

# **Anne Arundel County Retirement and Pension System**

Annual Comprehensive Financial Report  
Pension Trust Funds of Anne Arundel County, Maryland  
For the Year Ended December 31, 2024

Prepared by:  
The Anne Arundel County Office of Finance  
44 Calvert Street  
Annapolis MD 21401

**Anne Arundel County Retirement and Pension System  
Annual Comprehensive Financial Report  
For the Year Ended December 31, 2024**

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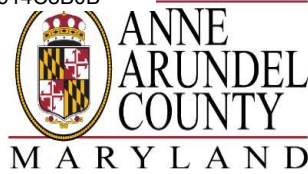
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Dear Board of Trustees and Members of the  
Anne Arundel County Retirement and Pension System:

I am pleased to present to you the Anne Arundel County Retirement and Pension System (the “System”) Annual Comprehensive Financial Report for the year ended December 31, 2024. This financial report is a historical perspective of benefits, services, and fiscal activities of the System. The purpose of this report is to provide you, the retirement System participants and other interested parties, with sufficient information to evaluate the performance of the System during the plan year.

### **Plan History**

County employees participate in four single-employer defined benefit pension plans (the “Plans”). The County Plans were established under authority created by County Charter and legislation. In December 1996, the County passed legislation creating the Anne Arundel County Retirement and Pension System, a corporation that is an agency in the executive branch of County government, effective February 1, 1997. At that date, all net assets of pension trust funds were transferred to the System. In 2004, the Board of Trustees of the System (the “Board”) adopted a formal statement of funding objectives, policy, and strategy. The Statement of Investment Policy and Objectives was designed to clearly communicate the directives of the Trustees of the System to all interested parties. This investment policy applies to the funds of the System on an aggregate basis. The Policy Statement sets forth how each fund manager shall be governed and details specific investment guidelines relating to each of the fund managers.

### **Major Initiatives**

An Experience and Assumption Study was conducted by the actuary in 2018 to review the experience of the Plans during 2012 to 2016. The report recommended changes in assumptions due to their study of the demographic and economic experience of the Anne Arundel County Retirement Plans for the 2012 through 2016 plan years and their expectations for future experience. A gradual change in the discount rate (investment return) from 7.50% to 7.25% over the next five years was voted on. The Board decided to review and vote each April on the annual 5 basis point discount rate reduction. The rate was 7.45% for both 2019 and 2020. The discount rate is 7.00% from 2021 to 2024.

Each year, the Board reviews the investment asset allocation and prospective returns for the various classes to attempt to construct a portfolio that will produce the desired rate of return. The resulting rebalancing of the portfolio generally requires moving funds among managers and can result in the elimination of a current manager or the hiring of a new investment manager. During 2024, there were investment managers added Barings and Scout Asset Management (Reams). There were private equity commitments with Apogem Co-Investment Fund VII and Harbourside Direct Lending Fund II. The Pension System Investment Policy was updated in 2023 to formally codify asset allocation changes approved by the Board during the March meeting.

The Employee Pension Portal online system went live in the fall of 2018. The portal allows employees to view their annual pension statement, calculate retirement estimates and use other retirement tools electronically, including the Deferred Retirement Option Program (DROP) calculation for employees eligible for the DROP.

### **Funding Status**

The fiduciary net position as a percentage of the total pension liability increased for the Employees' Retirement Plan, the Police Service Retirement Plan, the Fire Service Retirement Plan and the Detention Officers' and Deputy Sheriffs' Retirement Plan. The Employees Retirement Plan increased from 63.5% in 2023 to 66.2% in 2024. The Police Service Retirement Plan grew from 69.9% in 2023 to 72.0% in 2024. The Fire Service Retirement Plan rose from 73.6% in 2023 to 76.2% in 2024. The Detention Officers' and Deputy Sheriffs' Retirement Plan increased from 70.4% in 2023 to 72.9% in 2024.

### **Investment Performance**

The average investment returns for the Employees' Retirement Plan, the Police Service Retirement Plan, the Fire Service Retirement Plan, and the Detention Officers' and Deputy Sheriffs' Retirement Plan on a market value basis for the year ended December 31, 2024 were 10.5%. On an actuarial basis, the average investment returns for the Employees' Retirement Plan, the Police Service Retirement Plan, the Fire Service Retirement Plan, and the Detention Officers' and Deputy Sheriffs' Retirement Plan were 5.9%, 6.0%, 6.1%, 6.0%, respectively. The actuarial value of assets is calculated by spreading the market-value investment gains or losses in excess of (or below) the assumed rate of return over a five-year period. The asset-smoothing method was changed with the 2011 valuation.

### **System Organization and Management**

The Board of Trustees is responsible for reviewing the investment program, approving policies, objectives, and guidelines and reviewing the financial performance of the System in relation to expectations. The Board also appoints the investment committee to make specific recommendations as to asset allocation and investment strategies. The investment committee works with an investment consultant, currently New England Pension Consultants (NEPC). The investment consultant assists the Board and the investment committee in developing and modifying policy objectives and guidelines, including the development of a liability driven asset allocation strategy. The investment consultant makes recommendations on the appropriate mix of investment manager styles and strategies and acts as fiduciary to the fund. The Board has final approval for all manager selections and policy changes.

The Board also selects the custodial bank, currently State Street Bank & Trust, that has custody of and is the bank of record for the Plans' investments, the actuary for the Plans, Bolton Partners, Inc., and the independent auditors, CliftonLarsonAllen, LLP. The Secretary of the Board of Trustees is responsible for daily administrative decisions and the Anne Arundel County Office of Personnel and the Office of Finance carry out these administrative actions, including transmittal of contributions and funding the payment of benefits and other administrative expenses. Additional details regarding investment professionals who provide services to the System are included in the Investment Section later in this report.

## **Financial Management**

The financial statements and supplemental information and schedules included in this report are the responsibility of System management and have been prepared in accordance with accounting principles generally accepted in the United States of America for governmental accounting and reporting as pronounced and adopted by the Governmental Accounting Standards Board. I advise you to read the Management Discussion and Analysis, Basic Financial Statements, and Notes to the Basic Financial Statements to gain a better understanding of the results of the System during 2024.

## **Independent Audit**

The System is audited annually. CliftonLarsonAllen, LLP, an independent firm of Certified Public Accountants, conducted the audit for the year ended December 31, 2024. Refer to Independent Auditors' Report for the audit opinion.

## **Internal Accounting Control**

Management is responsible for maintaining a system of adequate internal controls designed to provide reasonable assurance that transactions are executed in accordance with management's general or specific authorization, and are recorded as needed to maintain accountability for assets and to permit preparation of the combining financial statements. We believe the internal controls in effect during the year ended December 31, 2024 adequately safeguard the assets and provide reasonable assurance regarding the proper recording of financial transactions.

## **Acknowledgments**

Staff in Anne Arundel County's Office of Finance prepared this Annual Comprehensive Financial Report of the Retirement and Pension System. The report is intended to provide complete and reliable information as a basis for making management decisions, determining compliance with legal provisions, and to provide a means of determining responsible stewardship for the assets contributed by the members and their employers. This report is being sent to the Board of Trustees and other interested parties.

Respectfully,

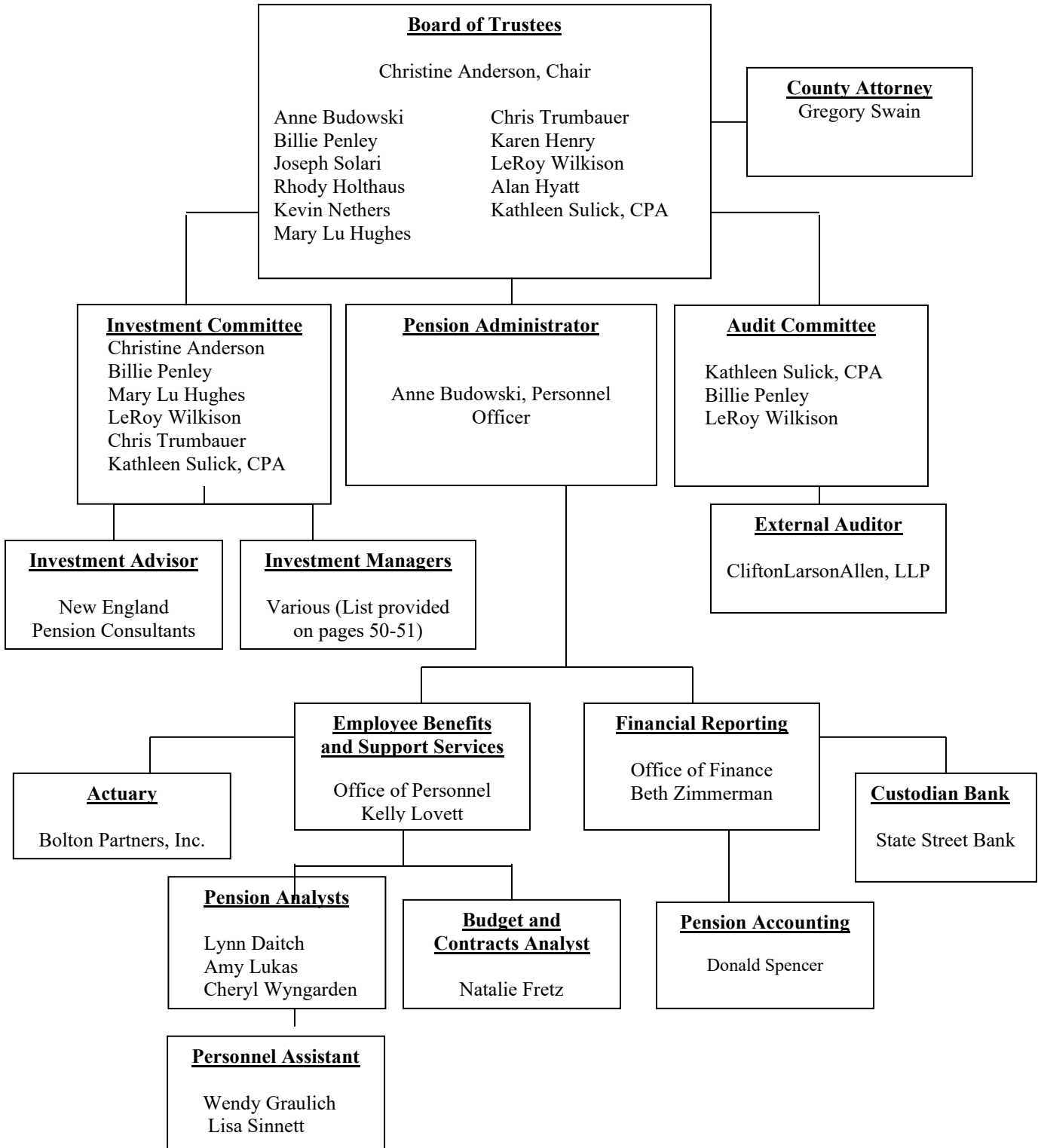
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*Billie Penley*  
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Billie Penley  
Controller

## **Introductory Section**

Anne Arundel County Retirement and Pension System

Organizational Chart 12/31/2024



## **Financial Section**





## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Anne Arundel County Retirement and Pension System  
Annapolis, Maryland

### Report on the Audit of the Financial Statements

#### ***Opinion***

We have audited the accompanying financial statements of the Anne Arundel County Retirement and Pension System (the System), a pension trust fund of Anne Arundel County, Maryland, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the System as of December 31, 2024, and the changes in its 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's 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.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Systems internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's 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, the schedule of changes in net pension liability and related ratios by plan, investment returns, and employer's contributions by plan, and notes to required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 the System's basic financial statements. The supplementary schedules, including the schedules of administrative expenses, investment expenses, and payments to consultants, as listed 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 GAAS. In our opinion, the supplementary schedules, including the schedules of administrative expenses, investment expenses, and payments to consultants, as listed 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, as listed in the table of contents, but does not include the basic financial statements and our auditors' 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 basic 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.

### ***Report on Summarized Comparative Information***

We have previously audited the System's 2023 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated July 8, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Board of Trustees  
Anne Arundel County Retirement and Pension System

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2025, on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Baltimore, Maryland  
July 18, 2025

## Introduction

To introduce readers of the financial report of the Anne Arundel County Retirement and Pension System (System), the Office of Finance is pleased to provide this discussion and analysis of financial activities for the year ended December 31, 2024. Please read it in conjunction with the rest of the report, which consists of the basic financial statements, including the notes thereto, required supplementary information (RSI), and supplementary schedules. Combined amounts from the year ended December 31, 2023 have been provided herein to enhance comparability.

The System has the fiduciary responsibility to administer four single-employer defined benefit pension plans for certain Anne Arundel County (County) employees: the Employees' Retirement Plan, the Police Service Retirement Plan, the Fire Service Retirement Plan and the Detention Officers' and Deputy Sheriffs' Retirement Plan (the "Plans").

## Financial Highlights

The System's total fiduciary net position Increased by \$226.2 million in calendar year 2024, bringing net position to \$2.5 billion. Contributions increased 13.7% to \$156.6 million versus \$137.7 million in 2023. Of this total, employer contributions of \$138.1 million were approximately 14.5% higher than, as of 2023, at \$120.6 million. Participant contributions were slightly higher at \$18.4 million in 2024 and \$17.1 million in 2023. The 2024 time weighted total rate of return of 10.5% compares to 12.4% for 2023.

The System paid \$175.5 million in benefits in 2024, compared with \$167.2 million paid in 2023, an increase of 5.0%. The 2024 Cost of Living Adjustment (COLA) for beneficiaries ranged from 2.5% for retirees since 1997 and 3.0% to 4.0% for substantially all retired prior to 1997. The number of benefit recipients increased to 4,238, a 2.3% increase over the prior year.

*Employees' Retirement Plan* – In 2024, net position increased by \$65.8 million to \$831.6 million from \$765.8 million in 2023. The plans contributions of \$56.4 million were 80.3% of benefit payments of \$70.2 million. Various administrative expenses were \$708.1 thousand in 2024.

*Police Service Retirement Plan* – In 2024, net position increased by \$70.0 million to \$759.0 million from \$689.0 million in 2023. The plan's contributions of \$46.1 million were 94.7% of benefit payments of \$48.7 million. Administrative expenses were \$683.4 thousand in 2024.

*Fire Service Retirement Plan* – In 2024, net position increased by \$72.8 million to \$756.9 million from \$684.1 million in 2023. Contributions of \$41.5 million were 99.5% of the benefit payments of \$41.7 million. Various administrative expenses were \$697.6 thousand in 2024.

*Detention Officers' and Deputy Sheriffs' Retirement Plan* – In 2024, net position increased by \$17.7 million to \$208.4 million from \$190.7 million in 2023. Contributions were \$12.5 million or 85.0% of benefit payments of \$14.7 million. Administrative expenses were \$179.6 thousand in 2024.

## Overview of the Basic Financial Statements

In this financial report, the basic financial statements consist of the Combining Statement of Fiduciary Net Position and the Combining Statement of Changes in Fiduciary Net Position with accompanying Notes. The financial statements present information in separate columns for each of the four single-employer defined benefit pension plans as of and for the year ended December 31, 2024 with combined comparative information as of and for the year ended December 31, 2023. The Combined Statement of Fiduciary Net Position presents the financial position of the Plans. The financial position is comprised of assets, which primarily consist of investments less liabilities, including accounts payable, investment commitments payable, and the obligation for collateral related to the securities lending program. The obligation from the securities lending program is offset by collateral held. The difference between assets and liabilities is net position, which represents the amount of resources available to pay future benefits to retirees and their beneficiaries.

Investments net of cash consist of domestic and foreign debt obligations, domestic and foreign equities, real estate, insurance company contracts, absolute return funds, and private markets. The System has a securities lending program to enhance its investment return. The assets and liabilities arising from the program are closely matched, netting to no additional material Plan liability. In accordance with generally accepted accounting principles, the liability for future benefit payments is not reported in these financial statements. Refer to Note 4 for the Schedule of Net Pension Liability of the System by Plan which presents an estimate of the liabilities.

The Combining Statement of Changes in Fiduciary Net Position presents the additions to and deductions from the four Plans' net positions during the year. Each Plan receives contributions from participants and the County, as well as income or losses from investments and related activity. The primary deductions are the payment of benefits, which are the Plans' primary objectives. Deductions also include refunds to members who leave the Plans as well as administrative expenses. Administrative expenses are allocated monthly to each Plan based on its relative percentage of the total investments.

### **Notes to the Basic Financial Statements**

The Notes to the Basic Financial Statements are an integral part of the statements. These notes provide background and more detail about the information in the financial statements. Among other matters, the notes describe the System's purpose and its membership; the significant accounting policies used to prepare the basic financial statements; the nature of the four Plans, including the membership and benefit provisions and contribution requirements; the System's investment authority and policies; how investments and related documentation are safeguarded; and selected details about various investment activity and balances.

### **Required Supplementary Information (RSI)**

The RSI section provides actuarially determined information about the Plans. The section displays changes for each Plan's Net Pension Liability (NPL) and related ratios, contributions related to payrolls by Plan, and money-weighted investment returns for the System.

### **Summary and Analysis of Financial Information**

The following Condensed Statements of Fiduciary Net Position and Changes in Fiduciary Net Position present financial information, with dollar amounts in millions, for the System comparing 2024 and 2023.

**Condensed Combining Statement of Fiduciary Net Position**  
**As of December 31, 2024 and 2023**

(in millions)				
<b>Assets</b>	<b>2024</b>	<b>2023</b>	<b>Change in</b>	
			<b>Dollars</b>	<b>Percentage</b>
Cash and short-term investments	\$ 38.9	\$ 38.9	\$ 0	0.0 %
Securities lending collateral	78.4	90.8	-12.4	-13.7
Receivables	50.7	21.6	29.1	134.7
Investments at fair value and deposits	2,488.4	2,279.7	208.7	9.2
Total assets	\$ 2,656.4	\$ 2,431.0	\$ 225.4	9.3 %
<b>Liabilities</b>				
Investment settlements and accounts payable	22.2	10.5	11.7	111.4
Securities lending obligations	78.4	90.8	-12.4	-13.7
Total liabilities	100.6	101.3	-0.7	-0.7
<b>Net position restricted for pension benefits</b>	<b>\$ 2,555.8</b>	<b>\$ 2,329.7</b>	<b>\$ 226.1</b>	<b>9.7 %</b>

**Condensed Combining Statement of Changes in Fiduciary Net Position**  
**For the year ended December 31, 2024 and 2023**

(in millions)				
<b>Additions</b>	<b>2024</b>	<b>2023</b>	<b>Change in</b>	
			<b>Dollars</b>	<b>Percentage</b>
Employer contributions	\$ 138.1	\$ 120.6	\$ 17.5	14.5 %
Participant contributions	18.4	17.1	1.3	7.6
Investment income gains	247.4	253.3	-5.9	2.3
Total additions	403.9	391.0	12.9	3.3
<b>Deductions</b>				
Benefit payments and refunds	175.5	167.2	8.3	5.0
Administrative expenses	2.3	1.8	0.5	27.8
Total deductions	177.8	169	8.80	5.2
Net increase	226.1	222.0	4.1	1.8 %
<b>Net position restricted for pension benefits</b>				
Beginning of year	2,329.7	2,107.7	222.0	10.5
End of year	\$ 2,555.8	\$ 2,329.7	\$ 226.1	9.7 %

Comparative investment time weighted returns are displayed by investment type in the following table. The table also shows each category's relative percent of the System's investment portfolio.

Investment Type	Percent of Investments		Annual Investment Return	
	2024	2023	2024	2023
Cash and temporary investments	1.0%	1.4%	5.2%	4.9%
Domestic equity	36.0%	32.6%	21.9%	23.8%
International equity pools	21.7%	22.2%	6.4%	15.3%
Domestic and international fixed income	21.0%	22.0%	3.9%	9.0%
Opportunistic	0.0%	0.0%	-29.9%	60.3%
Private markets	16.2%	16.8%	6.8%	6.1%
Real estate investment pools	4.1%	5.0%	-2.9%	-15.5%
Total percent of investments	100.0%	100.0%		
Total annual performance			10.5%	12.4%

The System's funding objective is to meet long-term benefit obligations through contributions and investment income. The funding ratio, which is the actuarial value of assets divided by the actuarial accrued liability, is an estimate of how well the System is meeting that objective. A higher funded ratio indicates that the Plan is better funded. As of December 31, 2024 and 2023 the funded ratios for the System were 71.2% and 68.7% respectively. Additionally, System fiduciary net position as a percentage of the total pension liability as of December 31, 2024 was 71.2%.

The System paid \$175.5 million in retirement benefits and refunds to 4,238 participants and beneficiaries during 2024, compared to \$167.2 million in 2023 to 4,141 participants and beneficiaries. This reflects an average of \$41.4 thousand per person in 2024, compared to an average of \$40.4 thousand in 2023.

The System received \$18.4 million in contributions from 4,161 active participants during 2024. In 2023, \$17.1 million was received from 4,064 active participants. The employer contributions were \$138.1 million in 2024, compared to \$120.6 million in 2023. Employer contributions for the calendar year are based on the appropriate June fiscal year's actuarial recommended contribution, which is divided by 12 and provided to the respective Plans on a monthly basis. The County contributed 100.0% of the 2024 Actuarially Determined Contribution (ADC) for all Plans and has contributed the ADC recommended by the actuary for the past 15 years, with true-up adjustments from 2010 to 2011 and 2014 to 2015. Administrative costs for 2024 were approximately \$2.3 million for 9,239 participants or an average cost of \$246 per person compared to \$1.8 million for 2023 administrative costs for 9,025 participants at \$202 per person.

### Overall Analysis of Financial Position

The System changed its long-term investment return assumption of 7.00% in 2021 and maintained the return assumption in 2024. The Board of Trustees believes the System is structured to support stable funding for the future along with uncertainty in asset growth.

### Requests for information

The System's Annual Comprehensive Financial Report is available at Anne Arundel County's web page <http://www.aacounty.org/boards-and-commissions/retirement-and-pension-system-board-of-trustees/pension-trust-fund-reports/>. If you have questions concerning this report or need additional financial information, please contact the Office of Personnel, 2660 Riva Road, Annapolis, Maryland, 21401.



**Anne Arundel County Retirement and Pension System**  
**Combining Statement of Fiduciary Net Position**  
**December 31, 2024 (with December 31, 2023 Combined Summarized Totals)**

	<i>Employees' Retirement Plan</i>	<i>Police Service Retirement Plan</i>	<i>Fire Service Retirement Plan</i>	<i>Detention Officers' and Deputy Sheriffs' Retirement Plan</i>	<i>2024 Combined Total</i>	<i>2023 Combined Total</i>
<b>ASSETS</b>						
Investments						
Cash and temporary investments	\$ 12,632,006	\$ 11,541,705	\$ 11,519,600	\$ 3,170,313	\$ 38,863,624	\$ 38,880,695
U. S. Government obligations	14,598,712	13,338,659	13,313,113	3,663,906	44,914,390	20,785,835
Bank Loans	45,008	41,123	41,044	11,295	138,470	4,157,218
Corporate obligations	39,061,421	35,689,926	35,621,573	9,803,425	120,176,345	165,596,698
Fixed income mutual funds	74,704,892	68,256,915	68,126,190	18,749,031	229,837,028	193,768,778
International fixed income mutual funds	34,923,016	31,908,718	31,847,606	8,764,790	107,444,130	104,455,588
Domestic equity	292,472,721	267,228,626	266,716,829	73,403,228	899,821,404	748,996,735
International equity pools	177,671,409	162,336,119	162,025,213	44,591,013	546,623,754	513,986,591
Private markets	135,210,844	123,540,438	123,303,833	33,934,489	415,989,604	392,363,376
Real estate investment pools	33,735,143	30,823,374	30,764,341	8,466,664	103,789,522	115,474,044
Aetna insurance pooled fixed income	6,367,202	5,817,631	5,806,490	1,598,006	19,589,329	19,819,863
Total investments	821,422,374	750,523,234	749,085,832	206,156,160	2,527,187,600	2,318,285,421
Collateral from securities lending transactions	25,476,258	23,277,334	23,232,754	6,393,894	78,380,240	90,828,177
Receivables						
Employer contributions	8,795,776	7,072,290	6,445,118	1,929,903	24,243,087	10,898,679
Participant contributions	1,134,109	1,136,203	1,086,789	277,475	3,634,576	2,023,274
Accrued interest and dividends	667,771	610,202	609,060	167,603	2,054,636	2,790,012
Investment sales proceeds	6,763,149	6,179,404	6,167,569	1,697,379	20,807,501	5,865,913
Total receivables	17,360,805	14,998,099	14,308,536	4,072,360	50,739,800	21,577,878
Deposits on hand	14,426	111,930	62,101	-	188,457	272,989
Total assets	864,273,863	788,910,597	786,689,223	216,622,414	2,656,496,097	2,430,964,465
<b>LIABILITIES</b>						
Accounts payable	830,317	758,650	757,197	208,388	2,554,552	1,689,833
Investment commitments payable	6,405,674	5,852,783	5,841,574	1,607,662	19,707,693	8,812,973
Obligation for collateral received under securities lending transactions	25,476,258	23,277,334	23,232,754	6,393,894	78,380,240	90,828,177
Total liabilities	32,712,249	29,888,767	29,831,525	8,209,944	100,642,485	101,330,983
<b>Net position held in trust for pension benefits</b>	<b>\$ 831,561,614</b>	<b>\$ 759,021,830</b>	<b>\$ 756,857,698</b>	<b>\$ 208,412,470</b>	<b>\$ 2,555,853,612</b>	<b>\$ 2,329,633,482</b>

Accompanying notes to the basic financial statements are an integral part of this statement.

**Anne Arundel County Retirement and Pension System**  
**Combining Statement of Changes in Fiduciary Net Position**  
**For the Year Ended December 31, 2024 (with December 31, 2023 Combined Summarized Totals)**

	<i>Employees'</i>	<i>Police</i>	<i>Fire</i>	<i>Detention</i>		
	<i>Retirement</i>	<i>Service</i>	<i>Service</i>	<i>Officers' and</i>	<i>2024</i>	<i>2023</i>
	<i>Plan</i>	<i>Retirement</i>	<i>Retirement</i>	<i>Deputy Sheriffs'</i>	<i>Combined</i>	<i>Combined</i>
	<i>Plan</i>	<i>Plan</i>	<i>Plan</i>	<i>Retirement</i>	<i>Total</i>	<i>Total</i>
	<i>Plan</i>	<i>Plan</i>	<i>Plan</i>	<i>Plan</i>	<i>Total</i>	<i>Total</i>
<b>ADDITIONS</b>						
Contributions						
Employer	\$ 50,574,420	\$ 40,514,250	\$ 35,911,289	\$ 11,121,375	\$ 138,121,334	\$ 120,587,478
Participants	5,828,340	5,599,048	5,641,423	1,411,510	18,480,321	17,102,334
Total contributions	56,402,760	46,113,298	41,552,712	12,532,885	156,601,655	137,689,812
Investment income/ depreciation						
Net appreciation/ depreciation in fair value of investments	56,408,921	51,098,172	50,769,107	14,122,306	172,398,506	205,179,202
Interest income	14,981,316	14,013,598	14,781,821	3,739,004	47,515,739	35,209,013
Dividend income	12,154,088	11,066,906	11,027,088	3,047,000	37,295,082	22,083,760
Income (loss) from investment activities	83,544,325	76,178,676	76,578,016	20,908,310	257,209,327	262,471,975
Less investment expenses	3,266,265	2,963,468	2,965,273	803,163	9,998,169	9,407,124
Net income (loss) from investing activities	80,278,060	73,215,208	73,612,743	20,105,147	247,211,158	253,064,851
Securities lending activities						
Securities lending income	1,691,516	1,537,121	1,529,834	423,859	5,182,330	4,946,382
Securities lending expenses						
Borrower rebates	1,589,277	1,444,214	1,437,367	398,240	4,869,098	4,620,045
Management fees	40,896	37,163	36,987	10,248	125,294	130,536
Total securities lending expenses	1,630,173	1,481,377	1,474,354	408,488	4,994,392	4,750,581
Net income from securities lending	61,343	55,744	55,480	15,371	187,938	195,801
Total net investment income (loss)	80,339,403	73,270,952	73,668,223	20,120,518	247,399,096	253,260,652
Total additions	136,742,163	119,384,250	115,220,935	32,653,403	404,000,751	390,950,464
<b>DEDUCTIONS</b>						
Benefit payments	70,296,318	48,709,313	41,785,014	14,721,261	175,511,906	167,222,103
Administrative expenses	708,051	683,386	697,645	179,633	2,268,715	1,824,607
Total deductions	71,004,369	49,392,699	42,482,659	14,900,894	177,780,621	169,046,710
Change in fiduciary net position	65,737,794	69,991,551	72,738,276	17,752,509	226,220,130	221,903,754
Net position, January 1	765,823,820	689,030,279	684,119,422	190,659,961	2,329,633,482	2,107,729,728
<b>Net position, December 31</b>	<b>\$ 831,561,614</b>	<b>\$ 759,021,830</b>	<b>\$ 756,857,698</b>	<b>\$ 208,412,470</b>	<b>\$ 2,555,853,612</b>	<b>\$ 2,329,633,482</b>

Accompanying notes to the basic financial statements are an integral part of this statement.

## **1 Summary of Significant Accounting Policies**

The Anne Arundel County Retirement and Pension System (System) administers four defined benefit pension plans – the Employees’ Retirement Plan, the Police Service Retirement Plan, the Fire Service Retirement Plan, and the Detention Officers’ and Deputy Sheriffs’ Retirement Plan (Plans). Although the assets of the Plans are commingled for investment purposes, each Plan’s assets may be used only for the payment of benefits to the members of that Plan, in accordance with its terms. The System was established as an Agency in the Executive branch of Anne Arundel County, Maryland (County) and has the powers and privileges of a corporation to the extent permitted by law. The System is reported as Pension Trust Funds in the County’s Annual Comprehensive Financial Report (ACFR). The Board of Trustees is comprised of representatives from the Executive branch of the County, participating employee groups, and two representatives from outside County government.

*A Basis of Presentation* – The accounts of the System are organized on the basis of separate pension trust funds for each Plan, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net position, additions, and deductions.

*B Basis of Accounting* – The basic financial statements were prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The County’s contribution to each Plan is recognized when due and the County has made a formal commitment to provide the contribution. Benefits and refunds are recognized when due and payable in accordance with the terms of each Plan.

The accounting and reporting policies conform to accounting principles generally accepted in the United States of America as applicable to government organizations. The preparation of financial statements in conformity with these principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

*C Investments* – Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments reflected at fair value. The fair value of real estate investments is based on periodic independent appraisals. Investments that do not have an established market, such as private markets, are reported at estimated fair values. The fair value of private markets are based on management’s valuation of estimates and assumptions from information and representations provided by the respective general partners, in the absence of readily ascertainable market values. There are no investments with parties or in entities related to the County. Fixed income securities are valued based on yields currently available on comparable securities of issuers with similar credit ratings.

*D Administrative Expenses* – The administrative expenses of the System are charged to the respective Plans on the basis of its percentage ownership in the System’s net position. Expenses are paid either by the County or from a separate cash account held by the custodian. Because of the commingled nature of funds, payments may be from either investment earnings or contributions. The total administrative expenses incurred during the year ended December 31, 2024 were \$2,268,715 of which approximately \$1,008,093 was initially paid through the County’s Accounts Payable department and subsequently reimbursed to the County by the System. The System is administered by employees within the County’s Office of Personnel and the Office of Finance. Some administrative costs are allocated to the Pension System and paid by the Custodian. Certain administrative costs are paid by the County’s General Fund and reimbursed by the System to the County.

*E Income Taxes* – The System qualifies under Section 401(a) of the Internal Revenue Code (IRC) and is exempt from income taxation as allowed by Section 501(a) of the IRC.

*F Summarized Financial Information* – The financial statements include prior-year combined comparative information for the System. This prior-year information is not presented at the individual Plan level. These financial

statements should be read in conjunction with the System's audited financial report from 2023, from which the combined prior-year amounts were derived.

*G New GASB Pronouncements* – For the year ended December 31, 2024, Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* (GASB 101), was Issued in June 2022 and establishes standards for the recognition and financial reporting of compensated absences and associated salary-related payments, including certain defined contribution pensions and defined contribution other postemployment benefits. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The implementation of this standard did not have an impact on the financial statements as there are no direct salary related costs for the System.

## **2 General Description of the System**

*A Covered Membership* – Membership in each plan consisted of the following as of December 31, 2024 based on the January 1, 2025 actuarial valuation:

	Employees' Retirement Plan	Police Service Retirement Plan	Fire Service Retirement Plan	Detention Officers' and Deputy Sheriffs' Plan	Total
Retirees and beneficiaries receiving payments	2,288	856	720	374	4,238
Terminated Plan members entitled to but not yet receiving payments	277	-	-	1	278
Deferred Retirement Option (DROP)	-	73	88	46	207
Refunds Owed	235	40	39	41	355
Active Plan members	2,315	688	839	319	4161
Total	5,115	1,657	1,686	781	9,239

*B Plan Description, Contribution Information and Vesting* – The following description of the System provides only general information. Participants should refer to the most recent Summary Plan Description booklets for a more complete description of the respective Plan's provisions.

### **Employees' Retirement Plan**

*Plan Description* – The Employees' Retirement Plan is a single-employer defined benefit pension plan that covers all full-time general employees of the County who are not included in any other pension plan, as well as employees of Anne Arundel Economic Development Corporation. The Plan provides retirement, disability, and death benefits to Plan members and their beneficiaries pursuant to two separate benefit structures, Tier I and Tier II. Cost-of-living adjustments (COLAs) are also provided pursuant to County legislation.

*Contributions* – Contribution rates for participants are established through County legislation. Employees who elect to be in Tier I are required to contribute 4.0% of their annual covered salary. Tier II employees are not required nor permitted to make contributions. The County provided monthly contributions to the Plan based on the actuarially determined contribution for 2024 of \$50,574,420, as determined by the Plan's consulting actuary.

*Cliff Vesting* – Participants hired on or before June 30, 2015 will be fully vested after their fifth year of service. Termination prior to the fifth year will result in the return of all employee contributions, if applicable, plus 4.25% interest per annum with no additional benefits available. Participants hired on or after July 1, 2015 will be fully vested after their tenth year of service. Termination prior to the tenth year will result in the return of all employee contributions, if applicable, plus 4.25% interest per annum with no additional benefits available.

Police Service Retirement Plan

Plan Description – The Police Service Retirement Plan is a single-employer defined benefit pension plan that covers the following classes of workers: Police Officer, Police Sergeant, Police Lieutenant, Police Captain, Police Major, Deputy Police Chief, and (by election) the Chief of Police. The Plan provides retirement, disability, and death benefits to Plan members and their beneficiaries. COLAs are also provided pursuant to County legislation.

Contributions – Contribution rates for participants are established through County legislation. Plan participants are required to contribute 7.25% of their annual covered salary. The County provided monthly contributions to the Plan based on the actuarially determined contribution for 2024 of \$40,514,251, as determined by the Plan's consulting actuary.

Normal Retirement – Participants hired on or after February 25, 2002 will be fully vested on the earlier of their attainment of age 50 and completion of their fifth year of service, or their completion of 20 years of service. Participants hired before February 25, 2002 will be fully vested on the earlier of their attainment of age 50 or completion of 20 years of service. Termination prior to attainment of Normal Retirement will result in the return of all employee contributions, if applicable, plus 3.0% interest per annum with no additional benefits available.

Fire Service Retirement Plan

Plan Description – The Fire Service Retirement Plan is a single-employer defined benefit pension plan that covers the following classes of workers: Fire Fighter II, Fire Fighter III, Fire Fighter Cardiac Rescue Technician, Fire Fighter/Emergency Medical Technician-Paramedic, Fire Lieutenant, Fire Captain, Fire Battalion Chief, Fire Division Chief, Fire Deputy Chief, and (by election) the Fire Administrator. The Plan provides retirement, disability, and death benefits to plan members and their beneficiaries. COLAs are also provided pursuant to County legislation.

Contributions – Contribution rates for participants are established through County legislation. Plan participants are required to contribute 7.25% of their annual covered salary. The County provided monthly contributions to the Plan based on the actuarially determined contribution for 2024 of \$35,911,288, as determined by the Plan's consulting actuary.

Normal Retirement – Participants who retire on or after July 1, 2002 will be fully vested on the earlier of their attainment of age 50 and completion of their fifth year of service, or their completion of 20 years of service. Participants who retired prior to July 1, 2002 will be fully vested on the earlier of their attainment of age 50 and completion of 5 years of service. Termination prior to attainment of Normal Retirement will result in the return of all employee contributions, if applicable, plus 3.0% interest per annum with no additional benefits available.

Detention Officers' and Deputy Sheriffs' Retirement Plan

Plan Description – The Detention Officers' and Deputy Sheriffs' Retirement Plan is a single-employer defined benefit pension plan that covers the following classes of workers: Detention Officer I, Detention Officer II, Detention Officer III, Correctional Program Specialist I, Correctional Program Specialist II, Criminal Justice Program Supervisor, Security Administrator, Correctional Facility Administrator, Assistant Correctional Facility Administrator, Deputy Sheriff I, Deputy Sheriff II, Deputy Sheriff III, Deputy Sheriff IV, and (by election) the Superintendent of Detention Facilities. The plan provides retirement, disability, and death benefits to Plan members and their beneficiaries. COLAs are also provided pursuant to County legislation.

Contributions – Contribution rates for participants are established through County legislation. Plan participants are required to contribute 6.75% of their annual covered salary. The County provided monthly contributions to the Plan based on the actuarially determined contribution for 2024 of \$11,121,377, as determined by the Plan's consulting actuary.

Cliff Vesting – Participants will be fully vested on the attainment of age 50 and completion of their fifth year of service. Termination prior to attainment of Normal Retirement will result in the return of all employee contributions, if applicable, plus 4.25% interest per annum, with no additional benefits available.

*C Legislative Changes for the Past Five Years*

Bill No. 54-20 permits that employees in the classifications of Correctional Program Specialist and Criminal Justice Program Specialist as of the effective date of the legislation participate in the DROP program. All new employees hired as CPS or CJPS will be enrolled in the Employees' Retirement Plan.

Bill No. 55-20 requires Appointing Authority approval for year 6 of the DROP for Battalion Chiefs and permits Battalion Chiefs to earn interest in year 6 of the DROP. Police Sergeants and Police Lieutenants no longer require Appointing Authority approval to extend DROP participation for year 6.

Bill No. 70-20 states that each of the pension plans provide pension benefits for an employee who is or becomes totally and permanently disabled and meets certain criteria. To be eligible for a disability pension, the plan requires that the disability prevent the participant from performing the duties of the participant's regular duties. The purpose of the bill is to eliminate the participant's ability to perform any other assignment within their Department as a disqualifying factor for a service-connected disability.

Bill No. 79-21 allows Battalion Chiefs to extend their DROP participation period to the sixth year without approval of the Fire Chief.

Bill No 100-21 Clarifies that the exception to the reduction in pension benefit for rehired classified employees who are reemployed in a contractual position pursuant to § 802(a)(14) of the County Charter is limited to the first 1500 hours per calendar year.

Bill No. 27-22 Allows modification of an election of contingent annuitant for participants who designated same sex partner prior to 01/01/2013 and subsequently married the contingent annuitant after change to Maryland law on same sex marriage.

Bill No. 61-22 Allows Fire Division Chief, Fire Deputy Chief, Fire Assistant Chief, or Fire Chief to participate in the sixth year of DROP with appointing authority approval.

Bill No. 58-23 extends the DROP participation period for a seventh year for participants in the Police plan.

Bill No. 67-23 adds the position of Assistant Police Chief to the list of Police plan participants.

Bill No. 93-23 adds employees of the resilience Authority of Annapolis and Arundel County, Inc to the list of eligible participants. Allows a vested participant between ages 50-59 and with 20 years of service to make an irrevocable election of either early retirement or vested term status until NRD (age 60). Extends eligibility for a Service-Connected Disability Retirement to those participants who are also eligible for Normal Retirement.

Bill No. 31-24 establishes an exception to the reduction in pension benefit for rehired retirees who are retired from the classified system and are reemployed in a classified position at least 90 days after their date of retirement that is a different job classification than that which the retiree held prior to retirement, and, if the retiree was a uniformed officer, is reemployed as a non-uniformed officer or in a different department from which the retiree retired.

Bill No. 50-24 extends the total DROP participation period to seven years. Requires appointing authority approval for seventh year for classifications of Fire Fighter, Fire Lieutenant, Fire Captain, or Fire Battalion Chief.

Bill No. 85-24 allows new hires in Police and Fire plans to purchase up to five years of service credit from immediately prior public safety agency in Maryland at rate of two times the contribution rate for County Police or Fire plan multiplied by annual basic pay at hire multiplied by number of years of service credit purchased. Payment may be made in lump sum, payroll deductions for up to 3 years, or combination of both.

### **3 Deferred Retirement Option Program (DROP)**

The Police Service, Fire Service and Detention Officers' and Deputy Sheriffs' Retirement Plans offer DROP plans. These programs permit a Plan member to be credited for benefit payments into an individual account within the Plan while continuing to provide services to the employer and to be paid a salary. All Plans allow accumulation of pension after 20 years of County service. DROP period must be between 3 and 5 years. Members may remain in DROP for a sixth year, but no interest shall be credited to the DROP account in the sixth year. The lump sum values held by the System pursuant to the DROP programs are \$21,124,307 for the Police Service Plan, \$18,400,427 for the Fire Service Plan and \$8,055,162 for the Detention Officers' and Deputy Sheriffs' Retirement Plan.

### **4 Net Pension Liability of the System by Plan**

The components of the net pension liability and assumptions for each Plan at December 31, 2024 based on the actuarial valuations are displayed below. The valuation date is December 31, 2024.

	<b>Employees'</b>		<b>Police Service</b>		<b>Fire Service</b>		<b>Detention Officers'</b>		<b>and Deputy Sheriffs'</b>		
	<b>Retirement Plan</b>		<b>Retirement Plan</b>		<b>Retirement Plan</b>		<b>Retirement Plan</b>		<b>Retirement Plan</b>		<b>Total</b>
Total pension liability	\$	1,255,866,962	\$	1,054,342,125	\$	993,017,370	\$	285,772,795	\$		3,588,999,252
Plan fiduciary net position		(831,561,614)		(759,021,830)		(756,857,698)		(208,412,470)			(2,555,853,612)
Plan net pension liability	\$	<u>424,305,348</u>	\$	<u>295,320,295</u>	\$	<u>236,159,672</u>	\$	<u>77,360,325</u>	\$		<u>1,033,145,640</u>
Plan fiduciary net position as a percentage of the total pension liability		66.2%		72.0%		76.2%		72.9%			71.2%

Note to schedule	Source is actuarial data based on preliminary financials.
Actuarial assumptions	The total pension liability was determined by an actuarial valuation as of December 31, 2024 using the following summarized actuarial assumptions, applied to all periods in the measurement. Full descriptions of the actuarial assumptions are available in the January 1, 2025 valuation reports.  The most recent Experience and Assumption Study was conducted in 2018 for the period 2012 to 2016.
Inflation	3.00%                      3.00%                      3.00%                      3.00%
Salary increases	Rates vary by participant age for each Plan.
Investment rate of return	7.00%, net of pension plan investment expense, including inflation for each Plan.
Mortality Scale	Employees's Plan: Pub-2010 Tables for males and females projected generationally using scale MP-2021 Police, Fire, and Detention Plans: Pub-2010 Safety Tables for males and female projected generationally using scale MP-2021.

The above is a summary of key actuarial assumptions. Full descriptions of the actuarial assumptions are available in the Actuarial Statement Section included in this Annual Comprehensive Financial Report.

**Discount Rate** – The discount rate used to measure the total pension liability was 7.00% as of December 31, 2024. The projection of cash flows used to determine the discount rate assumed plan contributions will be made in amounts consistent with statutory provisions and recognizing the System's current funding policy and cost-sharing mechanism between employers and members. For this purpose, all contributions that are intended to fund benefits for all plan members and their beneficiaries are included, except that projected contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included.

Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments for 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 as of December 31, 2024.

*Sensitivity of the net pension liability to changes in the discount rate* – The following schedule presents the net pension liability, calculated using the discount rate of 7.00%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1.0 percentage point lower (6.00%) or 1.0 percentage point higher (8.00%) than the current rate.

	<b>Employees'</b>	<b>Police Service</b>	<b>Fire Service</b>	<b>Detention Officers' and Deputy Sheriffs'</b>
	<b><u>Retirement Plan</u></b>	<b><u>Retirement Plan</u></b>	<b><u>Retirement Plan</u></b>	<b><u>Retirement Plan</u></b>
1% Decrease to 6.00%	\$568,248,005	\$437,155,396	\$371,825,037	\$111,409,493
Current Discount Rate 7.00%	\$424,305,348	\$295,320,295	\$236,159,672	\$77,360,325
1% Increase to 8.00%	\$302,905,598	\$179,768,848	\$125,592,358	\$49,053,479

*Long Term Expected Returns* – For investment purposes, the four Plans which comprise the System are managed on a commingled basis and the long-term expected rates of investment return are the same for each Plan. The long-term (30-year) expected rate of return on pension System investments was determined using a building-block method in which best-estimate 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 using an optimizer program that relies on the arithmetic return inputs, the standard deviation forecast (risk) for each asset class, and the correlations among them. The result is a 30-year nominal, geometric, net-of-fee return forecast for the pension assets. The 30-year real rate of return is calculated by netting the inflation assumption out of the nominal forecast. The nominal and real rates of return forecasts for each major asset class included in the pension System's target asset allocation of December 31, 2024 (see the discussion of the System's investment policy) are summarized in the following table:



**2024 30-Year Return Assumptions by Asset Class**

<u>Asset Class</u>	<u>30-Year Geometric Forecast (Nominal Returns)</u>	<u>30-Year Geometric Forecast (Real Returns)</u>
Inflation (CPI)	2.67%	0.00%
Cash	3.50%	0.80%
Core Fixed Income(1)	5.37%	2.48%
High-Yield Bonds	8.09%	4.73%
Emerging Market Debt (External)	8.20%	4.74%
Emerging Market Debt (Local Currency)	6.46%	3.00%
Large Cap Equity	8.72%	4.60%
Small/Mid Cap Equity	9.41%	4.65%
International Equities (Unhedged)	8.31%	3.85%
Emerging Int'l Equities	12.05%	6.13%
Private Equity	12.73%	7.12%
Private Debt	9.73%	6.28%
Real Estate (Core)	7.27%	3.54%

Notes

*NEPC's 30-year geometric CPI inflation assumption is 2.62%.*

*(1) Core Bonds assumption based on market weighted blend of Bloomberg US Aggregate Bond Index (Treasuries, IG Credit, MBS)*

## **5 Risks and Uncertainties**

The System may invest in various types of investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities, it is possible that changes in the values of investment securities may occur in the near-term and that such changes could materially affect the amounts reported in the Statement of Fiduciary Net Position.

## **6 Investments**

*A General Investment Policy* – The System operates under the “Prudent Person” rule used herein, meaning that in investing, the governing authorities of the systems, funds and plans, shall exercise the judgment and care under the circumstances then prevailing, that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of investments entrusted to it, not in regard to speculation, but in regard to the permanent disposition of funds, considering probable safety of capital as well as probable income. Investments are made in full accordance with any and all applicable Maryland statutes, as well as any other applicable legislation or regulation, state, federal or otherwise. The roles and responsibilities of the Board of Trustees, the Investment Committee, the Investment Consultant, the Investment Managers and the Custodian are clearly defined. The Board has established a diversified portfolio to meet the System’s return requirements. The table below summarizes the target asset allocation.

<u>Asset Class</u>	<u>Market Target (%)</u>	<u>Minimum Exposure (%)</u>	<u>Maximum Exposure (%)</u>
Domestic Equity	31	22	41
International Equity	17	7	27

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Emerging Market Equity	7	0	12
Domestic Fixed Income	20	6	37
Emerging Market Debt	5	0	10
Private Markets	12	1	21
Real Estate	6	0	11
Cash	2	0	10

*B Investments Authorized* — The System is authorized to invest in U.S. Government securities, insurance company general accounts, commercial paper, money market mutual funds, corporate bonds, common and international stocks, limited partnerships, absolute return funds, private equity, mortgage participation notes and real estate. State statutes do not prohibit the System from participating in securities lending transactions. (See Note 7 to the basic financial statements for additional information concerning the System’s security lending transactions.)

*C Custodial Credit Risk, Deposits* — Custodial credit risk for deposits is the risk that the System will not be able to recover its deposits, in the event of the failure of a depository financial institution or will not be able to recover collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the System, and are held by either a counterparty or the counterparty’s trust department or agent but not in the System’s name. As of December 31, 2024, there were no investments that met this criteria.

*D Concentration Risk* — Concentration risk is the risk of loss to the System attributed to the magnitude of the System’s investment in a single issuer. As of December 31, 2024, there was no exposure to a single issuer greater than 5.0% of the plan net position, excluding investment pools. The System’s Investment Policy Statement sets maximum concentration limits by asset type and style.

*E. Rate of Return* — For the year ended December 31, 2024, the annual money-weighted rate of return on pension system investments, net of System expenses, was 10.5%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*F Interest Rate Risk* — Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. The fair value of fixed income (debt) securities is affected by increases and declines in interest rates. These investments may also have embedded call features allowing the issuer to redeem part or all of the issue prior to maturity at a pre-set price. In addition, debt issues may have interest rates that vary according to a pre-determined external index (Secured Overnight Financing Rate) or a pre-determined step-up in the interest rate at a pre-determined date(s). The Investment Policy Statement (IPS) sets limits on floating rates for mortgage-backed securities and establishes limits on the average duration of some investment types.

The following table uses the *Segmented Time Distribution* method to display the System’s debt holdings by maturity term and investment type. Some issues within the categories agencies/instrumentalities, corporate

Anne Arundel County Retirement and Pension System  
Notes to the Basic Financial Statements

bonds, collateralized mortgage obligations, and other asset-backed securities have variable rate features. The total fair value of these securities was \$25,615,467 as of December 31, 2024.

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1 year	1 to 5	6 to 10	over 10
Agency/Instrumentalities	\$ 64,941,025	\$ -	\$ -	\$ -	\$ 64,941,025
Bank loans	138,470	-	138,470	-	-
Collateralized mortgage obligations	18,269,345	-	-	-	18,269,345
Corporate bonds	27,393,313	-	8,303,002	18,458,227	632,084
Fixed income mutual funds	337,281,159	337,281,159	-	-	-
Foreign government and yankee bonds	2,226,539	-	1,817,591	408,948	-
Money market pools	38,863,624	38,863,624	-	-	-
Other asset-backed securities	7,346,122	-	-	-	7,346,122
U.S. treasuries	44,914,390	1,576,800	-	24,551,967	18,785,623
Totals	\$ 541,373,987	\$ 377,721,583	\$ 10,259,063	\$ 43,419,142	\$ 109,974,199

The segmented time distribution table includes issues with call features and assumes that these issues will be held to maturity. The total fair market value of callable securities totals \$48,777,368 with call dates ranging from September 20, 2025 to December 15, 2051. The callable holdings include issues with floating interest rates which have a market value of \$1,712,841.

*G Credit Risk* – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the System. Debt securities are rated by Nationally Recognized Statistical Rating Organizations to provide purchasers with an opinion of the capability and willingness of a borrower to re-pay its debt. The following table displays the System’s debt holdings and quality ratings from Standard & Poor’s. The Investment Policy Statement provides guidelines to all fixed income managers related to allowable quality ratings.

	Total Fair Value	Standard & Poor's Credit Ratings						
		AAA	AA	A	BBB	CC	C	NR
Aetna insurance pool fixed income	\$ 19,589,329	\$ -	-	-	-	-	-	\$ 19,589,329
Agency/instrumentalities	64,941,025	-	-	-	-	-	-	64,941,025
Bank loans	138,470	-	-	-	-	-	-	138,470
Collateralized mortgage obligations	18,269,345	3,851,459	-	-	-	-	-	14,417,886
Corporate bonds	27,393,313	-	840,807	17,506,572	8,593,057	18,179	6,403	428,295
Fixed income mutual funds	337,281,159	-	-	-	-	-	-	337,281,159
Foreign government and yankee bonds	2,226,539	-	-	1,561,875	664,664	-	-	-
Money market pools	38,863,624	-	-	-	-	-	-	38,863,624
Other asset-backed obligations	7,346,122	-	-	-	-	-	-	7,346,122
Total credit risk of debt securities	\$ 516,048,926	\$ 3,851,459	\$ 840,807	\$ 19,068,447	\$ 9,257,721	\$ 18,179	\$ 6,403	\$ 483,005,910
U.S. treasuries*	44,914,390							
Total debt securities	\$ 560,963,316							

\*U.S. government agency securities explicitly guaranteed by the U.S. government are categorized here.

*H Foreign Currency Risk* – The investment policy recognizes the value of global diversification. A maximum of 66.0% in international/global exposure is allowed. The System retains six managers for global and international equity and fixed income exposure. These managers may also purchase or sell currency on a spot basis and may enter into forward exchange contracts on currency provided that the use of such contracts is designed to dampen portfolio volatility or to facilitate the settlement of securities transactions.

There is potential risk with exposure to foreign currency relating to potential unfavorable fluctuation of exchange rates compared with the U.S. Dollar. The System's direct exposure to foreign currency was zero as of December 31, 2024. The fair market value of international/global equities and fixed income assets that were managed in pooled funds totaled \$654,067,883 as of December 31, 2024.

*I Fair Value Measurement* – The System 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 give 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 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. As of December 31, 2024 all short-term investments were in money market mutual funds which are not subject to the fair value measurement requirements.

Level 1	Unadjusted quoted prices in active markets for identical instruments.
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 valuation 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 per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

Anne Arundel County Retirement and Pension System  
Notes to the Basic Financial Statements

The following table shows the fair value leveling of the System's investment portfolio at December 31, 2024.

Pension System Assets at Fair Value December 31, 2024				
Assets at Fair Value December 31, 2024		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
Investment Type	Fair Value	(Level 1)	(Level 2)	(Level 3)
Fixed Income Investments				
U.S. treasuries	\$ 44,914,390	\$ -	\$ 44,914,390	\$ -
Agency/instrumentalities	64,941,025	-	64,941,025	-
Collateralized mortgage obligations	18,269,345	-	18,269,345	-
Other asset-backed obligations	7,346,122	-	7,346,122	-
Corporate bonds	27,393,313	-	27,393,313	-
Bank loans	138,470	-	138,470	-
Foreign government and yankee bonds	2,226,539	-	2,226,539	-
Fixed income mutual funds	221,584,148	107,444,130	114,140,018	-
Total fixed income investments	386,813,352	107,444,130	279,369,222	-
Equity Investments				
Domestic equity	548,311,115	548,311,115	-	-
International equity pools	212,716,183	212,716,183	-	-
Total equity investments	761,027,298	761,027,298	-	-
Total investments by fair value level	\$ 1,147,840,650	\$ 868,471,428	\$ 279,369,222	\$ -

Pension System Net Asset Value December 31, 2024				
Investment Types at net asset value	Net Asset Value	Unfunded Commitments as of 12/31/24	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Commingled funds-debt	\$ 115,697,011	\$ -	Twice monthly	15 days
Commingled funds-equities	566,819,910	-	Daily, Monthly	Daily, 5 Business day
International equity pool	118,597,950	-	Daily	Daily
Real estate (REIT) fund	103,789,522	-	Quarterly	95 days
Opportunistic	-	2,414,753	Not eligible	Not eligible
Private markets buyouts	101,802,866	27,831,129		
Private markets co-investments	74,868,480	45,015,073	Not eligible	Not eligible
Private markets direct lending	7,967,424	32,000,000	Not eligible	Not eligible
Private markets distressed	106,914,230	42,265,000	Not eligible	Not eligible
Private markets energy	8,836,583	7,259,553	Not eligible	Not eligible
Private markets fund of funds	73,321	203,723	Not eligible	Not eligible
Private markets growth equity	69,189,363	15,315,000	Not eligible	Not eligible
Private markets mezzanine	807,576	1,365,290	Not eligible	Not eligible
Private markets secondaries	45,529,760	40,870,985	Not eligible	Not eligible
Total at net asset value	1,320,893,996	\$ 214,540,506		
Investments measured at amortized cost				
Money market pools	38,863,624			
Aetna insurance pooled fixed income	19,589,330			
Total Investments	\$ 2,527,187,600			

Securities classified in Level 1 are valued using quoted prices in active markets for those securities. Securities classified in Level 2 and Level 3 are valued using methodologies such as various bid evaluations, market

averages and other matrix pricing techniques as well as values derived from associated traded securities or last trade data. In instances where inputs used to measure fair value fall into different levels, the fair value is categorized based on the lowest level input that is significant to the valuation.

Investments valued at the net asset value per share (or its equivalent) have been classified separately in the table above and include investments considered to be Alternative Investments as defined by the American Institute of Certified Public Accountants. The definition includes investments for which a readily determinable fair value does not exist (that is, investments not listed on national exchanges or over-the-counter markets, or for which quoted market prices are not available from sources such as financial publications, the exchanges, or NASDAQ). These types of investments can be held within any of the asset classes used by the System based on underlying portfolio holdings and analysis of risk and return relations. These investments can be structured in different ways, including limited partnerships, limited liability companies, common trusts, and mutual funds. Some are closed-ended with a specific life and capital commitments while others are open-ended with opportunity for ad hoc contributions or withdrawals and termination with proper notice.

*Commingled/Mutual Funds:* These types of funds are open-ended funds and may be utilized for a variety of asset classes, including equity, fixed income, and Real Estate Investment Trusts (REITS). They are funds made up of underlying securities that have readily available fair values (publicly traded stocks or bonds). The System owns units of these funds rather than the individual securities. Contributions or withdrawals from the funds can be made as needed, generally with daily or monthly liquidity, with a notice period of one to thirty days. Because they are liquid funds, there are no unfunded commitments for these types of investments.

*Private Markets:* Private Market investments are typically private interests in corporations across different areas of the capital structure and in different stages of the corporations' development via limited partnership vehicles. Private Market investments are illiquid and long term in nature (10-12 years), typically held until maturity. These portfolios generally have a "J-Curve Effect" whereby there are low to negative returns in the initial years due to the payment of investment management fees and initial funding of investments made by the General Partner during a period when investments are typically carried at cost and returns have not been realized. To diversify the program, investments are made across business cycles, vintage years, and different strategies. The Systems' Investment Policy Statement has a dedicated asset class for Private Markets. There is no option to request redemptions from the Private Market funds.

## **7 Securities Lending**

The Board of Trustees authorizes the System to lend securities held by the custodian, State Street Bank and Trust Company, to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The System's Lending Agent is Deutsche Bank AG (DB). Deutsche Bank AG lends securities for collateral in the form of cash or other securities of 102 percent for domestic securities and 105 percent for international. Cash collateral received by the System with respect to these transactions is invested in a separate, un-pooled account basis at the direction of the Board of Trustees in fully collateralized Repurchase Agreements.

At year end, the System had no credit risk exposure to borrowers because the amount of collateral held by the System was greater than the value of securities on loan. The market value of collateral held as of December 31, 2024 was \$79,414,822, of which \$78,380,240 was cash and \$1,034,582 were U.S. Treasury securities. The market value of securities on loan for the System as of December 31, 2024 was \$77,720,537.

The System did not impose any restrictions during the year on the amount of the loans that the agent made on its behalf. Moreover, there were no losses during the year resulting from a default of the borrowers or custodian.

All security loans can be terminated on demand by either the System or the borrower. Cash collateral received was invested in Repurchase Agreements, which as of December 31, 2024 had a weighted average final maturity of 1.0 day. The interest rate risk is zero days as assets and liabilities can be rate changed on a daily basis.

## **8 Financial Instruments With Off-Balance Sheet Risk**

*Mortgage-Backed Securities* – A mortgage-backed security depends on the underlying pool of mortgage loans to provide the cash flow to make principal and interest payments on the security. A decline in interest rates can result in prepayments, which reduce the fair value of the security. If homeowners pay on mortgages longer than anticipated, the cash flows are greater and the return on investment would be higher than anticipated. A collateralized mortgage obligation (CMO) is a mortgage-backed security that is comprised of classes or tranches of bonds. Each class is structured to achieve a specific level of cash flow based on the prepayment assumptions assigned to the underlying mortgage pool.

The System invests in mortgage-backed securities to enhance fixed income returns. Mortgage-backed securities are subject to credit risk, the risk that the borrowers will be unable to meet their obligations. These securities are also subject to prepayment risk, which is the risk that a payment will be made in excess of the regularly scheduled principal payment. Prepayment risk is comprised of two risks: call risk, (the risk that prepayments will occur when interest rates have declined), and extension risk, (the risk that prepayments will not be made when interest rates have increased.) As of December 31, 2024, the fair value of government mortgage-backed securities was \$64,941,025, asset-backed securities was \$7,346,122, and CMO's was \$18,269,345. These are included in the corporate obligations total on the Statement of Fiduciary Net Position.

## **9 Exposure to Derivatives**

Derivative instruments are securities that derive value from another asset and are in the form of a contract between two or more parties. Common derivatives are futures contracts, forwards contracts, options, and swaps. The System has no direct exposure to derivative securities. There are, however, mutual funds, commingled funds, and other investment vehicles in which the System has a percentage ownership that have exposure to futures, currency forward contracts, commodity forward contracts, and total return swap contracts. These funds enter into derivative contracts as part of their investment strategies to mitigate risk and volatility.

A derivative policy statement is included in the Investment Policy Statement (IPS). Prohibited instruments include options, commodities, uncovered options or futures, uncovered short positions, short selling, and use of financial leverage. The derivative exposure as of December 31, 2024 within the mutual funds, commingled funds, and other investment vehicles is comprised of allowable instruments based on the IPS.

## **10 Contingencies**

Certain legal proceedings are pending against the System arising from its normal activities that, based on the facts presently available and the advice of legal counsel, management believes will not have a material adverse effect on the System's financial condition upon settlement.

## **11 Commitments**

The System has committed to fund various private market investments totaling \$715.1 million at December 31, 2024, of which approximately \$214.5 million remains unfunded. Additional details regarding the unfunded balances are in Note 6. The expected funding dates for these commitments extend through 2029.

## **12 Subsequent Events**

The system evaluated subsequent events through June 12, 2025, the date the financial statements were available to be issued. Events or transactions occurring after December 31, 2024, but prior to June 12, 2025 that provided additional evidence about conditions that existed at December 31, 2024, have been recognized in the financial statements for the year ended December 31, 2024. Events or transactions that provided evidence about conditions that did not exist at December 31, 2024, but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended December 31, 2024.

Anne Arundel County Retirement and Pension System  
Required Supplementary Information  
Schedule of Changes in the Net Pension Liability and Related Ratios – Employees’ Retirement Plan  
For Years ended December 31

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability (Dollar amounts in thousands)										
Service cost	\$ 25,505	\$ 23,191	\$ 19,164	\$ 18,886	\$ 16,774	\$ 16,344	\$ 16,687	\$ 15,497	\$ 15,144	\$ 15,115
Interest	81,911	76,223	73,167	67,772	70,362	65,128	63,246	60,502	59,292	58,329
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	13,449	14,164	16,876	1,093	(4,189)	12,546	3,826	9,562	(12,599)	(17,971)
Changes of assumptions	-	36,431	-	51,630	-	32,671	-	-	-	-
Benefit payments, including refunds of member contributions	(70,296)	(67,221)	(63,887)	(60,714)	(57,779)	(55,081)	(50,575)	(47,380)	(44,024)	(41,253)
Net change in total pension liability	50,569	82,788	45,320	78,666	25,168	71,608	33,184	38,181	17,813	14,221
Total pension liability - beginning	1,205,299	1,122,510	1,077,191	998,524	973,356	901,748	868,564	830,383	812,570	798,349
Total pension liability - ending (a)	<u>\$ 1,255,868</u>	<u>\$ 1,205,299</u>	<u>\$ 1,122,510</u>	<u>\$ 1,077,191</u>	<u>\$ 998,524</u>	<u>\$ 973,356</u>	<u>\$ 901,748</u>	<u>\$ 868,564</u>	<u>\$ 830,383</u>	<u>\$ 812,570</u>
Plan fiduciary net position										
Contributions - employer	50,574	43,484	43,712	36,178	32,567	29,637	27,033	25,654	25,810	25,630
Contributions - member	5,828	6,123	6,043	5,528	5,764	5,512	5,612	5,472	5,182	4,847
Net investment income	80,472	82,733	(87,246)	103,656	48,589	90,338	(31,166)	94,908	41,345	(8,374)
Benefit payments, including refunds of member contributions	(70,296)	(67,221)	(63,887)	(60,714)	(57,779)	(55,081)	(50,575)	(47,380)	(44,024)	(41,253)
Administrative expense	(708)	(573)	(554)	(561)	(535)	(609)	(543)	(526)	(497)	(504)
Net change in plan fiduciary net position	65,870	64,546	(101,931)	84,086	28,606	69,797	(49,640)	78,127	27,816	(19,654)
Plan fiduciary net position - beginning	765,691	701,145	803,076	718,990	690,383	620,587	670,226	592,099	564,283	583,936
Plan fiduciary net position - ending (b)	<u>\$ 831,561</u>	<u>\$ 765,691</u>	<u>\$ 701,145</u>	<u>\$ 803,076</u>	<u>\$ 718,990</u>	<u>\$ 690,383</u>	<u>\$ 620,587</u>	<u>\$ 670,226</u>	<u>\$ 592,099</u>	<u>\$ 564,283</u>
County's net pension liability - ending (a)-(b)	<u>\$ 424,307</u>	<u>\$ 439,608</u>	<u>\$ 421,366</u>	<u>\$ 274,115</u>	<u>\$ 279,535</u>	<u>\$ 282,973</u>	<u>\$ 281,161</u>	<u>\$ 198,337</u>	<u>\$ 238,284</u>	<u>\$ 248,287</u>
Plan fiduciary net position as a percentage of the total pension liability	66.2%	63.5%	62.5%	74.6%	72.0%	70.9%	68.8%	77.2%	71.3%	69.4%
Covered payroll	\$ 179,382	\$ 168,608	\$ 152,078	\$ 142,222	\$ 139,975	\$ 138,428	\$ 134,892	\$ 138,239	\$ 130,313	\$ 127,827
County's net pension liability as a percentage of covered payroll	236.5%	260.7%	277.1%	192.7%	199.7%	204.4%	208.4%	143.5%	182.9%	194.2%
Expected average remaining service years of all participants	4	4	4	5	5	5	5	5	5	5

**Notes to Schedule:**

- 1 Source is actuarial data based on preliminary financials. The differences between this schedule and the final combining statement of changes in fiduciary net position on page 14 are considered immaterial.
- 2 There are no benefit changes reflected in the current schedule.
- 3 For 2021, the discount rate / investment rate of return was lowered from 7.45% to 7.00%.
- 4 Full descriptions of the actuarial assumptions are available in the January 1, 2024 actuarial valuation report.



Anne Arundel County Retirement and Pension System  
Required Supplementary Information  
Schedule of Changes in the Net Pension Liability and Related Ratios- Police Retirement Plan  
For Years Ended December 31

Anne Arundel Retirement and Pension System  
Required Supplementary Information  
Schedule of Changes in Net Pension Liability and Related Ratios - Police Service Retirement Plan  
For Years Ended December 31

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability (Dollar amounts in thousands)										
Service cost	\$ 25,135	\$ 22,947	\$ 17,611	\$ 17,596	\$ 14,504	\$ 13,064	\$ 12,826	\$ 12,689	\$ 12,057	\$ 12,258
Interest	67,310	64,927	61,351	55,381	55,148	52,474	50,963	48,563	47,032	45,473
Changes of benefit terms	(990)	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	25,673	11,974	16,152	5,789	20,346	(2,017)	(2,591)	6,202	(4,527)	(4,693)
Changes of assumptions	-	(19,679)	-	48,555	-	10,096	-	-	-	-
Benefit payments, including refunds of member contributions	(48,709)	(43,538)	(44,515)	(39,555)	(38,637)	(36,791)	(35,938)	(34,950)	(33,357)	(31,134)
Net change in total pension liability	68,418	36,631	50,598	87,765	51,361	36,826	25,261	32,504	21,205	21,903
Total pension liability - beginning	985,924	949,293	898,695	810,929	759,569	722,742	697,482	664,978	643,773	621,870
Total pension liability - ending (a)	\$ 1,054,342	\$ 985,924	\$ 949,293	\$ 898,695	\$ 810,929	\$ 759,569	\$ 722,742	\$ 697,482	\$ 664,978	\$ 643,773
Plan fiduciary net position										
Contributions - employer	40,514	35,789	37,522	29,599	24,900	23,094	21,934	20,931	20,411	19,560
Contributions - member	5,599	4,646	4,284	4,255	4,181	3,669	3,372	3,250	3,158	3,104
Net investment income	73,390	74,562	(75,544)	89,125	42,157	75,786	(25,860)	78,155	33,500	(7,869)
Benefit payments, including refunds of member contributions	(48,709)	(43,538)	(44,515)	(39,555)	(38,637)	(36,791)	(35,938)	(34,950)	(33,357)	(31,134)
Administrative expense	(683)	(550)	(518)	(509)	(476)	(530)	(464)	(445)	(417)	(423)
Net change in plan fiduciary net position	70,111	70,910	(78,772)	82,914	32,125	65,228	(36,956)	66,941	23,295	(16,762)
Plan fiduciary net position - beginning	688,911	618,001	696,773	613,859	581,734	516,505	553,461	486,520	463,225	479,988
Plan fiduciary net position - ending (b)	\$ 759,022	\$ 688,911	\$ 618,001	\$ 696,773	\$ 613,859	\$ 581,734	\$ 516,505	\$ 553,461	\$ 486,520	\$ 463,225
County's net pension liability - ending (a)-(b)	\$ 295,320	\$ 297,013	\$ 331,291	\$ 201,921	\$ 197,071	\$ 177,835	\$ 206,237	\$ 144,020	\$ 178,458	\$ 180,547
Plan fiduciary net position as a percentage of the total pension liability	72.0%	69.9%	65.1%	77.5%	75.7%	76.6%	71.5%	79.4%	73.2%	72.0%
Covered payroll	\$ 72,592	\$ 66,813	\$ 60,710	\$ 57,129	\$ 58,777	\$ 53,035	\$ 48,322	\$ 45,989	\$ 44,894	\$ 43,879
County's net pension liability as a percentage of covered payroll	406.8%	444.5%	545.7%	353.4%	335.3%	335.3%	426.8%	313.2%	397.5%	411.5%
Expected average remaining service years of all participants	4	4	4	4	4	4	4	4	4	4

**Notes to Schedule:**

- 1 Source is actuarial data based on preliminary financials. The differences between this schedule and the final combining statement of changes in fiduciary net position on page 14 are considered immaterial.
- 2 There are no benefit changes reflected in the current schedule.
- 3 For 2021, the discount rate / investment rate of return was lowered from 7.45% to 7.00%.

Anne Arundel County Retirement and Pension System  
Required Supplementary Information  
Schedule of Changes in the Net Pension Liability and Related Ratios- Fire Retirement Plan  
For Years Ended December 31

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability (Dollar amounts in thousands)										
Service cost	\$ 26,007	\$ 22,837	\$ 18,296	\$ 17,012	\$ 14,146	\$ 12,612	\$ 11,785	\$ 11,556	\$ 11,102	\$ 10,339
Interest	63,625	59,235	56,027	49,832	50,304	47,454	45,537	43,670	42,294	41,924
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	15,352	27,177	11,720	14,680	(913)	(573)	3,521	2,210	(1,552)	(14,630)
Changes of assumptions	-	(3,909)	-	42,475	6,468	10,153	-	-	-	-
Benefit payments, including refunds of member contributions	(41,785)	(43,481)	(36,939)	(34,049)	(32,663)	(30,098)	(31,973)	(33,129)	(33,868)	(31,520)
Net change in total pension liability	63,198	61,860	49,105	89,950	37,342	39,548	28,869	24,309	17,976	6,112
Total pension liability - beginning	929,819	867,959	818,854	728,904	691,562	652,014	623,144	598,836	580,860	574,748
Total pension liability - ending (a)	<u>\$ 993,017</u>	<u>\$ 929,819</u>	<u>\$ 867,959</u>	<u>\$ 818,854</u>	<u>\$ 728,904</u>	<u>\$ 691,562</u>	<u>\$ 652,014</u>	<u>\$ 623,144</u>	<u>\$ 598,836</u>	<u>\$ 580,860</u>
Plan fiduciary net position										
Contributions - employer	35,911	30,863	32,341	24,643	20,506	17,637	15,704	14,664	14,591	15,122
Contributions - member	5,641	4,902	4,412	4,203	4,093	3,652	3,524	3,441	3,257	3,050
Net investment income	73,787	75,008	(74,960)	88,952	42,359	75,388	(25,208)	77,992	33,899	(7,744)
Benefit payments, including refunds of member contributions	(41,785)	(43,481)	(36,939)	(34,049)	(32,663)	(30,098)	(31,973)	(33,129)	(33,868)	(31,520)
Administrative expense	(698)	(556)	(522)	(513)	(486)	(522)	(430)	(448)	(428)	(436)
Net change in plan fiduciary net position	72,857	66,737	(75,669)	83,236	33,809	66,058	(38,382)	62,520	17,451	(21,528)
Plan fiduciary net position - beginning	684,001	617,264	692,932	609,696	575,887	509,828	548,211	485,690	468,239	489,767
Plan fiduciary net position - ending (b)	<u>\$ 756,858</u>	<u>\$ 684,001</u>	<u>\$ 617,264</u>	<u>\$ 692,932</u>	<u>\$ 609,696</u>	<u>\$ 575,887</u>	<u>\$ 509,828</u>	<u>\$ 548,211</u>	<u>\$ 485,690</u>	<u>\$ 468,239</u>
County's net pension liability - ending (a)-(b)	<u>\$ 236,159</u>	<u>\$ 245,818</u>	<u>\$ 250,696</u>	<u>\$ 125,922</u>	<u>\$ 119,208</u>	<u>\$ 115,675</u>	<u>\$ 142,185</u>	<u>\$ 74,933</u>	<u>\$ 113,146</u>	<u>\$ 112,621</u>
Plan fiduciary net position as a percentage of the total pension liability	76.2%	73.6%	71.1%	84.6%	83.6%	83.3%	78.2%	88.0%	81.1%	80.6%
Covered payroll	\$ 74,478	\$ 70,868	\$ 61,934	\$ 58,237	\$ 55,428	\$ 51,011	\$ 48,728	\$ 46,954	\$ 46,228	\$ 43,838
County's net pension liability as a percentage of covered payroll	317.1%	346.9%	404.8%	216.2%	215.1%	226.8%	291.8%	159.6%	244.8%	256.9%
Expected average remaining service years of all participants	5	6	5	5	5	6	6	6	6	5

**Notes to Schedule:**

- 1 Source is actuarial data based on preliminary financials. The differences between this schedule and the final combining statement of changes in fiduciary net position on page 14 are considered immaterial.
- 2 There are no benefit changes reflected in the current schedule.
- 3 For FY 2020, the salary scale and retirement rates were updated to reflect the new County pay scale. For 2021, the discount rate / investment rate of return was lowered from 7.45% to 7.00%
- 4 Full descriptions of the actuarial assumptions are available in the January 1, 2024 actuarial valuation report.
- 5 Covered Payroll does not include pay for members in DROP.

Anne Arundel County Retirement and Pension System  
Required Supplementary Information  
Schedule of Changes in the Net Pension Liability and Related Ratios- Fire Retirement Plan  
For Years Ended December 31

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability (Dollar amounts in thousands)										
Service cost	\$ 6,700	\$ 6,354	\$ 4,969	\$ 4,982	\$ 4,704	\$ 4,147	\$ 4,533	\$ 4,658	\$ 4,461	\$ 4,634
Interest	18,439	17,476	16,921	15,283	15,556	14,632	13,836	12,912	12,281	11,401
Changes of benefit terms	-	-	-	-	-	-	-	-	-	4,635
Differences between expected and actual experience	4,581	4,398	(1,681)	2,520	(750)	1,010	1,938	2,244	(1,678)	(2,558)
Changes of assumptions	-	(620)	-	11,961	-	1,348	-	-	-	-
Benefit payments, including refunds of member contributions	(14,721)	(12,983)	(11,589)	(11,098)	(8,863)	(8,610)	(8,162)	(6,821)	(6,485)	(6,279)
Net change in total pension liability	14,998	14,625	8,620	23,649	10,647	12,528	12,145	12,993	8,579	11,833
Total pension liability - beginning	270,775	256,150	247,530	223,881	213,234	200,706	188,562	175,569	166,990	155,156
Total pension liability - ending (a)	\$ 285,773	\$ 270,775	\$ 256,150	\$ 247,530	\$ 223,881	\$ 213,234	\$ 200,706	\$ 188,562	\$ 175,569	\$ 166,990
Plan fiduciary net position										
Contributions - employer	11,121	10,451	11,362	9,276	8,165	7,600	7,282	7,000	6,689	6,371
Contributions - member	1,412	1,431	1,432	1,494	1,530	1,402	1,352	1,354	1,316	1,317
Net investment income	20,154	20,554	(20,926)	24,208	11,639	19,918	(6,825)	19,607	8,159	(1,919)
Benefit payments, including refunds of member contributions	(14,721)	(12,983)	(11,589)	(11,098)	(8,863)	(8,610)	(8,162)	(6,821)	(6,485)	(6,279)
Administrative expense	(180)	(146)	(137)	(133)	(123)	(135)	(108)	(109)	(100)	(98)
Net change in plan fiduciary net position	17,786	19,307	(19,859)	23,748	12,348	20,174	(6,461)	21,030	9,579	(608)
Plan fiduciary net position - beginning	190,627	171,320	191,179	167,431	155,083	134,908	141,369	120,339	110,760	111,368
Plan fiduciary net position - ending (b)	\$ 208,412	\$ 190,627	\$ 171,320	\$ 191,179	\$ 167,431	\$ 155,083	\$ 134,908	\$ 141,369	\$ 120,339	\$ 110,760
County's net pension liability - ending (a)-(b)	\$ 77,360	\$ 80,148	\$ 84,830	\$ 56,351	\$ 56,450	\$ 58,151	\$ 65,798	\$ 47,193	\$ 55,230	\$ 56,230
Plan fiduciary net position as a percentage of the total pension liability	72.9%	70.4%	66.9%	77.2%	74.8%	72.7%	67.2%	75.0%	68.5%	66.3%
Covered payroll	\$ 23,294	\$ 21,465	\$ 20,201	\$ 20,422	\$ 21,401	\$ 22,057	\$ 19,573	\$ 19,790	\$ 19,801	\$ 19,386
County's net pension liability as a percentage of covered payroll	332.1%	373.4%	419.9%	275.9%	263.8%	263.6%	336.2%	238.5%	278.9%	290.1%
Expected average remaining service years of all participants	3	4	3	3	3	3	3	3	3	4

**Notes to Schedule:**

- 1 Source is actuarial data based on preliminary financials. The differences between this schedule and the final combining statement of changes in fiduciary net position on page 14 are considered immaterial.
- 2 There are no benefit changes reflected in the schedule for the current year.
- 3 For 2021, the discount rate / investment rate of return was lowered from 7.45% to 7.00%.
- 4 Full descriptions of the actuarial assumptions are available in the January 1, 2024 actuarial valuation report.
- 5 Covered Payroll does not include pay for members in DROP.

**Schedule of Investment Returns**

Annual Money-weighted Rate of Return

<u>Year Ended</u>	<u>Net of Investment Expenses</u>
2015	-1.8%
2016	6.2%
2017	15.7%
2018	-4.9%
2019	14.5%
2020	7.1%
2021	14.5%
2022	-10.8%
2023	12.3%
2024	10.5%

**Anne Arundel County Retirement and Pension System**

**Required Supplementary Information**

**Schedule of Employer's Contributions - Employees' Retirement Plan**

**For the Last Ten Years Ended December 31**

(Dollars in thousands)

	2024	2023	2022	2021	2020	2019	2,018	2,017	2016	2015
Actuarially determined contribution	\$ 50,574	\$ 43,484	\$ 38,565	\$ 36,178	\$ 32,567	\$ 29,637	\$ 27,033	\$ 25,654	\$ 25,810	\$ 25,655
Contributions in relation to the actuarially determined contribution	50,574	43,484	43,712	36,178	32,567	29,637	27,033	25,654	25,810	25,630
Contribution deficiency (excess)	\$ -	\$ -	\$ (5,147)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25
Covered payroll	\$ 179,382	\$ 168,608	\$ 152,078	\$ 142,222	\$ 139,975	\$ 138,428	\$ 134,892	\$ 138,239	\$ 130,313	\$ 127,827
Contributions as a percentage of covered payroll	28.19%	25.79%	28.74%	25.44%	23.27%	21.41%	20.04%	18.56%	19.81%	20.05%

**Notes to Schedule**

Valuation Date: Actuarially determined contribution amounts are calculated as of each January 1 for the upcoming County fiscal year beginning July 1.

Actuarial valuations are performed every year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry age normal.

Amortization method Level percentage of payroll, closed, increasing 3.0% per year.

Remaining amortization period Periods range from 10 to 20 years. Starting with new bases in 2018, assumption changes and gains and losses are amortized over 20 years and Plan changes are amortized over the average future service of the active population at the time of the change.

Asset valuation method 5-year smoothed fair value.

Inflation 3.00%

Salary increases Rates vary by participant age.

Investment rate of return 7.00% Net of pension plan investment expense, including inflation.

Retirement age Rates vary by participant age and service.

Mortality Pub-2010 Tables for males and females projected generationally using scale MP-2021.

**Anne Arundel County Retirement and Pension System**

**Required Supplementary Information**

**Schedule of Employer's Contributions - Police Service Retirement Plan**

**For the Last Ten Years Ended December 31**

(Dollars in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 40,514	\$ 35,789	\$ 33,027	\$ 29,599	\$ 24,901	\$ 23,094	\$ 21,934	\$ 20,931	\$ 20,411	\$ 19,560
Contributions in relation to the actuarially determined contribution	40,514	35,789	37,522	29,599	24,901	23,094	21,934	20,931	20,411	19,560
Contribution deficiency (excess)	\$ -	\$ -	\$ (4,495)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll (Excluding members in DROP.)	\$ 72,592	\$ 66,813	\$ 60,710	\$ 57,129	\$ 58,777	\$ 53,035	\$ 48,322	\$ 45,989	\$ 44,894	\$ 43,879
Contributions as a percentage of covered payroll	55.81%	53.57%	61.80%	51.81%	42.36%	43.54%	45.39%	45.51%	45.46%	44.58%

**Notes to Schedule**

Valuation Date: Actuarially determined contribution amounts are calculated as of each January 1 for the upcoming County fiscal year beginning  
Actuarial valuations are performed every year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal.
Amortization method	Level percentage of payroll, closed, increasing 3.0% per year.
Remaining amortization period	Periods range from 10 to 20 years. Starting with new bases in 2018, assumption changes and gains and losses are amortized over 20 years and Plan changes are amortized over the average future service of the active population at the time of the change.
Asset valuation method	5-year smoothed fair value.
Inflation	3.00%
Salary increases	Rates vary by participant age.
Investment rate of return	7.00% Net of pension plan investment expense, including inflation.
Retirement age	Rates vary by participant age and service.
Mortality	Pub-2010 Safety Tables for males and females projected generationally using scale MP-2021.

**Anne Arundel County Retirement and Pension System**  
**Required Supplementary Information**  
**Schedule of Employer's Contributions - Fire Service Retirement Plan**  
**For the Last Ten Years Ended December 31**

(Dollars in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	35,911	30,863	27,859	24,643	20,506	17,637	15,704	14,664	14,591	15,122
Contributions in relation to the actuarially determined contribution	35,911	30,863	32,341	24,643	20,506	17,637	15,704	14,664	14,591	15,122
Contribution deficiency (excess)	\$ -	\$ -	\$ (4,482)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll (Excluding members in DROP.)	\$ 74,478	\$ 70,868	\$ 61,934	\$ 58,237	\$ 55,428	\$ 51,011	\$ 48,728	\$ 46,954	\$ 46,228	\$ 43,838
Contributions as a percentage of covered payroll	48.22%	43.55%	52.22%	42.31%	36.99%	34.57%	32.23%	31.23%	31.56%	34.50%

**Notes to Schedule**

Valuation Date: Actuarially determined contribution amounts are calculated as of each January 1 for the upcoming County fiscal year beginning July 1. Actuarial valuations are performed every year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal.
Amortization method	Level percentage of payroll, closed, increasing 3.0% per year.
Remaining amortization period	Periods range from 10 to 20 years. Starting with new bases in 2014, assumption changes and gains and losses are amortized over 20 years and Plan changes are amortized over the average future service of the active population at the time of the change.
Asset valuation method	5-year smoothed fair value
Inflation	3.00%
Salary increases	Rates vary by participant age and service.
Investment rate of return	7.00% Net of pension plan investment expense, including inflation.
Retirement age	Rates vary by participant age and service.
Mortality	Pub-2010 Safety Tables for males and females projected generationally using scale MP-2021.

**Anne Arundel County Retirement and Pension System**

**Required Supplementary Information**

**Schedule of Employer's Contributions - Detention Officers' and Deputy Sheriffs' Retirement Plan**

**For the Last Ten Years Ended December 31**

(Dollars in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 11,121	\$ 10,451	\$ 10,123	\$ 9,276	\$ 8,165	\$ 7,600	\$ 7,282	\$ 7,000	\$ 6,689	\$ 6,371
Contributions in relation to the actuarially determined contribution	11,121	10,451	11,362	9,276	8,165	7,600	7,282	7,000	6,689	6,371
Contribution deficiency (excess)	\$ -	\$ -	\$ (1,239)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll (Excluding members in DROP.)	\$ 23,294	\$ 21,465	\$ 20,201	\$ 20,422	\$ 21,401	\$ 22,057	\$ 19,573	\$ 19,790	\$ 19,801	\$ 19,386
Contributions as a percentage of covered payroll	47.74%	48.69%	56.24%	45.42%	38.15%	34.46%	37.20%	35.37%	33.78%	32.86%

**Notes to Schedule**

Valuation Date: Actuarially determined contribution amounts are calculated as of each January 1 for the upcoming County fiscal year beginning July 1. Actuarial valuations are performed every year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, closed, increasing 3.0% per year.
Remaining amortization period	Periods range from 9 to 20 years. Starting with new basis in 2014, assumption changes and gains/losses are amortized over 20 years and Plan changes are amortized over the average future service of the active population at time of the change.
Asset valuation method	5-year smoothed fair value.
Inflation	3.00%
Salary increases	Rates vary by participant age.
Investment rate of return	7.00% Net of pension plan investment expense, including inflation.
Retirement age	Rates vary by participant age and service.
Mortality	Pub-2010 Safety Tables for males and females projected generationally using scale MP-2021.



**1**      **Changes in Actuarial Methods and Assumptions**

The changes in actuarial methods and assumptions occurred in 2019, 2021, 2023 during the past 10 years. In 2019, the changes included interest rate, mortality, retirement rates, turnover rates, and disability rates in the Employee, Police, Fire, and Detention Plans. In 2021, for all plans, the investment rate of return reduced from 7.45% to 7.00%. In 2023, the Experience Study was updated on November 14, 2022 which affected the changes in actuarial methods and assumptions. The Employee plan updated salary increases, base mortality and mortality improvement, retirement rates and termination rates. The Police plan changed salary increases, base mortality and mortality improvement, retirement rates, termination rates, disability rates, and percentage of married employees. The Fire and Detention plans changed salary increases, base mortality and mortality improvement, retirement rates, termination rates, disability rates (Detention only), the percentage of members retiring who will elect DROP, and the percentage of married employees. In the past 10 years, there were two Plan amendments that affected liabilities in two of the four plans. In 2024, the Police plan was amended to increase the DROP period from six years to seven years. In 2015, the Detention plan was amended to implement the DROP.

**2**      **Significant Legislative Changes 2015 to 2024**

Legislative changes are listed in the General Description of the System in the Notes to the Basic Financial Statements.

Anne Arundel County Retirement and Pension System  
Supplementary Schedules  
For the Year Ended December 31, 2024

***Schedule of Administrative Expenses***

Professional Services

Actuarial	\$	265,908
Benefit payment processing		79,987
Insurance service fees		31,176
Audit		30,500
Investment consulting fees		619,678
Legal counsel		11,370
Misc. Fees/Other Consultants		103,069
		<u>1,141,689</u>

Travel and Entertainment

Travel & meals		1,195
		<u>1,195</u>

Miscellaneous: County Paid

Supplies	17,293
Postage	3,216
Printing	2,668
Medical evaluations	12,950
Training & memberships	0
Indirect costs paid to County	1,084,950
Legal notices	582
	<u>1,121,659</u>

Miscellaneous: System Paid

Prudential administration	4,290
Foreign tax withholding on investments	(117.37)
	<u>4,173</u>
Total Administrative Costs	<u>\$ 2,268,715</u>

***Schedule of Investment Expenses***

Management Fees

Aetna/ING Investment Mgmt	\$	296,693
Apogem/ Private Advisors (combined)		1,389,854
Apollo Investments (combined)		159,437
Barings		116,055
Clarion Real Estate		909,550
Crescent Mezzanine (TCW) (combined)		7,227
Dupont Capital Management		7,024
ELG Energy XV and XVI		127,767
EnTrust Spec Opp		(10,316)
HarbourVest Dover Street XI		264,078
Hardman Johnston Global		659,371
Lexington		0
Loomis Sayles		516,671

Management Fees (continued)

Newstone	50,940
Penn Capital	127,863
Pimco (combined)	1,208,485
Quellos (combined)	6,419
Reams Asset Management	21,722
Sigular Guff (combined) *	81,902
Southeastern Asset Management, Inc.	0
State Street Global Advisors (combined)	100,079
VOYA (was ING "Separate")	1,049,153
Warburg Pincus (combined)	701,659
Wedge Capital Management	706,621
Western Asset Management	350,122
Westwood Management Company	719,206
	<u>9,567,582</u>

Custodial Fees

State Street Bank & Trust	<u>430,587</u>
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Total Investment Expense \$ 9,998,169

***Schedule of Payments to Consultants***

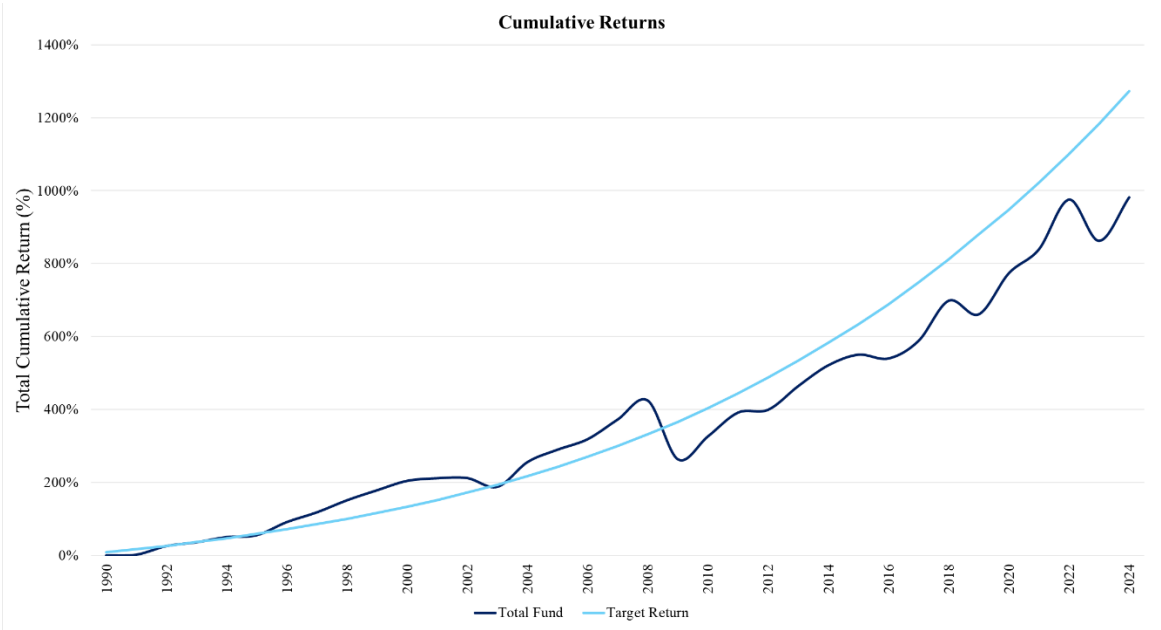
<u>Company</u>	<u>Fee</u>
Aetna	\$ 31,176
ADP	79,987
Bolton Partners, Inc.	265,908
CliftonLarsonAllen	30,500
New England Pension Consultants	619,678
Other	114,439
	<u>\$ 1,141,689</u>

<u>Nature of Service</u>
Insurance Services
Benefit Payment Processing
Actuarial Services
Audit Services
Investment Consulting Services
Legal Services & Miscellaneous

## **Investment Section**

**INTRODUCTION:**

The following is a review of investment activity of the System with discussion and comparisons to general investment market trends. NEPC, LLC (NEPC), the Investment Advisor, prepared this review using information provided by State Street Bank, the Custodian Bank. The following table illustrates the System’s cumulative, net-of-fee, returns in relation to its actuarially assumed rate of return:



NEPC continues to serve as the System’s pension and investment consultant. In 2023, the System approved a change in asset allocation.

**MARKET COMMENTARY:**

**GLOBAL EQUITY MARKETS**

First Quarter 2024

Equities continued their winning streak, posting strong gains in the first quarter. U.S. stocks led performance, bolstered by stronger-than-expected economic data, robust corporate profits, a resilient labor market and consumer confidence. The S&P 500 Index fueled gains of over 10% for the three months ended March 31, while the NASDAQ was up around 9%. During this period, over half the stocks—dominated by growth and technology names—in the S&P 500 hit new 52-week highs. Domestic small-cap equities returned around 5% in the first quarter, lagging their large-cap counterparts. Outside the U.S., the MSCI EAFE Index finished the first quarter nearly 6% higher, bolstered by gains of 21% from the Japanese Nikkei Index; during the same period, the MSCI Emerging Market Index returned 2.4%, weighed down by weakness in China’s property and credit markets.

Second Quarter 2024

Equities were a mixed bag in the second quarter. The S&P 500 Index advanced a little over 4%, while the Russell 2000 and Dow lagged, closing out the quarter with losses of 3.3% and 1.3%, respectively. The relative strength of stocks in technology and artificial intelligence has fueled recent market strength. Nvidia, a stock that has accounted for one-third of the S&P 500’s total return in the first half of 2024, rose 37% in the three months ended June 30, and is up 150% for the year. Outside the U.S., international equities also lagged. However, emerging markets and China were notable exceptions, with the MSCI EM Index up 5% and the MSCI China Index gaining 7.1%, for the second quarter. The MSCI EAFE ended the quarter down 0.4%, given its lack of exposure to the dominant tech and AI market space.

### Third Quarter 2024

Equities rallied in the third quarter with the S&P 500 Index advancing 5.9% and the Russell 2000 Index returning 9.3%. Outside the U.S., international and emerging market stocks also posted strong gains. Emerging markets outperformed with China leading the charge following news of its robust stimulus package; the MSCI EM Index surged 8.7%, and the MSCI China Index soared 23.5% in the three months ended September 30. Additionally, the MSCI EAFE Index finished the quarter up 7.3%, with sectors such as financials benefiting from rising rates, and strong returns in industrials and healthcare.

### Fourth Quarter 2024

Stocks were a mixed bag in the fourth quarter with domestic equities outperforming their international peers. U.S. equities led performance with the S&P 500 Index posting gains of 2.4%; during the same period, the Russell 2000 returned a modest 0.3%. International and emerging markets lagged with the MSCI EM Index losing 8% for the three months ended December 31; the MSCI EAFE Index was down 8.1% following two rate cuts by the European Central Bank which added to market volatility and bolstered the U.S. dollar.

### 2024 Summary of Results – Global Equity

For comparison, the following table illustrates equity index returns across geographies, economic regions, and styles for the year and trailing time periods:

Index	1 YR	3 YR	5 YR	10 YR
<b>MSCI ACWI</b>	17.5%	5.4%	10.1%	9.2%
<b>S&amp;P 500</b>	25.0%	8.9%	14.5%	13.1%
<b>Russell 1000</b>	24.5%	8.4%	14.3%	12.9%
<b>Russell 2000</b>	11.5%	1.2%	7.4%	7.8%
<b>Russell 2500</b>	12.0%	2.4%	8.8%	8.8%
<b>MSCI EAFE</b>	3.8%	1.6%	4.7%	5.2%
<b>MSCI EM</b>	7.5%	-1.9%	1.7%	3.6%

## **GLOBAL FIXED INCOME MARKETS**

### First Quarter 2024

Fixed-income markets continued to be volatile in the first quarter. Treasuries reversed course (again) following the rate rally in the fourth quarter, which was spurred by the Federal Reserve's dovish pivot. Strong economic data had the market walking back its aggressive stance on Fed easing, bringing implied expectations back towards three cuts in 2024. The Treasury market sold off across the yield curve with yields moving higher by 30-40 basis points. Unlike Treasury yields, credit spreads continued to tighten; for the three months ended March 31, the spread on investment-grade corporate bonds tightened by nine basis points, while high-yield corporate bonds were tighter by 24 basis points. Shorter-duration and lower-quality indexes were in the black in the first quarter, while full-maturity investment-grade indexes posted negative total returns. During this period, high-yield debt, bank loans and emerging markets were up in the 1.5%-2.5% range, while higher-quality, short-duration indexes posted smaller gains; the Bloomberg U.S. Aggregate Index lost 0.78% in the first quarter.

### Second Quarter 2024

Treasury yields remain volatile as market expectations shift: At the end of the second quarter, the market was pricing in two rate cuts by the end of the year, compared to at least five cuts in 2024 at the beginning of the year. The median fed funds rate projection has also gradually risen since the beginning of the year. Treasury yields steepened in the three months ended June 30. During this period, yields on the 30-year bond moved 20 basis points higher to 4.54%, compared to the two-year note, which ended the quarter 10 basis points higher at 4.72%—leaving the yield curve still modestly inverted. Meanwhile, credit spreads finally ran out of steam with mixed results at the sector and sub-sector level in the second quarter. During this period, the spread on investment-grade corporate bonds widened four basis points but remained tight relative to historical levels; high-yield corporate bond spreads widened 10 basis points. Shorter- and intermediate-duration indexes eked out modest gains in the second quarter, while long maturity—10-to-30-year—investment-grade indexes were in the red; during this period, high-yield debt, bank loans and emerging markets were up in the 1%-to-2% range and the Bloomberg U.S. Aggregate Index edged higher.

### Third Quarter 2024

After a seemingly interminable wait, the Federal Open Markets Committee followed through with its intention to cut the Fed Funds rate by 50 basis points at its September meeting. Treasury yields, which continued to be volatile, welcomed the move with yields ending the quarter lower across the yield curve. However, the steepening trend remains with shorter-maturity notes seeing substantially larger moves than longer-dated bonds. The 30-year bond ended the third quarter 37 basis points lower at 4.14%. During the same period, the two-year Treasury note dropped 105 basis points to 3.7%, resulting in a positively sloped 2-10 and 2-30 yield curve. Credit spreads remain at the tight end of their ranges. For the three months ended September 30, the spread on investment-grade corporate bonds tightened four basis points and high-yield corporate bond spreads narrowed 14 basis points. Senior liabilities in collateralized loan obligations (CLO) also remain tight with triple-A spreads finishing the quarter at 124 basis points and mezzanine spreads continuing to hover in the 775-785 basis point range. Overall, it was a strong quarter for fixed income beta, primarily driven by duration. Shorter-duration and intermediate indexes were in the black in the 3%-5% range over the quarter, while longer-dated—10-to-30-year—investment-grade indexes posted total returns in the 7%-8% range. High yield, bank loans and emerging markets also turned in a positive performance; duration bolstered returns in high yield and emerging markets, while loans lagged due to their floating-rate structure.

### Fourth Quarter 2024

The last quarter of 2024 saw a reversal in Treasuries, as the market see-sawed in a relatively wide trading range. Yields backed up significantly at year-end after the summer rally in Treasuries. Despite the two additional cuts by the Federal Reserve, which left the Fed Funds rate at a target range of 4.25%- 4.50%, five- and 10-year notes sold off. Credit spreads were generally tighter, remaining well below long-term median levels. For the three months ended December 31, the spread on investment-grade corporate bonds tightened nine basis points, while high-yield corporate bonds narrowed eight basis points. During this period, emerging markets debt (hard currency) led the charge, tightening 77 basis points. The yield on the 10-year Treasury rose 80 basis points to end the quarter at 4.58%, while the 30-year Treasury bond yield increased 66 basis points to yield 4.78%. Despite the selloff in the fourth quarter, most major fixed-income indexes posted modest gains for the year. The Bloomberg Aggregate Bond Index fell by 3.06% in the fourth quarter, resulting in an annual return of 1.25%; high-yield debt fared better, with the Bloomberg U.S. Corporate High Yield Index gaining 0.17% in the fourth quarter, bringing annual returns to 8.19%.

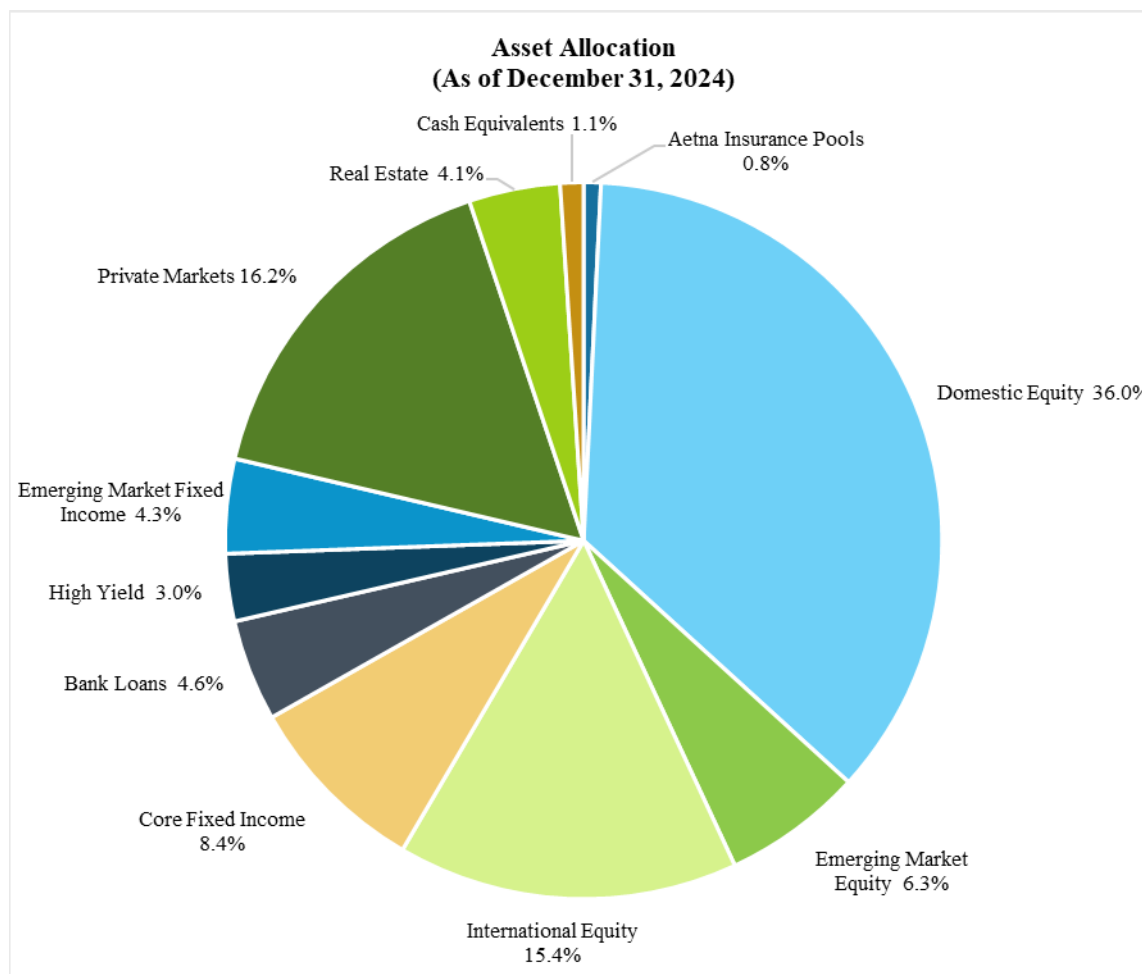
### 2024 Summary of Results — Global Fixed Income

For comparison, the following table illustrates fixed income index returns and yields across regions, countries, and styles for the year and trailing time periods:

	1 YR	3 YR	5 YR	10 YR
<b>BBG Global Agg</b>	-1.7%	-4.5%	-2.0%	0.2%
<b>BBG US Agg</b>	1.3%	-2.4%	-0.3%	1.3%
<b>BBG Credit</b>	2.0%	-2.2%	0.2%	2.3%
<b>BBG US HY</b>	8.2%	2.9%	4.2%	5.2%
<b>BBG TIPS</b>	1.8%	-2.3%	1.9%	2.2%
<b>BBG Long Treasuries</b>	-6.4%	-12.0%	-5.2%	-0.6%
<b>BBG Long Credit</b>	-2.0%	-6.8%	-1.9%	2.1%
<b>JPM EMBI Glob Div.</b>	6.5%	-0.9%	0.1%	3.1%
<b>JPM GBI-EM Glob Div.</b>	-2.4%	-1.0%	-1.9%	0.4%

### **GROWTH OF ASSETS AND ASSET ALLOCATION:**

As of December 31, 2024, the System's net assets stood at \$2.5 billion, up approximately \$219.4 million for the year. At December 31, 2024, the System's assets were in compliance with Policy and were allocated as follows:



#### INVESTMENT PERFORMANCE:

For the fiscal year ending December 31, 2024, the System's assets were up 10.5%, net of fees. This also brought the System's return since inception (September 1990) to 7.5%, net of fees. These returns were calculated using a time-weighted approach (i.e., compound interest).

The following table summarizes the System's net-of-fee returns by asset category and compares them to relevant benchmarks:

	Net of Fee Performance (%)				
	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)
Total Equity Composite	15.6	4.2	7.7	6.5	7.3
Domestic Equity Composite	21.9	6.8	11.6	10.7	10.5
eV US All Cap Equity Median	17.1	5.4	11.4	10.9	10.5
Int'l Equity Composite	4.9	1.0	3.5	2.4	4.0
MSCI EAFE (Net)	3.8	1.6	4.7	4.1	5.2
Emerging Market Equity Composite	10.1	-0.7	2.2	1.1	3.5
MSCI Emerging Markets (Net)	7.5	-1.9	1.7	1.4	3.6
Total Fixed Income Composite	3.9	0.8	1.7	2.5	2.8
Core Fixed Income Composite	1.5	-2.0	0.4	1.6	2.1

Anne Arundel County Retirement and Pension System  
Investment Review  
For the Year Ended December 31, 2024

Non-Core Fixed Income	6.0	3.2	2.8	3.2	3.4
Blmbg. U.S. Aggregate Index	1.3	-2.4	-0.3	1.0	1.3
Real Estate Composite	-2.9	-3.6	2.2	3.7	5.6

The following table lists alphabetically all of the System's investment managers with their asset values, as of December 2024:

<b>Manager</b>	<b>Market Value*</b>	<b>% of Total Fund*</b>
Aetna General	19,589,329	0.8%
Axiom	76,375,206	3.0%
Barings	76,608,049	3.0%
Causeway	138,934,413	5.5%
Dimensional Fund Advisors	82,696,397	3.3%
Hardman Johnston	118,597,950	4.7%
Lazard	130,019,786	5.2%
Loomis Sayles	115,697,037	4.6%
PIMCO	107,444,130	4.3%
Reams	171,629,939	6.8%
SSgA Russell 2000	86,431,631	3.4%
SSgA S&P 500	265,078,659	10.5%
Voya (Fixed Income)	37,531,969	1.5%
Voya (Equity)	281,000,393	11.1%
Wedge	90,903,896	3.6%

\*Sum of Market Values does not equal total plan assets due to the exclusion of cash, terminated/liquidating managers, real estate, and private markets. Terminated/liquidating managers include Southeastern, Western Asset, and EnTrust.



### **Investment Objectives**

The Trustees of the Anne Arundel County Retirement System (System) seek to maintain the annual rate of pension contributions based on accepted actuarial practices, at a stable or declining percent of payroll. The Trustees also seek to maintain the funded ratio (market value of assets/actuarial value of benefits earned to date as measured by the Accrual Benefit Obligation) at a target level of 115% and in no event less than 100% in any given year. The System must remain capable of paying all benefits earned by employees. This principle is paramount and will not be compromised. Prudence is thus a mandatory factor in all decisions relating to the System. The disposition of the System's assets shall be made solely in the interest of the participants and their beneficiaries of the pension plan for exclusive purposes of providing benefits to such participants and their beneficiaries. Investments shall be made in a cost-efficient manner, and reflect current industry best practices. The System return requirements are articulated in three separate ways:

- Nominal Returns – The actuarially required rate of return for the Fund is 7.00% annually, net of all fees and operating expenses. In order to achieve a buffer and have a somewhat higher likelihood of achieving the Fund's objective, the Board desires a net total return in excess of this 7.00% target.
- Real Returns – The Board is aware the preservation of purchasing power is driven by inflation. As the Consumer Price Index (CPI) is the most commonly accepted measure of inflation,
- Relative Returns – Total return shall rank in the top half of the appropriate public fund universe. Risk-adjusted returns should also rank in the top half of the same universe. Returns for investment managers shall exceed their respective benchmarks, as well as rank in the top half of the appropriate universe of managers adhering to the same investment strategy.

The Board further recognizes that the return targets described herein may not be achieved in any single year. Instead, a longer-term horizon of 10 years shall be used in measuring the long-term success of the Fund. While the Board expects that returns will vary over time, the Fund shall have a risk tolerance consistent with that of other funds created for similar purposes, and the assets of the Fund shall be invested accordingly.

### **General Investment Policy**

The System operates under the "Prudent Person" rule used herein, meaning that in investing, the governing authorities of the systems, funds and plans, shall exercise the judgment and care under the circumstances then prevailing, that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of investments entrusted to it, not in regard to speculation, but in regard to the permanent disposition of funds, considering probable safety of capital as well as probable income.

Investments are made in full accordance with any and all applicable Maryland statutes, as well as any other applicable legislation or regulation, state, federal or otherwise. The roles and responsibilities of the Board of Trustees, the Investment Committee, the Investment Consultant, the Investment Managers and the Custodian are clearly defined. The Board has established a diversified portfolio to meet the System's return requirements. The table below summarizes the target asset allocation.

<b>Asset Class</b>	<b>Market Value Target (%)</b>	<b>Minimum Exposure (%)</b>	<b>Maximum Exposure (%)</b>
<b>Equities</b>	<b>55</b>	<b>45</b>	<b>65</b>
Domestic Large Cap	26	16	36
Domestic Small/Mid Cap	7	2	12
Established International	15	5	25
Emerging International Equity	7	2	12
<b>Fixed Income</b>	<b>23</b>	<b>13</b>	<b>33</b>
Core Fixed Income	10	5	15
Bank Loans	5	1	10
Domestic High Yield	3	1	8
Emerging Market Debt	5	1	10
<b>Alternative Assets</b>	<b>20</b>	<b>10</b>	<b>30</b>
Private Markets	15	2	35
Real Estate	5	1	10
<b>Cash</b>	<b>2</b>	<b>0</b>	<b>10</b>

The Chair of the Investment Committee reviews the asset allocation at least on a quarterly basis to determine if the asset allocation is consistent with the exposure ranges described herein. The Chair of the Investment Committee directs investment managers to transfer funds to rebalance the asset allocation as necessary with subsequent Board notification. The System shall strive to maintain a neutral bias with respect to Style Allocation (Growth versus Value) in its equity investments. As part of the normal rebalancing responsibilities, The Chair of the Investment Committee shall use appropriate judgment and care when rebalancing portfolios. Market conditions and transaction costs are considered.

For each separate account, investment managers must comply with the quality and diversification requirements stated in the investment policy. Investment managers have detailed reporting requirements and must certify policy compliance on a quarterly basis. Permissible derivative uses are hedging, creation of permitted market exposures, and management of country and asset allocation exposure.

### **Proxy Voting**

The Board of Trustees delegates proxy voting responsibility to its investment managers. Investment managers are required to report to the Board on an annual basis, summarizing proxy voting over the previous fiscal year. The report must detail any changes that have occurred in the manager's proxy voting policies, and note any instances where proxies were not voted in accordance with the best interest of the System's beneficiaries.

## Investment Manager Fees

The following table presents investment managers' fees paid by asset class.

<u>Asset Class</u>	<u>Assets Managed (Includes Cash)</u>	<u>Fees Paid</u>
Domestic equity	\$ 899,821,404	\$ 2,575,059
International equity	546,623,752	659,371
Domestic fixed income	357,534,264	1,132,433
Other*	107,444,130	-
Private markets**	415,989,604	3,994,476
Real estate	103,789,522	909,550
Stable value insurance account	57,121,298	296,693
<b>Total Investment Managers' Fees</b>		<u>9,567,582</u>
<b>Other Investment Service Fees:</b>		
Custodial fees		430,587
<b>Total Investment Expenses</b>		<u>\$ 9,998,169</u>

\* Fees net to fund assets. Not available as discrete amounts.

\*\* Fees reported for a portion, but not all of private market accounts.

## Brokerage Commissions

Broker's commissions on investment transactions, excluding mutual funds, for the year ended December 31, 2024 totaled \$111,596. Brokerage firms receiving more than \$5,000 in fees are listed below

<u>Brokerage Firms</u>	<u>Fees Paid</u>
The Northern Trust Company	\$ 22,639
Piper Jaffray & Co.	13,152
Virtu Americas LLC	13,058
National Financial Services Corporation	12,134
Berenberg Capital Markets LLC	8,271
<b>Total Brokerage Commissions for the Plan</b>	<u>\$ 111,596</u>

The Investment Policy Statement requires that each manager shall provide an annual commission report to the Investment Committee and Investment Consultant within forty-five (45) days of the end of each calendar year. The report shall cover all trades executed during the prior year and should include a discussion of the firm's policy for selecting brokers, reviewing brokers, and negotiating brokerage commissions. This should include identification of any situations where the investment manager has a financial interest in brokers used to execute trades in the portfolio as well as a list of all broker-dealers used by the firm. Actual commission expenses are to be compared to the prior year. If the firm has a system for monitoring total transaction costs (commissions plus market impact), a copy of this analysis should be provided. If no such system is being used, the commission report should include a complete explanation of how the firm monitors selected brokers for best execution.

Anne Arundel County Retirement and Pension System  
Investment Managers Guidelines and Exemptions as of December 31, 2024

<b><u>Manager Name</u></b>	<b><u>Asset Class</u></b>	<b><u>Long-term Benchmark</u></b>	<b><u>Style Benchmark</u></b>	<b><u>Peer Group Universe</u></b>	<b><u>Guideline Exemptions</u></b>
Aetna General	Domestic Fixed Income	Ryan Labs 5 Yr GIC	Ryan Labs 5 Yr GIC	All US Fixed Income	None
Apollo Investment Fund VIII, L.P. Apollo Investment Fund IX, L.P.	Private Equity	7.0% Annualized Compound Return	7.0% Annualized Compound Return	Private Equity Managers	None
Axiom Emerging Markets Trust	International Equity	MSCI Emerging Markets Index	MSCI Emerging Markets Index	Emerging Markets Equity Managers	None
Barings U.S. High Yield	High Yield	ICE BofA U.S. High Yield Index	ICE BofA U.S. High Yield Index	High Yield Bond Managers	None
Causeway Capital Management LLC	International Equity	MSCI EAFE	MSCI EAFE Value	International Developed Equity	None
Clarion Partners	Real Estate	NCREIF Property Index	NCREIF Property Index	Real Estate Managers	None
Dimensional Fund Advisors, LP	Emerging Markets Equity	MSCI Emerging Markets Free Index	MSCI Emerging Markets Index (net div)	Emerging Markets Equity	None
DuPont Capital Management	Private Equity Fund of Funds	7.0% Annualized Compound Return	7.0% Annualized Compound Return	Private Equity Managers	None
EIG XV EIG XVI	Private Equity Fund of Funds	7.0% Annualized Compound Return	7.0% Annualized Compound Return	Private Equity Managers	None
EnTrust	Opportunistic	HFRI ED: Distressed/Restructuring Index	HFRI ED: Distressed/Restructuring Index	Absolute Return Managers	None
Hardman Johnston International Equity	International Equity	MSCI EAFE - ND	MSCI EAFE Growth	International Developed Equity	None
HarbourVest Dover Street Fund XI Harbour Vest Direct Lending Fund II, L.P.	Private Equity Secondaries Direct Lending	7.0% Constant Return	7.0% Constant Return	Private Equity Managers	None
HRJ Capital (Capital Dynamics)	Private Equity Distressed Debt	7.0% Annualized Compound Return	7.0% Annualized Compound Return	Private Equity Managers	None
Lazard Asset Management LLC	International Equity	MSCI EAFE-ND	MSCI EAFE	International Developed Equity	None
Lexington Partners VI-B Lexington Partners VII Lexington Partners VIII Lexington Partners IX	Private Equity Secondaries	7.0% Constant Return	7.0% Constant Return	Private Equity Managers	None
Loomis Sayles Bank Loans	Bank Loans	Morningstar LSTA US BB Ratings Loan	Morningstar LSTA US BB Ratings Loan	Bank Loan Managers	None
Newstone Capital Partners I Newstone Capital Partners II	Private Equity Distressed Debt	7.0% Annualized Compound Return	7.0% Annualized Compound Return	Private Equity Managers	None
PIMCO	Emerging Market Debt	50% JPM GBI-EM Global Div./25% JPM EMBI Global/25% JPM Corporate EMBI	50% JPM GBI-EM Global Div./25% JPM EMBI Global/25% JPM Corporate EMBI	Emerging Market Debt	None

Anne Arundel County Retirement and Pension System  
Investment Managers Guidelines and Exemptions as of December 31, 2024

<b><u>Manager Name</u></b>	<b><u>Asset Class</u></b>	<b><u>Long-term Benchmark</u></b>	<b><u>Style Benchmark</u></b>	<b><u>Peer Group Universe</u></b>	<b><u>Guideline Exemptions</u></b>
PIMCO Private Income Fund PIMCO Corporate Opportunities Fund III PIMCO Corporate Opportunities Fund IV	Private Equity	7.0% Annualized Compound Return	7.0% Annualized Compound Return	Private Equity Managers	None
Private Advisors Small Company Buyout Fund V Private Advisors Small Company PE Fund IX. Private Advisors Small Company Buyout Fund VI Private Advisors Small Company Private Equity Fund IX, L.P. Private Advisors Small Company Co-Investment Fund II, L.P. Apogem Private Equity Fund X, L.P. Apogem Co-Investment VII, L.P.	Private Equity Small Buyout Fund of Funds	7.0% Annualized Compound Return	7.0% Annualized Compound Return	Private Equity Managers	None
Quellos Private Capital II, LP Quellos Private Capital III, LP	Private Equity Fund of Funds	7.0% Annualized Compound Return	7.0% Annualized Compound Return	Private Equity Managers	None
Reams Asset Management	Core Plus Fixed Income	Bloomberg U.S. Aggregate Index	Bloomberg U.S. Aggregate Index	Core Plus Fixed Income Managers	None
Siguler Guff DOF III Siguler Guff DOF IV Siguler Guff DOF V	Private Equity Distressed Debt	7.0% Constant Return	7.0% Constant Return	Private Equity Managers	None
Southeastern Asset Management	U.S. Large Cap Value Equity	Russell 1000 Index	Russell 1000 Value Index	U.S. Large Cap Value Equity	Note B
State Street Global Advisors	Domestic Equity	S&P 500 Index	S&P 500 Index	US Large Cap Core Equity	None
State Street Global Advisors	Domestic Equity	Russell 2000 Growth Index	Russell 2000 Growth Index	US Small Cap Growth Equity	None
TCW/Crescent Mezzanine Partners, LP IV TCW/Crescent Mezzanine Partners, LP V Crescent Mezzanine Partners, LP VI	Private Equity Mezzanine Debt	7.0% Annualized Compound Return	7.0% Annualized Compound Return	Private Equity Managers	None
VOYA Financial	Core Fixed Income	Bloomberg US Aggregate Bond Index	Bloomberg US Aggregate Bond Index	Core Fixed Income	Note C
VOYA Financial	U.S. Large Cap Growth Equity	Russell 1000 Index	Russell 1000 Growth Index	U.S. Large Cap Growth Equity	Note D
Warburg Pincus Private Equity XII, LP Warburg Pincus Global Growth Warburg Pincus Global Growth XIV, L.P.	Private Equity Growth Equity	7.0% Annualized Compound Return	7.0% Annualized Compound Return	Private Equity Managers	None
WEDGE Capital Management	US Small Cap Value Equity	Russell 2000 Index	Russell 2000 Value Index	US Small Cap Value	None
Western Asset Management	Core Plus Fixed Income	Bloomberg US Aggregate Bond Index	Bloomberg US Aggregate Bond Index	Core Fixed Income	Note E
Westwood Management Corp.	U.S. Large Cap Value Equity	Russell 1000 Index	Russell 1000 Value Index	U.S. Large Cap Value Equity	None

Anne Arundel County Retirement and Pension System  
Investment Managers Guidelines and Exemptions as of December 31, 2024

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*Note A:* 1. May hold up to 10% of the portfolio, at market value, in Senior Bank Loan Debt securities.

*Note B:* 1. May hold up to 10% of their portfolio in any one security.  
2. May hold up to 30% of the portfolio in American Depositary Receipts (ADRs), which are stocks or convertibles of foreign companies that are publicly traded in the US.  
3. Is exempt from being required to hold at least 25 stocks in their portfolio.  
4. For securities held in the Anne Arundel County Pension and Retirement System portfolio, Southeastern may own up to 20% of the outstanding market capitalization of a given company across all of their portfolios. If Southeastern owns more than this 20% limit for any security within the Anne Arundel County Pension and Retirement System portfolio, the Investment Committee Chairman and Investment Consultant of the Anne Arundel County Pension and Retirement System must be notified immediately for approval to continue holding the security, which may or may not be granted, depending on prevailing conditions.  
5. May hold up to 20% of the portfolio in cash and equivalents if market conditions warrant, but Board must be notified if cash goes above 20%.

*Note C:* 1. May hold up to 5% of the portfolio, at market value, in Senior Bank Loan Debt securities.

*Note D:* 1. For the purposes of equitizing cash, Voya is permitted to invest in ETFs such as the iShares Russell 1000 Growth (Ticker: IWF). The objective of this policy allowance is to equitize residual cash holdings, not for speculation or market timing.

*Note E:* 1. Exempt from receiving at least two competitive offers on the same or similar securities prior to purchasing new issue mortgage back securities.  
2. Permitted to invest in the securities referenced in Section A of the Anne Arundel County Retirement and Pension System Investment Policy Statement. In addition, Western Asset may hold investments in High yield Fixed Income, Emerging Market Debt, Emerging Market Debt Local Currency, and/or Bank Loans.

**Largest Stock Holdings (By Fair Value)**

<b>Rank</b>	<b>Shares</b>	<b>Company</b>	<b>Fair Value</b>
1	238,034	Nvidia Corp Common Stock	31,965,586
2	109,769	Apple Inc Common Stock	27,488,353
3	61,730	Microsoft Corp Common Stock	26,019,195
4	107,777	Amazon.Com Inc Common Stock	23,645,196
5	23,928	Meta Platforms Inc Class A Common Stock	14,010,083
6	56,550	Broadcom Inc Common Stock	13,110,552
7	51,046	Alphabet Inc Cl A Common Stock	9,663,008
8	21,217	Tesla Inc Common Stock	8,568,273
9	25,165	Visa Inc Class A Shares Common Stock	7,953,147
10	9,020	Eli Lilly + Co Common Stock	6,963,440

Note: This list does not include investments in stock investment pool.

**Largest Bond Holdings (By Fair Value)**

<b>Rank</b>	<b>Par Value</b>	<b>Company</b>	<b>Fair Value</b>
1	1,600,000	General Motors Finl Co Sr Unsecured 01/28 6	1,641,680
2	1,250,000	BP Cap Markes America Company Guar 11/34 5.227	1,231,100
3	1,220,000	Citigroup Inc SR Unsecured 05/33 Var	1,179,118
4	890,000	Pub Svc New Hamp 1st Mortgage 10/33 5.35	898,384
5	825,000	United Parcel Service SR Unsecured 05/34 5.15	823,226
6	810,000	US Bancorp SR Unsecured 01/30 VAR	816,691
7	880,000	Wisconsin Power and Light SR Unsecured 09/32 3.95	812,900
8	835,000	Wisconsin Power and Light SR Unsecured 04/33 4.95	810,526
9	800,000	Metlife Inc Sr Unsecured 07/33 5.375	808,480
10	825,000	JP Morgan Chase + Co SR Unsecured 07/33 Var	806,619

Note: A complete list of portfolio holdings is available upon request

## **Actuarial Section**



Board of Trustees  
Anne Arundel County Retirement and Pension System  
Annapolis, Maryland

Dear Members of the Board of Trustees

We prepared annual actuarial valuations as of January 1, 2025 for the Anne Arundel County Retirement and Pension System. The system consists of the following plans, each of which is valued separately:

Employees' Retirement Plan  
Police Service Retirement Plan  
Fire Service Retirement Plan  
Detention Officers' and Deputy Sheriffs' Retirement Plan

The Actuarially Determined Contributions (ADCs) determined in these valuations are for the fiscal year ending (FYE) June 30, 2026. The valuations are based on employee and financial data, which were provided by the County Office of Personnel and County Office of Finance, respectively. We have performed limited tests for consistency and reasonableness and have not found any material problems with the data. The actuarial valuation reports – prepared by Bolton, dated May 1, 2025, and contained within this 2024 Annual Report of the Anne Arundel County Retirement Plans – provide the ADC calculations and the assets, data, assumptions, methods, and plan provisions used for these calculations.

The GASB 68 information within this Actuarial Section is provided as of the December 31, 2024 measurement date for FYE2025. This will require that the actual County contributions for the second half of FY2025 (i.e. contributions made after the measurement date) be treated as a deferred outflow (when the amount is known), but this will not affect the Total Pension Expense recognized for FY2025. The calculation of the ADCs for the fiscal year ending June 30, 2025 are contained in the January 1, 2024 actuarial valuation reports. The methods, assumptions, plan provisions, and participant data as of December 31, 2024 used for these calculations are summarized in the relevant sections of this Actuarial Section of the Annual Report. The GASB 68 information was prepared using the Entry Age Normal actuarial cost method with Normal Cost ending at DROP entry date.

Also included are the following supporting schedules for each plan: Actuarial Basis, Schedule of Member Valuation Data, Summary of Plan Provisions, Summary of Major Legislative Changes, Solvency Test, and Analysis of Financial Experience.

## **Methodology, Reliance and Certification**

This report is prepared for the use of the County and its auditors in connection with our actuarial valuations of the pension plans as required by GASB 68. The purpose of this report is to provide GASB 68 information for use in the County's financial statements for the fiscal year ending June 30, 2025. It is neither intended nor necessarily suitable for other purposes. Bolton is not responsible for the consequences of any other use or the reliance upon this report by any other party.

The actuarial assumptions and methods used for these valuations meet the parameters set forth in the Governmental Accounting Standards Board (GASB) Statement No. 67, Financial Reporting for Defined Benefit Pension Plans.

Our calculations assume that the members and the County will continue to make all required actuarially determined contributions. Based on that assumption, the plan's fiduciary net position is expected to be available to make all future benefit payments of current plan members. Thus, the use of the long-term investment return assumption as the discount rate, as is reflected in this valuation, is appropriate.

The long-term nominal expected rate of return on pension plan investments was determined using a building-block method where return expectations are established for each asset class. The building-block approach uses the current underlying fundamentals, not historical returns. For example, spread and the risk-free rate are used for fixed income; and dividends, earnings growth and valuation are used for equity.

## **Methodology, Reliance and Certification (cont.)**

This report is based on plan provisions, census data, and asset data submitted by the County. We have relied on this information for purposes of preparing this report. We have not audited the census or asset data provided, however based on our review the data appears to be reasonable and consistent with previously provided information. Unless otherwise noted in our report, we believe the information provided is sufficiently complete and reliable for purposes of the results presented in this report. The accuracy of the results presented in this report is dependent upon the accuracy and completeness of the underlying information. The County is solely responsible for the validity and completeness of this information.

The County is responsible for selecting the plan's funding policy, actuarial valuation methods, asset valuation methods, and assumptions; although the Entry Age Normal method is used for this valuation as prescribed by GASB 67 and 68. The policies, methods and assumptions used in this valuation are those that have been so prescribed and are described in this report. The County is solely responsible for communicating to Bolton any changes required thereto.

The County is solely responsible for selecting the plan's investment policies, asset allocations and individual investments. Bolton's actuaries have not provided any investment advice to the County.

This is a deterministic valuation in that it is based on a single set of assumptions. This set of assumptions is one possible basis for our calculations. We may consider that some factors are not material to the valuation of the plan and may not provide a specific assumption for those factors. We may have used other assumptions in the past. We will likely consider changes in assumptions at a future date.

Different assumptions or scenarios within the range of possibilities may also be reasonable and results based on those assumptions would be different. As a result of the uncertainty inherent in a forward-looking projection over a very long period of time, no one projection is uniquely "correct" and many alternative projections of the future could also be regarded as reasonable. Two different actuaries could, quite reasonably, arrive at different results based on the same data and different views of the future.

The County could reasonably ask how the valuation would change if we used a different assumption set or if plan experience exhibited variations from our assumptions. This report does not contain such an analysis. That type of analysis would be a separate assignment.

In addition, decisions regarding benefit improvements, benefit changes, the trust's investment policy, and similar issues should not be based on this valuation. These issues are complex and other factors should be considered when making such decisions. Other factors might include the anticipated vitality of the local economy and future growth expectations, as well as other economic and financial factors.

The cost of this plan is determined by the benefits promised by the plan, the plan's participant population, the investment experience of the plan and many other factors. An actuarial valuation is a budgeting tool for the County. It does not affect the cost of the plan. Different funding methods provide for different timing of contributions to the plan. As the experience of the plan evolves, it is normal for the level of contributions to the plan to change. If a contribution is not made for a particular year, either by deliberate choice or because of an error in a calculation, that contribution can be made in later years. We are not responsible for the consequences of any decision by the County to make contributions at a future time rather than an earlier time. The County is responsible for funding the cost of the plan.

The report is conditioned on the assumption of an ongoing plan and is not meant to present the actuarial position of the plan in the case of plan termination. 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, 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 plan's funded status), and changes in plan provisions or applicable law.

The valuation was completed using both proprietary and third-party models (including software and tools). We have tested these models to ensure they are used for their intended purposes, within their known limitations, and without any known material inconsistencies unless otherwise stated.

The calculations in this report have been computed in accordance with our understanding of generally accepted actuarial principles and practices and fairly reflect the actuarial position of the plan. The various actuarial assumptions and methods which have been used are, in our opinion, appropriate for the purposes of this report.

### Methodology, Reliance and Certification (cont.)

We make every effort to ensure that our calculations are accurately performed. We reserve the right to correct any potential errors by amending the results of this report or by including the corrections in a future valuation report.

Bolton does not practice law and, therefore, cannot and does not provide legal advice. Any statutory interpretation on which this report is based reflects Bolton's understanding as an actuarial firm. Bolton recommends that recipients of this report consult with legal counsel when making any decisions regarding compliance with ERISA, the Internal Revenue Code, or any other statute or regulation.

The County should notify Bolton promptly after receipt of this report if the County disagrees with anything contained in the report or is aware of any information that would affect the results of the report that has not been communicated to Bolton or incorporated herein. The report will be deemed final and acceptable to the County unless the County promptly provides such notice to Bolton.

The undersigned credentialed actuaries meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. We are not aware of any direct or material indirect financial interest or relationship, including investments or other services, which could create a conflict of interest that would impair the objectivity of our work.



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Ann M. Sturner, FSA, EA, FCA, MAAA

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June 11, 2025

Date



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Michelle L. Boyles, FSA, EA, FCA, MAAA

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June 11, 2025

Date

**Order of Attachments by Plan**

Attachment A.....Employees’ Retirement Plan

Attachment B.....Police Service Retirement Plan

Attachment C.....Fire Service Retirement Plan

Attachment D.....Detention Officers’ and Deputy Sheriffs’ Retirement Plan

## **Attachment A**

### Employees' Retirement Plan

A. Method Used for GASB 68 Purposes

This valuation was performed using the Entry Age Normal Funding Method. Under this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated on a level basis over the earning of the individual between entry age and assumed exit.

B. Asset Valuation Method Used for GASB 68 Purposes

The value of assets is equal to the market value of assets.

C. Actuarial Assumptions

The following assumptions were used in valuing the liabilities and benefits under the Plan for purposes of determining pension expense and liabilities under GASB. These assumptions are used for all members eligible to receive benefits under the Employees' Plan provisions.

***Economic***

Investment Return	7.00% compounded annually net of investment
Salary Increases	A graded schedule is used. See Earnings Progression Table.
Cost of Living Adjustment	Benefits accrued before Bill 88-96 are assumed to increase by 3.0% of the original benefit each year. Benefits accrued after Bill 88-96 are assumed to increase by 1.8% of the current benefit each year.

***Other***

Mortality	<p>Healthy Actives, Terminated Vested Participants, and Retirees: Pub-2010 General Employee and Healthy Retiree Amount-Weighted Mortality Tables, with 2010 base rates set forward 1 year, and projected generationally from the 2010 base year with improvement scale MP-2021.</p> <p>Disabled Retirees: Pub-2010 General Disabled Retiree Amount-Weighted Mortality Tables, with 2010 base rates set forward 1 year, and projected generationally from the 2010 base year with improvement scale MP-2021.</p> <p>Contingent/Beneficiaries: Pub-2010 Contingent Survivor Amount-Weighted Mortality Tables, with 2010 base rates set forward 1 year, and projected generationally from the 2010 base year with improvement scale MP-2021.</p> <p>100% of pre-retirement deaths are assumed to be non-duty related.</p> <p>The mortality improvement scale is the scale most recently published by the Society of Actuaries as of the valuation date and may change in future actuarial valuations.</p>
Withdrawal	See Table of Sample Rates.
Disability	See Table of Sample Rates. 10% of disablement is assumed to be duty-related.

Retirement Rates

	<u>Age</u>	<u>Years of Service</u>			
		<u>5-19</u>	<u>20-29</u>	<u>30</u>	<u>31+</u>
	<50	N/A	N/A	40%	35%
	50-54	N/A	8%	40%	35%
	55-59	N/A	8%	30%	10%
	60-64	15%	15%	30%	15%
	65-66	25%	25%	30%	15%
	67-71	25%	25%	30%	25%
	72+	100%	100%	100%	100%
Percentage Married	Males – 70%; Females – 70%				
Age Difference	Males are assumed to be four years older than their spouses.				
Military Service	Active liabilities (which depend on credited service) are loaded by 1.0% to account for future crediting of military service.				
Disability Leave	Active liabilities (which depend on credited service) are loaded by 1.5% to account for future crediting of disability service.				
Administrative Expenses	A load for estimated administrative expenses is included in the Actuarially Determined Contribution. Expenses are assumed to be the average of the administrative expenses for the prior two years increased with the assumed payroll growth, with the resulting average rounded to the nearest \$1,000.				
Other Methods and Assumptions	<p>The Tier 1 service cap of 60% is valued as 62% to account for Disability and Military service credit not being limited by the 30-year cap on service. Actual military service information for actives is not available.</p> <p>Members are assumed to stay in their current tier.</p> <p>It is assumed that Tier 1 vested terminations prior to age 40 will choose to take a lump sum while those 40 and older will choose a deferred benefit.</p>				

***Rationale for Assumptions***

The following assumptions are deemed to have a significant effect on the calculations and were selected by the County based on the most recent Experience Study dated November 14, 2022.

- Inflation
- Salary increases
- Payroll growth
- Mortality
- Retirement
- Disability
- Termination of employment
- Marriage

The discount rate/investment rate of return is reviewed at least once annually following the same procedures as outlined in the Experience Study.

Anything not specifically noted is deemed to be not significant.

The various actuarial assumptions and methods which have been used are, in our opinion, appropriate for the purposes of this report.

Termination of Employment Rates				
Service	Rate		Service	Rate
0	10.50%		11	5.00%
1	10.00		12	4.50
2	9.50		13	4.00
3	9.00		14	3.50
4	8.50		15	3.00
5	8.00		16	2.50
6	7.50		17	2.00
7	7.00		18	1.50
8	6.50		19	1.00
9	6.00		20+	0.00
10	5.50			

Earnings Progression	
Years of Service	Rate
0	7.00%
5	5.75
10	5.50
15	5.00
20	4.25
25	4.00
>=30	3.75
0	7.00%

Disability Rates	
Age	Rate
30	0.0178%
35	0.0267
40	0.0546
45	0.0903
50	0.1460
55	0.2395
60	0.3576
64	0.4867



Anne Arundel County Retirement and Pension System  
Employees' Retirement Plan - Schedules of Member Valuation Data  
December 31, 2024

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Active Members

Valuation Date	Number	Annual Payroll (Jan. 1 Rate)	Average Annual Pay	% Increase in Average Pay
January 1, 2016	2,186	127,827,040	58,475	1.5%
January 1, 2017	2,187	130,312,665	59,585	1.9%
January 1, 2018	2,278	138,239,224	60,684	1.8%
January 1, 2019	2,191	134,891,500	61,566	1.5%
January 1, 2020	2,170	138,428,352	63,792	3.6%
January 1, 2021	2,158	139,975,356	64,863	1.7%
January 1, 2022	2,137	142,221,699	66,552	2.6%
January 1, 2023	2,156	152,078,335	70,537	6.0%
January 1, 2024	2,252	168,608,251	74,870	6.1%
January 1, 2025	2,315	179,381,757	77,487	3.5%

Members With Deferred Benefits

Year	Number at Beginning of Year	Additions	Decreases	Number at End of Year
1/1/15 to 12/31/15	269	30	(23)	276
1/1/16 to 12/31/16	276	18	(16)	278
1/1/17 to 12/31/17	278	24	(25)	277
1/1/18 to 12/31/18	277	43	(17)	303
1/1/19 to 12/31/19	303	32	(34)	301
1/1/20 to 12/31/20	301	16	(22)	295
1/1/21 to 12/31/21	295	21	(12)	304
1/1/22 to 12/31/22	304	13	(24)	293
1/1/23 to 12/31/23	293	227	(16)	504
1/1/24 to 12/31/24	504	41	(33)	512

Anne Arundel County Retirement and Pension System  
Employees' Retirement Plan - Schedules of Member Valuation Data  
December 31, 2024

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Members Receiving Benefits

Year	Number at Beginning of Year	Additions	Decreases	Number at End of Year
1/1/15 to 12/31/15	1,623	123	(36)	1,710
1/1/16 to 12/31/16	1,710	139	(42)	1,807
1/1/17 to 12/31/17	1,807	131	(44)	1,894
1/1/18 to 12/31/18	1,894	141	(61)	1,974
1/1/19 to 12/31/19	1,974	128	(51)	2,051
1/1/20 to 12/31/20	2,051	108	(63)	2,096
1/1/21 to 12/31/21	2,096	123	(69)	2,150
1/1/22 to 12/31/22	2,150	114	(63)	2,201
1/1/23 to 12/31/23	2,201	139	(92)	2,248
1/1/24 to 12/31/24	2,248	108	(68)	2,288

Summary of Retirees and Beneficiaries Added to and Removed from Rolls

Year Ending	Added to Rolls		Removed from Rolls		Rolls End of Year		% Increase in Average Annual Allowance	Average Annual Allowance
	Number	Annual Allowance <sup>1</sup>	Number	Annual Allowance	Number	Annual Allowance		
12/31/2015	123	\$3,092,029	36	\$775,758	1,710	\$42,078,591	0.4%	\$24,607
12/31/2016	139	\$3,935,345	42	\$693,441	1,807	\$45,320,495	1.9%	\$25,081
12/31/2017	131	\$4,473,521	44	\$831,055	1,894	\$48,962,961	3.1%	\$25,852
12/31/2018	141	\$5,147,623	61	\$1,133,546	1,974	\$52,977,038	3.8%	\$26,837
12/31/2019	128	\$4,694,293	51	\$1,110,285	2,051	\$56,561,046	2.8%	\$27,577
12/31/2020	108	\$3,287,830	63	\$1,096,975	2,096	\$58,751,900	3.9%	\$28,030
12/31/2021	123	\$4,384,762	69	\$1,323,740	2,150	\$61,812,922	5.2%	\$28,750
12/31/2022	114	\$5,610,614	63	\$1,706,604	2,201	\$65,716,932	6.3%	\$29,857
12/31/2023	139	\$3,755,508	92	\$2,412,216	2,248	\$67,060,224	(0.1)%	\$29,831
12/31/2024	108	\$3,422,763	68	\$1,772,709	2,288	\$71,344,529	4.5%	\$31,182

<sup>1</sup> Includes COLAs for all retirees

### **Tier One Members**

<b><i>Membership</i></b>	Generally, employees hired before December 4, 1996 and employees hired on or after December 4, 1996 who make an election to be Tier 1 employees.																						
<b><i>Compensation</i></b>	Regular annual rate of pay, exclusive of extra compensation of any kind such as overtime pay, bonuses and commissions.																						
<b><i>Final Average Basic Pays</i></b>	The average of the highest 3 years of annual basic pay.																						
<b><i>Employee Contributions</i></b>	4% of compensation.																						
<b><i>Employee Contribution Benefit</i></b>	The sum of the employee contributions made by the Participant and interest, including contributions made to other plans and transferred to this plan, as allowed by plan provisions.																						
<b><i>Years of Service</i></b>	Total number of years and nearest months.																						
<b><i>Retirement Date</i></b>																							
Normal Retirement	The first of the month coincident with or next following the participant's 60 <sup>th</sup> birthday and attainment of vested status or, if earlier, when the participant has 30 years of service.																						
Early Retirement	Reduced benefits are available the first of any month coincident with or next following the completion of 20 years of continuous service, provided the participant is at least age 50.																						
Postponed Retirement	A participant may work beyond his normal retirement date and may subsequently retire on the first of any month.																						
<b><i>Retirement Benefits</i></b>																							
Normal Retirement	2.0% of final average basic pay for each year of service (maximum 60% plus 2% times unused disability credit and pre-employment military service credit).																						
Early Retirement	Same as normal retirement but reduced actuarially for early commencement.																						
	<table> <tr> <th><u>Years Early</u></th><th><u>Reduction Factor</u></th></tr> <tr><td>1</td><td>2%</td></tr> <tr><td>2</td><td>5%</td></tr> <tr><td>3</td><td>9%</td></tr> <tr><td>4</td><td>14%</td></tr> <tr><td>5</td><td>20%</td></tr> <tr><td>6</td><td>28%</td></tr> <tr><td>7</td><td>36%</td></tr> <tr><td>8</td><td>44%</td></tr> <tr><td>9</td><td>52%</td></tr> <tr><td>10</td><td>60%</td></tr> </table>	<u>Years Early</u>	<u>Reduction Factor</u>	1	2%	2	5%	3	9%	4	14%	5	20%	6	28%	7	36%	8	44%	9	52%	10	60%
<u>Years Early</u>	<u>Reduction Factor</u>																						
1	2%																						
2	5%																						
3	9%																						
4	14%																						
5	20%																						
6	28%																						
7	36%																						
8	44%																						
9	52%																						
10	60%																						
Postponed Retirement	Same as normal retirement but based on continued accrual past normal retirement date.																						
<b><i>Termination of Employment</i></b>																							
Vesting Date	Hired before July 1, 2015: 5 years of service Hired on or after July 1, 2015: 10 years of service County Council member whose first term begins on or after December 1, 2014: 10 years of service																						

	County Executive and appointed exempt members hired on or after December 1, 2014: 8 years of service
Prior to vesting date	Return of employee contributions with 4.25% interest.
On or after vesting date	At the discretion of the employee, either a return of contributions with interest or the accrued normal retirement benefit taking into account final average basic pay and service at date of termination, payable at normal retirement date.
<b>Disability</b>	
Eligibility	Totally and permanently disabled (except as the result of actions specified in the County code). To receive duty-related disability benefits, there is no service requirement. Five years of service are required to receive non-duty related benefits.
Duty-Related	The greater of the accrued benefit or 66-2/3% of final average basic pay, payable immediately, unreduced.
Non-Duty Related	The greater of the accrued benefit or 25% of final average basic pay, payable immediately, unreduced.
<b>Death Benefits</b>	
Duty-Related	<u>Married</u> Greater of: <ul style="list-style-type: none"> <li>An annuity equal to 50% of final average basic pay</li> <li>An annuity equal to the accrued benefit</li> </ul>
	<u>Not Married</u> <ul style="list-style-type: none"> <li>Other Pre-Retirement Death Benefit</li> </ul>
Non-Duty Related	<u>Married and Vested</u> Elect one of the following: <ul style="list-style-type: none"> <li>Other Pre-Retirement Death Benefit</li> <li>The accrued benefit, reduced actuarially for early commencement and the joint and 100% survivor form. The benefit is payable immediately if the member was eligible for retirement or deferred to early or normal retirement date, as elected, if not eligible to receive an immediately benefit.</li> </ul>
	<u>Not Married</u> <ul style="list-style-type: none"> <li>Other Pre-Retirement Death Benefit</li> </ul>
Other Pre-Retirement Death Benefits	Return of employee contributions with 4.25% interest plus a lump sum of 50% of final average basic pay.
<b>Normal form of Payment</b>	
Monthly life annuity with modified cash refund.	
<b>Cost of Living Increase</b> (simple, for benefits accrued as of 1/31/1997)	
Retiree benefits are adjusted each year. The revised benefit amount is the lesser of:	
<ul style="list-style-type: none"> <li>Prior year benefit plus base benefit multiplied by increase in current March CPI from March CPI for prior year.</li> <li>Benefit increased by 3% of initial benefit.</li> </ul>	
<b>Cost of Living Increase</b> (compound, for benefits accrued after 1/31/1997)	
Retiree benefits are adjusted each year. The revised benefit amount is the lesser of:	

- Prior year benefit multiplied by 60% of the increase in current March CPI from March CPI for prior year.
- Benefit increased by 2.5%.

Benefit payments can be reduced or increased. However, the amount can never be less than the initial benefit amount.

## **Tier Two Members**

### ***Membership***

Generally, employees hired on or after December 4, 1996 who have not made an election to be Tier 1 employees.

### ***Compensation***

Regular annual rate of pay, exclusive of extra compensation of any kind such as overtime pay, bonuses and commissions.

### ***Final Average Basic Pay***

The average of the highest 3 years of annual basic pay.

### ***Employee Contributions***

No employee contributions required or allowed.

### ***Retirement Date***

#### Normal Retirement

The first of the month coincident with or next following the participant's 60<sup>th</sup> birthday and attainment of vested status or, if earlier, when the participant has 30 years of service.

#### Early Retirement

Reduced benefits are available the first of any month coincident with or next following the completion of 20 years of continuous service, provided the participant is at least age 50.

#### Postponed Retirement

A participant may work beyond his normal retirement date and may subsequently retire on the first of any month.

### ***Retirement Benefits***

#### Normal Retirement

1.0% of final average basic pay for each year of service.

#### Early Retirement

The normal retirement benefit is reduced for early commencement, using the same reduction factors as Tier 1.

#### Postponed Retirement

Same as normal retirement but based on continued accrual past normal retirement date.

### ***Termination of Employment***

#### Vesting date

Hired before July 1, 2015: 5 years of service  
Hired on or after July 1, 2015: 10 years of service  
County Council member whose first term begins on or after December 1, 2014: 10 years of service  
County Executive and appointed exempt members hired on or after December 1, 2014: 8 years of service

#### Prior to vesting date

No benefit is payable.

#### On or after vesting date

The accrued normal retirement benefit taking into account final earnings and service at date of termination, payable at normal retirement date.

### ***Disability***

#### Eligibility

Totally and permanently disabled (except as the result of actions specified in the County code). To receive duty-related disability benefits, there is no service requirement. Five years of service are required to receive non-duty related benefits.

Duty-Related	The greater of the accrued benefit or 66-2/3% of final average basic pay, payable immediately, unreduced.
Non-duty Related	The greater of the accrued benefit or 25% of final average basic pay, payable immediately, unreduced.
<b><i>Death benefits</i></b>	
Duty-Related	<p><u>Married</u>            Greater of:</p> <ul style="list-style-type: none"> <li>• An annuity equal to 50% of final average basic pay</li> <li>• An annuity equal to the accrued benefit</li> </ul> <p><u>Not Married</u></p> <ul style="list-style-type: none"> <li>• Other Pre-Retirement Death Benefit</li> </ul>
Non-Duty Related	<p><u>Married and Vested</u>            Elect one of the following:</p> <ul style="list-style-type: none"> <li>• Other Pre-Retirement Death Benefit</li> <li>• The accrued benefit, reduced actuarially for early commencement and the joint and 100% survivor form. The benefit is payable immediately if the member was eligible for retirement or deferred to early or normal retirement date, as elected, if not eligible to receive an immediately benefit.</li> </ul> <p><u>Not Married</u></p> <ul style="list-style-type: none"> <li>• Other Pre-Retirement Death Benefit</li> </ul>
Other Pre-Retirement Death Benefits	A lump sum of 50% of final average basic pay.
<b><i>Normal form of Payment</i></b>	Monthly life annuity.
<b><i>Cost of Living Increase</i></b> (compound)	<p>Retiree benefits are adjusted each year. The revised benefit amount is the lesser of:</p> <ul style="list-style-type: none"> <li>• Prior year benefit multiplied by 60% of the increase in current March CPI from March CPI for prior year.</li> <li>• Benefit increased by 2.5%.</li> </ul> <p>Benefit payments can be reduced or increased. However, the amount can never be less than the initial benefit amount.</p>

County Council Bill No. 36-89	Effective 7/1/1989.
	Pension benefits and vesting provisions were improved. The accrual percentage per year of service was increased from 1.8% to 2.0%, permitting accrual of the maximum 60% benefit in 30 years instead of 33-1/3.
	Full vesting was granted after 5 years of service. The old provisions used a graded scale granting 75% vesting after 10 years, climbing to 100% vesting after 15 years.
County Council Bill No. 34-92	Effective 6/1/1992 through 8/31/1992.
	Participants age 50 or older with at least 20 years of service could elect to retire with an additional pension equal to 1/12 of 2% for each year of credited service. The additional amount could be taken as a pension increase, a lump sum, or as a temporary supplement to age 62. Appropriate actuarial adjustments apply.
State House Bill No. 687	Effective 7/1/1990.
	County employees were given the opportunity to apply for credit under the County's plan for previous service with the State of Maryland (or a political subdivision of the State).
County Council Bill No. 90-93	Effective 12/22/1993.
	Plan participants are required to pay the full actuarial value of service purchases. Purchases can only be made at retirement. To be eligible, an employee must have 60 months of County service. Existing plan participants must be notified of their right to purchase service under existing law.
County Council Bill No. 82-94	Effective 10/31/1994.
	Transfers assets from general employees plan to A&E plan for participants who have transferred between these two plans.
County Council Bill No. 88-96	Effective 12/4/1996.
	The previous method of calculating cost of living increase will only apply to benefits accrued as of 1/31/1997. The cost of living increase for future benefits is a compound increase equal to 60% of the annual change in the CPI, not to exceed 2.5%. Employees hired, or rehired, on or after 12/4/1996 will be Tier Two employees and will have different benefits than current employees.
County Council Bill No. 41-99	Effective 6/15/1999.
	Employees paid under the deputy sheriff employees pay schedule become Tier Two members of the Detention Center Plan effective as of January 1, 1999. Service credited under the Employees' Plan will count as credited service in the Detention Center Plan and no future benefit will be paid from the Employees' Plan. Assets are transferred from the Employees' Plan to the Detention Center Plan in an amount equal to the projected unit credit accrued liability in the Employees' Plan.
Recodification	Effective 2/25/2002.
	Allows a benefit based on disability leave service and pre-plan military service to be paid over the 60% cap. Normal retirement was changed to the earlier of 30 years of service or age 60.
County Council Bill No. 74-09	Effective 12/11/2009.
	For non-represented members, FY2010 annual pay shall be determined by increasing FY2009 annual pay by an assumed 3% for determining the final average basic pay.
County Council Bill No. 6-10	Effective 4/18/2010.
	Provides for a disability benefit for those participants who are totally and permanently disabled as a result of qualified military service.

County Council Bill No. 98-12	Effective 5/13/2013.
	Changed the definition of "final average basic pay" from highest 3 out of the last 5 years basic pays to highest 3 of all basic pays.
County Council Bill No. 97-13	Effective 4/14/2014.
	Members of the Employees' Plan and Category II members of the Detention and Deputy Sheriffs' Plan hired on or after July 1, 2015 will be subject to 10-year vesting and 10-year normal retirement provisions. The 10-year requirement also affects the ability to purchase service or get credit for pre-plan military service. The 10-year requirement extends to County Council members hired on or after December 1, 2014.
County Council Bill No. 86-16	Effective 1/1/2017.
	To ensure compliance with IRS regulations, members of the Employees' Plan have 30 days from date of hire to make an irrevocable election between Tier 1 and Tier 2; and effective January 1, 2017 members of Tier 2 the Employees' Plan can no longer later elect to transfer to Tier 1. Employees hired before December 31, 2016 who elect Tier 2 may still be allowed to transfer to Tier 1 before their 5th year anniversary.
County Council Bill No. 95-17	Effective 3/23/2018.
	Created the Employee Retirement Savings Plan and allowed certain non-vested members of the Employees' Plan a one-time opportunity to transfer the present value of their Employees' Plan accrued benefit to it.
County Council Bill No. 70-20	Effective: 11/22/2020.
	Each of the pension plans provide pension benefits for an employee who is or becomes totally and permanently disabled and meets certain criteria. To be eligible for a disability pension, the plan requires that the disability prevent the participant from performing the duties of the participant's regular duties. The purpose of the bill is to eliminate the participant's ability to perform any other assignment within their Department as a disqualifying factor for a service connected disability.
County Council Bill No. 100-21	Effective 2/5/2022.
	Clarified that the exception to the reduction in pension benefit for rehired classified employees who are reemployed in a contractual position pursuant to § 802(a)(14) of the County Charter is limited to the first 1500 hours per calendar year.
County Council Bill No. 93-23	Effective 4/13/2024.
	Adds employees of the Resilience Authority of Annapolis and Arundel County, Inc. to the list of eligible participants. Allows a vested participant between ages 50-59 and with 20 years of service to make an irrevocable election of either early retirement or vested term status until NRD (age 60). Extends eligibility for a Service-Connected Disability Retirement to those participants who are also eligible for Normal Retirement.
County Council Bill No. 31-24	Effective 8/8/2024.
	Established an exception to the reduction in pension benefit for rehired retirees who are retired from the classified system and are reemployed in a classified position at least 90 days after their date of retirement that is a different job classification than that which the retiree held prior to retirement, and, if the retiree was a uniformed officer, is reemployed as a non-uniformed officer or in a different department from which the retiree retired.



### Net Pension Liability of the County

The components of the net pension liability of the County at December 31, 2024, were as follows:

Total pension liability	\$1,255,866,962
Plan fiduciary net position	<u>(831,561,614)</u>
County's net pension liability	<u>\$ 424,305,348</u>
Plan fiduciary net position as a percentage of the total pension liability	66.21%

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of December 31, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	Rates vary by participant age
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Mortality	Pub-2010 Tables for males and females projected generationally using scale MP-2021.

The above is a summary of key actuarial assumptions. Full descriptions of the actuarial assumptions are contained in the Actuarial Basis section of this report.

### Sensitivity of the net pension liability to changes in the discount rate

	<i>1% Decrease</i> <u>6.00%</u>	<i>Current</i> <i>Discount Rate</i> <u>7.00%</u>	<i>1% Increase</i> <u>8.00%</u>
County's net pension liability	\$ 568,248,005	\$ 424,305,348	\$ 302,905,598

**Changes in the Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balances at 12/31/23</b>	\$ 1,205,298,993	\$ 765,691,243	\$ 439,607,750
<b>Changes for the year:</b>			
Service cost	25,504,657		25,504,657
Interest	81,910,559		81,910,559
Changes of benefit terms	-		-
Differences between expected and actual experience	13,449,071		13,449,071
Changes of assumptions	-		-
Contributions - employer		50,574,420	(50,574,420)
Contributions - member		5,828,340	(5,828,340)
Net investment income		80,471,980	(80,471,980)
Benefit payments, including refunds of member contributions	(70,296,318)	(70,296,318)	-
Administrative expense		(708,051)	708,051
Other		-	-
<b>Net Changes</b>	<u>50,567,969</u>	<u>65,870,371</u>	<u>(15,302,402)</u>
<b>Balances at 12/31/24</b>	<u>\$ 1,255,866,962</u>	<u>\$ 831,561,614</u>	<u>\$ 424,305,348</u>

# **Changes in the County's Net Pension Liability and Related Ratios**

Last 10 Fiscal Years

(Dollar amounts in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	\$ 25,505	\$ 23,191	\$ 19,164	\$ 18,886	\$ 16,774	\$ 16,344	\$ 16,687	\$ 15,497	\$ 15,144	\$ 15,115
Interest	\$ 81,911	\$ 76,223	\$ 73,167	\$ 67,772	\$ 70,363	\$ 65,128	\$ 63,246	\$ 60,502	\$ 59,292	\$ 58,329
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	13,449	14,164	16,876	1,093	(4,189)	12,546	3,826	9,562	(12,599)	(17,971)
Changes of assumptions	-	36,431	-	51,630	-	32,671	-	-	-	-
Benefit payments, including refunds of member contributions	(70,296)	(67,221)	(63,887)	(60,714)	(57,779)	(55,081)	(50,575)	(47,380)	(44,024)	(41,253)
Net change in total pension liability	50,568	82,788	45,320	78,666	25,168	71,608	33,184	38,181	17,813	14,221
Total pension liability - beginning	1,205,299	1,122,510	1,077,191	998,524	973,356	901,748	868,564	830,383	812,570	798,349
Total pension liability - ending (a)	<u>\$ 1,255,867</u>	<u>\$ 1,205,299</u>	<u>\$ 1,122,510</u>	<u>\$ 1,077,191</u>	<u>\$ 998,524</u>	<u>\$ 973,356</u>	<u>\$ 901,748</u>	<u>\$ 868,564</u>	<u>\$ 830,383</u>	<u>\$ 812,570</u>
Plan fiduciary net position										
Contributions - employer	\$ 50,574	\$ 43,484	\$ 43,712	\$ 36,178	\$ 32,567	\$ 29,637	\$ 27,033	\$ 25,654	\$ 25,810	\$ 25,630
Contributions - member	5,828	6,123	6,043	5,528	5,764	5,512	5,612	5,472	5,182	4,847
Net investment income	80,472	82,733	(87,246)	103,656	48,590	90,338	(31,166)	94,908	41,345	(8,374)
Benefit payments, including refunds of member contributions	(70,296)	(67,221)	(63,887)	(60,714)	(57,779)	(55,081)	(50,575)	(47,380)	(44,024)	(41,253)
Administrative expense	(708)	(573)	(554)	(561)	(535)	(609)	(543)	(526)	(497)	(504)
Other	-	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	\$ 65,870	\$ 64,546	\$ (101,931)	\$ 84,086	\$ 28,606	\$ 69,797	\$ (49,640)	\$ 78,127	\$ 27,816	\$ (19,654)
Plan fiduciary net position - beginning	765,691	701,145	803,076	718,990	690,383	620,587	670,226	592,099	564,283	583,936
Plan fiduciary net position - ending (b)	<u>\$ 831,562</u>	<u>\$ 765,691</u>	<u>\$ 701,145</u>	<u>\$ 803,076</u>	<u>\$ 718,990</u>	<u>\$ 690,383</u>	<u>\$ 620,587</u>	<u>\$ 670,226</u>	<u>\$ 592,099</u>	<u>\$ 564,283</u>
County's net pension liability - ending (a)-(b)	<u>\$ 424,305</u>	<u>\$ 439,608</u>	<u>\$ 421,366</u>	<u>\$ 274,115</u>	<u>\$ 279,535</u>	<u>\$ 282,973</u>	<u>\$ 281,161</u>	<u>\$ 198,337</u>	<u>\$ 238,284</u>	<u>\$ 248,287</u>
Plan fiduciary net position as a percentage of the total pension liability	66.21%	63.53%	62.46%	74.55%	72.01%	70.93%	68.82%	77.16%	71.30%	69.44%
Covered payroll	\$ 179,382	\$ 168,608	\$ 152,078	\$ 142,222	\$ 139,975	\$ 138,428	\$ 134,892	\$ 138,239	\$ 130,313	\$ 127,827
County's net pension liability as a percentage of covered payroll	236.54%	260.73%	277.07%	192.74%	199.70%	204.42%	208.43%	143.47%	182.86%	194.24%
Expected average remaining service years of all participants	4	4	4	5	5	5	5	5	5	5

## **Notes to Schedule:**

*Benefit changes:* There are no benefit changes reflected in the current schedule.

*Changes of assumptions:* There are no assumption changes reflected in the current schedule.

## Schedule of County Contributions

Last 10 Fiscal Years

(Dollar amounts in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 50,574	\$ 43,484	\$ 43,712	\$ 36,178	\$ 32,567	\$ 29,637	\$ 27,033	\$ 25,654	\$ 25,810	\$ 25,655
Contributions in relation to the actuarially determined contribution	50,574	43,484	43,712	36,178	32,567	29,637	27,033	25,654	25,810	25,630
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25</u>
Covered payroll	\$ 179,382	\$ 168,608	\$ 152,078	\$ 142,222	\$ 139,975	\$ 138,428	\$ 134,892	\$ 138,239	\$ 130,313	\$ 127,827
Contributions as a percentage of covered payroll	28.19%	25.79%	28.74%	25.44%	23.27%	21.41%	20.04%	18.56%	19.81%	20.05%

## Notes to Schedule

Valuation date:

Actuarially determined contribution (ADC) amounts are calculated as of each January 1 for the upcoming County fiscal year beginning July 1. Actuarial valuations are performed every year. The methods and assumptions shown below are those used in the January 1, 2024 actuarial valuation to calculate the FY2025 ADC. Methods and assumptions used to determine contributions in the past may not have been the same.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percent of payroll (closed), increasing 3.0% per year
Remaining amortization period	Remaining amortization periods range from 10 to 20 years
Asset valuation method	5-year smoothed fair value
Inflation	3.00%
Salary increases	Rates vary by participant age
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Retirement age	Rates vary by participant age and service
Mortality	Pub-2010 Tables for males and females projected generationally using scale MP-2021.

## The Anne Arundel County Employees' Retirement Plan

### Solvency Test

2016 to 2025

Actuarial Valuation Date	Active Member Contribution (1)	Retirees and Beneficiaries Inactive and Pay- Status Members (2)	Active Members Employer Financed Portion (3)	Actuarial Value of Assets	Portion of Actuarial Accrued Liabilities Covered by Assets		
					(1)	(2)	(3)
1/1/2016	66,159,912	490,715,140	228,431,557	604,433,282	100%	100%	20.8%
1/1/2017	65,446,178	523,475,213	224,074,001	627,147,522	100%	100%	17.1%
1/1/2018	66,260,425	558,360,980	226,842,467	653,155,048	100%	100%	12.6%
1/1/2019	64,509,950	610,456,195	238,768,689	665,037,621	100%	98%	0.0%
1/1/2020	64,342,594	646,055,438	243,254,365	682,574,049	100%	96%	0.0%
1/1/2021	66,471,072	691,165,055	270,591,234	715,818,072	100%	94%	0.0%
1/1/2022	65,830,121	723,239,180	268,421,772	757,974,584	100%	96%	0.0%
1/1/2023	67,565,125	761,543,508	326,372,767	773,773,336	100%	93%	0.0%
1/1/2024	69,894,976	783,358,532	350,996,065	802,410,416	100%	94%	0.0%
1/1/2025	72,498,792	809,459,118	373,909,052	834,696,770	100%	94%	0.0%

### Analysis of Financial Experience

#### Reasons for Change in the Unfunded Accrued Liability

The unfunded accrued liability increased from \$401,839,157 to \$421,170,192. The funded status decreased from 66.6% to

#### Reasons for Change in Contribution Rates

The employer contribution rate increased from \$52.8 million for the fiscal year ending June 30, 2025 to \$57.0 million for the fiscal year ending June 30, 2026. The increase of \$4.2 million is due to the following reasons:

Investment Performance	\$	0.7
Pay Increases	\$	1.0
New Entrants/Change in Normal Cost	\$	1.3
COLA	\$	0.1
Change in Expenses	\$	-
Assumption and Method Changes	\$	-
Demographics and Other Changes	\$	-
<b>Total</b>	<b>\$</b>	<b>1.1</b>
	<b>\$</b>	<b>4.2</b>

## **Attachment B**

### **Police Service Retirement Plan**

A. Method Used for GASB 68 Purposes

This valuation was performed using the Entry Age Normal Funding Method. Under this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated on a level basis over the earning of the individual between entry age and assumed exit (or DROP entry, if applicable and earlier).

B. Asset Valuation Method Used for GASB 68 Purposes

The value of assets is equal to the market value of assets.

C. Actuarial Assumptions

The following assumptions were used in valuing the liabilities and benefits under the Plan for purposes of determining pension expense and liabilities under GASB. These assumptions are used for all members eligible to receive benefits under the Police Service Retirement Plan provisions.

***Economic***

Investment Return	7.00% compounded annually net of investment expenses.
Inflation	3.00% compounded annually.
Salary Increases	A graded schedule is used. See Earnings Progression Table.
Cost of Living Adjustment	Benefits accrued before Bill 88-96 are assumed to increase by 3.0% of the current benefit each year. Benefits accrued after Bill 88-96 are assumed to increase by 1.8% of the current benefit each year.

***Other***

Mortality	Healthy Actives, Terminated Vested Participants, and Retirees: Pub-2010 Safety Employee and Healthy Retiree Amount-Weighted Mortality Tables, with 2010 base rates set forward 2 years, and projected generationally from the 2010 base year with improvement scale MP-2021.  Disabled Retirees: Pub-2010 Safety Disabled Retiree Amount-Weighted Mortality Tables, with 2010 base rates set forward 2 years, and projected generationally from the 2010 base year with improvement scale MP-2021.  Contingent/Beneficiaries: Pub-2010 Contingent Survivor Amount-Weighted Mortality Tables, with 2010 base rates set forward 2 years, and projected generationally from the 2010 base year with improvement scale MP-2021.  100% of pre-retirement deaths are assumed to be non-duty related.
Withdrawal	See Table of Sample Rates.
Disability	See Table of Sample Rates. 75% of disablement is assumed to be duty-related.

Retirement Rates

		<u>Years of Service</u>					
<u>Age</u>		<u>5-20</u>	<u>20</u>	<u>21-22</u>	<u>23-24</u>	<u>25</u>	<u>32+</u>
<50	N/A	35%	10%	25%	35%	30%	100%
51-59	10%	35%	10%	25%	35%	30%	100%
60+	100%	100%	100%	100%	100%	100%	100%

DROP Election Rate	75% of eligible participants who are under age 57 and have less than 30 years of service are assumed to elect to enter DROP.
Percentage Married	70% of employees and 70% of current retirees and disabled retirees are assumed married.
Age Difference	Males are assumed to be four years older than their spouses.
Military Service	Active liabilities (which depend on credited service) are loaded by 3.25% to account for future crediting of military service.
Disability Leave	Active liabilities (which depend on credited service) are loaded by 1.75% to account for future crediting of disability service.
Transferred Service	Transferred service is included in the calculation of a participant's benefit starting at the time the service is originally transferred to the County.
Administrative Expenses	A load for estimated administrative expenses is included in the Actuarially Determined Contribution. Expenses are assumed to be the average of the administrative expenses for the prior two years increased with the assumed payroll growth, with the resulting average rounded to the nearest \$1,000.
Insured Benefits	Our calculations and data exhibits reflect that some benefits have already been purchased.
Rationale for Assumptions	<p>The following assumptions are deemed to have a significant effect on the calculations and were selected by the County based on the most recent Experience Study dated November 14, 2022.</p> <ul style="list-style-type: none"> <li>• Inflation</li> <li>• Salary increases</li> <li>• Payroll growth</li> <li>• Mortality</li> <li>• Retirement</li> <li>• Disability</li> <li>• Termination of employment</li> <li>• Marriage</li> </ul> <p>The discount rate/investment rate of return is reviewed at least once annually following the same procedures as outlined in the Experience Study.</p> <p>Anything not specifically noted is deemed to be not significant.</p> <p>The various actuarial assumptions and methods which have been used are, in our opinion, appropriate for the purposes of this report.</p>



Earnings Progression	
Years of Service	Rate
0	7.25%
5	7.00
10	6.50
15	6.00
20	5.00
>=25	4.00

Termination of Employment Rates				
Service	Rate		Service	Rate
0	10.00%		8	2.00%
1	6.00		9	1.00
2	6.00		10	1.00
3	6.00		11	0.50
4	6.00		12	0.50
5	4.00		13	0.50
6	4.00		14	0.50
7	3.00		15+	0.00

Disability Rates	
Age	Rate
30	0.3366%
35	0.4979
40	1.0274
45	1.7181
50	2.5281
55	0.0000

Anne Arundel County Retirement and Pension System  
Police Service Retirement Plan – Schedules of Member Valuation Data  
December 31, 2024

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Active Members

Valuation Date	Number (including members in DROP)	Number in DROP	Annual Payroll (Jan. 1 Rate)	Average Annual Pay	% Increase in Average Pay
January 1, 2016	684	43	48,116,765	70,346	1.0%
January 1, 2017	699	55	50,560,385	72,332	2.8%
January 1, 2018	688	54	51,758,654	75,231	4.0%
January 1, 2019	699	61	55,101,812	78,829	4.8%
January 1, 2020	786	73	61,345,095	78,047	0.0%
January 1, 2021	791	76	67,888,039	85,826	10.0%
January 1, 2022	769	89	68,149,222	88,621	3.3%
January 1, 2023	758	78	70,810,497	93,418	5.4%
January 1, 2024	758	78	77,799,675	102,638	9.9%
January 1, 2025	761	73	83,433,106	109,636	6.8%

Year	Number at Beginning of Year	Additions	Decreases	Number at End of Year
1/1/23 to 12/31/23 <sup>1</sup>	0	40	0	40
1/1/24 to 12/31/24	40	3	(3)	40

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<sup>1</sup> Members who terminated prior to completing the vesting requirements for a deferred benefit are owed a refund of their contributions. This data was not included prior to the January 1, 2024 valuation. The additions column for 1/1/23 to 12/31/23 includes 40 members who are owed a refund of their contributions.

### Members Receiving Benefits

<b>Year</b>	<b>Number at Beginning of Year</b>	<b>Additions</b>	<b>Decreases</b>	<b>Number at End of Year</b>
1/1/15 to 12/31/15	655	46	(12)	689
1/1/16 to 12/31/16	689	37	(15)	711
1/1/17 to 12/31/17	711	33	(14)	730
1/1/18 to 12/31/18	730	31	(22)	739
1/1/19 to 12/31/19	739	32	(13)	758
1/1/20 to 12/31/20	758	35	(16)	777
1/1/21 to 12/31/21	777	36	(22)	791
1/1/22 to 12/31/22	791	40	(14)	817
1/1/21 to 12/31/23	817	60	(47)	830
1/1/24 to 12/31/24	830	40	(14)	856

### Summary of Retirees and Beneficiaries Added to and Removed from Rolls

	Added to Rolls		Removed from Rolls		Rolls End of Year			
<b>Year Ending</b>	<b>Number</b>	<b>Annual Allowance<sup>1</sup></b>	<b>Number</b>	<b>Annual Allowance</b>	<b>Number</b>	<b>Annual Allowance</b>	<b>% Increase in Average Annual Allowance</b>	<b>Average Annual Allowance</b>
12/31/2012	40	\$2,627,863	11	\$542,409	629	\$25,962,733	3.7%	\$41,276
12/31/2013	22	\$1,353,267	12	\$401,425	639	\$26,914,575	2.0%	\$42,120
12/31/2014	29	\$1,788,688	13	\$669,885	655	\$28,033,378	1.6%	\$42,799
12/31/2015	46	\$1,714,607	12	\$416,626	689	\$29,331,359	(0.5%)	\$42,571
12/31/2016	37	\$1,638,640	15	\$529,572	711	\$30,440,427	0.6%	\$42,814
12/31/2017	33	\$2,373,201	14	\$590,897	730	\$32,279,545	3.3%	\$44,219
12/31/2018	31	\$2,019,609	22	\$798,878	739	\$33,500,276	2.5%	\$45,332
12/31/2019	32	\$2,215,052	13	\$519,946	758	\$35,195,382	2.4%	\$46,432
12/31/2020	35	\$2,176,769	16	\$757,261	777	\$36,614,890	4.0%	\$47,123
12/31/2021	36	\$2,511,699	22	\$1,064,127	791	\$38,062,462	4.0%	\$48,119
12/31/2022	40	\$2,851,387	14	\$617,911	817	\$40,295,938	5.9%	\$49,322
12/31/2023	60	\$5,015,328	47	\$2,823,825	830	\$42,487,441	5.4%	\$51,190
12/31/2024	40	2,492,318	14	804,298	856	46,052,895	5.1%	53,800

<sup>1</sup> Includes COLAs for all retirees

<b><i>Compensation</i></b>	Regular annual rate of pay, exclusive of extra compensation of any kind such as overtime pay, bonuses and commissions.
<b><i>Final Average Basic Pay</i></b>	The average of the highest 3 years of annual basic pay.
<b><i>Employee Contributions</i></b>	7.25% of compensation for all participants.
<b><i>Employee Contributions Benefit</i></b>	The sum of the employee contributions made by the Participant and interest, including contributions made to other plans and transferred to this plan, as allowed by plan provisions.
<b><i>Retirement Date</i></b>	
Normal Retirement	The first of the month coincident with or next following the participant's 50 <sup>th</sup> birthday with 5 years of service or the completion of 20 years of service. For those hired prior to February 25, 2002, the five years of service is not required.
Postponed Retirement	A participant may work beyond his normal retirement date and may subsequently retire on the first of any month.
<b><i>Retirement Benefits</i></b>	
Normal Retirement	2.5% of final average basic pay for each year of service up to 20 years plus 2.0% of final average basic pay per year of service in excess of 20 years (maximum 70% plus 2% times unused disability credit and pre-employment military service credit).
Postponed Retirement	Same as normal retirement but based on continued accrual past normal retirement date.
<b>Deferred Retirement Option Program (DROP)</b>	Allows accumulation of pension after 20 years of County service. DROP period must be between three and six years (with the sixth year requiring approval for certain job classifications). Interest shall be credited to the DROP account on a monthly basis at an interest rate of 0.34745%, which provides an effective annual yield of 4.25%. Employee contributions cease upon entry into DROP.
<b><i>Termination of Employment</i></b>	
Less than 20 years of service	Return of employee contributions with 3.00% interest.
<b><i>Disability</i></b>	
Eligibility	Totally and permanently disabled (except as the result of activities specified in the County code) regardless of length of service.
Duty-Related	The greater of the accrued benefit or 66-2/3% of final average basic pay, payable immediately, unreduced.
Non-Duty Related	The greater of the accrued benefit or 20% of final average basic pay, payable immediately, unreduced.

***Death Benefits***

Married                      Duty-Related: Greater of accrued benefit or 66-2/3% of final average basic pay, payable immediately, unreduced.

Non-duty Related: Accrued benefit, payable immediately, unreduced.

Unmarried                      Return of employee contributions with 3.00% interest plus, if the member has one or more years of credited service, a lump sum of 50% of final average basic pay.

***Normal Form of Payment***                      For single participants, monthly life annuity with payments guaranteed for 5 years. For married participants, unreduced 100% joint and survivor annuity with payments guaranteed for 5 years. The marital status of a participant at the date of death dictates the form of benefit payable.

***Cost of Living Increase***  
(for benefits accrued as of 1/31/1997)                      Retiree benefits are adjusted each year. The revised benefit amount is the lesser of:

- Base benefit multiplied by ratio of current 12-month average CPI to 12-month average CPI at retirement.
- Prior year benefit increased by 4%.

Benefit payments can be reduced or increased. However, the amount can never be less than the initial amount.

***Cost of Living Increase***  
(for benefits accrued after 1/31/1997)                      Retiree benefits are adjusted each year. The revised benefit amount is the lesser of:

- Prior year benefit multiplied by 60% of the increase in current March CPI from March CPI for prior year.
- Prior year benefit increased by 2.5%.

Benefit payments can be reduced or increased. However, the amount can never be less than the initial amount.

County Council Bill No. 48-89	Effective 9/13/1989.
	The previously combined Police and Fire plan was separated into distinct plans for each group. The reduction for retirement prior to age 50 was changed to 0.2% per month from 0.3% per month.
County Council Bill No. 34-92	Effective 6/1/1992 through 8/31/1992.
	Participants age 50 or with at least 20 years of service could elect to retire with an additional pension equal to 1/12 of 2.5% of final earnings for the first 20 years of service, plus 1/12 of 2% of final earnings for each additional year of service. The additional amount could be taken as a pension increase, a lump sum, or as a temporary supplement to age 62. Appropriate actuarial adjustments apply.
County Council Bill No. 66-92	Effective 7/2/1992.
	The plan was amended to allow normal, unreduced retirement after 20 years of service.
	Employee contributions were increased to 6% from 5%.
	Participants under age 50 were not allowed to retire and receive retirement incentives (under Bill No, 34-92) in addition to unreduced retirement. They could either retire early with the incentives, or normally without the incentives.
State House Bill No. 687	Effective 7/1/1990.
	County employees were given the opportunity to apply for credit under the County's plan for previous service with the State of Maryland (or a political subdivision of the State).
County Council Bill No. 88-96	Effective 12/4/1996.
	The previous method of calculating cost of living increase will only apply to benefits accrued as of 1/31/97. The cost of living increase for future benefits is a compound increase equal to 60% of the annual change in the CPI, not to exceed 2.5%. Employees hired, or rehired, on or after 12/4/96 will be Tier Two employees and will have different benefits than current employees.
County Council Bill No. 80-00/ Recodification	Effective 2/25/2002.
	Allows a benefit based on disability leave service and pre-plan military service to be paid over the 70% cap. Normal Retirement was changed to the earlier of 20 years of service or age 50 with 5 years of service. Elimination of Tier 2 benefits. Implemented a Deferred Retirement Option Program (DROP), a voluntary program that provides an alternative way to earn and receive retirement benefits.
County Council Bill No. 66-05	Effective 10/10/2005.
	Reduced the contribution percentage for Category II participants from 6% to 5%.
County Council Bill No. 58-07	Effective 10/11/2007.
	Reduced the contribution percentage for Category I participants from 6% to 5%.
County Council Bill No. 74-09	Effective 12/11/2009.
	For non-represented members, FY2010 annual pay shall be determined by increasing FY2009 annual pay by an assumed 3% for determining the average basic pay. Clarified the limits on those entering DROP. The effective annual interest rate for the DROP account changed from 8% to 4.25% for those entering DROP on or after July 1, 2009.
County Council Bill No. 6-10	Effective 4/18/2010
	Provides for a disability benefit for those participants who are totally and permanently disabled as a result of qualified military service.
County Council Bill No. 41-10	Effective 7/1/2010.
	Increased the contribution rate for Police Officers, Police Officer First Class, Police Corporals, and Police Sergeants to 7.25%.

County Council Bill No. 30-12	Effective 2/1/2013.
	All participant except for those in the Police Lieutenant classification shall contribute 7.25% of his or her annual basic pay in each calendar year or portion of a calendar year while an active participant in the plan.
County Council Bill No. 67-12	Effective 2/1/2013.
	Participant in the Police Lieutenant classification shall contribute 7.25% of his or her annual basic pay in each calendar year or portion of a calendar year while an active participant in the plan.
County Council Bill No. 56-16	Effective 7/1/2016.
	Allows for interest to be credited to a DROP member's account in the sixth year of DROP participation. Requires Appointing Authority approval for DROP participation in 6 <sup>th</sup> year for the following classifications: Police Sergeant, Police Lieutenant, Police Captain, Police Major, Deputy Chief or Police Chief.
County Council Bill No. 78-17	Effective: 7/1/2017.
	Eliminates the reduction in benefit for DROP retirees if they are reemployed in any capacity that meets the exceptions set forth in 5-1-203(c)(1). Also adds an exception under 5-1-203(c) for any retirees (including DROP participants) who are reemployed into a grant funded contractual position under 802(a)(17) of the Charter.
County Council Bill No. 55-20	Effective 11/09/2020.
	The legislation permits Police Lieutenants and Sergeants to participate in the sixth year of DROP without requiring Appointing Authority approval.
County Council Bill No. 70-20	Effective 11/22/2020.
	Each of the pension plans provide pension benefits for an employee who is or becomes totally and permanently disabled and meets certain criteria. To be eligible for a disability pension, the plan requires that the disability prevent the participant from performing the duties of the participant's regular duties. The purpose of the bill is to eliminate the participant's ability to perform any other assignment within their Department as a disqualifying factor for a service connected disability.
County Council Bill No. 100-21	Effective 2/5/2022.
	Clarified that the exception to the reduction in pension benefit for rehired classified employees who are reemployed in a contractual position pursuant to § 802(a)(14) of the County Charter is limited to the first 1500 hours per calendar year.
County Council Bill No. 27-22	Effective 5/29/2022.
	Allows modification of an election of contingent annuitant for participants who designated same sex partner prior to 01/01/2013 and subsequently married the contingent annuitant after change in Maryland law regarding same sex marriage.
County Council Bill No. 58-23	Effective 09/11/2023.
	Extends the DROP participation period for a seventh year for participants in the Police plan. Allows DROP participants who exit DROP prior to their initial DROP term to pay contributions missed during their DROP participation period (i) through an offset to their monthly pension benefit until the full amount of missed contributions is paid; (ii) through payroll deductions for a period of up to three years; or (iii) in a lump sum at the time of DROP exit or retirement, whichever is later. Participants who receive disability retirement during their DROP participation period will have the option to pay missed contributions (i) through an offset to their monthly pension benefit until the full amount of missed contributions is paid; or (ii) in a lump sum at the time of retirement.
County Council Bill No. 67-23	Effective 12/08/2023.
	Adds position of Assistant Police Chief to list of Police plan participants.

County Council Bill No. 93-23	Effective 4/13/2024.
	Adds new classifications to list of eligible participants. After effective date of the bill, allows participants who terminate service and are rehired within 12 months later to be reinstated in the plan with their prior years of service -- if they redeposit the amount of accumulated contributions (contributions plus 3% credited interest) that they were paid upon their termination. Payment must be made in a lump sum within 30 days of reemployment. For Participants who terminated and were rehired within the following 12 months before the effective date of the bill, allows repayment of the actuarially equivalent amount of the refunded contributions (including 6% interest) in a lump sum, payroll deductions for up to 3 years, or combination of both.
County Council Bill No. 31-24	Effective 8/8/2024.
	Establishes an exception to the reduction in pension benefit for rehired retirees who are retired from the classified system and are reemployed in a classified position at least 90 days after their date of retirement that is a different job classification than that which the retiree held prior to retirement, and, if the retiree was a uniformed officer, is reemployed as a non-uniformed officer or in a different department from which the retiree retired.
County Council Bill No. 85-24	Effective 1/11/2025.
	Allows new hires in Police and Fire plans to purchase up to five years of service credit from immediately prior public safety agency in Maryland at rate of two times the contribution rate for County Police or Fire plan multiplied by annual basic pay at hire multiplied by number of years of service credit purchased. Payment may be made in lump sum, payroll deductions for up to 3 years, or combination of both.



**Net Pension Liability of the County**

The components of the net pension liability of the County at December 31, 2024, were as follows:

Total pension liability	\$ 1,054,342,125
Plan fiduciary net position	(759,021,830)
County's net pension liability	\$ 295,320,295
Plan fiduciary net position as a percentage of the total pension liability	71.99%

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of December 31, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	Rates vary by participant age
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Mortality	Pub-2010 Safety Tables for males and females projected generationally using scale MP-2021.

The above is a summary of key actuarial assumptions. Full descriptions of the actuarial assumptions are contained in the Actuarial Basis section of this report.

**Sensitivity of the net pension liability to changes in the discount rate**

	<i>1% Decrease</i>	<i>Current</i>	<i>1% Increase</i>
	<i>6.00%</i>	<i>Discount Rate</i>	<i>8.00%</i>
County's net pension liability	\$ 437,155,396	\$ 295,320,295	\$ 179,768,848

**Changes in the Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balances at 12/31/23</b>	\$ 985,923,776	\$ 688,910,928	\$ 297,012,848
<b>Changes for the year:</b>			
Service cost	25,134,672		25,134,672
Interest	67,309,838		67,309,838
Changes of benefit terms	(989,533)		(989,533)
Differences between expected and actual experience	25,672,685		25,672,685
Changes of assumptions	-		-
Contributions - employer		40,514,250	(40,514,250)
Contributions - member		5,599,048	(5,599,048)
Net investment income		73,390,303	(73,390,303)
Benefit payments, including refunds of member contributions	(48,709,313)	(48,709,313)	-
Administrative expense		(683,386)	683,386
Other		-	-
<b>Net Changes</b>	<u>68,418,349</u>	<u>70,110,902</u>	<u>(1,692,553)</u>
<b>Balances at 12/31/24</b>	<u><u>\$ 1,054,342,125</u></u>	<u><u>\$ 759,021,830</u></u>	<u><u>\$ 295,320,295</u></u>

Anne Arundel County Retirement and Pension System  
Police Service Retirement Plan – Actuarial Information  
December 31, 2024

**Changes in the County's Net Pension Liability and Related Ratios**

Last 10 Fiscal Years

(Dollar amounts in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	\$ 25,135	\$ 22,947	\$ 17,611	\$ 17,596	\$ 14,504	\$ 13,064	\$ 12,826	\$ 12,689	\$ 12,057	\$ 12,258
Interest	67,310	64,927	61,351	55,381	55,149	52,474	50,963	48,563	47,032	45,473
Changes of benefit terms	(990)	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	25,673	11,974	16,152	5,789	20,346	(2,017)	(2,591)	6,202	(4,527)	(4,693)
Changes of assumptions	-	(19,679)	-	48,555	-	10,096	-	-	-	-
Benefit payments, including refunds of member contributions	(48,709)	(43,538)	(44,515)	(39,555)	(38,637)	(36,791)	(35,938)	(34,950)	(33,357)	(31,134)
Net change in total pension liability	68,418	36,631	50,598	87,765	51,361	36,826	25,261	32,504	21,205	21,903
Total pension liability - beginning	985,924	949,293	898,695	810,929	759,569	722,742	697,482	664,978	643,773	621,870
Total pension liability - ending (a)	<u>\$1,054,342</u>	<u>\$ 985,924</u>	<u>\$ 949,293</u>	<u>\$ 898,695</u>	<u>\$ 810,929</u>	<u>\$ 759,569</u>	<u>\$ 722,742</u>	<u>\$ 697,482</u>	<u>\$ 664,978</u>	<u>\$ 643,773</u>
Plan fiduciary net position										
Contributions - employer	\$ 40,514	\$ 35,789	\$ 37,522	\$ 29,599	\$ 24,901	\$ 23,094	\$ 21,934	\$ 20,931	\$ 20,411	\$ 19,560
Contributions - member	5,599	4,646	4,284	4,255	4,181	3,669	3,372	3,250	3,158	3,104
Net investment income	73,390	74,562	(75,544)	89,125	42,158	75,786	(25,860)	78,155	33,500	(7,869)
Benefit payments, including refunds of member contributions	(48,709)	(43,538)	(44,515)	(39,555)	(38,637)	(36,791)	(35,938)	(34,950)	(33,357)	(31,134)
Administrative expense	(683)	(550)	(518)	(509)	(477)	(530)	(464)	(445)	(417)	(423)
Other	-	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	\$ 70,111	\$ 70,909	\$ (78,772)	\$ 82,914	\$ 32,125	\$ 65,228	\$ (36,956)	\$ 66,941	\$ 23,295	\$ (16,762)
Plan fiduciary net position - beginning	688,911	618,001	696,773	613,859	581,734	516,505	553,461	486,520	463,225	479,988
Plan fiduciary net position - ending (b)	<u>\$ 759,022</u>	<u>\$ 688,911</u>	<u>\$ 618,001</u>	<u>\$ 696,773</u>	<u>\$ 613,859</u>	<u>\$ 581,734</u>	<u>\$ 516,505</u>	<u>\$ 553,461</u>	<u>\$ 486,520</u>	<u>\$ 463,225</u>
County's net pension liability - ending (a)-(b)	<u>\$ 295,320</u>	<u>\$ 297,013</u>	<u>\$ 331,291</u>	<u>\$ 201,921</u>	<u>\$ 197,071</u>	<u>\$ 177,835</u>	<u>\$ 206,237</u>	<u>\$ 144,020</u>	<u>\$ 178,458</u>	<u>\$ 180,547</u>
Plan fiduciary net position as a percentage of the total pension liability	71.99%	69.87%	65.10%	77.53%	75.70%	76.59%	71.46%	79.35%	73.16%	71.95%
Covered payroll	\$ 72,592	\$ 66,813	\$ 60,710	\$ 57,129	\$ 58,777	\$ 53,035	\$ 48,322	\$ 45,989	\$ 44,894	\$ 43,879
County's net pension liability as a percentage of covered payroll	406.82%	444.54%	545.69%	353.45%	335.28%	335.32%	426.79%	313.16%	397.51%	411.47%
Expected average remaining service years of all participants	4	4	4	4	4	4	4	4	4	4

**Notes to Schedule:**

*Benefit changes:* The plan was amended to increase the maximum amount of time a participant is allowed to be in DROP from six years to seven.

*Changes of assumptions:* There are no assumption changes reflected in the current schedule.

*Covered Payroll:* Does not include pay for members in DROP.

Anne Arundel County Retirement and Pension System  
Police Service Retirement Plan – Actuarial Information  
December 31, 2024

**Schedule of County Contributions**

Last 10 Fiscal Years

(Dollar amounts in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 40,514	\$ 35,789	\$ 37,522	\$ 29,599	\$ 24,901	\$ 23,094	\$ 21,934	\$ 20,931	\$ 20,411	\$ 19,560
Contributions in relation to the actuarially determined contribution	40,514	35,789	37,522	29,599	24,901	23,094	21,934	20,931	20,411	19,560
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 0</u>	<u>\$ -</u>
Covered payroll (excluding members in DROP)	\$ 72,592	\$ 66,813	\$ 60,710	\$ 57,129	\$ 58,777	\$ 53,035	\$ 48,322	\$ 45,989	\$ 44,894	\$ 43,879
Contributions as a percentage of covered payroll	55.81%	53.57%	61.80%	51.81%	42.36%	43.54%	45.39%	45.51%	45.46%	44.58%

**Notes to Schedule**

Valuation date:

Actuarially determined contribution amounts are calculated as of each January 1 for the upcoming County fiscal year beginning July 1. Actuarial valuations are performed every year. The methods and assumptions shown below are those used in the January 1, 2024 actuarial valuation to calculate the FY2025 ADC. Methods and assumptions used to determine contributions in the past may not have been the same.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percent of payroll (closed), increasing 3.0% per year
Remaining amortization period	Remaining amortization periods range from 10 to 20 years
Asset valuation method	5-year smoothed fair value
Inflation	3.00%
Salary increases	Rates vary by participant age
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Retirement age	Rates vary by participant age and service
Mortality	Pub-2010 Safety Tables for males and females projected generationally using scale MP-2021.

**The Anne Arundel County Police Service Retirement Plan**

**Solvency Test**

2016 to 2025

Actuarial Valuation Date	Active Member Contribution (1) <sup>1</sup>	Retirees and Beneficiaries Inactive and Pay- Status Members (2)	Active Members Employer Financed Portion (3)	Actuarial Value of Assets	Portion of Actuarial Accrued Liabilities Covered by Assets		
					(1)	(2)	(3)
1/1/2016	28,952,829	400,644,387	205,420,231	498,491,072	100%	100%	33.5%
1/1/2017	29,153,543	410,045,649	213,498,527	517,010,261	100%	100%	36.4%
1/1/2018	30,742,890	430,537,535	223,106,492	540,292,183	100%	100%	35.4%
1/1/2019	31,312,419	448,094,223	228,963,359	553,866,523	100%	100%	32.5%
1/1/2020	31,595,788	463,770,764	236,284,457	575,083,049	100%	100%	33.7%
1/1/2021	33,388,307	504,461,405	285,246,640	610,249,155	100%	100%	25.4%
1/1/2022	33,242,264	532,235,730	300,021,625	657,356,435	100%	100%	30.6%
1/1/2023	36,763,887	557,304,102	336,833,058	681,284,581	100%	100%	25.9%
1/1/2024	39,691,323	579,186,806	371,393,408	719,446,566	100%	100%	27.1%
1/1/2025	42,475,096	616,224,352	395,642,677	759,565,987	100%	100%	25.5%

**Analysis of Financial Experience**

**Reasons for Change in the Unfunded Accrued Liability**

The unfunded accrued liability increased from \$270,824,971 to \$294,776,138. The funded status decreased from 72.7% to

**Reasons for Change in Contribution Rates**

The employer contribution rate increased from \$42.4 million for the fiscal year ending June 30, 2025 to \$46.8 million for the fiscal year ending June 30, 2026. The increase of \$4.4 million is due to the following reasons:

Investment Performance	0.5
Pay Increases	1.5
New Entrants/Change in Normal Cost	1.6
COLA	0.3
Change in Expenses	0.1
Assumption and Method Changes	-
Plan Changes	-
Demographics and Other Changes	0.4
<b>Total</b>	<b>4.4</b>

<sup>1</sup> Does not include contribution balances for any participants currently in DROP

## **Attachment C**

### **Fire Service Retirement Plan**

**A. Method Used for GASB 68 Purposes**

This valuation was performed using the Entry Age Normal Funding Method. Under this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated on a level basis over the earning of the individual between entry age and assumed exit (or DROP entry, if applicable and earlier).

**B. Asset Valuation Method Used for GASB 68 Purposes**

The value of assets is equal to the market value of assets.

**C. Actuarial Assumptions**

The following assumptions were used in valuing the liabilities and benefits under the Plan for purposes of determining pension expense and liabilities under GASB. These assumptions are used for all members eligible to receive benefits under the Fire Plan provisions.

***Economic***

Investment Return	7.00% compounded annually net of investment expenses
Inflation	3.00% compounded annually
Salary Increases	A graded schedule is used. See Earnings Progression Table.
Cost of Living Adjustment	Benefits accrued before Bill 88-96 are assumed to increase by 3.0% of the current benefit each year. Benefits accrued after Bill 88-96 are assumed to increase by 1.8% of current benefit each year.

***Other***

Mortality	Healthy Actives, Terminated Vested Participants, and Retirees: Pub-2010 Safety Employee and Healthy Retiree Amount-Weighted Mortality Tables, with 2010 base rates set forward 1 year, and projected generationally from the 2010 base year with improvement scale MP-2021.  Disabled Retirees: Pub-2010 Safety Disabled Retiree Amount-Weighted Mortality Tables, with 2010 base rates set forward 1 year, and projected generationally from the 2010 base year with improvement scale MP-2021.  Contingent/Beneficiaries: Pub-2010 Contingent Survivor Amount-Weighted Mortality Tables, with 2010 base rates set forward 1 year, and projected generationally from the 2010 base year with improvement scale MP-2021.  100% of pre-retirement deaths are assumed to be non-duty related.
Withdrawal	See Table of Sample Rates.
Disability	See Table of Sample Rates. 75% of disablement is assumed to be duty-related.
Retirement Rates	

	Years of Service					
Age	5-19	20	21-24	25-28	29-31	32+
<50	N/A	30%	12%	20%	50%	100%
50-64	5%	30%	12%	20%	50%	100%
65+	100%	100%	100%	100%	100%	100%

DROP Election Rate	80% of eligible participants are assumed to elect to enter DROP.
Percentage Married	70% of employees and 70% of current retirees and disabled retirees are assumed married.
Age Difference	Males are assumed to be four years older than their spouses.
Military Service	Active liabilities (which depend on credited service) are loaded by 3.25% to account for future crediting of military service.
Disability Leave	Service credit for benefit formula purposes is increased by 1.75% to account for disability leave, which is converted to service credit at retirement.
Transferred Service	Transferred service is included in the calculation of a participant's benefit starting at the time the service is originally transferred to the County.
Administrative Expenses	A load for estimated administrative expenses is included in the Actuarially Determined Contribution. Expenses are assumed to be the average of the administrative expenses for the prior two years increased with the assumed payroll growth, with the resulting average rounded to the nearest \$1,000.
Insured Benefits	Our calculations reflect that some benefits have already been purchased.

***Rationale for Assumptions***

The following assumptions are deemed to have a significant effect on the calculations and were selected by the County based on the most recent Experience Study dated November 14, 2022.

- Inflation
- Salary increases
- Payroll growth
- Mortality
- Retirement
- Disability
- Termination of employment
- Marriage

The discount rate/investment rate of return is reviewed at least once annually following the same procedures as outlined in the Experience Study.

Anything not specifically noted is deemed to be not significant.

The various actuarial assumptions and methods which have been used are, in our opinion, appropriate for the purposes of this report.



Earnings Progression	
Years of Service	Rate
0	7.50%
5	7.00%
10	6.50%
15	6.00%
20	5.00%
>=25	3.75%

Disability Rates	
Age	Rate
30	0.2203%
35	0.3259
40	0.6725
45	1.1245
50	1.6548
55	0.0000

Termination of Employment Rates				
Service	Rate		Service	Rate
0	5.00%		8	1.50%
1	5.00		9	1.50
2	5.00		10	0.50
3	4.50		11	0.50
4	4.00		12	0.50
5	3.00		13	0.50
6	2.50		14	0.50
7	2.50		15+	0.00

Anne Arundel County Retirement and Pension System  
Fire Service Retirement Plan – Schedules of Member Valuation Data  
December 31, 2024

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Active Members

Valuation Date	Number (including members in DROP)	Number in DROP	Annual Payroll (Jan. 1 Rate)	Average Annual Pay	% Increase in Average Pay
January 1, 2014	754	115	44,950,885	59,617	(2.0%)
January 1, 2015	780	87	48,549,950	62,244	4.4%
January 1, 2016	832	59	49,181,953	59,113	(5.0%)
January 1, 2017	837	45	50,412,257	60,230	1.9%
January 1, 2018	835	51	51,766,876	61,996	2.9%
January 1, 2019	840	60	54,769,258	65,201	5.2%
January 1, 2020	852	73	58,710,040	68,909	5.7%
January 1, 2021	870	74	63,461,220	72,933	5.8%
January 1, 2022	886	87	67,851,357	76,582	5.0%
January 1, 2023	884	82	71,480,282	80,860	5.6%
January 1, 2024	906	74	80,526,711	88,882	9.9%
January 1, 2025	927	88	86,339,365	93,138	4.8%

Members with Deferred Benefits

Year	Number at Beginning of Year	Additions	Decreases	Number at End of Year
1/1/23 to 12/31/23	0	39	0	39 <sup>1</sup>
1/1/24 to 12/31/24	39	4	(4)	39

### Members Receiving Benefits

<b>Year</b>	<b>Number at Beginning of Year</b>	<b>Additions</b>	<b>Decreases</b>	<b>Number at End of Year</b>
1/1/15 to 12/31/15	517	38	(5)	550
1/1/16 to 12/31/16	550	49	(8)	591
1/1/17 to 12/31/17	591	31	(6)	616
1/1/18 to 12/31/18	616	25	(15)	626
1/1/19 to 12/31/19	626	12	(12)	626
1/1/20 to 12/31/20	626	28	(9)	645
1/1/21 to 12/31/21	645	28	(12)	661
1/1/22 to 12/31/22	661	33	(17)	677
1/1/23 to 12/31/23	677	56	(32)	701
1/1/24 to 12/31/24	701	26	(7)	720

### Summary of Retirees and Beneficiaries Added to and Removed from Rolls

	<b>Added to Rolls</b>		<b>Removed from Rolls</b>		<b>Rolls End of Year</b>			
<b>Year Ending</b>	<b>Number</b>	<b>Annual Allowance<sup>1</sup></b>	<b>Number</b>	<b>Annual Allowance</b>	<b>Number</b>	<b>Annual Allowance</b>	<b>% Increase in Average Annual Allowance</b>	<b>Average Annual Allowance</b>
12/31/2015	38	\$2,037,484	5	\$208,634	550	\$23,884,523	1.8%	\$43,426
12/31/2016	49	\$2,058,968	8	\$179,838	591	\$25,763,653	0.4%	\$43,593
12/31/2017	31	\$1,862,863	6	\$217,350	616	\$27,409,166	2.1%	\$44,495
12/31/2018	25	\$1,781,286	15	\$499,156	626	\$28,691,296	3.0%	\$45,833
12/31/2019	12	\$1,042,384	12	\$430,679	626	\$29,303,001	2.1%	\$46,810
12/31/2020	28	\$1,822,652	9	\$402,610	645	\$30,723,043	4.8%	\$47,633
12/31/2021	28	\$1,879,003	12	\$502,637	661	\$32,099,409	4.5%	\$48,562
12/31/2022	33	\$2,580,146	17	\$687,518	677	\$33,992,037	5.9%	\$50,210
12/31/2023	56	\$3,426,147	32	\$907,214	701	\$36,510,970	3.7%	\$52,084
12/31/2024	26	1,433,197	7	\$351,515	720	\$39,168,836	4.4%	\$54,401

<sup>1</sup> Includes COLAs for all retirees

<b>Compensation</b>	Regular annual rate of pay, exclusive of extra compensation of any kind such as overtime pay, bonuses and commissions.
<b>Final Average Basic Pay</b>	The average of the highest 3 years of annual basic pay.
<b>Employee Contributions</b>	7.25% of compensation for all participants.
<b>Employee Contributions Benefit</b>	The sum of the employee contributions made by the participant and interest, including contributions made to other plans and transferred to this plan, as allowed by plan provisions.
<b>Retirement Date</b>	
Normal Retirement	The first of the month coincident with or next following the participant's 50 <sup>th</sup> birthday and 5 years of service or the completion of 20 years of service.
Postponed Retirement	A participant may work beyond his normal retirement date and may subsequently retire on the first of any month.
<b>Retirement Benefits</b>	
Normal Retirement	2.5% of final average basic pay for each year of service up to 20 years plus 2.0% of final average basic pay per year of service in excess of 20 years (maximum 70% plus 2% times unused disability credit and pre-employment military service credit.)
Postponed Retirement	Same as normal retirement but based on continued accrual past normal retirement date.
<b>Deferred Retirement Option Program (DROP)</b>	Allows accumulation of pension after 20 years of County service. DROP period must be between three and six years (with the sixth year requiring approval for certain job classifications). Interest shall be credited to the DROP account on a monthly basis at an interest rate of 0.34745%, which provides an effective annual yield of 4.25%. Employee contributions cease upon entry into DROP.
<b>Termination of Employment</b>	Return of employee contributions with 3.00% interest.
<b>Disability</b>	
Eligibility	Totally and permanently disabled (except as the result of activities specified in the Country code) regardless of length of service.
Duty-Related	The greater of the accrued benefit or 66-2/3% of final average basic pay, payable immediately, unreduced.
Non-Duty Related	The greater of the accrued benefit or 20% of final average basic pay, payable immediately, unreduced.
<b>Death Benefits</b>	
Married	Duty-Related: Greater of accrued benefit or 66-2/3% of final average basic pay, payable immediately, unreduced. Non-duty Related: Accrued benefit, payable immediately, unreduced..
Unmarried	Return of employee contributions with 3.00% interest plus, if the member has one or more years of credited service, a lump sum of 50% of final average basic pay.

***Normal Form of Payment***

For single participants, monthly life annuity with payments guaranteed for 5 years. For married participants, unreduced 100% joint and survivor annuity with payments guaranteed for 5 years. The marital status of a participant at the date of death dictates the form of benefit payable.

***Cost of Living Increase***  
(for benefits accrued as of  
1/31/1997)

Retiree benefits are adjusted each year. The revised benefit amount is the lesser of:

- Base benefit multiplied by ratio of current 12-month average CPI to 12-month average CPI at retirement.
- Prior year benefit increased by 4%.

Benefit payments can be reduced or increased. However, the amount can never be less than the initial benefit amount.

***Cost of Living Increase***  
(for benefits accrued after  
1/31/1997)

Retiree benefits are adjusted each year. The revised benefit amount is the lesser of:

- Prior year benefit multiplied by 60% of the increase in current March CPI from March CPI for prior year.
- Prior year benefit increased by 2.5%.

Benefit payments can be reduced or increased. However, the amount can never be less than the initial benefit amount.

County Council Bill No. 48-89	Effective 9/13/1989.
	The previously combined Police and Fire plan was separated into distinct plans for each group.
	The reduction for retirement prior to age 50 was changed to 0.2% per month from 0.3% per month.
County Council Bill No. 34-92	Effective 6/1/1992 through 8/31/1992.
	Participants age 50 or with at least 20 years of service could elect to retire with an additional pension equal to 1/12 of 2.5% of final earnings for the first 20 years of service, plus 1/12 of 2% of final earnings for each additional year of service. The additional amount could be taken as a pension increase, a lump sum, or as a temporary supplement to age 62. Appropriate actuarial adjustments apply.
State House Bill No. 687	Effective 7/1/1990.
	County employees were given the opportunity to apply for credit under the County's plan for previous service with the State of Maryland (or a political subdivision of the State).
County Council Bill No. 88-96	Effective 12/4/1996.
	The previous method of calculating cost of living increase will only apply to benefits accrued as of 1/31/97. The cost of living increase for future benefits is a compound increase equal to 60% of the annual change in the CPI, not to exceed 2.5%. Employees hired, or rehired, on or after 12/4/96 will be Tier Two employees and will have different benefits than current employees.
County Council Bill No. 80-00 Recodification	Effective 2/25/2002.
	Allows a benefit based on disability leave service and pre-plan military service to be paid over the 70% cap. Normal Retirement was changed to the earlier of 20 years of service or age 50 with 5 years of service. Elimination of Tier 2 benefits. Implemented a Deferred Retirement Option Program (DROP), a voluntary program that provides an alternative way to earn and receive retirement benefits (retroactive to 1/1/2001).
County Council Bill No. 74-09	Effective 12/11/2009.
	For non-represented members, FY2010 annual pay shall be determined by increasing FY2009 annual pay by an assumed 3% for determining the final average basic pay. For represented members, FY2010 annual pay shall be determined by increasing FY2009 annual pay by an assumed 5% for determining the final average basic pay.
County Council Bill No. 6-10	Effective 4/18/2010.
	Provides for a disability benefit for those participants who are totally and permanently disabled as a result of qualified military service.
County Council Bill No. 41-10	Reduced the DROP interest rate from 8 % to 4.25%. Increased the contribution rate for all but Battalion Chief, Division Chief, Deputy Chief and Fire Chief to 7.25%.
County Council Bill No. 98-12	Effective 5/13/2013.
	Changed the definition of "final average basic pay" from highest 3 out of the last 5 years basic pays to highest 3 of all basic pays.
County Council Bill No. 30-12	Effective 2/1/2013.
	All participants shall contribute 7.25% of his or her annual basic pay in each calendar year or portion of a calendar year while an active participant in the plan.
County Council Bill No. 66-18	Effective 7/1/2016.
	Except for Battalion Chiefs, allows for interest to be credited to a DROP member's account in the sixth year of DROP participation, for members entering their sixth year in DROP after July 1, 2018.
County Council Bill No. 55-20	Effective: 11/09/2020.
	The legislation permits Battalion Chiefs to now earn interest in the 6th year of DROP for Members entering the 6th year of DROP after July 1, 2020.

County Council Bill No. 70-20	Effective: 11/22/2020.
	Each of the pension plans provide pension benefits for an employee who is or becomes totally and permanently disabled and meets certain criteria. To be eligible for a disability pension, the plan requires that the disability prevent the participant from performing the duties of the participant's regular duties. The purpose of the bill is to eliminate the participant's ability to perform any other assignment within their Department as a disqualifying factor for a service connected disability.
County Council Bill No. 79-21	Effective: 12/4/2021.
	This bill allows Battalion Chiefs to extend their DROP participation period to the sixth year without approval of the Fire Chief.
County Council Bill No. 100-21	Effective: 2/5/2022.
	Clarified that the exception to the reduction in pension benefit for rehired classified employees who are reemployed in a contractual position pursuant to § 802(a)(14) of the County Charter is limited to the first 1500 hours per calendar year.
County Council Bill No. 27-22	Effective: 5/29/2022.
	Allows modification of an election of contingent annuitant for participants who designated same sex partner prior to 01/01/2013 and subsequently married the contingent annuitant after change in Maryland law regarding same sex marriage.
County Council Bill No. 61-22	Effective: 8/28/2022.
	Allowed Fire Division Chief, Fire Deputy Chief, Fire Assistant Chief, or Fire Chief to participate in the sixth year of DROP with appointing authority approval.
County Council Bill No. 58-23	Effective 09/11/2023.
	Allows DROP participants who exit DROP prior to their initial DROP term to pay contributions missed during their DROP participation period (i) through an offset to their monthly pension benefit until the full amount of missed contributions is paid; (ii) through payroll deductions for a period of up to three years; or (iii) in a lump sum at the time of DROP exit or retirement, whichever is later. Participants who receive disability retirement during their DROP participation period will have the option to pay missed contributions (i) through an offset to their monthly pension benefit until the full amount of missed contributions is paid; or (ii) in a lump sum at the time of retirement.
County Council Bill No. 93-23	Effective 4/13/2024.
	Adds new classifications to list of eligible participants. After effective date of the bill, allows participants who terminate service and are rehired within 12 months later to be reinstated in the plan with their prior years of service -- if they redeposit the amount of accumulated contributions (contributions plus 3% credited interest) that they were paid upon their termination. Payment must be made in a lump sum within 30 days of reemployment. For Participants who terminated and were rehired within the following 12 months before the effective date of the bill, allows repayment of the actuarially equivalent amount of the refunded contributions (including 6% interest) in a lump sum, payroll deductions for up to 3 years, or combination of both.
County Council Bill No. 31-24	Effective 8/8/2024.
	Established an exception to the reduction in pension benefit for rehired retirees who are retired from the classified system and are reemployed in a classified position at least 90 days after their date of retirement that is a different job classification than that which the retiree held prior to retirement, and, if the retiree was a uniformed officer, is reemployed as a non-uniformed officer or in a different department from which the retiree retired.

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County Council Bill No. 50-24	Effective 8/8/2024.
	Extends the total DROP participation period to seven years. Requires appointing authority approval for seventh year for classifications of Fire Fighter, Fire Lieutenant, Fire Captain, or Fire Battalion Chief.
County Council Bill No. 85-24	Effective 1/11/2025.
	Allows new hires in Police and Fire plans to purchase up to five years of service credit from immediately prior public safety agency employer in Maryland at rate of two times the contribution rate for applicable County Police or Fire plan, multiplied by annual basic pay at hire, multiplied by number of years of service credit purchased. Payment may be made in lump sum, payroll deductions, or combination of both.



### Net Pension Liability of the County

The components of the net pension liability of the County at December 31, 2024, were as follows:

Total pension liability	\$ 993,017,370
Plan fiduciary net position	<u>(756,857,698)</u>
County's net pension liability	<u>\$ 236,159,672</u>
Plan fiduciary net position as a percentage of the total pension liability	76.22%

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of December 31, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	Rates vary by participant age and service
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Mortality	Pub-2010 Safety Tables for males and females projected generationally using scale MP-2021.

The above is a summary of key actuarial assumptions. Full descriptions of the actuarial assumptions are contained in the Actuarial Basis section of this report.

### Sensitivity of the net pension liability to changes in the discount rate

	<i>1% Decrease</i> <u>6.00%</u>	<i>Current</i> <i>Discount Rate</i> <u>7.00%</u>	<i>1% Increase</i> <u>8.00%</u>
County's net pension liability	\$ 371,825,037	\$ 236,159,672	\$ 125,592,358

**Changes in the Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
<b>Balances at 12/31/23</b>	\$ 929,818,891	\$ 684,000,847	\$ 245,818,044
<b>Changes for the year:</b>			
Service cost	26,006,863		26,006,863
Interest	63,624,847		63,624,847
Changes of benefit terms	-		-
Differences between expected and actual experience	15,351,783		15,351,783
Changes of assumptions	-		-
Contributions - employer		35,911,289	(35,911,289)
Contributions - member		5,641,423	(5,641,423)
Net investment income		73,786,798	(73,786,798)
Benefit payments, including refunds of member contributions	(41,785,014)	(41,785,014)	-
Administrative expense		(697,645)	697,645
Other		-	-
<b>Net Changes</b>	63,198,479	72,856,851	(9,658,372)
<b>Balances at 12/31/24</b>	<u>\$ 993,017,370</u>	<u>\$ 756,857,698</u>	<u>\$ 236,159,672</u>

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**Changes in the County's Net Pension Liability and Related Ratios**

Last 10 Fiscal Years

(Dollar amounts in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	\$ 26,007	\$ 22,837	\$ 18,296	\$ 17,012	\$ 14,146	\$ 12,612	\$ 11,785	\$ 11,556	\$ 11,102	\$ 10,339
Interest	63,625	59,235	56,027	49,832	50,305	47,454	45,537	43,670	42,294	41,924
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	15,352	27,177	11,720	14,680	(913)	(573)	3,521	2,210	(1,552)	(14,630)
Changes of assumptions	-	(3,909)	-	42,475	6,468	10,153	-	-	-	-
Benefit payments, including refunds of member contributions	(41,785)	(43,481)	(36,939)	(34,049)	(32,663)	(30,098)	(31,973)	(33,129)	(33,868)	(31,520)
Net change in total pension liability	63,198	61,859	49,105	89,950	37,342	39,548	28,869	24,309	17,976	6,112
Total pension liability - beginning	929,818	867,959	818,854	728,904	691,562	652,014	623,144	598,836	580,860	574,748
Total pension liability - ending (a)	<u>\$ 993,017</u>	<u>\$ 929,818</u>	<u>\$ 867,959</u>	<u>\$ 818,854</u>	<u>\$ 728,904</u>	<u>\$ 691,562</u>	<u>\$ 652,014</u>	<u>\$ 623,144</u>	<u>\$ 598,836</u>	<u>\$ 580,860</u>
Plan fiduciary net position										
Contributions - employer	\$ 35,911	\$ 30,863	\$ 32,341	\$ 24,643	\$ 20,506	\$ 17,637	\$ 15,704	\$ 14,664	\$ 14,591	\$ 15,122
Contributions - member	5,641	4,902	4,412	4,203	4,093	3,652	3,524	3,441	3,257	3,050
Net investment income	73,787	75,008	(74,960)	88,952	42,359	75,388	(25,208)	77,992	33,899	(7,744)
Benefit payments, including refunds of member contributions	(41,785)	(43,481)	(36,939)	(34,049)	(32,663)	(30,098)	(31,973)	(33,129)	(33,868)	(31,520)
Administrative expense	(698)	(556)	(522)	(513)	(486)	(522)	(430)	(448)	(428)	(436)
Other	-	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	\$ 72,857	\$ 66,737	\$ (75,669)	\$ 83,236	\$ 33,809	\$ 66,058	\$ (38,382)	\$ 62,520	\$ 17,451	\$ (21,528)
Plan fiduciary net position - beginning	684,001	617,264	692,932	609,696	575,887	509,828	548,211	485,690	468,239	489,767
Plan fiduciary net position - ending (b)	<u>\$ 756,857</u>	<u>\$ 684,001</u>	<u>\$ 617,264</u>	<u>\$ 692,932</u>	<u>\$ 609,696</u>	<u>\$ 575,887</u>	<u>\$ 509,828</u>	<u>\$ 548,211</u>	<u>\$ 485,690</u>	<u>\$ 468,239</u>
County's net pension liability - ending (a)-(b)	<u>\$ 236,159</u>	<u>\$ 245,818</u>	<u>\$ 250,696</u>	<u>\$ 125,922</u>	<u>\$ 119,208</u>	<u>\$ 115,675</u>	<u>\$ 142,185</u>	<u>\$ 74,934</u>	<u>\$ 113,145</u>	<u>\$ 112,621</u>
Plan fiduciary net position as a percentage of the total pension liability	76.22%	73.56%	71.12%	84.62%	83.65%	83.27%	78.19%	87.97%	81.11%	80.61%
Covered payroll	\$ 74,478	\$ 70,868	\$ 61,934	\$ 58,237	\$ 55,428	\$ 51,011	\$ 48,728	\$ 46,954	\$ 46,228	\$ 43,838
County's net pension liability as a percentage of covered payroll	317.09%	346.87%	404.78%	216.22%	215.07%	226.76%	291.79%	159.59%	244.76%	256.90%
Expected average remaining service years of all participants	5	6	5	5	5	6	6	6	6	5

**Notes to Schedule:**

*Benefit changes:* There are no benefit changes reflected in the current schedule.

*Changes of assumptions:* There are no assumption changes reflected in the current schedule.

*Covered Payroll:* Does not include pay for members in DROP.

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**Schedule of County Contributions**

Last 10 Fiscal Years

(Dollar amounts in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 35,911	\$ 30,863	\$ 32,341	\$ 24,643	\$ 20,506	\$ 17,637	\$ 15,704	\$ 14,664	\$ 14,591	\$ 15,122
Contributions in relation to the actuarially determined contribution	<u>35,911</u>	<u>30,863</u>	<u>32,341</u>	<u>24,643</u>	<u>20,506</u>	<u>17,637</u>	<u>15,704</u>	<u>14,664</u>	<u>14,591</u>	<u>15,122</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered payroll (excluding members in DROP)	\$ 74,478	\$ 70,868	\$ 61,934	\$ 58,237	\$ 55,428	\$ 51,011	\$ 48,728	\$ 46,954	\$ 46,228	\$ 43,838
Contributions as a percentage of covered payroll	48.22%	43.55%	52.22%	42.31%	36.99%	34.57%	32.23%	31.23%	31.56%	34.49%

**Notes to Schedule**

Valuation date:

Actuarially determined contribution amounts are calculated as of each January 1 for the upcoming County fiscal year beginning July 1. Actuarial valuations are performed every year. The methods and assumptions shown below are those used in the January 1, 2024 actuarial valuation to calculate the FY2025 ADC. Methods and assumptions used to determine contributions in the past may not have been the same.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percent of payroll (closed), increasing 3.0% per year
Remaining amortization period	Remaining amortization periods range from 10 to 20 years
Asset valuation method	5-year smoothed fair value
Inflation	3.00%
Salary increases	Rates vary by participant age and service
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Retirement age	Rates vary by participant age and service
Mortality	Pub-2010 Safety Tables for males and females projected generationally using scale MP-2021.

**The Anne Arundel County Fire Service Retirement Plan**

**Solvency Test**

2016 to 2025

Actuarial Valuation Date	Active Member Contribution (1) <sup>1</sup>	Retirees and Beneficiaries Inactive and Pay- Status Members (2)	Active Members Employer Financed Portion (3)	Actuarial Value of Assets	Portion of Actuarial Accrued Liabilities Covered by Assets		
					(1)	(2)	(3)
1/1/2016	27,679,531	335,464,387	211,631,903	503,389,792	100%	100%	66.3%
1/1/2017	29,579,980	358,058,086	202,630,706	516,044,681	100%	100%	63.4%
1/1/2018	30,315,919	376,991,732	202,482,078	534,987,849	100%	100%	63.1%
1/1/2019	31,349,277	389,664,773	218,448,234	546,237,670	100%	100%	57.3%
1/1/2020	32,739,814	392,274,171	247,342,807	568,443,867	100%	100%	58.0%
1/1/2021	35,184,300	426,297,038	287,018,977	605,126,804	100%	100%	50.0%
1/1/2022	36,610,624	450,113,593	313,166,675	652,769,215	100%	100%	53.0%
1/1/2023	39,893,974	477,949,792	346,462,013	679,641,090	100%	100%	46.7%
1/1/2024	43,352,261	505,593,055	380,873,573	713,457,437	100%	100%	43.2%
1/1/2025	45,703,541	530,350,184	414,962,448	756,228,449	100%	100%	43.4%

**Analysis of Financial Experience**

**Reasons for Change in the Unfunded Accrued Liability**

The unfunded accrued liability increased from \$216,361,452 to \$234,787,724. The funded status decreased from 76.7% to

**Reasons for Change in Contribution Rates**

The employer contribution rate increased from \$38.7 million for the fiscal year ending June 30, 2025 to \$41.5 million for the fiscal year ending June 30, 2026. The increase of \$2.8 million is due to the following reasons:

Investment Performance	\$	0.5
Pay Increases	\$	0.9
New Entrants/Change in Normal Cost	\$	1.0
COLA	\$	0.2
Change in Expenses	\$	0.1
Assumption and Method Changes	\$	-
Plan Changes	\$	(0.4)
Demographics and Other Changes	\$	0.5
<b>Total</b>	<b>\$</b>	<b>2.8</b>

<sup>1</sup> Does not include contribution balances for any participants currently in DROP

## **Attachment D**

Detention Officers' and Deputy Sheriffs' Retirement Plan

A. Method Used for GASB 68 Purposes

This valuation was performed using the Entry Age Normal Funding Method. Under this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated on a level basis over the earning of the individual between entry age and assumed exit (or DROP entry, if applicable and earlier).

B. Asset Valuation Method Used for GASB 68 Purposes

The value of assets is equal to the market value of assets.

C. Valuation Procedures

Active participants who terminate prior to age 40 are assumed to elect to receive a refund of employee contributions with interest. Employees who terminate at or after age 40 are assumed to receive their vested benefit at normal retirement date.

D. Actuarial Assumptions

The following assumptions were used in valuing the liabilities and benefits under the Plan for purposes of determining pension expense and liabilities under GASB. These assumptions are used for all members eligible to receive benefits under the Detention Officers and Deputy Sheriffs' Retirement Plan provisions.

***Economic***

Investment Return	7.00% compounded annually net of investment expenses
Inflation	3.00% compounded annually
Salary Increases	A graded schedule is used. See Earnings Progression Table.
Cost of Living Adjustment	Benefits accrued before Bill 88-96 are assumed to increase by 3.0% of the original benefit each year. Benefits accrued after Bill 88-96 are assumed to increase by 1.8% of the current benefit each year.

***Other***

Mortality	<p>Healthy Actives, Terminated Vested Participants, and Retirees: Pub-2010 Safety Employee and Healthy Retiree Amount-Weighted Mortality Tables, with 2010 base rates set forward 1 year, and projected generationally from the 2010 base year with improvement scale MP-2021.</p> <p>Disabled Retirees: Pub-2010 Safety Disabled Retiree Amount-Weighted Mortality Tables, with 2010 base rates set forward 1 year, and projected generationally from the 2010 base year with improvement scale MP-2021.</p> <p>Contingent/Beneficiaries: Pub-2010 Contingent Survivor Amount-Weighted Mortality Tables, with 2010 base rates set forward 1 year, and projected generationally from the 2010 base year with improvement scale MP-2021.</p> <p>100% of pre-retirement deaths are assumed to be non-duty related.</p>
Withdrawal	See Table of Sample Rates.
Disability	See Table of Sample Rates. 75% of disablement is assumed to be duty-related.

Retirement Rates

Age	<20	20	21-29	30-32	33+
<50	N/A	35%	10%	50%	100%
50-61	10%	35%	20%	50%	100%

DROP Election Rate 80% of eligible participants are assumed to elect to enter DROP.

Percentage Married Males – 70%; Females – 70%

Age Difference Males are assumed to be four years older than their spouses.

Military Service Active liabilities (which depend on credited service) are loaded by 3.25% to account for future crediting of military service.

Disability Leave Service credit for benefit formula purposes is increased by 1.75% to account for disability leave which is converted to service credit at retirement.

In addition, it is assumed that participants with 30 or more years of service will have credit for 1 year of combined Disability Leave and Military Service.

Administrative Expenses A load for estimated administrative expenses is included in the Actuarially Determined Contribution. Expenses are assumed to be the average of the administrative expenses for the prior two years increased with the assumed payroll growth, with the resulting average rounded to the nearest \$1,000.

Insured Benefits Our calculations reflect that some benefits have already been purchased.

Other Methods and Assumptions It is assumed that vested terminations prior to age 40 will choose to take a lump sum while those 40 and older will choose a deferred benefit.

***Rationale for Assumptions***

The following assumptions are deemed to have a significant effect on the calculations and were selected by the County based on the most recent Experience Study dated November 14, 2022.

- Inflation
- Salary increases
- Payroll growth
- Mortality
- Retirement
- Disability
- Termination of employment
- Marriage

The discount rate/investment rate of return is reviewed at least once annually following the same procedures as outlined in the Experience Study.

Anything not specifically noted is deemed to be not significant.

The various actuarial assumptions and methods which have been used are, in our opinion, appropriate for the purposes of this report.



Disability Rates	
Age	Rate
30	0.1102%
35	0.1630
40	0.3362
45	0.5623
50	0.8274
55	0.0000

Earnings Progression	
Years of Service	Rate
0	6.50%
5	6.50
10	6.00
15	5.75
20	5.25
>=25	4.25

Termination of Employment Rates				
Service	Rate		Service	Rate
0	12.00%		8	3.00%
1	12.00		9	3.00
2	12.00		10	1.00
3	10.00		11	0.00
4	5.00		12	0.00
5	5.00		13	0.00
6	5.00		14	0.00
7	5.00		15+	0.00

Anne Arundel County Retirement and Pension System  
 Detention Officers' and Deputy Sheriffs' Retirement Plan – Schedules of Member Valuation Data  
 December 31, 2024

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**Active Members**

Valuation Date	Number (including members in DROP)	Number in DROP	Annual Payroll (Jan. 1 Rate)	Average Annual Pay	% Increase in Average Pay
January 1, 2016	350	8	19,974,632	57,070	(0.4%)
January 1, 2017	358	15	21,000,562	58,661	2.8%
January 1, 2018	345	18	21,268,895	61,649	5.1%
January 1, 2019	343	21	21,444,603	62,521	1.4%
January 1, 2020	380	26	24,504,133	64,485	3.1%
January 1, 2021	372	34	24,702,134	66,381	2.9%
January 1, 2022	359	43	24,679,159	68,744	3.6%
January 1, 2023	336	43	24,585,810	73,172	6.4%
January 1, 2024	345	45	26,379,858	76,463	4.6%
January 1, 2025	365	46	28,564,062	78,258	2.3%

**Members With Deferred Benefits**

Year	Number at Beginning of Year	Additions	Decreases	Number at End of Year
1/1/15 to 12/31/15	8	0	0	8
1/1/16 to 12/31/16	8	1	(2)	7
1/1/17 to 12/31/17	7	0	(1)	6
1/1/18 to 12/31/18	6	0	(2)	4
1/1/19 to 12/31/19	4	2	0	6
1/1/20 to 12/31/20	6	1	(1)	6
1/1/21 to 12/31/21	6	0	(2)	4
1/1/22 to 12/31/22	4	0	(1)	3
1/1/23 to 12/31/23	3	38	(1)	40
1/1/24 to 12/31/24	40	3	(1)	42

### Members Receiving Benefits

<b>Year</b>	<b>Number at Beginning of Year</b>	<b>Additions</b>	<b>Decreases</b>	<b>Number at End of Year</b>
1/1/15 to 12/31/15	223	19	(3)	239
1/1/16 to 12/31/16	239	15	(4)	250
1/1/17 to 12/31/17	250	17	(1)	266
1/1/18 to 12/31/18	266	23	(5)	284
1/1/19 to 12/31/19	284	15	(4)	295
1/1/20 to 12/31/20	295	15	(4)	306
1/1/21 to 12/31/21	306	32	(8)	330
1/1/22 to 12/31/22	330	23	(8)	345
1/1/23 to 12/31/23	345	25	(8)	362
1/1/24 to 12/31/24	362	16	(4)	374

### Summary of Retirees and Beneficiaries Added to and Removed from Rolls

<b>Year Ending</b>	<b>Added to Rolls</b>		<b>Removed from Rolls</b>		<b>Rolls End of Year</b>		<b>% Increase in Average Annual Allowance</b>	<b>Average Annual Allowance</b>
	<b>Number</b>	<b>Annual Allowance<sup>1</sup></b>	<b>Number</b>	<b>Annual Allowance</b>	<b>Number</b>	<b>Annual Allowance</b>		
12/31/2015	19	\$487,445	3	\$99,378	239	\$6,199,081	(0.5%)	\$25,938
12/31/2016	15	\$332,225	4	\$52,161	250	\$6,479,145	(0.1%)	\$25,917
12/31/2017	17	\$707,232	1	\$30,830	266	\$7,155,547	3.8%	\$26,901
12/31/2018	23	\$874,647	5	\$127,854	284	\$7,902,340	3.4%	\$27,825
12/31/2019	15	\$468,513	4	\$85,850	295	\$8,285,002	0.9%	\$28,085
12/31/2020	15	\$665,070	4	\$109,859	306	\$8,840,214	6.7%	\$28,890
12/31/2021	32	\$1,124,499	8	\$158,767	330	\$9,805,946	10.9%	\$29,715
12/31/2022	23	\$1,172,329	8	\$185,747	345	\$10,792,528	10.1%	\$31,283
12/31/2023	25	\$1,306,085	8	\$377,200	362	\$11,721,413	3.5%	\$32,380
12/31/2024	16	\$634,803	4	\$112,733	374	\$12,596,375	4.0%	\$33,680

<sup>1</sup> Includes COLAs for all retirees

<b>Compensation</b>	Regular annual rate of pay, exclusive of extra compensation of any kind such as overtime pay, bonuses and commissions.
<b>Final Average Basic Pay</b>	The average of the highest 3 years of annual basic pay.
<b>Employee Contributions</b>	6.75% of compensation for all plan members.
<b>Employee Contributions Benefit</b>	The sum of the employee contributions made by the participant and interest, including contributions made to other plans and transferred to this plan, as allowed by plan provisions.
<b>Retirement Date</b>	
Normal Retirement	Category I: The first of the month coincident with or next following the participant's 50 <sup>th</sup> birthday and five years of service or 20 years of service whichever comes first. Category II: The first of the month coincident with or next following the participant's 50 <sup>th</sup> birthday and 10 years of service or age 50 with five years of service for members hired before July 1, 2015.
Early Retirement	Reduced benefits are available the first of any month coincident with or next following the completion of 20 years of continuous service if not otherwise eligible for a normal retirement benefit.
Postponed Retirement	A participant may work beyond his normal retirement date and may subsequently retire on the first of any month.
<b>Retirement Benefits</b>	
Normal Retirement	2.5% of final earnings for each year of service up to 20 years plus 2.0% of final earnings per year of service in excess of 20 years (maximum 70% plus 2% times unused disability credit and pre-employment military service credit)
Early Retirement	Same as normal retirement but reduced for early commencement.
Postponed Retirement	Same as normal retirement but based on continued accrual past normal retirement date.
<b>Deferred Retirement Option Program (DROP)</b>	Allows accumulation of pension after 20 years of County service. DROP period must be between three and six years (with years beyond the third requiring approval). Interest shall be credited to the DROP account on a monthly basis at an interest rate of 0.34745%, which provides an effective annual yield of 4.25%. Employee contributions cease upon entry into DROP.
<b>Termination of Employment</b>	
Vesting date	Category I hired before August 9, 2004: 5 years of service Category I hired on or after August 9, 2004: 20 years of service Category II hired before July 1, 2015: 5 years of service Category II hired on or after July 1, 2015: 10 years of service
Prior to vesting date	Return of employee contributions with 4.25% interest.
On or after vesting date	At the discretion of the employee, either a return of contributions with interest or the accrued normal retirement taking into account final earnings and service at date of termination, payable at normal retirement date.

***Disability***

Eligibility	Totally and permanently disabled (except as the result of activities specified in the County code) regardless of length of service.
Duty-Related	The greater of the accrued benefit or 66-2/3% of final average basic pay, payable immediately, unreduced.
Non-Duty Related	The greater of the accrued benefit or 20% of final average basic pay, payable immediately, unreduced.

***Death Benefits***

Line of duty	Greater of accrued benefit or 66-2/3% of final average basic pay, payable immediately, unreduced. If the participant is not married, return of employee contributions with 4.25% interest plus a lump sum equal to 50% of final average basic pay.
Non-line of duty	If participant is vested, surviving spouse's choice of an annuity equal to the participant's accrued benefit, or a lump sum equal to return of employee contributions with 4.25% interest plus 50% of final average basic pay. If the participant is not vested or not married, return of employee contributions with 4.25% interest plus a lump sum equal to 50% of final average basic pay.

***Normal Form of Payment***

Monthly life annuity with payments guaranteed for 5 years.

**Cost of Living Increase  
 (simple, for benefits accrued  
 as of 1/31/1997)**

Retiree benefits are adjusted each year. The revised benefit amount is the lesser of:

- Prior year benefit plus base benefit multiplied by increase in current CPI from CPI for prior year.
- Benefit increased by 4% of original benefit.

***Cost of Living Increase*  
 (compound, for benefits  
 accrued after 1/31/1997)**

Retiree benefits are adjusted each year. The revised benefit amount is the lesser of:

- Prior year benefit multiplied by 60% of the increase in current March CPI from March CPI for prior year.
- Prior year Benefit increased by 2.5%.

County Council Bill No. 34-92	Effective 6/1/1992 through 8/31/1992.
	Participants over age 50 or with at least 20 years of service could elect to retire with an additional pension equal to 1/12 of 2.5% of final earnings for the first 20 years of service, plus 1/12 of 2% of final earnings for each additional year of service. The additional amount could be taken as a pension increase, a lump sum, or as a temporary supplement to age 62. Appropriate actuarial adjustments apply.
State House Bill No. 687	Effective 7/1/1990.
	County employees were given the opportunity to apply for credit under the County's plan for previous service with the State of Maryland (or a political subdivision of the State).
County Council Bill No. 90-93	Effective 12/22/1993.
	Plan participants are required to pay the full actuarial value for service purchases. Purchases can only be made at retirement. To be eligible, an employee must have 60 months of County service. Existing plan participants must be notified of their right to purchase service under existing law.
County Council Bill No. 94-93	Effective 11/19/1993.
	All current and future employees shall be 100% vested after 5 years of Credited service.
County Council Bill No. 88-96	Effective 12/4/1996.
	The previous method of calculating cost of living increase will only apply to benefits accrued as of 1/31/97. The cost of living increase for future benefits is a compound increase equal to 60% of the annual change in the CPI, not to exceed 2.5%. Employees hired, or rehired, on or after 12/4/96 will be Tier Two employees and will have different benefits than current employees.
County Council Bill No. 41-99	Effective 6/15/1999.
	Employees paid under the deputy sheriff employees pay schedule become members of the Detention Center Plan effective as of January 1, 1999. Service credited under the Employees' Plan will count as credited service in the Detention Center plan and no future benefit will be paid from the Employees' Plan. Assets are transferred from the Employees' Plan to the Detention Center Plan in an amount equal to the projected unit credit accrued liability in the Employees' Plan.
Recodification	Effective 2/25/2002.
	Allows a benefit based on disability leave service and pre-plan military service to be credited over the 70% cap. Elimination of Tier Two benefits. Changed early retirement factors. Added a death benefit.
County Council Bill No. 32-04	Effective 7/1/2004.
	Allows retirement after 20 years of service for "Category I" participants. Changes vesting for new hires from 5 years to 20 years. Provides for employees' contributions to be made on a pre-tax ("pick up") basis.
County Council Bill No. 74-09	Effective 12/11/2009.
	For non-represented members, FY2010 annual pay shall be determined by increasing FY2009 annual pay by an assumed 3% for determining the final average basic pay. For D3 and S2 members, FY2010 annual pay shall be determined by increasing FY2009 annual pay by an assumed 4% for determining the final average basic pay.
County Council Bill No. 78-09	Effective 11/16/2009.
	For D1 and D2 members, FY2010 annual pay shall be determined by increasing FY2009 annual pay by an assumed 4% for determining the final average basic pay.
County Council Bill No. 6-10	Effective 4/18/2010.
	Provides for a disability benefit for those participants who are totally and permanently disabled as a result of qualified military service.
County Council Bill No. 41-10	Effective 7/1/2010.

	Increased the contribution rate for Detention Officers, Detention Corporals and Detention Sergeants to 6.75%. Added a “pop-up” option.
County Council Bill No. 98-12	Effective 5/13/2013.
	Changed the definition of “final average basic pay” from highest 3 out of the last 5 years basic pays to highest 3 of all basic pays.
County Council Bill No. 30-12	Effective 2/1/2013.
	A participant in the classification of Detention Officer, Detention Corporal, or Detention Sergeant shall contribute 6.75% of his or her annual basic pay in each calendar year or portion of a calendar year while an active participant in the plan.
County Council Bill No. 97-13	Effective 4/14/2014..
	Category II members of the Detention and Deputy Sheriffs' Plan hired on or after July 1, 2015 will be subject to 10-year vesting and 10-year normal retirement provisions. The 10-year requirement also affects the ability to purchase service or get credit for pre-plan military service.
County Council Bill No. 50-15	Effective 7/21/2015.
	Category I members of the Detention and Deputy Sheriffs' Plan, as well as correctional facility administrators, assistant correctional facility administrators, and superintendents of detention facilities are eligible to participate in DROP upon completion of 20 years of actual plan service.
County Council Bill No. 56-16	Effective 7/1/2016
	Allows for interest to be credited to a DROP member's account in the sixth year of DROP participation.
County Council Bill No. 78-17	Effective 7/1/2017.
	Eliminates the reduction in benefit for DROP retirees if they are reemployed in any capacity that meets the exceptions set forth in 5-1-203(c)(1). Also adds an exception under 5-1-203(c) for any retirees (including DROP participants) who are reemployed into a grant funded contractual position under 802(a)(17) of the Charter.
County Council Bill No. 54-20	Effective 10/29/2020.
	Permits that employees in the classifications of Correctional Program Specialist and Criminal Justice Program Specialist as of the effective date of the legislation participate in the DROP program. All new employees hired as CPS or CJPS will be enrolled in the Employees' Retirement Plan.
County Council Bill No. 70-20	Effective: 11/22/2020.
	Each of the pension plans provide pension benefits for an employee who is or becomes totally and permanently disabled and meets certain criteria. To be eligible for a disability pension, the plan requires that the disability prevent the participant from performing the duties of the participant's regular duties. The purpose of the bill is to eliminate the participant's ability to perform any other assignment within their Department as a disqualifying factor for a service connected disability.
County Council Bill No. 100-21	Effective: 2/5/2022.
	Clarified that the exception to the reduction in pension benefit for rehired classified employees who are reemployed in a contractual position pursuant to § 802(a)(14) of the County Charter is limited to the first 1500 hours per calendar year.
County Council Bill No. 31-24	Effective 8/8/2024.
	Established an exception to the reduction in pension benefit for rehired retirees who are retired from the classified system and are reemployed in a classified position at least 90 days after their date of retirement that is a different job classification than that which the retiree held prior to retirement, and, if the retiree was a uniformed officer, is reemployed as a non-uniformed officer or in a different department from which the retiree retired.

County Council Bill No. 50-24	Effective 8/8/2024.
	Extends the total DROP participation period to seven years for those participants in the following classifications: Detention Officer, Detention Corporal, Detention Sergeant, Detention Lieutenant, Detention Captain, or Assistant Correctional Facility Administrator or Correctional Facility Administrator (hired before 10/29/2020).



### Net Pension Liability of the County

The components of the net pension liability of the County at December 31, 2024, were as follows:

Total pension liability	\$ 285,772,795
Plan fiduciary net position	<u>(208,412,470)</u>
County's net pension liability	<u>\$ 77,360,325</u>
Plan fiduciary net position as a percentage of the total pension liability	72.93%

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of December 31, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	Rates vary by participant age
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Mortality	Pub-2010 Safety Tables for males and females projected generationally using scale MP-2021.

The above is a summary of key actuarial assumptions. Full descriptions of the actuarial assumptions are contained in the Actuarial Basis section of this report.

### Sensitivity of the net pension liability to changes in the discount rate

	<i>1% Decrease</i>	<i>Current</i>	<i>1% Increase</i>
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
County's net pension liability	\$ 111,409,493	\$ 77,360,325	\$ 49,053,479

**Changes in the Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
<b>Balances at 12/31/23</b>	\$ 270,774,782	\$ 190,626,933	\$ 80,147,849
<b>Changes for the year:</b>			
Service cost	6,699,571		6,699,571
Interest	18,438,991		18,438,991
Changes of benefit terms	-		-
Differences between expected and actual experience	4,580,712		4,580,712
Changes of assumptions	-		-
Contributions - employer		11,121,375	(11,121,375)
Contributions - member		1,411,510	(1,411,510)
Net investment income		20,153,546	(20,153,546)
Benefit payments, including refunds of member contributions	(14,721,261)	(14,721,261)	-
Administrative expense		(179,633)	179,633
Other		-	-
<b>Net Changes</b>	<u>14,998,013</u>	<u>17,785,537</u>	<u>(2,787,524)</u>
<b>Balances at 12/31/24</b>	<u>\$ 285,772,795</u>	<u>\$ 208,412,470</u>	<u>\$ 77,360,325</u>

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**Changes in the County's Net Pension Liability and Related Ratios**

Last 10 Fiscal Years

(Dollar amounts in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total pension liability</b>										
Service cost	\$ 6,700	\$ 6,354	\$ 4,969	\$ 4,982	\$ 4,704	\$ 4,147	\$ 4,533	\$ 4,658	\$ 4,461	\$ 4,634
Interest	18,439	17,476	16,921	15,283	15,556	14,632	13,836	12,912	12,281	11,401
Changes of benefit terms	-	-	-	-	-	-	-	-	-	4,635
Differences between expected and actual experience	4,581	4,398	(1,681)	2,520	(750)	1,010	1,938	2,244	(1,678)	(2,558)
Changes of assumptions	-	(620)	-	11,961	-	1,348	-	-	-	-
Benefit payments, including refunds of member contributions	(14,721)	(12,983)	(11,589)	(11,098)	(8,863)	(8,610)	(8,162)	(6,821)	(6,485)	(6,279)
Net change in total pension liability	14,998	14,625	8,620	23,649	10,647	12,528	12,145	12,993	8,579	11,834
Total pension liability - beginning	270,775	256,150	247,530	223,881	213,234	200,706	188,562	175,569	166,990	155,156
Total pension liability - ending (a)	<u>\$ 285,773</u>	<u>\$ 270,775</u>	<u>\$ 256,150</u>	<u>\$ 247,530</u>	<u>\$ 223,881</u>	<u>\$ 213,234</u>	<u>\$ 200,706</u>	<u>\$ 188,562</u>	<u>\$ 175,569</u>	<u>\$ 166,990</u>
<b>Plan fiduciary net position</b>										
Contributions - employer	\$ 11,121	\$ 10,451	\$ 11,362	\$ 9,276	\$ 8,165	\$ 7,600	\$ 7,282	\$ 7,000	\$ 6,689	\$ 6,371
Contributions - member	1,412	1,431	1,432	1,494	1,530	1,402	1,352	1,354	1,316	1,317
Net investment income	20,154	20,554	(20,926)	24,208	11,639	19,918	(6,825)	19,607	8,159	(1,919)
Benefit payments, including refunds of member contributions	(14,721)	(12,983)	(11,589)	(11,098)	(8,863)	(8,610)	(8,162)	(6,821)	(6,485)	(6,279)
Administrative expense	(180)	(146)	(137)	(133)	(123)	(135)	(108)	(109)	(100)	(98)
Other	-	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	\$ 17,786	\$ 19,307	\$ (19,859)	\$ 23,748	\$ 12,348	\$ 20,174	\$ (6,461)	\$ 21,030	\$ 9,579	\$ (608)
Plan fiduciary net position - beginning	190,627	171,320	191,179	167,431	155,083	134,908	141,369	120,339	110,760	111,368
Plan fiduciary net position - ending (b)	<u>\$ 208,413</u>	<u>\$ 190,627</u>	<u>\$ 171,320</u>	<u>\$ 191,179</u>	<u>\$ 167,431</u>	<u>\$ 155,083</u>	<u>\$ 134,908</u>	<u>\$ 141,369</u>	<u>\$ 120,339</u>	<u>\$ 110,760</u>
County's net pension liability - ending (a)-(b)	<u>\$ 77,361</u>	<u>\$ 80,148</u>	<u>\$ 84,830</u>	<u>\$ 56,351</u>	<u>\$ 56,450</u>	<u>\$ 58,151</u>	<u>\$ 65,798</u>	<u>\$ 47,193</u>	<u>\$ 55,230</u>	<u>\$ 56,230</u>
Plan fiduciary net position as a percentage of the total pension liability	72.93%	70.40%	66.88%	77.23%	74.79%	72.73%	67.22%	74.97%	68.54%	66.33%
Covered payroll	\$ 23,294	\$ 21,465	\$ 20,201	\$ 20,422	\$ 21,401	\$ 22,057	\$ 19,573	\$ 19,790	\$ 19,801	\$ 19,386
County's net pension liability as a percentage of covered payroll	332.10%	373.39%	419.93%	275.93%	263.77%	263.64%	336.16%	238.47%	278.92%	290.05%
Expected average remaining service years of all participants	3	4	3	3	3	3	3	3	3	4

**Notes to Schedule:**

*Benefit changes:* There are no benefit changes reflected in the current schedule.

*Changes of assumptions:* There are no assumption changes reflected in the current schedule.

*Covered Payroll:* Does not include pay for members in DROP.

Anne Arundel County Retirement and Pension System  
 Detention Officers' and Deputy Sheriffs' Retirement Plan – Actuarial Information  
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**Schedule of County Contributions**

Last 10 Fiscal Years

(Dollar amounts in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 11,121	\$ 10,451	\$ 11,362	\$ 9,276	\$ 8,165	\$ 7,600	\$ 7,282	\$ 7,000	\$ 6,689	\$ 6,371
Contributions in relation to the actuarially determined contribution	11,121	10,451	11,362	9,276	8,165	7,600	7,282	7,000	6,689	6,371
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll (excluding members in DROP)	\$ 23,294	\$ 21,465	\$ 20,201	\$ 20,422	\$ 21,401	\$ 22,057	\$ 19,573	\$ 19,790	\$ 19,801	\$ 19,386
Contributions as a percentage of covered payroll	47.74%	48.69%	56.24%	45.42%	38.15%	34.46%	37.20%	35.37%	33.78%	32.86%

**Notes to Schedule**

Valuation date:

Actuarially determined contribution (ADC) amounts are calculated as of each January 1 for the upcoming County fiscal year beginning July 1. Actuarial valuations are performed every year. The methods and assumptions shown below are those used in the January 1, 2024 actuarial valuation to calculate the FY2025 ADC. Methods and assumptions used to determine contributions in the past may not have been the same.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percent of payroll (closed), increasing 3.0% per year
Remaining amortization period	Remaining amortization periods range from 9 to 20 years
Asset valuation method	5-year smoothed fair value
Inflation	3.00%
Salary increases	Rates vary by participant age
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Retirement age	Rates vary by participant age and service
Mortality	Pub-2010 Safety Tables for males and females projected generationally using scale MP-2021.

**The Anne Arundel County Detention Officers' and Deputy Sheriffs' Retirement Plan**

**Solvency Test**

2016 to 2025

Actuarial Valuation Date	Active Member Contribution (1) <sup>1</sup>	Retirees and Beneficiaries Inactive and Pay- Status Members (2)	Active Members Employer Financed Portion (3)	Actuarial Value of Assets	Portion of Actuarial Accrued Liabilities Covered by Assets		
					(1)	(2)	(3)
1/1/2016	12,720,040	82,685,631	68,009,223	119,275,911	100%	100%	35.1%
1/1/2017	13,431,665	84,771,888	73,488,955	127,553,081	100%	100%	39.9%
1/1/2018	14,015,668	92,026,542	78,317,776	137,791,833	100%	100%	40.5%
1/1/2019	13,891,558	101,070,151	80,134,623	144,689,347	100%	100%	37.1%
1/1/2020	14,240,571	105,162,356	86,423,100	153,490,883	100%	100%	39.4%
1/1/2021	13,965,928	116,253,336	96,463,780	166,339,896	100%	100%	37.4%
1/1/2022	12,902,768	127,241,725	97,446,400	180,363,012	100%	100%	41.3%
1/1/2023	12,633,933	140,506,701	102,329,579	189,019,409	100%	100%	35.1%
1/1/2024	12,435,277	150,875,792	107,365,199	199,246,105	100%	100%	33.5%
1/1/2025	12,854,590	158,356,979	114,100,833	208,799,460	100%	100%	32.9%

**Analysis of Financial Experience**

**Reasons for Change in the Unfunded Accrued Liability**

The unfunded accrued liability increased from \$71,430,163 to \$76,512,942. The funded status decreased from 73.6% to

**Reasons for Change in Contribution Rates**

The employer contribution rate increased from \$11.6 million for the fiscal year ending June 30, 2025 to \$12.6 million for the fiscal year ending June 30, 2026. The increase of \$1.0 million is due to the following reasons:

Investment Performance	\$	0.2
Pay Increases	\$	0.1
New Entrants/Change in Normal Cost	\$	0.4
COLA	\$	-
Change in Expenses	\$	-
Assumption and Method Changes	\$	-
Plan Changes	\$	(0.1)
Demographics and Other Changes	\$	0.4
<b>Total</b>	<b>\$</b>	<b>1.0</b>

<sup>1</sup> Does not include contribution balances for any participants currently in DROP

## **Statistical Section**

Anne Arundel County Retirement and Pension System

Statement of Changes in Plan Net Position - Employees' Retirement Plan

For the Last Ten Years Ended December 31

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>ADDITIONS</b>										
Contributions:										
Employer	\$ 50,574,420	\$ 43,484,058	\$ 43,712,093	\$ 36,178,170	\$ 32,566,842	\$ 29,637,342	\$ 27,032,514	\$ 25,654,218	\$ 25,809,828	\$ 25,629,927
Participant	5,828,340	6,122,877	6,042,685	5,527,603	5,764,368	5,511,825	5,611,993	5,471,911	5,181,705	4,846,856
Total contributions	56,402,760	49,606,935	49,754,778	41,705,773	38,331,210	35,149,167	32,644,507	31,126,129	30,991,533	30,476,783
Total investment income (loss)	80,339,403	82,865,455	(87,245,686)	101,005,006	50,447,442	91,472,051	(31,257,326)	94,922,075	40,737,517	(8,460,297)
Total Additions	136,742,163	132,472,390	(37,490,908)	142,710,779	88,778,652	126,621,218	1,387,181	126,048,204	71,729,050	22,016,486
<b>DEDUCTIONS</b>										
Benefit payments and refunds	70,296,318	67,220,705	63,886,645	60,687,800	57,779,072	55,015,580	50,574,448	47,406,822	44,007,025	41,260,300
Administrative expenses	708,051	572,660	553,637	570,998	535,391	618,605	533,927	519,027	459,455	505,852
Total deductions	71,004,369	67,793,365	64,440,282	61,258,798	58,314,463	55,634,185	51,108,375	47,925,849	44,466,480	41,766,152
Net increases (decreases)	65,737,794	64,679,025	(101,931,190)	81,451,981	30,464,189	70,987,033	(49,721,194)	78,122,355	27,262,570	(19,749,666)
Net position, January 1	765,823,820	701,144,795	803,075,985	721,624,004	691,159,815	620,172,782	669,893,976	591,771,621	564,509,051	584,258,717
Net position, December 31	<u>\$ 831,561,614</u>	<u>\$ 765,823,820</u>	<u>\$ 701,144,795</u>	<u>\$ 803,075,985</u>	<u>\$ 721,624,004</u>	<u>\$ 691,159,815</u>	<u>\$ 620,172,782</u>	<u>\$ 669,893,976</u>	<u>\$ 591,771,621</u>	<u>\$ 564,509,051</u>

Anne Arundel County Retirement and Pension System

Statement of Changes in Plan Net Position - Police Service Retirement Plan

For the Last Ten Years Ended December 31

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>ADDITIONS</b>										
Contributions:										
Employer	\$ 40,514,250	\$ 35,789,046	\$ 37,521,975	\$ 29,598,702	\$ 24,900,576	\$ 23,093,892	\$ 21,933,942	\$ 20,931,078	\$ 20,410,896	\$ 19,559,952
Participant	5,599,048	4,645,897	4,283,963	4,255,390	4,180,925	3,669,199	3,371,789	3,250,062	3,158,451	3,104,338
Total contributions	46,113,298	40,434,943	41,805,938	33,854,092	29,081,501	26,763,091	25,305,731	24,181,140	23,569,347	22,664,290
Total investment income (loss)	73,270,952	74,681,366	(75,544,192)	86,863,310	43,682,826	76,854,873	(25,925,725)	78,166,498	33,000,617	(7,936,443)
Total Additions	119,384,250	115,116,309	(33,738,254)	120,717,402	72,764,327	103,617,964	(619,994)	102,347,638	56,569,964	14,727,847
<b>DEDUCTIONS</b>										
Benefit payments and refunds	48,709,313	43,537,542	44,515,410	39,547,361	38,637,477	36,852,665	35,929,917	35,023,110	33,356,257	31,131,759
Administrative expenses	683,386	549,808	518,197	521,901	478,380	540,088	470,041	441,820	389,320	427,109
Total deductions	49,392,699	44,087,350	45,033,607	40,069,262	39,115,857	37,392,753	36,399,958	35,464,930	33,745,577	31,558,868
Net increases (decreases)	69,991,551	71,028,959	(78,771,861)	80,648,140	33,648,470	66,225,211	(37,019,952)	66,882,708	22,824,387	(16,831,021)
Net position, January 1	689,030,279	618,001,322	696,773,181	616,125,041	582,476,571	516,251,360	553,271,312	486,388,604	463,564,217	480,395,238
Net position, December 31	<u>\$ 759,021,830</u>	<u>\$ 689,030,281</u>	<u>\$ 618,001,320</u>	<u>\$ 696,773,181</u>	<u>\$ 616,125,041</u>	<u>\$ 582,476,571</u>	<u>\$ 516,251,360</u>	<u>\$ 553,271,312</u>	<u>\$ 486,388,604</u>	<u>\$ 463,564,217</u>



Anne Arundel County Retirement and Pension System

Statement of Changes in Plan Net Position - Fire Service Retirement Plan

For the Last Ten Years Ended December 31

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>ADDITIONS</b>										
Contributions:										
Employer	\$ 35,911,289	\$ 30,863,256	\$ 32,340,864	\$ 24,642,756	\$ 20,505,510	\$ 17,637,120	\$ 15,703,506	\$ 14,664,432	\$ 14,591,340	\$ 15,121,806
Participant	5,641,423	4,902,092	4,411,744	4,203,216	4,093,239	3,652,415	3,523,812	3,440,550	3,257,340	3,050,456
Total contributions	<u>41,552,712</u>	<u>35,765,348</u>	<u>36,752,608</u>	<u>28,845,972</u>	<u>24,598,749</u>	<u>21,289,535</u>	<u>19,227,318</u>	<u>18,104,982</u>	<u>17,848,680</u>	<u>18,172,262</u>
Total investment income (loss)	<u>73,668,223</u>	<u>75,126,852</u>	<u>(74,960,003)</u>	<u>86,714,769</u>	<u>43,919,134</u>	<u>76,173,892</u>	<u>(25,253,407)</u>	<u>78,004,491</u>	<u>33,397,135</u>	<u>(7,794,949)</u>
Total Additions	<u>115,220,935</u>	<u>110,892,200</u>	<u>(38,207,395)</u>	<u>115,560,741</u>	<u>68,517,883</u>	<u>97,463,427</u>	<u>(6,026,089)</u>	<u>96,109,473</u>	<u>51,245,815</u>	<u>10,377,313</u>
<b>DEDUCTIONS</b>										
Benefit payments and refunds	41,785,014	43,480,531	36,938,857	34,048,772	32,663,118	30,091,059	31,571,336	33,353,794	33,888,976	31,492,994
Administrative expenses	<u>697,645</u>	<u>555,835</u>	<u>522,291</u>	<u>522,403</u>	<u>489,265</u>	<u>530,549</u>	<u>452,952</u>	<u>439,507</u>	<u>401,289</u>	<u>438,008</u>
Total deductions	<u>42,482,659</u>	<u>44,036,366</u>	<u>37,461,148</u>	<u>34,571,175</u>	<u>33,152,383</u>	<u>30,621,608</u>	<u>32,024,288</u>	<u>33,793,301</u>	<u>34,290,265</u>	<u>31,931,002</u>
Net increases (decreases)	72,738,276	66,855,834	(75,668,543)	80,989,566	35,365,500	66,841,819	(38,050,377)	62,316,172	16,955,550	(21,553,689)
Net position, January 1	<u>684,119,422</u>	<u>617,263,588</u>	<u>692,932,131</u>	<u>611,942,565</u>	<u>576,577,065</u>	<u>509,735,246</u>	<u>547,785,623</u>	<u>485,469,451</u>	<u>468,513,901</u>	<u>490,067,590</u>
Net position, December 31	<u>\$ 756,857,698</u>	<u>\$ 684,119,422</u>	<u>\$ 617,263,588</u>	<u>\$ 692,932,131</u>	<u>\$ 611,942,565</u>	<u>\$ 576,577,065</u>	<u>\$ 509,735,246</u>	<u>\$ 547,785,623</u>	<u>\$ 485,469,451</u>	<u>\$ 468,513,901</u>

Anne Arundel County Retirement and Pension System

Statement of Changes in Plan Net Position - Detention Officers' and Deputy Sheriffs' Retirement Plan

For the Last Ten Years Ended December 31

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>ADDITIONS</b>										
Contributions:										
Employer	\$ 11,121,375	\$ 10,451,118	\$ 11,362,022	\$ 9,276,240	\$ 8,165,094	\$ 7,600,380	\$ 7,282,176	\$ 6,999,882	\$ 6,688,662	\$ 6,370,758
Participant	1,411,510	1,431,468	1,431,692	1,494,147	1,529,838	1,401,641	1,351,994	1,353,928	1,315,988	1,317,143
Total contributions	12,532,885	11,882,586	12,793,714	10,770,387	9,694,932	9,002,021	8,634,170	8,353,810	8,004,650	7,687,901
Total investment income (loss)	20,120,518	20,586,979	(20,925,859)	23,599,271	12,076,765	20,166,487	(6,837,179)	19,607,238	8,037,893	(1,931,936)
Total Additions	32,653,403	32,469,565	(8,132,145)	34,369,658	21,771,697	29,168,508	1,796,991	27,961,048	16,042,543	5,755,965
<b>DEDUCTIONS</b>										
Benefit payments and refunds	14,721,261	12,983,325	11,589,085	11,097,546	8,863,045	8,591,801	8,164,410	6,818,726	6,488,977	6,275,285
Administrative expenses	179,633	146,304	137,327	135,726	123,860	138,074	115,778	107,893	92,392	99,084
Total deductions	14,900,894	13,129,629	11,726,412	11,233,272	8,986,905	8,729,875	8,280,188	6,926,619	6,581,369	6,374,369
Net increases (decreases)	17,752,509	19,339,936	(19,858,557)	23,136,386	12,784,792	20,438,633	(6,483,197)	21,034,429	9,461,174	(618,404)
Net position, January 1	190,659,961	171,320,025	191,178,582	168,042,196	155,257,404	134,818,772	141,301,969	120,267,540	110,806,366	111,424,770
Net position, December 31	\$ 208,412,470	\$ 190,659,961	\$ 171,320,025	\$ 191,178,582	\$ 168,042,196	\$ 155,257,405	\$ 134,818,772	\$ 141,301,969	\$ 120,267,540	\$ 110,806,366

Anne Arundel County Retirement and Pension System

Schedule of Additions by Source - Employees' Retirement Plan

For the Last Ten Years Ended December 31

		<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Employer Data</u>											
Contributions	\$	50,574,420	\$ 43,484,058	\$ 43,712,093	\$ 36,178,170	\$ 32,566,842	\$ 29,637,342	\$ 27,032,514	\$ 25,654,218	\$ 25,809,828	\$ 25,629,927
% of Covered Payroll		(28.2)	(25.8)	(28.7)	(25.4)	(23.3)	(21.4)	(20.0)	(18.6)	(19.8)	(20.1)
<u>Participant Data</u>											
Contributions		<u>5,828,340</u>	<u>6,122,877</u>	<u>6,042,685</u>	<u>5,527,603</u>	<u>5,764,368</u>	<u>5,511,825</u>	<u>5,611,993</u>	<u>5,471,911</u>	<u>5,181,705</u>	<u>4,846,856</u>
Total contributions		56,402,760	49,606,935	49,754,778	41,705,773	38,331,210	35,149,167	32,644,507	31,126,129	30,991,533	30,476,783
Total investment income (loss)		<u>80,339,403</u>	<u>82,865,455</u>	<u>(87,245,686)</u>	<u>101,005,004</u>	<u>50,447,442</u>	<u>91,472,051</u>	<u>(31,257,326)</u>	<u>94,922,075</u>	<u>40,737,517</u>	<u>(8,460,297)</u>
Total Additions	\$	<u><u>136,742,163</u></u>	<u><u>132,472,390</u></u>	<u><u>(37,490,908)</u></u>	<u><u>142,710,777</u></u>	<u><u>88,778,652</u></u>	<u><u>126,621,218</u></u>	<u><u>1,387,181</u></u>	<u><u>126,048,204</u></u>	<u><u>71,729,050</u></u>	<u><u>22,016,486</u></u>

Anne Arundel County Retirement and Pension System

Schedule of Additions by Source - Police Service Retirement Plan

For the Last Ten Years Ended December 31

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Employer Data</u>										
Contributions	\$ 40,514,250	\$ 35,789,046	\$ 37,521,975	\$ 29,598,702	\$ 24,900,576	\$ 23,093,892	\$ 21,933,942	\$ 20,931,078	\$ 20,410,896	\$ 19,559,952
% of Covered Payroll	(48.6)	(46.0)	(53.0)	(43.4)	(36.7)	(37.6)	(39.8)	(40.4)	(40.4)	(40.7)
<u>Participant Data</u>										
Contributions	<u>5,599,048</u>	<u>4,645,897</u>	<u>4,283,963</u>	<u>4,255,390</u>	<u>4,180,925</u>	<u>3,669,199</u>	<u>3,371,789</u>	<u>3,250,062</u>	<u>3,158,451</u>	<u>3,104,338</u>
Total contributions	46,113,298	40,434,943	41,805,938	33,854,092	29,081,501	26,763,091	25,305,731	24,181,140	23,569,347	22,664,290
Total investment income (loss)	<u>73,270,952</u>	<u>74,681,366</u>	<u>(75,544,192)</u>	<u>86,863,310</u>	<u>43,682,825</u>	<u>76,854,873</u>	<u>(25,925,725)</u>	<u>78,166,498</u>	<u>33,000,617</u>	<u>(7,936,443)</u>
Total Additions	\$ <u><u>119,384,250</u></u>	\$ <u><u>115,116,309</u></u>	\$ <u><u>(33,738,254)</u></u>	\$ <u><u>120,717,402</u></u>	\$ <u><u>72,764,326</u></u>	\$ <u><u>103,617,964</u></u>	\$ <u><u>(619,994)</u></u>	\$ <u><u>102,347,638</u></u>	\$ <u><u>56,569,964</u></u>	\$ <u><u>14,727,847</u></u>

Anne Arundel County Retirement and Pension System

Schedule of Additions by Source - Fire Service Retirement Plan

For the Last Ten Years Ended December 31

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Employer Data</u>										
Contributions	\$ 35,911,289	\$ 30,863,256	\$ 32,340,864	\$ 24,642,756	\$ 20,505,510	\$ 17,637,120	\$ 15,703,506	\$ 14,664,432	\$ 14,591,340	\$ 15,121,806
% of Covered Payroll	(41.6)	(38.3)	(45.2)	(36.3)	(32.3)	(30.0)	(28.7)	(28.3)	(28.9)	(30.7)
<u>Participant Data</u>										
Contributions	<u>5,641,423</u>	<u>4,902,092</u>	<u>4,411,744</u>	<u>4,203,216</u>	<u>4,093,239</u>	<u>3,652,415</u>	<u>3,523,812</u>	<u>3,440,550</u>	<u>3,257,340</u>	<u>3,050,456</u>
Total contributions	41,552,712	35,765,348	36,752,608	28,845,972	21,289,535	19,227,318	18,104,982	17,848,680	18,172,262	18,677,311
Total investment income (loss)	<u>73,668,223</u>	<u>75,126,852</u>	<u>(74,960,003)</u>	<u>86,714,769</u>	<u>76,173,892</u>	<u>(25,253,407)</u>	<u>78,004,491</u>	<u>33,397,135</u>	<u>(7,794,949)</u>	<u>23,014,967</u>
Total Additions	\$ <u><u>115,220,935</u></u>	\$ <u><u>110,892,200</u></u>	\$ <u><u>(38,207,395)</u></u>	\$ <u><u>115,560,741</u></u>	\$ <u><u>97,463,427</u></u>	\$ <u><u>(6,026,089)</u></u>	\$ <u><u>96,109,473</u></u>	\$ <u><u>51,245,815</u></u>	\$ <u><u>10,377,313</u></u>	\$ <u><u>41,692,278</u></u>

Anne Arundel County Retirement and Pension System

Schedule of Additions by Source - Detention Officers' and Deputy Sheriffs' Retirement Plan

For the Last Ten Years Ended December 31

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Employer Data</u>										
Contributions	\$ 11,121,375	\$ 10,451,118	\$ 11,362,022	\$ 9,276,240	\$ 8,165,094	\$ 7,600,380	\$ 7,282,176	\$ 6,999,882	\$ 6,688,662	\$ 6,370,758
% of Covered Payroll	(38.9)	(39.6)	(46.2)	(37.6)	(33.1)	(31.0)	(34.0)	(32.9)	(31.8)	(31.9)
<u>Participant Data</u>										
Contributions	<u>1,411,510</u>	<u>1,431,468</u>	<u>1,431,692</u>	<u>1,494,147</u>	<u>1,529,838</u>	<u>1,401,641</u>	<u>1,351,994</u>	<u>1,353,928</u>	<u>1,315,988</u>	<u>1,317,143</u>
Total contributions	12,532,885	11,882,586	12,793,714	10,770,387	9,694,932	9,002,021	8,634,170	8,353,810	8,004,650	7,687,901
Total investment income (loss)	<u>20,120,518</u>	<u>20,586,979</u>	<u>(20,925,859)</u>	<u>23,599,271</u>	<u>12,076,766</u>	<u>20,166,486</u>	<u>(6,837,179)</u>	<u>19,607,237</u>	<u>8,037,893</u>	<u>(1,931,936)</u>
Total Additions	\$ <u><u>32,653,403</u></u>	\$ <u><u>32,469,565</u></u>	\$ <u><u>(8,132,145)</u></u>	\$ <u><u>34,369,658</u></u>	\$ <u><u>21,771,698</u></u>	\$ <u><u>29,168,507</u></u>	\$ <u><u>1,796,991</u></u>	\$ <u><u>27,961,047</u></u>	\$ <u><u>16,042,543</u></u>	\$ <u><u>5,755,965</u></u>

**Anne Arundel County Retirement and Pension System**

**Schedule of Expenses by Type - Employees' Retirement Plan**

**For the Last Ten Years Ended December 31**

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	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Retirement Benefits	\$ 69,592,384	\$ 66,747,529	\$ 63,318,402	\$ 60,209,803	\$ 57,515,993	\$ 54,651,796	\$ 50,218,702	\$ 46,845,091	\$ 43,550,814	\$ 40,941,647
Refunds	703,934	473,176	568,243	477,997	263,079	363,784	355,745	561,731	456,211	318,653
Administrative	<u>708,051</u>	<u>572,660</u>	<u>553,637</u>	<u>570,998</u>	<u>535,391</u>	<u>618,605</u>	<u>533,928</u>	<u>519,027</u>	<u>459,455</u>	<u>505,852</u>
Total Expenses	\$ <u><u>71,004,369</u></u>	\$ <u><u>67,793,365</u></u>	\$ <u><u>64,440,282</u></u>	\$ <u><u>61,258,798</u></u>	\$ <u><u>58,314,463</u></u>	\$ <u><u>55,634,185</u></u>	\$ <u><u>51,108,375</u></u>	\$ <u><u>47,925,849</u></u>	\$ <u><u>44,466,480</u></u>	\$ <u><u>41,766,152</u></u>

Anne Arundel County Retirement and Pension System

Schedule of Expenses by Type - Police Service Retirement Plan

For the Last Ten Years Ended December 31

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Retirement Benefits	\$ 43,620,062	\$ 41,104,465	\$ 39,112,897	\$ 37,096,892	\$ 35,563,797	\$ 34,093,805	\$ 32,231,240	\$ 30,707,970	\$ 29,719,138	\$ 28,042,800
Refunds	497,505	153,539	466,174	680,302	346,046	30,417	154,429	210,180	354,899	113,762
DROP payments	4,591,746	2,279,538	4,936,339	1,770,167	2,727,634	2,728,443	3,544,248	4,104,960	3,282,220	2,975,197
Administrative	<u>683,386</u>	<u>549,808</u>	<u>518,197</u>	<u>521,901</u>	<u>478,380</u>	<u>540,088</u>	<u>470,041</u>	<u>441,820</u>	<u>389,320</u>	<u>427,109</u>
Total Expenses	\$ <u><u>49,392,699</u></u>	\$ <u><u>44,087,350</u></u>	\$ <u><u>45,033,607</u></u>	\$ <u><u>40,069,262</u></u>	\$ <u><u>39,115,857</u></u>	\$ <u><u>37,392,753</u></u>	\$ <u><u>36,399,958</u></u>	\$ <u><u>35,464,930</u></u>	\$ <u><u>33,745,577</u></u>	\$ <u><u>31,558,868</u></u>



**Anne Arundel County Retirement and Pension System**

**Schedule of Expenses by Type - Fire Service Retirement Plan**

**For the Last Ten Years Ended December 31**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Retirement Benefits	\$ 37,673,537	\$ 35,450,210	\$ 33,121,534	\$ 31,995,051	\$ 29,920,324	\$ 29,118,078	\$ 29,960,925	\$ 27,621,511	\$ 25,293,551	\$ 23,806,037
Refunds	313,666	695,381	618,679	110,734	457,865	223,669	320,586	440,518	157,533	199,254
DROP payments	3,797,811	7,334,940	3,198,644	1,942,987	2,284,929	749,312.1	1,289,825	5,291,764	8,437,892	7,487,703
Administrative	<u>697,645</u>	<u>555,835</u>	<u>522,291</u>	<u>522,403</u>	<u>489,265</u>	<u>530,549</u>	<u>452,952</u>	<u>439,507</u>	<u>401,289</u>	<u>438,008</u>
Total Expenses	<u>\$ 42,482,659</u>	<u>\$ 44,036,366</u>	<u>\$ 37,461,148</u>	<u>\$ 34,571,175</u>	<u>\$ 33,152,383</u>	<u>\$ 30,621,608</u>	<u>\$ 32,024,288</u>	<u>\$ 33,793,301</u>	<u>\$ 34,290,265</u>	<u>\$ 31,931,002</u>

**Anne Arundel County Retirement and Pension System**

**Schedule of Expenses by Type - Detention Officers' and Deputy Sheriffs' Retirement Plan**

**For the Last Ten Years Ended December 31**

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		<u>2024</u>		<u>2023</u>		<u>2022</u>		<u>2021</u>		<u>2020</u>		<u>2019</u>		<u>2018</u>		<u>2017</u>		<u>2016</u>		<u>2015</u>
Retirement Benefits	\$	12,031,851	\$	11,204,302	\$	10,220,948	\$	9,499,764	\$	8,532,501	\$	8,190,264	\$	7,465,177	\$	6,780,248	\$	6,430,861	\$	6,129,460
Refunds		571,118		626,209		250,085		966,395		194,445		112,585		78,777		38,478		58,116		145,825
DROP payments		2,118,292		1,152,814		1,118,052		631,387		136,099		288,952		620,456		-		-		-
Administrative		<u>179,633</u>		<u>146,304</u>		<u>137,327</u>		<u>135,726</u>		<u>123,860</u>		<u>138,075</u>		<u>115,778</u>		<u>107,893</u>		<u>92,392</u>		<u>99,084</u>
Total Expenses	\$	<u>14,900,894</u>	\$	<u>13,129,629</u>	\$	<u>11,726,412</u>	\$	<u>11,233,272</u>	\$	<u>8,986,905</u>	\$	<u>8,729,876</u>	\$	<u>8,280,188</u>	\$	<u>6,926,619</u>	\$	<u>6,581,369</u>	\$	<u>6,374,369</u>

**Anne Arundel County Retirement and Pension System**

**Average Benefit Payments - Employees' Plan**

**Retirement Effective Dates for the last Ten Fiscal Years Ended June 30, and the Six Months Ended December 31, 2024**

Retirement Effective Dates		Years of Credited Service						
		0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	Over 30
Period 7/1/2015 to 6/30/2016	Average monthly benefit	\$0	\$585	\$948	\$1,707	\$2,265	\$3,113	\$3,790
	Average final average salary	\$0	\$48,114	\$44,409	\$69,116	\$63,456	\$76,545	\$82,715
	Number of retired members	0	14	9	10	11	28	24
Period 7/1/2016 to 6/30/2017	Average monthly benefit	\$0	\$783	\$1,416	\$1,799	\$2,421	\$3,295	\$3,525
	Average final average salary	\$0	\$52,506	\$72,550	\$68,233	\$70,410	\$74,690	\$78,814
	Number of retired members	0	13	20	18	14	17	30
Period 7/1/2017 to 6/30/2018	Average monthly benefit	\$1,952	\$741	\$1,425	\$1,639	\$2,222	\$3,649	\$3,801
	Average final average salary	\$36,067	\$58,201	\$66,465	\$69,641	\$81,177	\$86,795	\$81,469
	Number of retired members	1	9	18	18	14	18	35
Period 7/1/2018 to 6/30/2019	Average monthly benefit	\$160	\$518	\$1,049	\$1,787	\$2,302	\$3,395	\$4,341
	Average final average salary	\$40,040	\$43,496	\$57,181	\$74,659	\$80,425	\$85,077	\$94,675
	Number of retired members	1	14	17	21	15	20	38
Period 7/1/2019 to 6/30/2020	Average monthly benefit	\$0	\$518	\$1,450	\$1,799	\$2,487	\$3,721	\$3,831
	Average final average salary	\$0	\$43,013	\$68,290	\$66,768	\$76,270	\$92,412	\$86,446
	Number of retired members	0	17	17	10	11	9	36
Period 7/1/2020 to 6/30/2021	Average monthly benefit	\$0	\$584	\$1,361	\$1,876	\$2,322	\$3,701	\$3,587
	Average final average salary	\$0	\$58,795	\$61,616	\$63,781	\$71,714	\$91,449	\$79,219
	Number of retired members	0	14	16	16	12	16	29
Period 7/1/2021 to 6/30/2022	Average monthly benefit	\$0	\$825	\$1,689	\$2,070	\$2,434	\$3,512	\$3,951
	Average final average salary	\$17,766	\$59,811	\$86,643	\$83,794	\$75,143	\$86,992	\$86,310
	Number of retired members	1	17	7	19	18	7	30
Period 7/1/2022 to 6/30/2023	Average monthly benefit	\$0	\$697	\$1,060	\$2,204	\$1,906	\$4,165	\$4,399
	Average final average salary	\$0	\$52,980	\$71,372	\$79,504	\$66,256	\$100,499	\$93,167
	Number of retired members	0	11	14	15	18	9	26
Period 7/1/2023 to 6/30/2024	Average monthly benefit	\$0	\$681	\$922	\$2,024	\$2,751	\$3,691	\$5,351
	Average final average salary	\$0	\$62,112	\$58,166	\$79,010	\$96,856	\$94,332	\$116,641
	Number of retired members	0	14	4	13	14	7	15
Period 7/1/2024 to 12/31/2024	Average monthly benefit	\$0	\$706	\$1,223	\$0	\$3,349	\$3,722	\$4,471
	Average final average salary	\$0	\$66,604	\$72,909	\$0	\$101,877	\$106,737	\$103,739
	Number of retired members	0	4	7	0	8	10	16

**Anne Arundel County Retirement and Pension System**  
**Average Benefit Payments - Police Service Retirement Plan**  
**Retirement Effective Dates for the last Ten Fiscal Years Ended June 30, and the Six Months Ended December 31, 2024**

		Years of Credited Service						
Retirement Effective Dates		0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	Over 30
Period 7/1/2015 to 6/30/2016	Average monthly benefit	\$2,680	\$3,003	\$3,860	\$4,417	\$4,418	\$5,616	\$0
	Average final average salary	\$50,932	\$58,489	\$72,240	\$83,747	\$95,013	\$102,581	\$0
	Number of retired members	2	2	1	1	6	3	0
Period 7/1/2016 to 6/30/2017	Average monthly benefit	\$2,817	\$3,519	\$3,055	\$3,962	\$5,110	\$5,069	\$0
	Average final average salary	\$51,685	\$66,170	\$74,113	\$86,796	\$107,768	\$94,257	\$0
	Number of retired members	\$1	3	3	4	3	1	0
Period 7/1/2017 to 6/30/2018	Average monthly benefit	\$0	\$1,611	\$2,359	\$3,059	\$3,980	\$5,871	\$0
	Average final average salary	\$0	\$81,323	\$73,362	\$80,916	\$90,301	\$105,397	\$0
	Number of retired members	0	1	3	3	5	2	0
Period 7/1/2018 to 6/30/2019	Average monthly benefit	\$885	\$648	\$3,754	\$4,278	\$4,306	\$6,007	\$0
	Average final average salary	\$56,274	\$63,953	\$73,060	\$93,414	\$100,251	\$119,909	\$0
	Number of retired members	1	1	2	2	5	2	0
Period 7/1/2019 to 6/30/2020	Average monthly benefit	\$0	\$3,516	\$4,604	\$4,142	\$4,375	\$5,584	\$0
	Average final average salary	\$0	\$67,188	\$88,280	\$92,100	\$101,164	\$104,678	\$0
	Number of retired members	0	1	2	4	5	1	0
Period 7/1/2020 to 6/30/2021	Average monthly benefit	\$0	\$1,945	\$2,987	\$0	\$4,688	\$6,903	\$0
	Average final average salary	\$0	\$106,217	\$91,643	\$0	\$106,821	\$134,661	\$0
	Number of retired members	0	1	3	0	7	4	0
Period 7/1/2021 to 6/30/2022	Average monthly benefit	\$0	\$0	\$4,947	\$5,584	\$5,181	\$6,928	\$8,115
	Average final average salary	\$0	\$0	\$97,202	\$105,069	\$113,167	\$131,678	\$132,743
	Number of retired members	0	0	1	2	6	3	1
Period 7/1/2022 to 6/30/23	Average monthly benefit	0	\$0	\$4,582	\$5,782	\$4,868	\$5,700	\$0
	Average final average salary	0	\$0	\$84,705	\$121,921	\$113,998	\$114,911	\$0
	Number of retired members	0	0	1	2	3	2	0
Period 7/1/2023 to 6/30/2024	Average monthly benefit	\$3,659	\$4,318	\$0	\$4,756	\$5,384	\$7,009	\$0
	Average final average salary	\$69,921	\$85,475	\$0	\$124,074	\$127,852	\$144,330	\$0
	Number of retired members	1	1	0	2	6	4	0
Period 7/1/2024 to 12/31/2024	Average monthly benefit	\$0	\$4,582	\$5,449	\$6,630	\$5,814	\$5,916	\$4,933
	Average final average salary	\$0	\$85,475	\$108,118	\$122,391	\$132,142	\$129,846	\$129,846
	Number of retired members	0	1	1	1	2	2	2

**Anne Arundel County Retirement and Pension System**  
**Average Benefit Payments - Fire Service Retirement Plan**  
**Retirement Effective Dates for the last Ten Fiscal Years Ended June 30, and the Six Months Ended December 31, 2024**

		Years of Credited Service						
Retirement Effective Dates		0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	Over 30
Period 7/1/2015 to 6/30/2016	Average monthly benefit	\$0	\$0	\$2,607	\$3,753	\$4,166	\$3,905	\$0
	Average final average salary	\$0	\$43,912	\$57,129	\$70,887	\$90,016	\$100,211	\$0
	Number of retired members	0	1	5	2	5	2	0
Period 7/1/2016 to 6/30/2017	Average monthly benefit	\$0	\$0	\$2,805	\$0	\$3,942	\$2,356	\$0
	Average final average salary	\$0	\$0	\$63,911	\$0	\$88,391	\$86,220	\$0
	Number of retired members	\$0	0	3	0	3	1	0
Period 7/1/2017 to 6/30/2018	Average monthly benefit	\$0	\$0	\$2,097	\$0	\$4,113	\$4,883	\$6,319
	Average final average salary	\$0	\$0	\$60,667	\$0	\$87,260	\$98,019	\$100,474
	Number of retired members	0	0	3	0	2	3	1
Period 7/1/2018 to 6/30/2019	Average monthly benefit	\$0	\$0	\$3,314	\$3,786	\$2,389	\$5,501	\$11,260
	Average final average salary	\$0	\$0	\$64,893	\$69,120	\$77,463	\$109,527	\$194,906
	Number of retired members	0	0	1	1	3	1	1
Period 7/1/2019 to 6/30/2020	Average monthly benefit	\$2,359	\$3,030	\$0	\$4,144	\$3,940	\$5,328	\$5,488
	Average final average salary	\$44,339	\$57,738	\$0	\$82,178	\$93,538	\$104,750	\$114,888
	Number of retired members	1	1	0	1	3	1	3
Period 7/1/2020 to 6/30/2021	Average monthly benefit	\$0	\$2,823	\$0	\$4,732	\$5,445	\$0	\$0
	Average final average salary	\$0	\$55,578	\$0	\$89,843	\$111,035	\$0	\$0
	Number of retired members	0	3	0	6	2	0	0
Period 7/1/2021 to 6/30/2022	Average monthly benefit	\$0	\$0	\$1,729	\$3,975	\$4,549	\$6,029	\$6,628
	Average final average salary	\$0	\$0	\$70,936	\$94,289	\$101,842	\$117,515	\$114,607
	Number of retired members	0	0	1	1	6	1	2
Period 7/1/2022 to 6/30/2023	Average monthly benefit	3659	\$4,318	\$0	\$4,756	\$5,384	\$7,009	\$0
	Average final average salary	69921	\$85,475	\$0	\$124,074	\$127,852	\$144,330	\$0
	Number of retired members	1	1	0	2	6	4	0
Period 7/1/2023 to 6/30/2024	Average monthly benefit	\$0	\$0	\$0	\$3,865	\$4,417	\$6,576	\$0
	Average final average salary	\$0	\$0	\$0	\$108,836	\$116,492	\$139,107	\$0
	Number of retired members	0	0	0	3	3	1	0
Period 7/1/2024 to 12/31/2024	Average monthly benefit	\$0	\$617	\$0	\$6,553	\$4,637	\$6,874	\$0
	Average final average salary	\$0	\$61,501	\$0	\$129,719	\$123,949	\$138,625	\$0
	Number of retired members	0	1	0	1	3	1	0

**Anne Arundel County Retirement and Pension System**

**Average Benefit Payments - Detention Officers' and Deputy Sheriffs' Retirement Plan**

**Retirement Effective Dates for the last Ten Fiscal Years Ended June 30, and the Six Months Ended December 31, 2024**

		Years of Credited Service						
Retirement Effective Dates		0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	Over 30
Period 7/1/2015 to 6/30/2016	Average monthly benefit	\$0	\$643	\$1,266	\$2,574	\$3,098	\$3,124	\$0
	Average final average salary	\$0	\$43,049	\$49,626	\$68,661	\$67,546	\$69,804	\$0
	Number of retired members	0	1	1	4	3	1	0
Period 7/1/2016 to 6/30/2017	Average monthly benefit	\$0	\$831	\$1,452	\$2,116	\$2,747	\$0	\$0
	Average final average salary	\$0	\$48,832	\$57,652	\$63,089	\$64,943	\$0	\$0
	Number of retired members	\$0	4	3	3	3	0	0
Period 7/1/2017 to 6/30/2018	Average monthly benefit	\$0	\$732	\$1,229	\$2,309	\$2,800	\$3,519	\$5,806
	Average final average salary	\$0	\$52,091	\$57,759	\$65,116	\$68,500	\$71,631	\$105,609
	Number of retired members	0	1	2	1	10	2	1
Period 7/1/2018 to 6/30/2019	Average monthly benefit	\$0	\$1,104	\$1,941	\$0	\$3,300	\$5,401	\$0
	Average final average salary	\$0	\$51,499	\$55,889	\$0	\$76,152	\$117,929	\$0
	Number of retired members	0	2	3	0	5	3	0
Period 7/1/2019 to 6/30/2020	Average monthly benefit	\$812	\$1,621	\$1,329	\$1,983	\$2,679	\$3,671	\$0
	Average final average salary	\$49,855	\$55,495	\$60,251	\$69,462	\$76,768	\$88,499	\$0
	Number of retired members	1	3	3	2	4	1	0
Period 7/1/2020 to 6/30/2021	Average monthly benefit	\$0	\$992	\$2,228	\$2,575	\$4,148	\$5,657	\$0
	Average final average salary	\$0	\$60,194	\$69,329	\$72,626	\$101,947	\$124,191	\$0
	Number of retired members	0	4	3	3	3	3	0
Period 7/1/2021 to 6/30/2022	Average monthly benefit	\$0	\$1,294	\$1,983	\$2,398	\$3,605	\$3,577	\$5,030
	Average final average salary	\$0	\$58,951	\$73,767	\$75,549	\$83,024	\$90,188	\$89,677
	Number of retired members	0	6	1	3	4	2	1
Period 7/1/2022 to 6/30/23	Average monthly benefit	3659	\$4,318	\$1,782	\$4,756	\$5,384	\$7,009	\$5,127
	Average final average salary	69921	\$85,475	\$70,455	\$124,074	\$127,852	\$144,330	\$100,100
	Number of retired members	1	1	1	2	6	4	1
Period 7/1/2023 to 6/30/2024	Average monthly benefit	\$0	\$1,229	\$2,438	\$0	\$3,918	\$4,658	\$0
	Average final average salary	\$0	\$65,721	\$67,043	\$0	\$103,770	\$95,191	\$0
	Number of retired members	0	2	2	0	2	1	0
Period 7/1/2024 to 12/31/2024	Average monthly benefit	\$0	\$786	\$0	\$4,162	\$2,628	\$5,478	\$0
	Average final average salary	\$0	\$59,899	\$0	\$96,353	\$75,928	\$103,575	\$0
	Number of retired members	0	1	0	1	1	1	0

**Anne Arundel County Retirement and Pension System**

**Schedule of Members by Years of Service - Employees' Retirement Plan**

**For the Last Ten Years Ended December 31**

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<i>Years of Credited Service</i>	<i>2024</i>	<i>2023</i>	<i>2022</i>	<i>2021</i>	<i>2020</i>	<i>2019</i>	<i>2018</i>	<i>2017</i>	<i>2016</i>	<i>2015</i>
0 to 4	849	821	736	738	732	751	791	262	721	647
5 to 9	513	503	485	434	403	364	285	298	373	437
10 to 14	277	215	204	262	317	363	415	404	364	354
15 to 19	280	305	304	268	262	269	263	286	287	269
20 to 24	188	190	218	211	205	168	156	156	148	141
25 to 29	102	105	105	105	103	114	140	143	170	200
30 and over	106	113	104	119	136	141	141	127	124	138
Total members	2,315	2,252	2,156	2,137	2,158	2,170	2,191	1,676	2,187	2,186
Average years of service	10.6	10.8	11.3	11.6	11.8	11.7	11.8	11.4	12.0	12.4
Average age	48.4	48.4	48.4	48.3	48.4	48.2	48.4	48.5	48.8	48.9
Average salary	\$ 77,487	\$ 74,870	\$ 70,537	\$66,552	\$64,863	\$63,792	\$61,566	\$ 60,684	\$ 59,585	\$ 58,475

**Anne Arundel County Retirement and Pension System**

**Schedule of Members by Years of Service - Police Service Retirement Plan**

**For the Last Ten Years Ended December 31**

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<i>Years of Credited Service</i>	<i>2024</i>	<i>2023</i>	<i>2022</i>	<i>2021</i>	<i>2020</i>	<i>2019</i>	<i>2018</i>	<i>2017</i>	<i>2016</i>	<i>2015</i>
0 to 4	157	229	240	241	282	278	196	190	199	194
5 to 9	220	146	143	153	138	128	120	110	132	123
10 to 14	112	106	99	111	105	130	136	129	112	119
15 to 19	122	124	114	102	108	90	84	109	125	119
20 to 24	48	43	60	57	58	63	81	73	58	58
25 to 29	23	29	19	13	18	18	17	21	18	27
30 and over	6	3	5	3	6	6	4	2	-	1
Total members	688	680	680	680	715	713	638	634	644	641
Average years of service	10.6	10.5	10.2	9.7	9.5	9.4	10.8	11.0	10.6	10.9
Average age	37.1	37.0	36.8	36.1	35.9	35.9	37.2	37.3	37.0	37.4
Average salary	\$ 105,512	\$ 98,255	\$ 89,280	\$84,014	\$82,206	\$74,383	\$75,741	\$ 75,538	\$ 69,711	\$ 68,454



**Anne Arundel County Retirement and Pension System**

**Schedule of Members by Years of Service - Fire Service Retirement Plan**

**For the Last Ten Years Ended December 31**

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<i>Years of Credited Service</i>	<i>2024</i>	<i>2023</i>	<i>2022</i>	<i>2021</i>	<i>2020</i>	<i>2019</i>	<i>2018</i>	<i>2017</i>	<i>2016</i>	<i>2015</i>
0 to 4	233	209	188	193	199	243	273	311	288	239
5 to 9	196	230	261	238	198	114	64	79	104	194
10 to 14	109	60	74	98	179	230	282	216	206	157
15 to 19	217	268	204	195	146	113	61	80	70	85
20 to 24	63	35	51	44	51	48	58	51	75	52
25 to 29	14	22	18	28	21	29	37	40	39	38
30 and over	7	8	6	3	2	2	5	7	10	8
Total members	839	832	802	799	796	779	780	784	792	773
Average years of service	11.1	11.1	11.1	10.7	10.7	10.6	10.4	10.3	10.2	10.2
Average age	37.8	38.0	38.0	37.5	37.7	37.6	37.4	37.3	37.2	37.3
Average salary	\$ 88,770	\$ 85,178	\$ 77,224	\$ 72,888	\$69,633	\$65,483	\$62,472	\$ 59,891	\$ 58,368	\$ 56,711

**Anne Arundel County Retirement and Pension System**

**Schedule of Members by Years of Service - Detention Officers' and Deputy Sheriffs' Retirement Plan**

**For the Last Ten Years Ended December 31**

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<i>Years of Credited Service</i>	<i>2024</i>	<i>2023</i>	<i>2022</i>	<i>2021</i>	<i>2020</i>	<i>2019</i>	<i>2018</i>	<i>2017</i>	<i>2016</i>	<i>2015</i>
0 to 4	121	122	109	119	122	131	99	103	112	103
5 to 9	83	63	65	69	69	57	45	50	53	57
10 to 14	38	32	35	38	40	63	65	55	55	64
15 to 19	50	49	43	45	55	43	49	54	85	78
20 to 24	14	20	25	33	35	41	48	53	26	28
25 to 29	10	13	16	11	13	15	12	10	10	9
30 and over	3	1	-	1	4	4	4	2	2	3
Total members	319	300	293	316	338	354	322	327	343	342
Average years of service	8.8	9.4	10.1	9.9	10.3	10.3	11.1	11.4	11.0	11.1
Average age	42.6	42.9	42.8	42.7	43.3	43.4	44.3	44.0	43.8	44.1
Average salary	\$ 73,023	\$ 71,550	\$ 68,946	\$ 64,628	\$63,317	\$62,307	\$60,787	\$ 60,519	\$ 57,730	\$ 56,685

Anne Arundel County Retirement and Pension System

Summary of Current Active Members and DROP Members by Years of Service and Plan

For the Year Ended December 31, 2024

Active	<i>Employees'</i>	<i>Police</i>	<i>Fire</i>	<i>Detention</i>	<i>Total</i>
	<i>Retirement</i>	<i>Service</i>	<i>Service</i>	<i>Officers' and</i>	
<i>Years of Credited Service</i>	<i>Plan</i>	<i>Retirement</i>	<i>Retirement</i>	<i>Deputy Sheriffs'</i>	
		<i>Plan</i>	<i>Plan</i>	<i>Retirement</i>	
				<i>Plan</i>	
0-4	849	157	233	121	1,360
5-9	513	220	196	83	1,012
10-14	277	112	109	38	536
15-19	280	122	217	50	669
20-24	188	48	63	14	313
25-29	102	23	14	10	149
30+	106	6	7	3	122
Total Current Active Members	2,315	688	839	319	4,161
DROP					
0-4	N/A	-	-	-	-
5-9	N/A	-	-	-	-
10-14	N/A	-	-	-	-
15-19	N/A	-	-	-	-
20-24	N/A	15	25	15	55
25-29	N/A	32	32	18	82
30+	N/A	26	31	13	70
Total Current Active DROP Members		73	88	46	207

**Anne Arundel County Retirement and Pension System**

**Schedule of Current Active DROP Members by Year of Entry**

**For Years Ended December 31**

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	<i><b>Police Service Retirement Plan</b></i>	<i><b>Fire Service Retirement Plan</b></i>	<i><b>Detention Officers' and Deputy Sheriffs' Retirement Plan</b></i>	<i><b>Total</b></i>
2018	7	5	3	15
2019	9	7	3	19
2020	18	13	5	36
2021	17	17	12	46
2022	5	11	8	24
2023	8	12	6	26
2024	9	23	9	41
2025	0	0	0	0
	<u>73</u>	<u>88</u>	<u>46</u>	<u>207</u>

- Notes:
- 1) The Employees' Retirement Plan does not provide a DROP.
  - 2) The Police Service Retirement Plan DROP was initiated in 2002.
  - 3) The Fire Service Retirement Plan DROP was initiated in 2001.
  - 4) The Detention Officers' and Deputy Sheriffs' Retirement Plan DROP was initiated in 2015.
  - 5) The final year of the chart reflects members who entered DROP on January 1 and who were included in the most recent valuation.

**Anne Arundel County Retirement and Pension System**

**Schedule of Retirees and Beneficiaries by Attained Age and Type of Retirement**

**For the Year Ended December 31, 2024**

<i><u>Age Group</u></i>	<i><u>Normal Retirement</u></i>	<i><u>Early Retirement</u></i>	<i><u>Service Connected Disability</u></i>	<i><u>Non-Service Connected Disability</u></i>	<i><u>Total</u></i>
19 & Under	-	-	-	-	-
20 - 24	-	-	-	-	-
25 - 29	1	-	-	-	1
30 - 34	-	-	3	1	4
35 - 39	2	-	14	2	18
40 - 44	11	-	15	6	32
45 - 49	39	-	35	2	76
50 - 54	92	8	49	6	155
55 - 59	295	23	73	8	399
60 - 64	546	49	80	12	687
65 - 69	776	57	56	12	901
70 - 74	694	38	47	8	787
75 - 79	600	23	25	4	652
80 - 84	296	3	13	1	313
85 & Up	211	-	2	-	213
Total Members	<u>3,563</u>	<u>201</u>	<u>412</u>	<u>62</u>	<u>4,238</u>

# Anne Arundel County Retirement and Pension System

## History of Operating Revenues and Expenses

For the Last Ten Years Ended December 31

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>REVENUES</b>										
Employer Contributions	\$ 138,121,334	\$ 120,587,478	\$ 124,936,954	\$ 99,695,868	\$ 86,138,022	\$ 77,968,734	\$ 71,952,138	\$ 68,249,610	\$ 67,500,726	\$ 66,682,443
Participant Contributions	18,480,321	17,102,334	16,170,084	15,480,356	15,568,370	14,235,080	13,859,588	13,516,451	12,913,484	12,318,793
Investment Income	<u>247,399,096</u>	<u>253,260,652</u>	<u>(258,675,740)</u>	<u>298,182,354</u>	<u>150,126,168</u>	<u>264,667,302</u>	<u>(89,273,637)</u>	<u>270,700,301</u>	<u>115,173,162</u>	<u>-26,123,625</u>
<b>Total Revenues</b>	<u>\$ 404,000,751</u>	<u>\$ 390,950,464</u>	<u>\$ (117,568,702)</u>	<u>\$ 413,358,578</u>	<u>\$ 251,832,559</u>	<u>\$ 356,871,116</u>	<u>\$ (3,461,911)</u>	<u>\$ 352,466,362</u>	<u>\$ 195,587,372</u>	<u>\$ 52,877,611</u>
<b>EXPENSES</b>										
Benefits and Refunds	\$ 175,511,906	\$ 167,222,103	\$ 156,929,997	145,381,479	\$ 137,942,712	\$ 130,551,105	\$ 126,240,111	\$ 122,602,452	\$ 117,741,235	\$ 110,160,338
Administrative Expenses	<u>2,268,715</u>	<u>1,824,607</u>	<u>1,731,452</u>	<u>1,751,028</u>	<u>1,626,896</u>	<u>1,827,317</u>	<u>1,572,698</u>	<u>1,508,247</u>	<u>1,342,456</u>	<u>1,470,053</u>
<b>Total Expenses</b>	<u>\$ 177,780,621</u>	<u>\$ 169,046,710</u>	<u>\$ 158,661,449</u>	<u>\$ 147,132,507</u>	<u>\$ 139,569,608</u>	<u>\$ 132,378,422</u>	<u>\$ 127,812,809</u>	<u>\$ 124,110,699</u>	<u>\$ 119,083,691</u>	<u>\$ 111,630,391</u>
<b>COVERED PAYROLL</b>										
Annual Covered Payroll	<u>\$ 377,718,290</u>	<u>\$ 353,314,519</u>	<u>\$ 318,954,924</u>	<u>\$ 302,901,437</u>	<u>\$ 296,026,749</u>	<u>\$ 282,987,620</u>	<u>\$ 266,207,173</u>	<u>\$ 263,033,649</u>	<u>\$ 252,285,869</u>	<u>\$ 245,100,390</u>
<b>Employer Contributions as a Percent of Covered Payroll</b>	<u>36.57%</u>	<u>34.13%</u>	<u>39.17%</u>	<u>32.91%</u>	<u>29.10%</u>	<u>27.55%</u>	<u>27.03%</u>	<u>25.95%</u>	<u>26.76%</u>	<u>27.21%</u>

**Anne Arundel County Retirement and Pension System**

**History of Plan Investments and Liabilities**

**For the Ten Years Ended December 31**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Net Assets Fair Market Value	\$ <u>2,555,853,612</u>	\$ <u>2,329,633,482</u>	\$ <u>2,107,729,728</u>	\$ <u>2,383,959,879</u>	\$ <u>2,117,733,806</u>	\$ <u>2,005,470,854</u>	\$ <u>1,780,978,160</u>	\$ <u>1,912,252,881</u>	\$ <u>1,684,262,514</u>	\$ <u>1,604,773,484</u>
Actuarial Accrued Liability (AAL)	\$ 3,586,537,662	\$ 3,395,016,267	\$ 3,206,158,439	\$ 2,960,472,477	\$ 2,826,507,072	\$ 2,563,486,225	\$ 2,456,663,451	\$ 2,330,000,504	\$ 2,227,654,391	\$ 2,158,514,771
Actuarial Value of Assets (AVA)	\$ <u>2,559,290,666</u>	\$ <u>2,434,560,524</u>	\$ <u>2,323,718,416</u>	\$ <u>2,248,463,246</u>	\$ <u>2,097,533,927</u>	\$ <u>1,979,591,848</u>	\$ <u>1,909,831,161</u>	\$ <u>1,866,226,913</u>	\$ <u>1,787,755,545</u>	\$ <u>1,725,590,057</u>
Unfunded Actuarial Liability (UAL)	\$ <u>1,027,246,996</u>	\$ <u>960,455,743</u>	\$ <u>882,440,023</u>	\$ <u>712,009,231</u>	\$ <u>728,973,145</u>	\$ <u>583,894,377</u>	\$ <u>546,832,290</u>	\$ <u>463,773,591</u>	\$ <u>439,898,846</u>	\$ <u>432,924,714</u>
Funded Ratio (AVA/AAL)	<u>71.4%</u>	<u>71.7%</u>	<u>72.5%</u>	<u>75.9%</u>	<u>74.2%</u>	<u>77.2%</u>	<u>77.7%</u>	<u>80.1%</u>	<u>80.3%</u>	<u>79.9%</u>