Oakland County Employees' Retirement System

Annual Actuarial Valuation Report

September 30, 2025

Table of Contents

Section	Page	Item
		Introduction
A	1-4	Executive Summary
B	1	Computed Contributions
	2	Determination of Unfunded Actuarial Accrued Liability
	3-4	Layered Amortization Schedule
	5	Development of Experience Gain/(Loss)
C	1-2	Summary of Benefit Provisions
	3	Reported Financial Information
	4	Determination of Valuation Assets
	5	Retired Life Data
	6	Inactive Member Data
	7	Active Member Data
D	1	Valuation Methods
	2-6	Actuarial Assumptions Used for the Valuation
	7	Miscellaneous and Technical Assumptions
	8	Glossary
E	1-2	Other Financial Disclosures
Appendix	1	Retirement System Risks
	2	Plan Maturity Measures
	3-4	Low-Default-Risk Obligation Measure

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March 18, 2026

The Retirement Board
Oakland County Employees' Retirement System
Waterford, Michigan

Dear Board Members:

Submitted in this report are the results of the September 30, 2025 actuarial valuation of the liabilities, funded position and contribution requirements associated with benefits provided by the Oakland County Employees' Retirement System. The purpose of the valuation was to measure the System's funding progress and determine the employer contribution for the 2026-2027 fiscal year. This report should not be relied upon for any other purpose. This report may be provided to parties other than the Retirement Board only in its entirety and only with the permission of the Board. GRS is not responsible for unauthorized use of this report.

The valuation was based upon the actuarial assumptions and methods adopted by the Retirement Board and information furnished by the Retirement System, including System benefits, financial transactions, and individual members, terminated members, retirees, and beneficiaries. Data was checked for internal and year-to-year consistency, but was not audited by us. As a result, we are unable to assume responsibility for the accuracy or completeness of the data provided.

The fiscal year 2027 contributions shown in this report were determined using the actuarial assumptions and methods disclosed in Section D of this report. This report includes risk metrics shown in the Appendix but does not include a more robust assessment of the risks of future experience not meeting the actuarial assumptions. These additional risk metrics were beyond the scope of this assignment. We encourage a review and assessment of investment and other significant risks which may have a material impact on the System's financial condition.

Future actuarial measurements may differ significantly from those presented in this report due to such factors as experience differing from that anticipated by actuarial assumptions, changes in plan provisions, actuarial assumptions/methods or applicable law. Due to the limited scope of this assignment, we did not perform an analysis of the potential range of future measurements.

We have assessed that the contribution rate calculated under the current funding policy is a reasonable Actuarially Determined Employer Contribution (ADEC), and it is consistent with the plan accumulating adequate assets to make benefit payments when due.

This valuation assumes the continuing ability of the plan sponsor to make the contributions necessary to fund this plan. A determination of the plan sponsor's ability to make the necessary contributions is beyond the scope of our expertise and was not performed by GRS.

This report was prepared using assumptions adopted by the Retirement Board. All actuarial assumptions are reasonable for the purpose of this valuation. The combined effect of the assumptions is expected to have no significant bias (i.e., not significantly optimistic or pessimistic). In addition, this report was prepared using our proprietary valuation model and related software which, in our professional judgment, has the capability to provide results that are consistent with the purpose of the valuation and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

To the best of our knowledge, the information contained in this report is accurate and fairly presents the actuarial position of the Oakland County Employees' Retirement System as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. Christopher M. Smith, Stephanie Sullivan and Heidi G. Barry are Members of the American Academy of Actuaries (MAAA). These actuaries meet the Academy's Qualification Standards to render the actuarial opinions contained herein. The signing actuaries are independent of the plan sponsor.

Respectfully submitted,
Gabriel, Roeder, Smith & Company

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SECTION A

EXECUTIVE SUMMARY

Executive Summary

1. Required Employer Contributions – Fiscal Year Beginning October 1, 2026

The computed County contributions are as follows:

Division	Employer Contributions
General County	$ 1,873,558
Command Officers	158,579
Road Deputies	409,333
Corrections Deputies	186,267
Total	$ 2,627,737

2. Contribution Comparison

The table below compares the required employer contributions in the current and prior year's valuations:

Total County Contributions for the Indicated Fiscal Year	
2025-2026	**2026-2027**
$ 3,356,382	$ 2,627,737

3. Reasons for Change

There are three general reasons why contributions change from one valuation to the next. The first is a change in the benefits or eligibility conditions of the plan. The second is a change in the valuation assumptions used to predict future occurrences. The third is the difference during the year between the plan's actual experience and what the assumptions predicted.

There were no benefit changes reported to GRS in connection with this valuation of the System.

While there were no assumption changes made in connection with this valuation of the System, there was a change in methodology used to amortize Unfunded Actuarial Accrued Liability. Based upon the actuary's recommendation in the last pension actuarial valuation report, the Retirement Board adopted 10-year layered amortization for purposes of amortizing the Unfunded Actuarial Accrued Liability while the System is less than 100% funded for use starting with the September 30, 2025 pension actuarial valuation. This change in methodology had no impact on the Actuarial Accrued Liability; however, it increased the employer contribution requirements by approximately $208,000.

3. Reasons for Change (Concluded)

Retirement System experience was favorable during the year ended September 30, 2025, primarily driven by the investment return on the funding value of assets being higher than long term expectations during the year. The market smoothing techniques used in this valuation of the System recognize both past and present investment experience. As a result, the recognized rate of return for the year on the funding value of assets was 7.75%. Details of the asset smoothing method are shown on page C-4 of this report. Non-investment experience for the year was relatively small and varied. Experience losses associated with higher than anticipated pay increases and higher than projected liabilities for new retirees from active status were partially offset by higher than anticipated retiree mortality. Additional information about System experience is shown on page B-5.

4. Reserve Transfers

As of September 30, 2025, the computed liability for members who have already retired and their beneficiaries is larger than the reported value of the retiree reserve accounts. Transfers will be necessary to balance the retiree reserve with the retiree liabilities, as follows:

	General County	Command Officers	Sheriff Deputies[1]	Total
Retiree Liability	$ 469,872,484	$ 49,700,899	$ 129,675,640	$ 649,249,023
Retiree Reserve	434,896,584	46,499,682	121,143,579	602,539,845
Difference	34,975,900	3,201,217	8,532,061	46,709,178

[1] *Road Deputies and Corrections Deputies are combined.*

We recommend that the Retirement Board authorize the transfers described above.

5. System Funded Percent

The total System funding percent based on the actuarial value of assets (funding value) is 97.8% as of September 30, 2025. Last year, the funding percent measured on the same basis was 96.9%. If the market value of assets were used to determine the System's funding percent as of September 30, 2025, the result would be a funded percent of 100.3%.

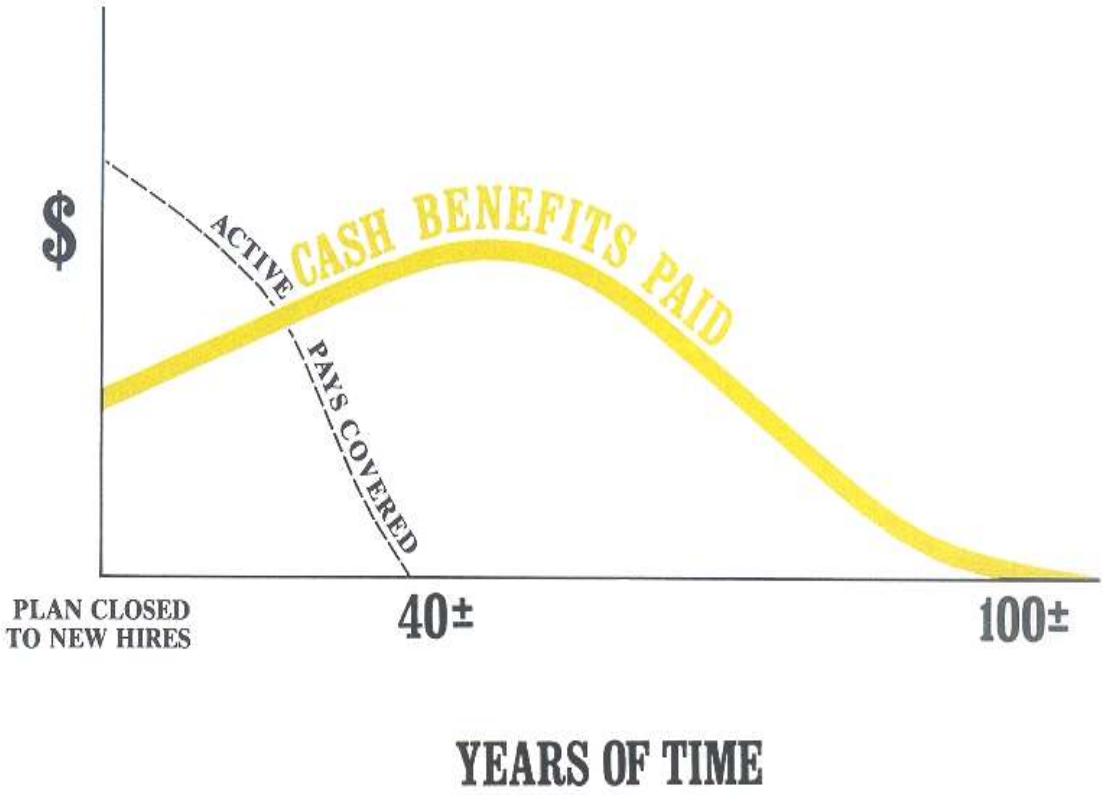
Unless otherwise indicated, a funding status measurement presented in this report is based upon the actuarial accrued liability and the funding value of assets. Unless otherwise indicated, it is important to note that the funding status measurement presented in this report is inappropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations and the need for or the amount of future employer contributions.

6. Looking Ahead

The market value of assets exceeds the funding value of assets by approximately $16.9 million. This means that over the course of the next four valuation cycles, there are approximately $16.9 million more in asset gains to recognize in the asset smoothing process than asset losses; however, the pattern in the recognition of asset gains and losses is not uniform from year-to-year. Currently, there is a net scheduled asset loss to be recognized in next year's valuation (i.e., the September 30, 2026 valuation) of approximately $11.9 million followed by net asset gains to be recognized in the following three valuations. As such, in the absence of offsetting gains, the net scheduled asset loss in next year's valuation is expected to put upward pressure on the resulting employer contribution requirements.

Please note, a 5-year Experience Study for the Retirement Plan for the Oakland County Employees' Retirement System is expected to be performed after next year's actuarial valuation, with assumption implementation anticipated for the September 30, 2027 pension valuation.

A CLOSED PENSION PLAN



A plan becomes closed when no new hires are admitted to active membership. The persons covered by the plan at the time of closing continue their normal activities and continue to be covered by the plan, until the last survivor dies.

CASH BENEFITS LINE. After a pension plan becomes closed, the usual pattern is for cash benefits to continue to increase for decades of time. Eventually the cash benefits will peak, and then gradually decrease over more decades of time, ultimately to zero. The last cash benefit is likely to occur a century after the time the plan is closed.

The precise amounts of cash benefits cannot be known now, and must be estimated by assumptions of future experiences in a variety of financial risk areas.

SECTION B

VALUATION RESULTS

Required Contributions for the Fiscal Year Beginning October 1, 2026

Contributions for	Expressed as a % of Covered Payroll and Dollar Amounts				
	General County	Command Officers[1]	Road Deputies	Corrections Deputies	All Groups Combined
A Normal Cost of Benefits					
Age & service	10.03 %	17.11 %	15.93 %	15.19 %	
Disability	0.43	0.76	1.19	0.89	
Death before retirement	0.25	0.21	0.24	0.21	
Refunds of member contributions	0.00	0.30	0.15	0.20	
Totals	10.71	18.38	17.51	16.49	11.43 %
B Member contributions[2]	0.56	5.00	5.00	5.00	1.03
C Employer Normal Cost %	10.15 %	13.38 %	12.51 %	11.49 %	10.40 %
D Employer Normal Cost $	$ 190,042	$ 0	$ 10,448	$ 4,614	$ 205,104
E UAL payment / (credit)[3]	1,683,516	158,579	398,885	181,653	
Total Employer Contribution $ (D+E)	$ 1,873,558	$ 158,579	$ 409,333	$ 186,267	$ 2,627,737

1 *Normal cost contributions for the remaining plan member are expected to be $0 in fiscal year 2027 based on his projected retirement date.*

2 *Reflects a weighted average.*

3 *See pages B-3 and B-4 for documentation of the layered amortization schedule.*

Determination of Unfunded Actuarial Accrued Liability
as of September 30, 2025

	General County	Command Officers	Road Deputies	Corrections Deputies	Total
A. Accrued Liability					
1. For retirees and beneficiaries	$ 469,872,484	$ 49,700,899	$ 69,156,097	$ 60,519,543	$ 649,249,023
2. For vested and other terminated members	2,187,982	0	280,258	261,240	2,729,480
3. For present active members					
a. Value of expected future benefit payments	19,427,255	1,258,983	1,567,158	724,400	22,977,796
b. Value of future normal costs	942,503	11,514	51,653	21,418	1,027,088
c. Active member accrued liability: (a) - (b)	18,484,752	1,247,469	1,515,505	702,982	21,950,708
4. Total accrued liability	490,545,218	50,948,368	70,951,860	61,483,765	673,929,211
B. Valuation Assets (Funding Value)	480,512,674	49,999,460	68,507,535	60,363,890	659,383,559
C. Unfunded Accrued Liability: (A.4) - (B)	10,032,544	948,908	2,444,325	1,119,875	14,545,652
D. Funding Ratio: (B) / (A.4)					97.8%

Layered Amortization Schedule

The tables below and on the following page document the layered amortization schedule used in the development of the fiscal year 2027 UAAL contribution requirement.

The UAAL as of September 30, 2025 is projected to the beginning of the fiscal year for which the contributions are being calculated, in this case October 1, 2026. This allows the September 30, 2025 valuation to account for expected future contributions that are based on prior valuations. The UAAL as of the beginning of the fiscal year for which contributions are being calculated is then amortized according to the schedules presented below.

General County

Type of Unfunded Actuarial Accrued Liability (UAAL)	Original Amortization Period (in Years)	September 30, 2026 Outstanding UAAL Balance[1]	Amounts for the Fiscal Year Ending September 30, 2027	
			Remaining Amortization Period (in Years)	Annual Amortization Payment
Initial UAAL				
9/30/2024 and prior	8	$ 12,733,596	7	$ 2,283,730
Changes from Updated Actuarial Assumptions				
None				
(Gain) Loss from Experience				
9/30/2025	10	$ (4,361,533)	10	$ (600,214)
Changes from Updated Benefits				
None				
Totals		**$ 8,372,063**		**$ 1,683,516**

[1] *Remaining balances as of the valuation date projected.*

Command Officers

Type of Unfunded Actuarial Accrued Liability (UAAL)	Original Amortization Period (in Years)	September 30, 2026 Outstanding UAAL Balance[1]	Amounts for the Fiscal Year Ending September 30, 2027	
			Remaining Amortization Period (in Years)	Annual Amortization Payment
Initial UAAL				
9/30/2024 and prior	8	$ 1,164,067	7	$ 208,772
Changes from Updated Actuarial Assumptions				
None				
(Gain) Loss from Experience				
9/30/2025	10	$ (364,732)	10	$ (50,193)
Changes from Updated Benefits				
None				
Totals		**$ 799,335**		**$ 158,579**

[1] *Remaining balances as of the valuation date projected.*

Layered Amortization Schedule (Concluded)

Road Deputies

Type of Unfunded Actuarial Accrued Liability (UAAL)	Original Amortization Period (in Years)	September 30, 2026 Outstanding UAAL Balance[1]	Amounts for the Fiscal Year Ending September 30, 2027 Remaining Amortization Period (in Years)	Amounts for the Fiscal Year Ending September 30, 2027 Annual Amortization Payment
Initial UAAL				
9/30/2024 and prior	8	$ 2,405,549	7	$ 431,428
Changes from Updated Actuarial Assumptions				
None				
(Gain) Loss from Experience				
9/30/2025	10	$ (236,479)	10	$ (32,543)
Changes from Updated Benefits				
None				
Totals		**$ 2,169,070**		**$ 398,885**

[1] *Remaining balances as of the valuation date projected.*

Corrections Deputies

Type of Unfunded Actuarial Accrued Liability (UAAL)	Original Amortization Period (in Years)	September 30, 2026 Outstanding UAAL Balance[1]	Amounts for the Fiscal Year Ending September 30, 2027 Remaining Amortization Period (in Years)	Amounts for the Fiscal Year Ending September 30, 2027 Annual Amortization Payment
Initial UAAL				
9/30/2024 and prior	8	$ 1,034,365	7	$ 185,510
Changes from Updated Actuarial Assumptions				
None				
(Gain) Loss from Experience				
9/30/2025	10	$ (28,028)	10	$ (3,857)
Changes from Updated Benefits				
None				
Totals		**$ 1,006,337**		**$ 181,653**

[1] *Remaining balances as of the valuation date projected.*

Development of Experience Gain/(Loss)
Period Ended September 30, 2025

Actual experience will never (except by coincidence) exactly match assumed experience. It is hoped that gains and losses will cancel each other over a period of years, but sizable year-to-year fluctuations are common. Detail on the derivation of the experience gain/(loss) is shown below.

	All Groups Combined
(1) UAAL[1] at start of period	$ 21,171,239
(2) Normal cost for period	331,012
(3) Actual contributions	3,676,268
(4) Interest accrual on (1), (2) and (3) at 7.00%	1,364,903
(5) Expected UAAL before changes: (1) + (2) - (3) + (4)	19,190,886
(6) Change from plan provisions	0
(7) Change in actuarial assumptions/methods	0
(8) Expected UAAL after changes: (5) + (6) + (7)	19,190,886
(9) Actual UAAL at end of period	14,545,652
(10) Gain/(Loss): (8) - (9)	4,645,234
(11) Investment Gain/(Loss)	4,784,699
(12) Non-Investment Gain/(Loss)	(139,465)

[1] *Unfunded Actuarial Accrued Liabilities (UAAL).*

SECTION C

SUMMARY OF BENEFIT PROVISIONS AND VALUATION DATA

Brief Summary of Benefit Provisions
September 30, 2025

Eligibility	Amount
Regular Retirement	
Sheriff's Deputies: 25 years of service regardless of age, or age 60 with 8 years of service.	2.2% of final average compensation (FAC) times the first 14 years of service plus 2.5% of FAC for each additional year.
Command Officers: 25 years of service regardless of age, or age 60 with 8 years of service.	Total service times 2.5% of FAC.
All Others: Age 55 with 25 years of service, or age 60 with 8 years.	Total service times 2.0% of FAC for Plan A members (2.2% for years in excess of 14 for contributing members). Total service times 1.8% of FAC for Plan B members (1.98% for years in excess of 14 for contributing members). Maximum County Portion is 75% of FAC. Type of final average compensation - Highest 5 consecutive years out of the last 10. Some lump sums are included. Sheriff's Deputies hired after 12/31/92, Command Officers entering BU after 5/31/94 and BU48 nurses hired after 12/31/92 overtime pay is excluded from FAC.
Deferred Retirement	
8 years of service - benefit begins at age 60. 25 years of service - benefit at age 55.	Computed as a regular retirement but based upon service and final average compensation at termination date.
Non-Duty Death-in-Service	
10 years of service.	Computed as a regular retirement but actuarially reduced in accordance with a 100% joint and survivor election (50% joint and survivor benefit if less than 15 years of service and under age 60).
Duty Death-in-Service	
No age or service requirements.	Upon termination of Worker's Compensation, a benefit equal to the Worker's Compensation benefit is payable to the spouse, children under age 18 and dependent parents.

Brief Summary of Benefit Provisions
September 30, 2025

Eligibility	Amount
Non-Duty Disability	
10 years of service.	Computed as a regular retirement.
Duty Disability	
No age or service requirements.	Computed as a regular retirement with additional service credited until attainment of age 60. Retirement benefits are offset by Worker's Compensation payments.
Cost-of-Living Adjustments	
	Annual increase based upon change in CPI, not in excess of 1-1/2% of base benefit. The increase payment date is described in Section 34 of the plan document. Additional one-time increases granted January 1, 1976, 1979, 1981, 1982, July 1, 1984, January 1, 1986, 1987, 1988 and October 1, 1997. A special one-time payment was made to retirees during 1990.
Member Contributions	
Sheriff's Deputies.	3% of annual earnings for the first 14 years of service and 5% thereafter.
Command Officers.	5% of annual earnings.
All Others.	1% of annual earnings for years after 14 years of service for members electing the 2.2% or 1.98% benefit.
County Contributions	
Actuarially determined amounts which, together with member contributions, are sufficient to cover value of future benefits during the expected future working lifetimes of present members.	
Coverage	
The System was closed to new hires effective at various dates during 1994 and 1995.	

Reported Financial Information at Market Value
Year Ended September 30, 2025

Income and Disbursements

Market Value of Assets Beginning of Year:		$687,764,976
Revenues:		
a. Member contributions	$ 33,888	
b. Employer contributions	3,642,380	
c. Investment income	49,879,372	
d. Other[1]	-	
e. Total		53,555,640
Disbursements:		
a. Retirement incentive payments	-	
b. Pension benefits paid	63,195,850	
c. Administrative expenses	401,471	
d. Investment expenses	1,456,436	
e. Total		65,053,757
Market Value of Assets End of Year:		$676,266,859

[1] *Audit adjustment.*

Assets and Reserve Accounts as of September 30, 2025

Assets:		**Reserve Accounts:**	
a. Cash and other	$ 16,674,130	a. Member contributions	$ (1,287,621)
b. Interest and dividends	2,111,446	b. Reserve for benefits now being paid	602,539,845
c. Fixed income	176,136,480	c. Reserve for future benefits	75,014,635
d. Equities	328,131,478		
e. Real estate	81,530,101		
f. Other	72,154,737		
g. Accounts payable	(471,513)	Total	$ 676,266,859
Total	$ 676,266,859		

Determination of Valuation Assets
as of September 30, 2025

	2024	2025	2026	2027	2028	2029
A. Funding Value Beginning of Year	$ 683,477,350	$ 669,347,315				
B. Market Value End of Year	687,764,976	676,266,859				
C. Market Value Beginning of Year	636,460,448	687,764,976				
D. Audit Adjustment Beginning of Year	1,596,560	0				
E. Non-Investment Net Cash Flow	(61,741,409)	(59,519,582)				
F. Investment Income						
F1. Market Total:	111,449,377	48,021,465				
F2. Assumed Rate (I)	7.00%	7.00%				
F3. Amount for Immediate Recognition: 7.00% x (A + D + E/2)	45,794,224	44,771,127				
F4. Amount for Phased-In Recognition: F1-F3	65,655,153	3,250,338				
G. Phased-In Recognition of Investment Income						
G1. Current Year: F4/5	13,131,031	650,068				
G2. First Prior Year	533,710	13,131,031	$ 650,068			
G3. Second Prior Year	(26,177,481)	533,710	13,131,031	$ 650,068		
G4. Third Prior Year	16,647,371	(26,177,481)	533,710	13,131,031	$ 650,068	
G5. Fourth Prior Year	(3,914,041)	16,647,371	(26,177,481)	533,710	13,131,031	$ 650,066
G6. Total Recognized Investment Gain/(Loss)	220,590	4,784,699	(11,862,672)	14,314,809	13,781,099	650,066
H. Funding Value End of Year						
H1. Preliminary Funding Value End of Year: A + D + E + F3 + G6	$ 669,347,315	$ 659,383,559				
H2. Corridor Percent	20%	20%				
H3. Upper Corridor Limit: (100% + H2) x B	825,317,971	811,520,231				
H4. Lower Corridor Limit: (100% - H2) x B	550,211,981	541,013,487				
H5. Funding Value End of Year	**$ 669,347,315**	**$ 659,383,559**				
I. Difference Between Market & Funding Value	18,417,661	16,883,300				
J. Recognized Rate of Return	**7.03%**	**7.75%**				
K. Market Value Rate of Return	**18.36%**	**7.30%**				
L. Ratio of Funding Value to Market Value	**0.973**	**0.975**				

Retirees and Beneficiaries, September 30, 2025
Tabulated by Type of Benefit and Option Elected

Benefit Option Elected	Type of Benefit			
	Age & Service[1]	Disability		Total
		Non-Duty	Duty	
Regular	618	1		619
A-100% J & S	365	6		371
B-50% J & S	100			100
C-10 Year Certain	80	2		82
D(1)-100% J & S with pop-up	243	1		244
D(2)-50% J & S with pop-up	141			141
E-Social Security Equated				
Survivor	250			250
Total	**1,797**	**10**	**0**	**1,807**

[1] *Includes alternate payees receiving EDRO benefits, beneficiaries of deceased members, and 30 individuals reported with $0 pension benefits as of September 30, 2025, receiving retiree health benefits only.*

Annual benefits for the individuals shown above total $63,056,346 as of September 30, 2025.

Inactive Members as of September 30, 2025
Tabulated by Attained Age

There were 22 inactive members reported as of September 30, 2025 involving estimated deferred annual retirement allowances totaling $253,975. An inactive member is a person who has left County employment with entitlement to retirement benefits upon attaining their deferred retirement age. The schedule below shows the inactive members by age.

Attained Age	No.	Estimated Deferred Allowance
45 - 49	1	$ 6,267
50 - 54	2	16,040
55 - 59	18	224,381
60 - 64	1	7,287
Totals	**22**	**$ 253,975**

Active Members as of September 30, 2025
by Age and Years of Service

Age	Years of Service on Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
50-54							5	5	$ 383,575
55-59						1	13	14	1,278,647
60							4	4	350,788
61							1	1	193,647
62							2	2	268,083
63							1	1	69,821
65							1	1	104,290
66							1	1	49,398
69							1	1	77,823
70+							3	3	184,680
Totals						**1**	**32**	**33**	**$ 2,960,752**

While not used in the financial computations, the following group averages are computed and shown because of their general interest. The table shown above includes 29 General County employees, 1 Command Officer, 2 Road Patrol Deputies, and 1 Corrections Officer.

Group Averages:

Age: 60.1 years
Service: 35.2 years
Annual Pay: $ 89,720

SECTION D

ACTUARIAL COST METHODS, ACTUARIAL ASSUMPTIONS AND GLOSSARY

Valuation Methods

The Individual Entry-Age Actuarial Cost Method is a method for determining the normal cost and the allocation of benefit values between service rendered before and after the valuation date. It has the following characteristics:

(i) The annual normal cost for each individual active member, payable from the date of employment to the date of retirement, is sufficient to accumulate the value of the member's benefit at the time of retirement; and

(ii) Each annual normal cost is a constant percentage of the member's year by year projected covered pay.

Actuarial gains/(losses), as they occur, reduce (increase) the Unfunded Actuarial Accrued Liability.

Starting with the September 30, 2015 actuarial valuation, the individual entry age cost method was used to determine employer contributions.

Financing of Unfunded Actuarial Accrued Liabilities - The Unfunded Actuarial Accrued Liabilities (UAAL) as of September 30, 2025 are projected to the beginning of the fiscal year for which the contributions are being determined, in this case October 1, 2026 (i.e., the beginning of fiscal year 2027). The projection procedure increases the UAAL as of September 30, 2025 with interest and decreases it with the expected UAAL contribution between the actuarial valuation date and the beginning of the fiscal year for which contributions are being determined. Unfunded actuarial accrued liabilities as of the beginning of fiscal year 2027 were amortized by level (principal and interest combined) dollar contributions over a reasonable period of future years. The valuation uses layered amortization. For each valuation, changes in the UAAL are amortized over a new, closed 10-year period. The UAAL is projected separately for each of the General County, the Command Officers, the Road Deputies, and the Corrections Deputies.

Valuation Assets - The funding value of assets recognizes assumed investment income fully each year. Differences between actual and assumed investment income are phased-in over a closed five-year period. During periods when investment performance exceeds the assumed rate, funding value of assets will tend to be lower than market value. During periods when investment performance is less than the assumed rate, funding value of assets will tend to be greater than market value. The actuarial value of assets is not permitted to deviate from the market value of assets by more than 20%.

System assets are reported to the actuary in total. Reported investment income is allocated among the various employment divisions such that the rate of return for each division is the same as the rate of return for the entire System.

Actuarial Assumptions Used for the Valuation

The actuarial assumptions are based upon the results of an experience study covering the period October 1, 2016 through September 30, 2021. A report dated December 22, 2022 presented the results of the study. Actuarial assumptions represent estimates of future experience.

Investment Return (net of expenses): 7.00% per year compounded annually. The assumed real rate of investment return is the rate of return in excess of either wage or price inflation. Considering a wage inflation assumption of 3.00% per year, the 7.00% nominal return translates into a real rate of return of 4.00% per year in excess of wage inflation. This assumption is used to equate the value of payments due at different points in time and was first used for the September 30, 2022 valuation.

Net market value rates of investment return during the last five plan years are shown below:

	For the Year Ending September 30th				
	2025	**2024**	**2023**	**2022**	**2021**
Rate of Investment Return	7.30%	18.36%	8.20%	(10.40)%	19.66%

Pay Projections: These assumptions are used to project current pays to those upon which benefits will be based. The base economic assumption was first used for the September 30, 2022 valuation.

	Annual Rate of Pay Increase for Sample Ages						
	General County				Sheriff's Department		
Sample Ages	**Base (Economic)**	**Merit & Longevity**	**Total**	**Years of Service**	**Base (Economic)**	**Merit & Longevity**	**Total**
20	3.00%	4.00%	7.00%	1 to 7	3.00%	6.00%	9.00%
25	3.00	3.00	6.00	8 to 15	3.00	3.00	6.00
30	3.00	2.00	5.00	thereafter	3.00	0.00	3.00
35	3.00	2.00	5.00				
40	3.00	1.00	4.00				
45	3.00	1.00	4.00				
50	3.00	0.50	3.50				
55	3.00	0.50	3.50				
60	3.00	0.25	3.25				

Price Inflation: 2.50% per year.

Actuarial Assumptions Used for the Valuation

The rates of mortality used to measure the probabilities of members dying before retirement and the probabilities of each benefit payment being made after retirement are based upon the sex distinct Pub-2010 tables, as published by the Society of Actuaries. These tables were first used for the September 30, 2022 valuation of the System and are described below.

General County

- **Pre-Retirement:** The Pub-2010, Amount-Weighted, General Employee, Male and Female tables, with future mortality improvements projected generationally to 2030 using scale MP-2021.

- **Healthy Post-Retirement:** The Pub-2010, Amount-Weighted, General, Healthy Retiree, Male and Female tables, with future mortality improvements projected generationally to 2030 using scale MP-2021.

- **Disability Retirement:** The Pub-2010, Amount-Weighted, General, Disabled Retiree, Male and Female tables, with future mortality improvements projected generationally to 2030 using scale MP-2021.

General County

Sample Ages	Pre-Retirement Future Life Expectancy[1] (Years)		Healthy Post-Retirement Future Life Expectancy[1] (Years)		Disabled Retirement Future Life Expectancy[1] (Years)	
	Men	Women	Men	Women	Men	Women
50	37.85	40.02	34.02	36.97	24.95	27.80
55	33.13	35.17	29.52	32.34	21.88	24.63
60	28.49	30.39	25.14	27.78	19.03	21.62
65	23.95	25.68	20.92	23.32	16.33	18.58
70	19.50	21.05	16.89	19.02	13.69	15.42
75	15.12	16.50	13.12	14.95	11.05	12.28
80	10.83	12.08	9.74	11.23	8.54	9.42

[1] *As of calendar year 2025.*

Actuarial Assumptions Used for the Valuation

Sheriff's Department

- **Pre-Retirement:** The Pub-2010, Headcount-Weighted, Safety Employee, Male and Female tables, with future mortality improvements projected generationally to 2030 using scale MP-2021.

- **Healthy Post-Retirement:** The Pub-2010, Headcount-Weighted, Safety, Healthy Retiree, Male and Female tables, with future mortality improvements projected generationally to 2030 using scale MP-2021.

- **Disability Retirement:** The Pub-2010, Headcount-Weighted, Safety, Disabled Retiree, Male and Female tables, with future mortality improvements projected generationally to 2030 using scale MP-2021.

Sheriff's Department

Sample Ages	Pre-Retirement Future Life Expectancy[1] (Years)		Healthy Post-Retirement Future Life Expectancy[1] (Years)		Disabled Retirement Future Life Expectancy[1] (Years)	
	Men	Women	Men	Women	Men	Women
50	36.43	39.20	32.99	35.57	31.32	33.06
55	31.67	34.39	28.42	30.90	27.00	28.58
60	26.98	29.63	23.96	26.40	22.85	24.40
65	22.40	24.92	19.76	22.12	18.95	20.46
70	17.96	20.26	15.78	18.05	15.29	16.63
75	13.73	15.77	12.11	14.23	11.87	13.05
80	9.73	11.54	8.87	10.78	8.82	9.98

[1] *As of calendar year 2025.*

Actuarial Assumptions Used for the Valuation

Rates of Separation from Active Membership: The rates do not apply to members eligible to retire and do not include separation on account of death or disability. This assumption measures the probabilities of members remaining in employment.

Sample Ages	Percent of Active Members Separating within Next Year	
	General County	Sheriff's Department
20	5.00%	4.00%
25	5.00	4.00
30	4.00	3.40
35	4.00	2.50
40	3.00	1.80
45	3.00	1.30
50	2.00	0.80
55	1.00	0.40
60	0.50	0.10
65	0.50	0.00

The rates were first used for the September 30, 2007 valuation.

Rates of Disability: These rates represent the probabilities of active members becoming disabled.

Sample Ages	Percent Becoming Disabled within Next Year	
	General County	Sheriff's Department
20	0.02%	0.14%
25	0.02	0.15
30	0.04	0.18
35	0.06	0.23
40	0.16	0.30
45	0.19	0.51
50	0.31	1.00
55	0.71	1.55

These rates were first used for the December 31, 1992 valuation.

Actuarial Assumptions Used for the Valuation

Rates of Retirement: These rates are used to measure the probabilities of an eligible member retiring during the next year.

Percent of Active Members Retiring within One Year					
General County		Sheriff's Department			
Ages	%	Ages	%	Service	%
55	20%	60	100%	25	40%
56	15	61	100	26	35
57	15	62	100	27	35
58	15	63	100	28	35
59	15	64	100	29	35
60	20	65	100	30	40
61	15			31	40
62	25			32	50
63	15			33	70
64	15			34	70
65	35			35	100
66	40				
67	50				
68	70				
69	80				
70	100				

A member was assumed to be eligible for retirement after attaining age 55 with 25 or more years of service (after 25 years of service regardless of age for Deputies and Command Officers), or age 60 with 8 or more years of service.

The rates were first used for the September 30, 2007 valuation.

Miscellaneous and Technical Assumptions

Benefit Service	Exact fractional service is used to determine the amount of benefit.
Contingent Form of Benefit	If no beneficiary date of birth and/or gender was reported, it was assumed that the beneficiary was the opposite gender. Male retirees were assumed to have a spouse 3 years younger and female retirees were assumed to have a spouse 3 years older.
Decrement Operation	Disability and withdrawal decrements do not operate during retirement eligibility.
Death in Service	It was assumed that death during active employment was not duty related.
Disability	It was assumed that disability during active employment was not duty related.
Decrement Timing	Decrements of all types are assumed to occur mid-year.
Eligibility Testing	Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the valuation date.
Employee Contributions	Employee contributions were credited with interest at 3.0% per year.
Forfeitures	For vested separations from service, it is assumed that 0% of members separating will withdraw their contributions and forfeit an employer financed benefit. It was further assumed that the liability at termination is the greater of the vested deferred benefit (if any) or the member's accumulated contributions.
Incidence of Contributions	Contributions are assumed to be received continuously throughout the year.
Marriage Assumption	100% of males and females were assumed to be married for purposes of death in service benefits. Male spouses are assumed to be three years older than female spouses for active member valuation purposes.
Normal Form of Benefit	A straight life benefit is the normal form of benefit.
Pay Increase Timing	Pay increases were assumed to be at the beginning of the fiscal year.
Service Credit Accruals	Members were assumed to accrue 1 year of service credit per year.

Glossary

Actuarial Accrued Liability - The difference between (i) the actuarial present value of future plan benefits, and (ii) the actuarial present value of future normal cost. Sometimes referred to as "accrued liability" or "past service liability." Under the actuarial cost method used, the "AAL" differs somewhat from the value of future payments based on benefits earned as of the valuation date.

Accrued Service - The service credited under the plan which was rendered before the date of the actuarial valuation.

Actuarial Assumptions - Estimates of future plan experience with respect to rates of mortality, disability, retirement, investment income and salary increases. Decrement assumptions (rates of mortality, separation and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate appropriate in an inflation-free environment plus a provision for a long-term average rate of inflation.

Actuarial Cost Method - A mathematical budgeting procedure for allocating the dollar amount of the "actuarial present value of future plan benefits" between the normal costs to be paid in the future and the actuarial accrued liability. Sometimes referred to as the "actuarial funding method."

Actuarial Equivalent - Benefits whose actuarial present values are equal.

Actuarial Present Value - The amount of funds presently required to provide a payment or series of payments in the future. It is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.

Amortization - Paying off an interest-bearing liability by means of periodic contributions of interest and principal, as opposed to a lump sum payment.

Experience Gain (Loss) - A measure of the difference between actual experience and experience anticipated by a set of actuarial assumptions during the period between two actuarial valuation dates, in accordance with the actuarial cost method being used.

Normal Cost - The annual cost assigned, under the actuarial funding method, to current and subsequent plan years. Sometimes referred to as "current service cost." An amortization payment toward the unfunded actuarial accrued liability is in addition to the normal cost.

Plan Termination Liability - The actuarial present value of future plan benefits based on the assumption that there will be no further accruals for the future service and salary. The termination liability will generally be less than the liabilities computed on a "going-concern" basis and is not normally determined in a routine actuarial valuation.

Reserve Account - An account used to indicate that funds have been set aside for a specific purpose and are not generally available for other uses.

Unfunded Actuarial Accrued Liability - The difference between the actuarial accrued liability and valuation assets. Sometimes referred to as "unfunded accrued liability."

Valuation Assets - The value of current plan assets recognized for valuation purposes.

SECTION E

OTHER FINANCIAL DISCLOSURES

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age Accrued Liability (b)	Unfunded AAL (UAAL) (b) – (a)	Funded Ratio (a) / (b)	Valuation Payroll (c)	UAAL as a Percentage of Valuation Payroll [(b) – (a)] / (c)
9/30/2016	$ 779,685,235	$ 762,520,988	$ (17,164,247)	102.3 %	$ 20,976,409	- - %
9/30/2017	776,357,214	757,006,989	(19,350,225)	102.6	18,113,662	- -
9/30/2018	769,933,304	752,661,840	(17,271,464)	102.3	14,309,870	- -
9/30/2019	755,848,393	747,510,886	(8,337,507)	101.1	11,941,422	- -
9/30/2020	745,563,847	729,335,351	(16,228,496)	102.2	9,167,510	- -
9/30/2021	747,520,187	729,870,776	(17,649,411)	102.4	5,829,226	- -
9/30/2022[1]	716,684,405	722,036,435	5,352,030	99.3	4,994,282	107.16
9/30/2023	683,477,350	705,197,914	21,720,564	96.9	4,073,977	533.15
9/30/2024	669,347,315	690,518,554	21,171,239	96.9	3,271,097	647.22
9/30/2025	659,383,559	673,929,211	14,545,652	97.8	2,960,752	491.28

[1] *Assumption/method changes.*

Schedule of Employer Contributions

Actuarial Valuation Date	Fiscal Year Beginning	Annual Employer Contribution	Percentage Contributed
9/30/2016	10/1/2017	$ 0	100.00 %
9/30/2017	10/1/2018	0	100.00
9/30/2018	10/1/2019	0	100.00
9/30/2019	10/1/2020	0	100.00
9/30/2020	10/1/2021	0	100.00
9/30/2021	10/1/2022	0	100.00
9/30/2022	10/1/2023	1,193,986	100.00
9/30/2023	10/1/2024	3,642,380	100.00
9/30/2024	10/1/2025	3,356,382	
9/30/2025	10/1/2026	2,627,737	

APPENDIX

RISK MEASURES

Risks Associated with Measuring the Accrued Liability and Actuarially Determined Contribution

The determination of the actuarial liability and the actuarially determined contribution requires the use of assumptions regarding future economic and demographic experience. Risk measures, as illustrated in this report, are intended to aid in the understanding of the effects of future experience differing from the assumptions used in the course of the actuarial valuation. Risk measures may also help with illustrating the potential volatility in the actuarial liability and the actuarially determined contribution that result from the differences between actual experience and the actuarial assumptions.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions due to changing conditions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period, or additional cost or contribution requirements based on the System's funded status); and changes in plan provisions or applicable law. The scope of an actuarial valuation does not include an analysis of the potential range of such future measurements.

Examples of risk that may reasonably be anticipated to significantly affect the plan's future financial condition include:

1. **Investment risk** – actual investment returns may differ from the expected returns;
2. **Asset/liability mismatch** – changes in asset values may not match changes in liabilities, thereby altering the gap between the actuarial liability and assets and consequently altering the funded status and contribution requirements;
3. **Contribution risk** – actual contributions may differ from expected future contributions. For example, actual contributions may not be made in accordance with the plan's funding policy or material changes may occur in the anticipated number of covered employees, covered payroll, or other relevant contribution base;
4. **Salary and payroll risk** – actual salaries and total payroll may differ from expected, resulting in actual future actuarial liability and contributions differing from expected;
5. **Longevity risk** – members may live longer or shorter than expected and receive pensions for a period of time other than assumed; and
6. **Other demographic risks** – members may terminate, retire or become disabled at times or with benefits other than assumed resulting in actual future actuarial liability and contributions differing from expected.

The effects of certain trends in experience can generally be anticipated. For example, if the investment return since the most recent actuarial valuation is less (or more) than the assumed rate, the cost of the plan can be expected to increase (or decrease). Likewise, if longevity is improving (or worsening), increases (or decreases) in cost can be anticipated.

Additional risk assessment is outside the scope of the annual actuarial valuation. Additional assessment may include scenario tests, sensitivity tests, stochastic modeling, stress tests, and a comparison of the present value of accrued benefits at low-risk discount rates with the actuarial accrued liability.

Plan Maturity Measures

Risks facing a pension plan evolve over time. A young plan with virtually no investments and paying few benefits may experience little investment risk. An older plan with a large number of members in pay status and a significant trust may be much more exposed to investment risk. Generally accepted plan maturity measures include the following:

	September 30,				
	2025	2024	2023	2022	2021
Ratio of actives to retirees and beneficiaries	0.02	0.02	0.03	0.03	0.04
Ratio of net cash flow to market value of assets	(8.8)%	(9.0)%	(9.9)%	(9.7)%	(7.8)%
Duration of the actuarial accrued liability	8.21	8.40	8.56	8.68	8.86

Ratio of Actives to Retirees and Beneficiaries

A young plan with many active members and few retirees will have a high ratio of actives to retirees. A mature open plan may have close to the same number of actives to retirees resulting in a ratio near 1.0. A super-mature or closed plan may have significantly more retirees than actives resulting in a ratio below 1.0.

Ratio of Net Cash Flow to Market Value of Assets

A positive net cash flow means contributions exceed benefits and expenses. A negative cash flow means existing funds are being used to make payments. A certain amount of negative net cash flow is generally expected to occur when benefits are prefunded through a qualified trust. Large negative net cash flows as a percent of assets may indicate a super-mature plan or a need for additional contributions.

Duration of the Actuarial Accrued Liability

The duration of the actuarial accrued liability may be used to approximate the sensitivity to a 1% change in the assumed rate of return. For example, a duration of 10 indicates that the actuarial accrued liability would increase approximately 10% if the assumed rate of return were lowered 1%.

Low-Default-Risk Obligation Measure

Introduction

In December 2021, the Actuarial Standards Board (ASB) adopted a revision to Actuarial Standard of Practice (ASOP) No. 4, *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*. The revised ASOP No. 4 requires the calculation and disclosure of a liability referred to by the ASOP as the "Low-Default-Risk Obligation Measure" (LDROM). The rationale that the ASB cited for the calculation and disclosure of the LDROM was included in the Transmittal Memorandum of ASOP No. 4 and is presented below (emphasis added):

"The ASB believes that the calculation and disclosure of this measure provides **appropriate, useful information for the intended user regarding the funded status of a pension plan**. The calculation and disclosure of this additional measure is **not intended to suggest that this is the "right" liability measure** for a pension plan. However, the ASB does believe that **this additional disclosure provides a more complete assessment of a plan's funded status and provides additional information regarding the security of benefits that members have earned as of the measurement date.**"

Comparing the Accrued Liabilities and the LDROM

One of the fundamental financial objectives of the Oakland County Employees' Retirement System (System) is to finance each member's retirement benefits over the period from the member's date of hire until the member's projected date of retirement (entry age actuarial cost method) as a level percentage of payroll. To fulfill this objective, the discount rate that is used to value the accrued liabilities of the System is set equal to the **expected return** on the System's diversified portfolio of assets (referred to sometimes as the investment return assumption). For the System, the investment return assumption is 7.00%.

The LDROM is meant to approximately represent the lump sum cost to a plan to purchase low-default-risk fixed income securities whose resulting cash flows essentially replicate in timing and amount the benefits earned (or the costs accrued) as of the measurement date. The LDROM is very dependent upon market interest rates at the time of the LDROM measurement. The lower the market interest rates, the higher the LDROM, and vice versa. The LDROM results presented in this report are based on the projected unit credit actuarial cost method and discount rates based upon the September 2025 Treasury Yield Curve Spot Rates (end of month). The 1-, 5-, 10- and 30-year rates follow: 3.73%, 3.69%, 4.17% and 4.92%.

Presented below are the actuarial accrued liability and the LDROM as of September 30, 2025 for the System:

Valuation Rate (7.0%)	LDROM (Spot Rates)
$673,929,211	$836,046,039

Low-Default-Risk Obligation Measure

Commentary Regarding the LDROM

Some ways in which the LDROM can assist the Retirement Board in a decision-making process include:

(1) It provides information to potentially allow for better risk management for the System.
(2) It places the appropriateness of potential employer contribution rate reductions or benefit enhancements in a better context.
(3) It provides more complete information regarding the benefit security of the membership's benefits earned as of the measurement date.

Potentially Allows for Better Risk Management: A very useful risk metric to exhibit potential contribution rate volatility (or amortization period volatility for fixed rate plans) is the ratio of assets to payroll or AAL to payroll. How could we reduce that potential contribution rate volatility (or amortization period volatility for fixed rate plans)? The LDROM and liability driven investing (LDI) are closely related concepts.

Other than reducing benefits, all other things being equal, the only way to reduce that volatility is to immunize (i.e., LDI) a portion of the System's liability. This does not mean that the System needs to immunize all of the liability. For example, if they could immunize half of it, they could reduce the contribution rate volatility in half. This would require the actuary to use a cash flow matching method to value that portion of the liabilities. This means that the actuary would not use the System's investment return assumption for this portion of the liability, but the yield curve resulting from the fixed income portfolio that is being used to immunize the liability. The value of the assets (i.e., fixed income portfolio) and the value of the immunized liability would move in tandem with any changes (up or down) in future interest rates. The result being that the immunized portion of the System's liability would reduce the potential of producing new unfunded actuarial accrued liabilities. However, the fixed income portfolio would still have the minor potential for credit default risk.

Places the Appropriateness of Potential Employer Contribution Rate Reductions or Benefit Enhancements in a Better Context: Many Public Employees Retirement Systems (PERS) have adopted a funding policy. Many funding policies already take into account the System's funded ratio (based upon the AAL) when considering whether to allow for benefit enhancements or contribution rate reductions. For example, a System may not allow for a benefit enhancement if the funded ratio does not exceed a certain threshold. Similarly, a System may not allow for an employer contribution rate reduction in some circumstances. For example, a reduction to the employer normal cost contribution may not be allowed until the System reaches a funded ratio of 120%. Given the fact that most criteria are based upon the expectation of earning the investment return assumption, a System may want to consider extending these criteria to a funded ratio based upon the LDROM in addition to the AAL.

Provides more Complete Information Regarding the Benefit Security of the Membership's Benefits Earned as of the Measurement Date: Too often a high funded ratio (e.g., 100% funded) on an AAL basis is interpreted as benefit security for the participants. The fact that this funded ratio is based upon an expected measure is many times overlooked. If the AAL and LDROM measures are relatively close, then the System at least has the opportunity to make benefits payable in the future more secure.