

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

Summary of Actuarial Assumptions

	Noncontributory	Contributory	Public Safety	Firefighters	Judges	Governors and Legislators	Tier 2 Public Employees	Tier 2 Public Safety and Firefighter
Valuation date	1/1/2025	1/1/2025	1/1/2025	1/1/2025	1/1/2025	1/1/2025	1/1/2025	1/1/2025
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Dollar	Level Percent of Payroll	Level Percent of Payroll
Amortization period	Open Group* 20-Year Open Period	Open Group* 20-Year Open Period	Open Group 20-Year Open Period	Open Group 20-Year Open Period	Open Group 20-Year Open Period	Closed Group 9-Year Closed Period	Open Group 20-Year Open Period	Open Group 20-Year Open Period
Actuarial asset valuation method (All Systems under same method)	Based on the total fair value income of investments with the excess or shortfall of actual investment income over or under the expected investment return smoothed over five years. One-fifth of the excess or shortfall is recognized each year for five years.							
Actuarial assumptions: Investment rate of return	6.85%	6.85%	6.85%	6.85%	6.85%	6.85%	6.85%	6.85%
Projected salary increases**	3.5-9.5%	3.5-9.5%	3.75-7.25%	3.5-8.25%	3.25%	None	3.5-9.5%	3.5-8.25%
Inflation rate	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Post-retirement cost-of-living adjustment	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Mortality: (Non-Educators)	Male retirees: 110% of 2020 PR UTAH Retiree Mortality Table for males, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2020. Female retirees: 110% of 2020 PR UTAH Retiree Mortality Table for females, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2020.							
Mortality: (Educators)	Male retirees: 90% of 2020 PR UTAH Retiree Mortality Table for males, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2020. Female retirees: 90% of 2020 PR UTAH Retiree Mortality Table for females, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2020.							

Note: All post-retirement cost-of-living adjustments are noncompounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual CPI increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

*The amortization period for the Higher Education divisions (Noncontributory and Contributory) are closed 12-year periods.

**Salaries for individual members are assumed to increase each year, as a function of the member’s occupation and service. Rates are composed of 2.50% inflation, plus 1.25% productivity increase rate for public safety members and 1.00% productivity increase rate for all other members, plus step-rate promotional increases for members with less than 25 years of service.

Target Allocations

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-term Expected Portfolio Real Rate of Return*
Equity securities	35%	6.68%	2.34%
Debt securities	20	2.06	0.41
Real assets	18	5.26	0.95
Private equity	12	9.80	1.18
Absolute return	15	3.96	0.59
Cash and cash equivalents	—	0.49	—
Total	100%		5.47%
Inflation			2.50
Expected arithmetic nominal return			7.97%

*The total URS Defined Benefit long-term expected rate of return is 6.85%, which is comprised of a 2.50% inflation assumption and a 4.35% net real rate of return.

A summary of the actuarial assumptions, as of the latest actuarial valuation, is as shown above.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges 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 real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Systems target asset allocation, as of December 31, 2025, are summarized at left.

Changes in Discount Rate

Year Ended December 31, 2025

System		Net Pension Liability/(Asset) 1% Decrease (5.85)%	Net Pension Liability/(Asset) Current Discount Rate (6.85)%	Net Pension Liability/(Asset) 1% Decrease (7.85)%
Noncontributory Retirement System				
Local Government	\$	1,007,565,884	(48,933,248)	(947,039,594)
State and School		4,940,269,154	1,247,717,194	(1,876,704,470)
Higher Education		41,393,251	(258,115,399)	(512,232,641)
Total		5,989,228,289	940,668,547	(3,335,976,705)
Contributory Retirement System				
Local Government		30,839,619	(8,585,677)	(42,493,124)
State and School		34,866,013	(15,950,677)	(60,139,406)
Higher Education		4,346,734	(8,734,328)	(20,067,728)
Total		70,052,366	(33,270,682)	(122,700,258)
Public Safety Retirement System				
State of Utah		304,853,312	41,426,627	(176,456,573)
Other Division A (with Social Security)		372,489,681	40,079,061	(232,169,812)
Salt Lake City		102,061,855	33,319,326	(23,262,648)
Ogden		18,322,387	4,838,975	(6,249,064)
Provo		16,396,839	4,824,584	(4,666,546)
Logan		6,027,533	48,436	(4,848,492)
Bountiful		6,744,071	2,544,538	(932,351)
Other Division B (without Social Security)		145,832,965	17,163,224	(88,503,506)
Total		972,728,643	144,244,771	(537,088,992)
Firefighters Retirement System				
Division A (with Social Security)		27,243,174	(32,607,586)	(81,452,153)
Division B (without Social Security)		(60,287,132)	(245,713,820)	(398,621,556)
Total		(33,043,958)	(278,321,406)	(480,073,709)
Judges Retirement System		82,425,578	40,367,100	4,722,817
Governors and Legislators Retirement Plan		431,711	(728,236)	(1,722,951)
Tier 2 Public Employees Contributory Retirement System		969,641,537	246,548,733	(317,692,774)
Tier 2 Public Safety and Firefighter Contributory Retirement System		247,024,405	85,142,692	(41,986,463)
Grand Total	\$	8,298,488,571	1,144,651,519	(4,832,519,035)

D) Discount Rate

The discount rate used to measure the total pension liability was 6.85%. The projection of cash flows used to determine the discount rate assumed contributions from participating employers will be made based on the actuarially determined rates based on the Board’s funding policy, which establishes the contractually required rates under Utah State Code. Based on those assumptions, the Systems’ fiduciary net position was projected to be available to make all the projected future benefit payments of current plan

members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

E) Sensitivity to the Discount Rate

The table above presents the current-period net pension liability/ (asset) of the employers calculated using the current-period discount rate assumption of 6.85%, as well as what the net pension liability/(asset) would be if it were calculated using a 1.00% point lower (5.85%) or a 1.00% point higher (7.85%) than the current assumption.