	694.09%

See accompanying *Notes to the Schedules of Required Supplementary Information - Pension Trust Funds.*

Schedules of Changes in Employers' Net Pension Liability - Judicial Plan (continued)

Last Ten Fiscal Years

	2021	2020	2019	2018	2017
Total pension liability					
Service cost	$ 12,872,644	$ 13,119,646	$ 13,573,453	$ 12,997,198	$ 12,945,567
Interest on the total pension liability	42,004,675	42,458,800	41,710,768	41,018,371	40,617,091
Benefit changes	0	0	0	0	0
Difference between expected and actual experience	(6,886,109)	(14,933,643)	978,884	(1,319,696)	(10,687,091)
Assumption changes	(4,928,456)	6,341,771	5,024,057	12,332,042	7,905,466
Benefit payments and member refunds	(41,625,546)	(39,622,268)	(37,593,049)	(35,657,248)	(33,984,725)
Net change in total pension liability	1,437,208	7,364,306	23,694,113	29,370,667	16,796,308
Total pension liability - beginning	624,847,011	617,482,705	593,788,592	564,417,925	547,621,617
Total pension liability - ending (a)	$ 626,284,219	$ 624,847,011	$ 617,482,705	$ 593,788,592	$ 564,417,925
Plan fiduciary net position					
Employer contributions	$ 39,996,509	$ 39,174,515	$ 38,604,668	$ 36,892,203	$ 34,246,826
Employee contributions	1,448,428	1,314,570	1,138,101	902,319	786,745
Pension plan net investment income (loss)	44,049,707	8,162,709	6,051,941	10,677,666	4,680,131
Benefit payments	(41,625,546)	(39,622,268)	(37,593,049)	(35,657,248)	(33,984,725)
Pension plan administrative expense	(75,822)	(74,450)	(72,141)	(181,595)	(150,387)
Other	0	0	3,895	(68,711)	0
Net change in plan fiduciary net position	43,793,276	8,955,076	8,133,415	12,564,634	5,578,590
Plan fiduciary net position - beginning	167,288,066	158,332,990	150,199,575	137,634,941	132,056,351
Plan fiduciary net position - ending (b)	211,081,342	167,288,066	158,332,990	150,199,575	137,634,941
Net pension liability - ending (a)-(b)	$ 415,202,877	$ 457,558,945	$ 459,149,715	$ 443,589,017	$ 426,782,984
Plan fiduciary net position as a percentage of total pension liability	33.70%	26.77%	25.64%	25.30%	24.39%
Covered payroll	$ 63,105,884	$ 61,402,061	$ 60,594,362	$ 59,417,302	$ 58,591,661
Net pension liability as a percentage of covered payroll	657.95%	745.18%	757.74%	746.57%	728.40%

See accompanying *Notes to the Schedules of Required Supplementary Information - Pension Trust Funds.*

Pension Trust Funds

Schedules of Employer Contributions

Last Ten Fiscal Years

MSEP

Year Ended June 30	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution*	Contribution Deficiency (Excess)	Covered Payroll**	Contributions as a Percentage of Covered Payroll ***
2026	$ 736,019,386	$ 817,444,700	$ (81,425,314)	$ 2,706,948,826	30.20%
2025	715,586,440	750,670,662	(35,084,222)	2,616,403,802	28.69
2024	669,903,073	669,903,073	0	2,463,403,760	27.19
2023	580,661,379	1,080,661,379	(500,000,000)	2,211,853,954	48.86
2022	471,302,256	471,302,256	0	2,004,688,456	23.51
2021	463,293,368	463,293,368	0	2,024,883,601	22.88
2020	436,895,653	436,895,653	0	2,006,870,248	21.77
2019	394,150,042	394,150,042	0	1,950,272,350	20.21
2018	379,557,962	379,557,962	0	1,951,454,817	19.45
2017	322,772,697	335,217,422	(12,444,725)	1,975,353,105	16.97

Judicial Plan

Year Ended June 30	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution*	Contribution Deficiency (Excess)	Covered Payroll**	Contributions as a Percentage of Covered Payroll
2026	$ 44,543,009	$ 44,543,009	$ 0	$ 73,576,163	60.54%
2025	44,634,596	44,634,596	0	72,765,888	61.34
2024	40,748,235	40,748,235	0	68,106,694	59.83
2023	39,064,758	39,064,758	0	64,923,979	60.17
2022	39,228,848	39,228,848	0	63,333,626	61.94
2021	39,996,509	39,996,509	0	63,105,884	63.38
2020	39,174,515	39,174,515	0	61,402,061	63.80
2019	38,604,668	38,604,668	0	60,594,362	63.71
2018	36,892,203	36,892,203	0	59,417,302	62.09
2017	32,670,710	34,246,826	(1,576,116)	58,591,661	58.45

* *Since the percent of payroll contributions rate was applied to the pension payroll during the fiscal year, the actuarially determined contribution is equal to the actual contribution. In fiscal years 2016 and 2017, excess contributions were made because the actuarially determined contribution rate fell below the Board-established minimum contribution rate. During fiscal year 2023, MOSERS received a one-time contribution of $500 million from the state of Missouri. The minimum contribution rate was increased to 28.75% in fiscal year 2025, 30.25% in fiscal year 2026, 32% in fiscal year 2027, and removed for fiscal year 2028.*

** *For fiscal years 2016 and prior, covered payroll totals from the valuation report were used, which includes actual covered payroll from July through May with estimated amounts for June. For fiscal years 2017 and forward, covered payroll totals used are actual covered payroll from July through June, as reported in the GASB 67 report.*

*** *Beginning in fiscal year 2023, the employers were given the option to prepay contributions at certain times during the year and receive an actuarially determined present value discount based on MOSERS' investment return assumption.*

See accompanying *Notes to the Schedules of Required Supplementary Information - Pension Trust Funds.*

Pension Trust Funds

Schedule of Annual Money-Weighted Rate of Return on Investments

Last Ten Fiscal Years

Year Ended June 30	Annual Money-Weighted Rate of Return - Net of Investment Expense
2026	16.29%
2025	9.68
2024	6.73
2023	2.13
2022	(8.75)
2021	26.56
2020	5.25
2019	4.10
2018	7.57
2017	3.51

See accompanying *Notes to the Schedules of Required Supplementary Information - Pension Trust Funds.*

Notes to the Schedules of Required Supplementary Information - Pension Trust Funds

Actuarial Methods and Assumptions for Valuations Performed as of June 30, 2026

The entry age normal actuarial cost method of valuation is used in determining liabilities and normal cost. Regular actuarial valuations provide valuable information about the composite change in the unfunded actuarial accrued liabilities (whether or not the liabilities are increasing or decreasing, and by how much). Since the future cannot be predicted with precision, actual experience is expected to differ from assumed experience. Differences occurring in the past between assumed experience and actual experience (actuarial gains and losses) become part of actuarial accrued liabilities. Unfunded actuarial accrued liabilities are amortized to produce payments (principal and interest), which are expressed as a percent of payroll. A layered, closed 20-year amortization period was used for the June 30, 2026, valuations to determine the fiscal year 2028 contribution rates. The actuarial value is calculated by recognizing the difference between the actual and expected return on the fair value of assets each year over a closed five-year period.

The investment return rate assumption remained constant at 6.95% per year as of June 30, 2026, compounded annually (net of investment expenses). The price inflation assumption used was 2.50% per year. Projected salary assumptions were 3.25% to 10.50% for the MSEP and 3.50% for the Judicial Plan. The assumption used for annual post-retirement benefit increases (COLAs) is 4.0% (on a compound basis) when a minimum COLA is in effect. When no minimum COLA is in effect, the annual COLA is assumed to be 2.00% (80% of the 2.50% price inflation) on a compounded basis.

Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions - Five-Year Review

MSEP & Judicial

Valuation year	2026	2025	2024	2023	2022
Contribution rate for fiscal year	2028	2027	2026	2025	2024
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Amortization method	Layered bases approach - Level percentage of payroll	Layered bases approach - Level percentage of payroll	Layered bases approach - Level percentage of payroll	Layered bases approach - Level percentage of payroll	Layered bases approach - Level percentage of payroll
Amortization periods	Closed 20-year period	Closed 25-year period	Closed 25-year period	Closed 25-year period	Closed 25-year period
Inflation	2.50%	2.25%	2.25%	2.25%	2.25%
Cost-of-living adjustment	4% or 2.00%	4% or 1.80%	4% or 1.80%	4% or 1.80%	4% or 1.80%
Salary increase	varied	varied	varied	varied	varied
Payroll growth	2.25%	2.25%	2.25%	2.25%	2.25%
Investment rate of return	6.95%	6.95%	6.95%	6.95%	6.95%

Schedule of Proportionate Share of the Net OPEB Liability

*For Years Ended June 30, 2018 – 2026**

State Retiree Welfare Benefit Trust

	2026	2025	2024	2023	2022
MOSERS' proportion of the net OPEB liability	0.3971%	0.3852%	0.3869%	0.4000%	0.3760%
MOSERS' proportionate share of the net OPEB liability	$ 6,886,473	$ 6,086,710	$ 5,574,870	$ 5,635,287	$ 6,413,236
MOSERS' covered payroll	$ 9,429,439	$ 8,440,246	$ 7,700,645	$ 7,262,074	$ 7,004,895
MOSERS' proportionate share of the net OPEB liability as a percentage of its covered payroll	73.03%	72.12%	72.39%	77.60%	91.55%
Plan fiduciary net position as a percentage of the total OPEB liability	12.24%	12.41%	12.18%	12.12%	10.14%

	2021	2020	2019	2018
MOSERS' proportion of the net OPEB liability	0.4313%	0.4352%	0.4375%	0.4121%
MOSERS' proportionate share of the net OPEB liability	$ 7,682,560	$ 7,697,649	$ 7,666,038	$ 7,272,038
MOSERS' covered payroll	$ 7,569,252	$ 7,370,032	$ 7,056,668	$ 6,669,717
MOSERS' proportionate share of the net OPEB liability as a percentage of its covered payroll	101.50%	104.45%	108.64%	109.03%
Plan fiduciary net position as a percentage of the total OPEB liability	8.24%	7.31%	6.90%	6.64%

* *The amounts presented in this schedule were determined as of the previous fiscal year end. Intended to show information for 10 years, data for additional years will be displayed as it becomes available.*

Schedule of Employer Contributions for OPEB

*For Years Ended June 30, 2018 – 2026**

	2026	2025	2024	2023	2022
Contractually required contribution	$ 321,972	$ 295,151	$ 284,106	$ 286,406	$ 291,661
Contributions in relation to the contractually required contribution	$ 321,972	$ 295,151	$ 284,106	$ 286,406	$ 291,661
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0	$ 0
Covered payroll	$ 10,096,059	$ 9,429,439	$ 8,440,246	$ 7,700,645	$ 7,262,074
Contributions as a percentage of covered payroll	3.19%	3.13%	3.37%	3.72%	4.02%

	2021	2020	2019	2018
Contractually required contribution	$ 283,613	$ 311,510	$ 331,275	$ 301,182
Contributions in relation to the contractually required contribution	$ 283,613	$ 311,510	$ 331,275	$ 301,182
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0
Covered payroll	$ 7,004,895	$ 7,569,252	$ 7,370,032	$ 7,056,668
Contributions as a percentage of covered payroll	4.05%	4.12%	4.49%	4.27%

* *Intended to show information for 10 years, data for additional years will be displayed as it becomes available.*

Schedules of Investment Expenses

For the Year Ended June 30, 2026

Investing activity	MSEP	Judicial Plan	Total
Investment management and incentive fees			
Fixed Income			
BlackRock, Inc.	$ 41,614	$ 937	$ 42,551
Multi-asset			
NISA Investment Advisors	5,129,908	115,473	5,245,381
Alternatives			
Aberdeen Standard Investments	1,307,088	29,423	1,336,511
Aberdeen Davi Alpha	959,923	21,608	981,531
Actis Emerging Markets 3	2,934	66	3,000
Actis Emerging Markets 4	19,560	440	20,000
Altas Partners Holdings III, L.P.	2,793,149	62,875	2,856,024
Appian Petra Co Investment	6,207	140	6,347
Appian Natural Resources Fund III	2,260,446	50,884	2,311,330
Ares Secondary Infrastructure Fund	2,858,407	64,344	2,922,751
Arlington Capital Partners VI, L.P.	3,369,945	75,859	3,445,804
Arlington Capital Partners VII, L.P.	548,857	12,355	561,212
Avista Healthcare Partners VI, L.P.	4,108,089	92,475	4,200,564
Axiom Asia Fund 6, L.P.	569,447	12,818	582,265
Axiom Asia Private Capital Fund II, L.P.	98,926	2,227	101,153
Axiom Asia Private Capital Fund III, L.P.	215,766	4,857	220,623
Axxon Brazil Private Equity Fund II B, L.P.	38,477	866	39,343
BlackRock, Inc.	2,555,252	57,520	2,612,772
BlackRock STA Fund	688,385	15,496	703,881
Blackstone Macro Pod	2,573,178	57,923	2,631,101
Blackstone Real Estate Partners V	7,411	167	7,578
Blackstone Real Estate Partners VI	3,742	84	3,826
Blackstone Real Estate Partners VII	(46,077)	(1,037)	(47,114)
Blackstone Topaz Fund, L.P.	6,881,719	154,911	7,036,630
Blackstone Topaz Private Credit	1,956,746	44,047	2,000,793
Blue Diamond Non-Directional Fund	4,007,148	90,203	4,097,351
Brevan Howard Alpha Strategies Fund, L.P.	22,240,034	500,633	22,740,667
Catalyst Fund Limited Partnership III	36,213	815	37,028
Catalyst Fund Limited Partnership IV	110,300	2,483	112,783
Catalyst Fund Limited Partnership V	1,173,623	26,419	1,200,042
CBRE U.S. Core Partners, L.P.	919,781	20,705	940,486
Centiva Capital	16,251,001	365,817	16,616,818

Schedule of Investment Expenses continued on following page.

Schedules of Investment Expenses (continued)

For the Year Ended June 30, 2026

Schedule of Investment Expenses continued from previous page.

Investing activity	MSEP	Judicial Plan	Total
Cogence	$ 942,784	$ 21,222	$ 964,006
Comvest Credit Partners 2023, L.P.	2,335,269	52,568	2,387,837
DE Shaw Diopter Fund, LLC	4,525,731	101,876	4,627,607
DE Shaw Diopter Fund II, LLC	457,328	10,295	467,623
Efficient	980,472	22,071	1,002,543
EIG Energy Fund XIV, L.P.	14,923	336	15,259
EIG Energy Fund XV, L.P.	16,764	377	17,141
EIG Energy Fund XVI, L.P.	73,061	1,645	74,706
Eisler Multi-Strategy Fund, L.P.	31,633,744	712,089	32,345,833
Elliott International Limited	11,500,702	258,886	11,759,588
Exodus Point Partners Fund	25,465,682	573,244	26,038,926
Garnet Point (Oaktree)	681	15	696
Gateway Energy & Resource Holdings, LLC	18,503	417	18,920
Gryphon Partners VI, L.P.	3,108,945	69,984	3,178,929
Gryphon VI Top-Up Co-Investment Partners, L.P.	468,497	10,546	479,043
Harrison Street Real Estate Core Property Fund, L.P.	693,828	15,618	709,446
HBK Merger Strategies Offshore Fund, Ltd.	3,589,729	80,806	3,670,535
HIG Middle Mkt LBO Fund IV, L.P.	3,306,145	74,423	3,380,568
HIG Capital Partners VII-A, L.P.	748,846	16,857	765,703
HIG Whitehorse Middle Market IV Co-Investment Fund, L.P.	292,430	6,583	299,013
HIG Whitehorse Mid Mkt Loan Fund IV	645,514	14,531	660,045
Jain Global Onshore Fund L.P.	17,661,319	397,564	18,058,883
JLL Partners Fund V, L.P.	31,841	717	32,558
JLL Partners Fund VI, L.P.	29,139	656	29,795
King Street Capital, L.P.	13,532	305	13,837
Kirkoswald Global Macro Fund II, L.P.	11,130,923	250,562	11,381,485
LaSalle Property Fund	539,154	12,137	551,291
Linden Capital Partners II, L.P.	(64,781)	(1,458)	(66,239)
McGinty Road	332,227	7,479	339,706
Mercato Partners Traverse IV, L.P.	9,249,012	208,199	9,457,211
MGG Evergreen Cardinal Fund, L.P.	3,170,884	71,378	3,242,262
MHR Institutional Partners IIA, L.P.	1,257,800	28,314	1,286,114
MHR Institutional Partners III, L.P.	25,709	579	26,288
MHR Institutional Partners IV, L.P.	(4,235,688)	(95,347)	(4,331,035)
Millennium Technology Value Partners II	(242,045)	(5,449)	(247,494)
Moon Capital	0	0	0
NS Partners	19,134	431	19,565
Oaktree Multi-Strategy Private Credit	135,591	3,052	138,643

Schedule of Investment Expenses continued on following page.

Schedules of Investment Expenses (continued)

For the Year Ended June 30, 2026

Schedule of Investment Expenses continued from previous page.

Investing activity	MSEP	Judicial Plan	Total
Oaktree Real Estate Income Fund, L.P.	$ 1,389,836	$ 31,286	$ 1,421,122
OCM Opportunities Fund VIIIb, L.P.	693,081	15,602	708,683
OCM Power Opportunities Fund III, L.P.	6,991	157	7,148
Partners Group Direct Equity IV A, L.P.	(398,890)	(8,979)	(407,869)
Partners Group Direct Equity V A, L.P.	1,104,059	24,853	1,128,912
Partners Group Dogwood, L.P.	79,873	1,798	81,671
Portfolio Advisors Secondary Fund IV, L.P.	2,200,369	49,531	2,249,900
Portfolio Advisors Secondary Fund V, L.P.	3,687,698	83,012	3,770,710
Silver Creek Special Opportunities Fund I, L.P.	26,141	588	26,729
Silver Creek Special Opportunities Fund II, L.P.	31,615	712	32,327
Sixth Street Ironwood	2,463	55	2,518
Standard Investment Research Hedged Equity Fund	5,275,197	118,747	5,393,944
Stockbridge Core & Value Advisors, LLC	481,314	10,835	492,149
TA Realty Core Property Fund, L.P.	673,657	15,164	688,821
Thomas H. Lee Partners, L.P.	4,798,310	108,012	4,906,322
Tiverton Ag Legacy Holdings II, L.P.	291,951	6,572	298,523
Verition Multi-Strategy Fund, Class A	10,967,094	246,874	11,213,968
Verition Multi-Strategy Fund, Class C	10,873,315	244,763	11,118,078
Vista Equity Partners VIII, L.P.	2,500,605	56,290	2,556,895
Vista Foundation Fund V, L.P.	1,785,763	40,198	1,825,961
Voleon Institutional Strategies Fund, L.P.	3,679,259	82,822	3,762,081
Voleon Investors Fund, L.P.	1,293,147	29,109	1,322,256
Warren Equity Partners ELIDO Fund II, L.P.	1,378,174	31,023	1,409,197
Warren Equity Partners IV, L.P.	6,420,437	144,527	6,564,964
Total investment management and incentive fees	272,801,987	6,140,892	278,942,879
Other investment fees			
Investment consultant fees			
Aksia	293,388	6,612	300,000
Cerity Partners Retirement Plan Advisors	273,583	6,167	279,750
Egan-Jones Ratings Company	8,802	198	9,000
Meketa Investment Group	122,245	2,755	125,000
NEPC	217,324	4,898	222,222
StepStone Group	423,781	9,553	433,334
Total investment consultant fees	1,339,123	30,183	1,369,306
Investment custodial and other fees			
BNY Mellon (custodial)	439,874	9,902	449,776
BNY Mellon (performance calculation)	133,691	3,009	136,700
Total investment custodial and other fees	573,565	12,911	586,476
Internal investment activity expenses	9,926,236	92,072	10,018,308
Total investing activity expenses	$ 284,640,911	$ 6,276,058	$ 290,916,969

Schedule of Internal Investment Activity Expenses

For the Year Ended June 30, 2026

Personnel services	
Salaries	$ 2,964,143
Fringe benefits	1,326,591
Total personnel services	4,290,734
Professional services	
Attorney services	4,866,034
Total professional services	4,866,034
Communications	
Telephone	1,053
Total communications	1,053
Facilities	
Utilities	10,190
Lease expense	97,657
Total facilities	107,847
Software and equipment	
Computer supplies and software	258,987
Total software and equipment	258,987
Education, meetings, and travel	
Professional development including travel	32,369
Due diligence travel	47,535
Total education, meetings, and travel	79,904
General	
Research and information services	396,024
Membership dues	14,197
Periodicals and publications	3,528
Total general	413,749
Total internal investment activity expenses	$ 10,018,308

Schedule of Administrative Expenses

For the Year Ended June 30, 2026

Personnel services	
Salaries	$ 7,269,982
Fringe benefits	4,032,812
Total personnel services	11,302,794
Professional services	
Consulting services	602,062
Actuarial services	226,781
Attorney services	93,894
Auditing services	108,789
Total professional services	1,031,526
Communications	
Postage and mailing	223,991
Telephone and internet	62,356
Printing	19,097
Video production	2,486
Total communications	307,930
Facilities	
Facility maintenance	106,143
Utilities	82,635
Vehicle maintenance and operation	8,645
Total facilities	197,423
Software and equipment	
Maintenance agreements and licenses	900,599
Computer supplies and software	58,453
Equipment rental	71,761
Gain/Loss on sale of equipment	(2,596)
Total software and equipment	1,028,217
Education, meetings, and travel	
Professional development including travel	129,330
MOSERS sponsored seminars	122,503
Board travel and meetings	14,651
Tuition reimbursement	6,118
Due diligence	1,733
Total education, meetings, and travel	274,335
General	
Depreciation and amortization	834,550
Insurance	228,903
Business continuity	93,542
Office supplies and miscellaneous	78,156
Research and information services	70,250
Banking services	57,941
Membership dues	32,804
Recruiting and outreach	20,105
Total general	1,416,251
Total administrative expenses	$ 15,558,476

Schedule of Professional Service Fees

For the Year Ended June 30, 2026

Professional Services	
Operations administrative expenses	
Actuarial services	
CavMac	$ 226,781
Total actuarial services	226,781
Attorney services	
Ice Miller, LLP	31,050
Thompson Coburn, LLP	62,844
Total attorney services	93,894
Auditing services	
Eide Bailly, LLP	108,789
Total auditing services	108,789
Consulting services	
Carahsoft Technology, Corp.	27,762
CBIZ Talent & Compensation Solutions	28,480
Cypro, LLC	84,000
Election-America, Inc. – board election consulting	11,563
Gamble & Schlemeier, Ltd. – governmental affairs	34,113
Gartner, Inc.	157,115
R&I Counselors, LLC	11,478
Tegrit Software Ventures, Inc.	245,160
Other consulting services	2,391
Total consulting services	602,062
Total operations administrative expenses	1,031,526
Investment administrative expenses	
Attorney services	
Bates White, LLC	125,781
Cassels Brock & Blackwell, LLP	31,042
Hemming Morse, LLP	21,730
Quinn Emanuel Urquhart & Sullivan, LLP	4,091,364
Thompson Coburn, LLP	584,415
Other attorney services	11,702
Total attorney services	4,866,034
Total investment administrative expenses	4,866,034
Total professional services expenses	$ 5,897,560

Information on investment management and consulting fees can be found in the Schedules of Investment Expenses on pages 60-62.

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