

Notes to Schedules of Employer Allocations and Pension Amounts (Continued)



Note 2
Basis of Presentation

The Schedules of Employer Allocations and Pension Amounts for the Noncontributory Retirement System, Contributory Retirement System, Public Safety Retirement System, Firefighters Retirement System, Judges Retirement System, Utah Governors and Legislators Retirement Plan, Tier 2 Public Employees Contributory Retirement System and the Tier 2 Public Safety and Firefighter Retirement System present amounts that are considered elements of the financial statements of the Systems or of its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of the Systems or of its participating employers.

The amounts presented in the Schedules were prepared in accordance with accounting principles generally accepted in the United State of America. Such preparation requires management of the Systems to make a number of estimates and assumptions related to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates. The following are the significant accounting policies followed by the Systems:

A) Allocation Percentage Methodology

Each employer’s proportion is equal to the ratio of the employer’s actual contributions to the Systems during the plan year over the total of all employer contributions to the Systems during the plan year. This allocation method is a reasonable representation of each employer’s proportionate share of the projected long-term contribution effort to the System and satisfies applicable requirements within Governmental Accounting Standards Board Statement Number 68 (GASB No. 68). The change in proportion each year is reflected in deferred outflows and deferred inflows of resources.

B) Collective Net Pension Liability of Participating Employers and Actuarial Information

The Systems used updated procedures to roll forward the total pension liability from January 1, 2025, to December 31, 2025. The components of the current-year pension liability/(asset) of the employers as of December 31, 2025, were as shown in the schedule on the right.

C) Actuarial Assumptions

Actuarial valuation of the ongoing Systems involve estimates of the reported amounts and assumptions about 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.

Net Pension Liability by Division

Year Ended December 31, 2025

System	(1) Total Pension Liability	(2) Plan Fiduciary Net Position	(3) Employers Net Pension Liability/ (Asset)	(4) Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	(5) Projected Covered Employee Payroll	(6) Net Pension Liability/ (Asset) as a Percentage of Covered Employee Payroll
Noncontributory Retirement System						
Local Government	\$ 8,393,515,166	8,442,448,414	(48,933,248)	100.6%	\$ 818,594,833	(6.0%)
State and School	30,334,788,502	29,087,071,308	1,247,717,194	95.9	2,555,316,205	48.8
Higher Education	2,513,817,279	2,771,932,678	(258,115,399)	110.3	211,058,853	(122.3)
Total	41,242,120,947	40,301,452,400	940,668,547	97.7	3,584,969,891	26.2
Contributory Retirement System						
Local Government	451,949,480	460,535,157	(8,585,677)	101.9	8,687,654	(98.8)
State and School	609,852,281	625,802,958	(15,950,677)	102.6	3,480,210	(458.3)
Higher Education	156,756,871	165,491,199	(8,734,328)	105.6	2,587,746	(337.5)
Total	1,218,558,632	1,251,829,314	(33,270,682)	102.7	14,755,610	(225.5)
Public Safety Retirement System						
State of Utah	2,035,335,936	1,993,909,309	41,426,627	98.0	115,343,418	35.9
Other Division A (with Social Security)	2,424,892,585	2,384,813,524	40,079,061	98.3	137,194,214	29.2
Salt Lake City	530,376,307	497,056,981	33,319,326	93.7	27,886,767	119.5
Ogden	106,321,606	101,482,631	4,838,975	95.4	3,811,110	127.0
Provo	89,109,404	84,284,820	4,824,584	94.6	4,186,558	115.2
Logan	45,742,057	45,693,621	48,436	99.9	1,991,261	2.4
Bountiful	34,317,820	31,773,282	2,544,538	92.6	1,447,062	175.8
Other Division B (without Social Security)	923,191,376	906,028,152	17,163,224	98.1	62,148,232	27.6
Total	6,189,287,091	6,045,042,320	144,244,771	97.7	354,008,622	40.7
Firefighters Retirement System						
Division A (with Social Security)	409,006,758	441,614,344	(32,607,586)	108.0	40,311,794	(80.9)
Division B (without Social Security)	1,412,252,895	1,657,966,715	(245,713,820)	117.4	82,900,321	(296.4)
Total	1,821,259,653	2,099,581,059	(278,321,406)	115.3	123,212,115	(225.9)
Judges Retirement System	369,228,330	328,861,230	40,367,100	89.1	26,485,320	152.4
Governors and Legislators Retirement Plan	12,859,953	13,588,189	(728,236)	105.7	313,137	(232.6)
Tier 2 Public Employees Retirement System	2,933,919,078	2,687,370,345	246,548,733	91.6	3,208,115,722	7.7
Tier 2 Public Safety and Firefighter Retirement System	652,066,261	566,923,569	85,142,692	86.9	505,224,243	16.9
Grand Total	\$54,439,299,945	53,294,648,426	1,144,651,519	97.9%	\$7,817,084,660	14.6%

The last experience study was performed in 2023 for the period ending December 31, 2022 based upon actual plan experience. In accordance with board policy, the experience study reviews economic and demographic assumptions every three years. The economic assumptions were reviewed in connection with the 2023 valuation, and as a result, the board kept the investment return assumption at 6.85% and the inflation assumption at 2.50% but adopted an increase in the salary increase

assumption. The Schedule of 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 section. The total pension liability as of December 31, 2025, is based on the results of an actuarial valuation date of January 1, 2025, and rolled-forward using accepted actuarial procedures.