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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, 2025

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, 2025

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ANNE ARUNDEL COUNTY
MARYLAND

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, 2025. 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 2022 to review the experience of the Plans during 2016 to 2020. 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 2025.

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 2025, there were private equity commitments with Apogem Private Equity Fund XI, Apollo Asset-Backed Finance Fund, Audax Private Equity Solutions Fund, and MSCI EAFE Index Securities Lending Fund. The Pension System Investment Policy was updated in 2025 to formally codify asset allocation changes approved by the Board during the January meeting.

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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 66.2% in 2024 to 72.5% in 2025. The Police Service Retirement Plan grew from 72.0% in 2024 to 78.7% in 2025. The Fire Service Retirement Plan rose from 76.2% in 2024 to 83.2% in 2025. The Detention Officers' and Deputy Sheriffs' Retirement Plan increased from 72.9% in 2024 to 79.9% in 2025.

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, 2025 were 15.6%. 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 7.9%, 8.0%, 8.1%, 8.0%, 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 2025.

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, 2025. 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, 2025 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,

Signed by:

Billie Penley

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Billie Penley
Controller

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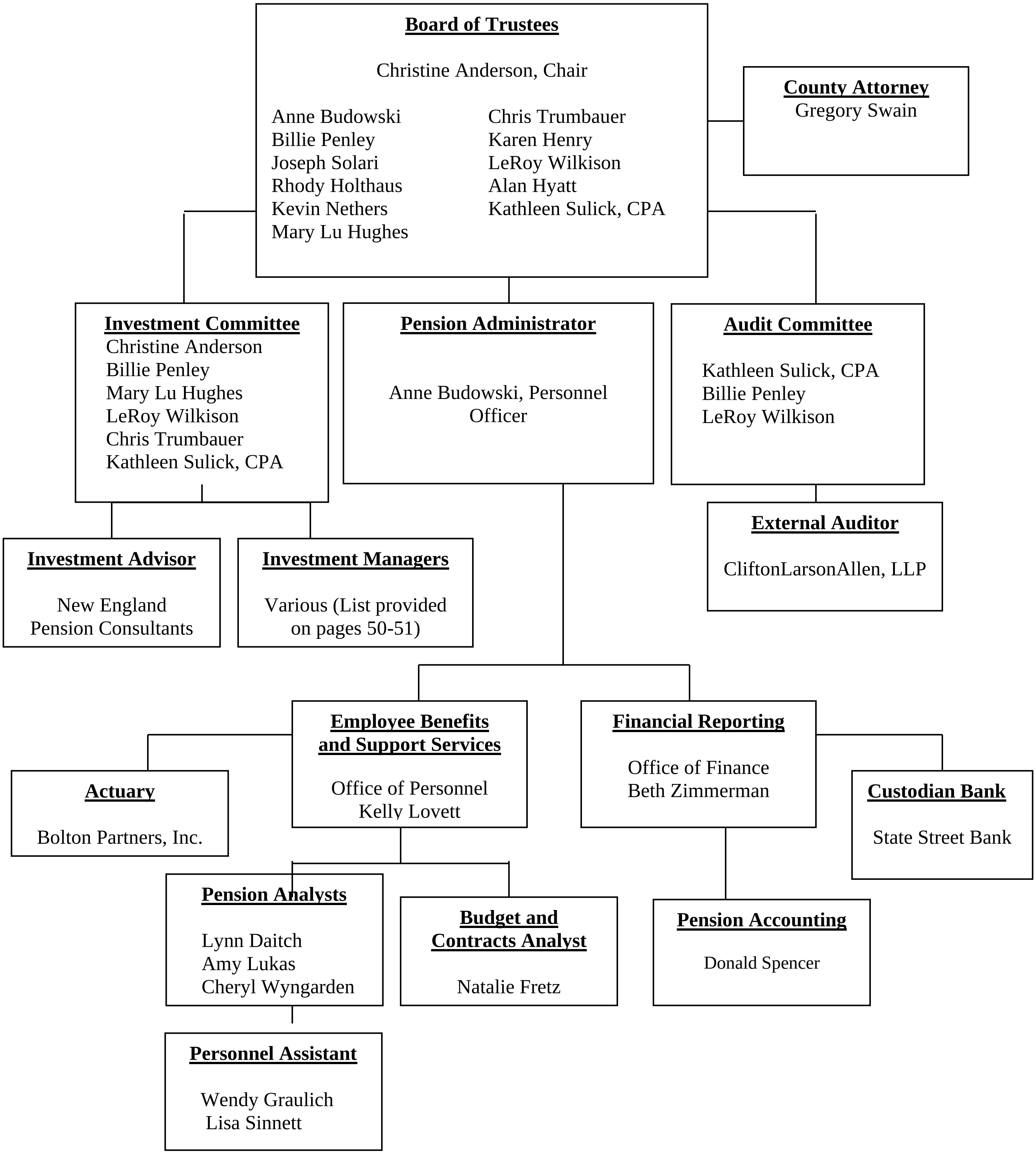
Anne Arundel County Retirement and Pension System

Organizational Chart 12/31/2025



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CliftonLarsonAllen LLP
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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 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, 2025, 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 accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position of the System as of December 31, 2025, 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 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 Systems' 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.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of System's 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 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 opinions 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 opinions on the basic financial statements do 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.

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Board of Trustees
Anne Arundel County Retirement and Pension System

Report on Summarized Comparative Information

We have previously audited the System's 2024 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated July 18, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2026, 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 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 System's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
July 18, 2026

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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, 2025. 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, 2024 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 $379.1 million in calendar year 2025, bringing net position to $2.9 billion. Contributions increased 10.3% to $172.7 million versus $156.6 million in 2024. Of this total, employer contributions of $151.7 million were approximately 9.8% higher than, as of 2024, at $138.1 million. Participant contributions were slightly higher at $21.0 million in 2025 and $18.5 million in 2024. The 2025 time weighted total rate of return of 15.4% compares to 10.5% for 2024.

The System paid $186.4 million in benefits in 2025, compared with $175.5 million paid in 2024, an increase of 6.2%. The 2025 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 4,345, a 2.5% increase over the prior year.

Employees' Retirement Plan – In 2025, net position increased by $116.6 million to $948.2 million from $831.6 million in 2024. The plans contributions of $62.3 million were 85.5% of benefit payments of $72.9 million. Various administrative expenses were $878.7 thousand in 2025.

Police Service Retirement Plan – In 2025, net position increased by $113.9 million to $872.9 million from $759.0 million in 2024. The plan's contributions of $50.7 million were 95.2% of benefit payments of $53.3 million. Administrative expenses were $843.9 thousand in 2025.

Fire Service Retirement Plan – In 2025, net position increased by $117.9 million to $874.8 million from $756.9 million in 2024. Contributions of $46.0 million were 101.6% of the benefit payments of $45.3 million. Various administrative expenses were $865.1 thousand in 2025.

Detention Officers' and Deputy Sheriffs' Retirement Plan – In 2025, net position increased by $30.7 million to $239.1 million from $208.4 million in 2024. Contributions were $13.6 million or 91.3% of benefit payments of $14.9 million. Administrative expenses were $221.8 thousand in 2025.

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, 2025 with combined comparative information as of and for the year ended December 31, 2024. 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.

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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 2025 and 2024.

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Condensed Combining Statement of Fiduciary Net Position
As of December 31, 2025 and 2024

(in millions)			Change in	
Assets	**2025**	**2024**	**Dollars**	**Percentage**
Cash and short-term investments	$ 60.5	$ 38.9	$ 21.6	55.5 %
Securities lending collateral	82.5	78.4	4.1	5.2
Receivables	59.8	50.7	9.1	17.9
Investments at fair value and deposits	2,890.0	2,488.4	401.6	16.1
Total assets	$ 3,092.8	$ 2,656.4	$ 436.4	16.4
Liabilities				
Investment settlements and accounts payable	75.4	22.2	53.2	239.6
Securities lending obligations	82.5	78.4	4.1	5.2
Total liabilities	157.9	100.6	57.3	57.0
Net position restricted for pension benefits	$ 2,934.9	$ 2,555.8	$ 379.1	14.8 %

Condensed Combining Statement of Changes in Fiduciary Net Position
For the year ended December 31, 2025 and 2024

(in millions)			Change in	
Additions	**2025**	**2024**	**Dollars**	**Percentage**
Employer contributions	$ 151.7	$ 138.1	$ 13.6	9.8 %
Participant contributions	21.0	18.4	2.6	14.1
Net investment income (loss)	395.6	247.4	148.2	59.9
Total additions	568.3	403.9	164.4	40.7
Deductions				
Benefit payments and refunds	186.4	175.5	10.9	6.2
Administrative expenses	2.8	2.3	0.5	21.7
Total deductions	189.2	177.8	11.4	6.4
Net increase/ (decrease)	379.1	226.1	153.0	67.7
Net position restricted for pension benefits				
Beginning of year	2,555.8	2,329.7	226.1	9.7
End of year	$ 2,934.9	$ 2,555.8	$ 379.1	14.8 %

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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	
	2025	2024	2025	2024
Cash and temporary investments	1.6%	1.0%	4.6%	5.2%
Domestic equity	33.2%	36.0%	13.5%	21.9%
International equity pools	24.7%	21.7%	33.6%	6.4%
Domestic and international fixed income	19.9%	21.0%	9.2%	3.9%
Private markets	17.0%	16.2%	8.1%	6.8%
Real estate investment pools	3.6%	4.1%	4.4%	-2.9%
Total percent of investments	100.0%	100.0%		
Total annual performance			15.5%	10.5%

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, 2025 and 2024 the funded ratios for the System were 72.9% and 71.2% respectively. Additionally, System fiduciary net position as a percentage of the total pension liability as of December 31, 2025 was 77.5%.

The System paid $186.4 million in retirement benefits and refunds to 4,345 participants and beneficiaries during 2025, compared to $175.5 million in 2024 to 4,238 participants and beneficiaries. This reflects an average of $42.9 thousand per person in 2025, compared to an average of $41.4 thousand in 2024.

The System received $21.0 million in contributions from 4,239 active participants during 2025. In 2024, $18.4 million was received from 4,161 active participants. The employer contributions were $151.7 million in 2025, compared to $138.1 million in 2024. 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 2025 Actuarially Determined Contribution (ADC) for all Plans and has contributed the ADC recommended by the actuary for the past 16 years, with true-up adjustments from 2010 to 2011 and 2014 to 2015. Administrative costs for 2025 were approximately $2.8 million for 9,413 participants or an average cost of $297 per person compared to $2.3 million for 2024 administrative costs for 9,239 participants at $246 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, 2025 (with December 31, 2024 Combined Summarized Totals)

	Employees' Retirement Plan	*Police Service Retirement Plan*	*Fire Service Retirement Plan*	*Detention Officers' and Deputy Sheriffs' Retirement Plan*	*2025 Combined Total*	*2024 Combined Total*
ASSETS						
Investments						
Cash and temporary investments	$ 19,532,265	$ 17,988,019	$ 18,038,263	$ 4,927,989	$ 60,486,536	$ 38,863,624
U. S. Government obligations	21,148,276	19,476,265	19,530,666	5,335,708	65,490,915	44,914,390
Bank Loans	9,072,119	8,354,865	8,378,202	2,288,895	28,094,081	138,470
Corporate obligations	38,364,408	35,331,267	35,429,955	9,679,337	118,804,967	120,176,345
Fixed income mutual funds	79,018,889	72,771,550	72,974,817	19,936,460	244,701,716	229,837,028
International fixed income mutual funds	41,088,361	37,839,861	37,945,556	10,366,591	127,240,369	107,444,130
Domestic equity	309,123,023	284,683,346	285,478,528	77,991,718	957,276,615	899,821,404
International equity pools	232,278,528	213,914,277	214,511,788	58,603,857	719,308,450	546,623,754
Private markets	162,805,477	149,933,858	150,352,657	41,075,810	504,167,802	415,989,604
Real estate investment pools	34,014,928	31,325,662	31,413,162	8,581,964	105,335,716	103,789,522
Aetna insurance pooled fixed income	6,289,345	5,792,101	5,808,279	1,586,801	19,476,526	19,589,329
Total investments	952,735,619	877,411,071	879,861,873	240,375,130	2,950,383,693	2,527,187,600
Collateral from securities lending transactions	26,632,515	24,526,912	24,595,421	6,719,382	82,474,230	78,380,240
Receivables						
Employer contributions	4,746,298	3,899,934	3,460,553	1,047,959	13,154,744	24,243,087
Participant contributions	490,409	478,569	455,182	113,220	1,537,380	3,634,576
Accrued interest and dividends	669,287	616,403	618,144	168,867	2,072,701	2,054,636
Investment sales proceeds	13,878,882	12,781,599	12,817,301	3,501,641	42,979,423	20,807,501
Total receivables	19,784,876	17,776,505	17,351,180	4,831,687	59,744,248	50,739,800
Deposits on hand	13,663	115,097	63,277	-	192,037	188,457
Total assets	999,166,673	919,829,585	921,871,751	251,926,199	3,092,794,208	2,656,496,097
LIABILITIES						
Accounts payable	345,569	318,247	319,136	87,187	1,070,139	2,554,552
Investment commitments payable	23,994,636	22,097,588	22,159,312	6,053,845	74,305,381	19,707,693
Obligation for collateral received under securities lending transactions	26,632,515	24,526,912	24,595,421	6,719,382	82,474,230	78,380,240
Total liabilities	50,972,720	46,942,747	47,073,869	12,860,414	157,849,750	100,642,485
Net position held in trust for pension benefits	**$ 948,193,953**	**$ 872,886,838**	**$ 874,797,882**	**$ 239,065,785**	**$ 2,934,944,458**	**$ 2,555,853,612**

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, 2025 (with December 31, 2024 Combined Summarized Totals)

	Employees' Retirement Plan	***Police Service Retirement Plan***	***Fire Service Retirement Plan***	***Detention Officers' and Dep. Sheriffs' Retirement Plan***	***2025 Combined Total***	***2024 Combined Total***
ADDITIONS						
Contributions						
Employer	$ 54,865,117	$ 44,616,476	$ 40,098,672	$ 12,077,465	$ 151,657,730	$ 138,121,334
Participants	7,447,168	6,131,138	5,894,575	1,526,993	20,999,874	18,480,321
Total contributions	62,312,285	50,747,614	45,993,247	13,604,458	172,657,604	156,601,655
Investment income/depreciation						
Net appreciation/depreciation in fair value of investments	110,343,100	101,242,919	101,552,040	27,814,592	340,952,651	172,398,506
Interest income	12,882,119	11,587,616	12,067,298	3,122,112	39,659,145	47,515,739
Dividend income	8,111,663	7,439,768	7,459,122	2,043,191	25,053,744	37,295,082
Income (loss) from investment activities	131,336,882	120,270,303	121,078,460	32,979,895	405,665,540	257,209,327
Less investment expenses	3,321,060	3,018,946	3,046,608	818,038	10,204,652	9,998,169
Net income (loss) from investing activities	128,015,822	117,251,357	118,031,852	32,161,857	395,460,888	247,211,158
Securities lending activities						
Securities lending income	1,137,734	1,043,983	1,046,940	286,703	3,515,360	5,182,330
Securities lending expenses						
Borrower rebates	1,062,614	975,053	977,815	267,773	3,283,255	4,869,098
Management fees	30,048	27,572	27,650	7,572	92,842	125,294
Total securities lending expenses	1,092,662	1,002,625	1,005,465	275,345	3,376,097	4,994,392
Net income from securities lending	45,072	41,358	41,475	11,358	139,263	187,938
Total net investment income (loss)	128,060,894	117,292,715	118,073,327	32,173,215	395,600,151	247,399,096
Total additions	190,373,179	168,040,329	164,066,574	45,777,673	568,257,755	404,000,751
DEDUCTIONS						
Benefit payments	72,862,114	53,331,407	45,261,337	14,902,581	186,357,439	175,511,906
Administrative expenses	878,726	843,914	865,053	221,777	2,809,470	2,268,715
Total deductions	73,740,840	54,175,321	46,126,390	15,124,358	189,166,909	177,780,621
Change in fiduciary net position	116,632,339	113,865,008	117,940,184	30,653,315	379,090,846	226,220,130
Net position, January 1	831,561,614	759,021,830	756,857,698	208,412,470	2,555,853,612	2,329,633,482
Net position, December 31	**$ 948,193,953**	**$ 872,886,838**	**$ 874,797,882**	**$ 239,065,785**	**$ 2,934,944,458**	**$ 2,555,853,612**

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

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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, 2025 were $2,809,470 of which approximately $1,615,878 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

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statements should be read in conjunction with the System's audited financial report from 2024, from which the combined prior-year amounts were derived.

G *New GASB Pronouncements* - For the year ended December 31, 2025, Governmental Accounting Standards Board (GASB) Statement No. 102, *Certain Risk Disclosures*, was issued which establishes financial reporting requirements for risks related to concentrations and constraints. Management evaluated the requirements of GASB 102 and determined that, while the standard is applicable, its implementation did not have a material impact on the Plan's financial statements.

2 General Description of the System

A *Covered Membership* – Membership in each plan consisted of the following as of December 31, 2025 based on the January 1, 2026 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	2,330	880	743	392	4,345
Terminated Plan members entitled to but not yet receiving payments	260	-	-	-	260
Deferred Retirement Option (DROP)	-	75	104	49	228
Refunds Owed	217	40	45	39	341
Active Plan members	2,362	709	849	319	4,239
Total	5,169	1,704	1,741	799	9,413

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 2025 of $54,865,117, 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.

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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 2025 of $44,616,476, 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 2025 of $40,098,672, 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 2025 of $12,077,465, as determined by the Plan's consulting actuary.

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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. 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.

Bill No. 59-25 DODS Plan - Extends the total DROP participation period to seven years for those participants hired before October 29, 2020 in the following classifications: Correctional Program Specialist I or II or Criminal Justice Program Supervisor. Fire Plan – Increases the number of IAFF employees who may begin participation in DROP to 20 per calendar quarter up to a limit of 72 each fiscal year. Increases the interest compounded on the DROP account balance to 5.00% effective annual yield for IAFF employees who began participating in DROP on or after July 1, 2025. Increases the interest compounded on the DROP account balance to 4.75% effective annual yield for Fire Management employees and Battalion Chiefs who started in DROP on or after July 1, 2025. Increases annual payroll pension contributions to 8.00% of the participant's annual basic pay for active IAFF employees, effective January 1, 2026. Police Plan – Increases the interest compounded on DROP account balance to 5.00% effective annual yield for Police employees who started in DROP on or after July 1, 2025. Increases annual payroll pension contributions to 8.25% of the participant's annual basic pay for active Police employees, effective January 1, 2026.

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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 a minimum of 3 years, up to a maximum of 6 or 7 years depending on the plan. The lump sum values held by the System pursuant to the DROP programs are $20,513,210 for the Police Service Plan, $20,370,304 for the Fire Service Plan and $9,126,623 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, 2025 based on the actuarial valuations are displayed below. The valuation date is December 31, 2025.

	Employees' Retirement Plan	Police Service Retirement Plan	Fire Service Retirement Plan	Detention Officers' and Deputy Sheriffs' Retirement Plan	Total
Total pension liability	$ 1,308,005,506	$ 1,108,633,608	$ 1,051,308,018	$ 299,390,394	$ 3,767,337,526
Plan fiduciary net position	(948,193,953)	(872,886,838)	(874,797,882)	(239,065,785)	(2,934,944,458)
Plan net pension liability	$ 359,811,553	$ 235,746,770	$ 176,510,136	$ 60,324,609	$ 832,393,068
Plan fiduciary net position as a percentage of the total pension liability	72.5%	78.7%	83.2%	79.9%	77.9%

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, 2025 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 2022 for the period 2016 to 2020.			
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 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, 2025. 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, 2025.

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.

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	Employees' Retirement Plan	Police Service Retirement Plan	Fire Service Retirement Plan	Detention Officers' and Deputy Sheriffs' Retirement Plan
1% Decrease to 6.00%	$ 510,034,276	$ 385,175,184	$ 320,971,715	$ 95,982,099
Current Discount Rate 7.00%	$ 359,811,553	$ 235,746,770	$ 176,510,136	$ 60,324,609
1% Increase to 8.00%	$ 233,125,302	$ 114,027,836	$ 58,811,984	$ 30,679,701

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, 2025 (see the discussion of the System's investment policy) are summarized in the following table:

2025 30-Year Return Assumptions by Asset Class

Asset Class	30-Year Geometric Forecast (Nominal Returns)	30-Year Geometric Forecast (Real Returns)
Inflation (CPI)	2.63%	0.00%
Cash	3.49%	0.84%
Core Fixed Income	5.21%	2.52%
High-Yield Bonds	7.52%	4.77%
Emerging Market Debt (External)	7.54%	4.78%
Emerging Market Debt (Local Currency)	5.75%	3.04%
U.S. Large Cap Equity	7.39%	4.64%
U.S. Small/Mid Cap Equity	7.44%	4.69%
International Equities (Unhedged)	6.63%	3.89%
Emerging Int'l Equities	8.96%	6.17%
Private Equity	9.98%	7.17%
Private Debt	9.12%	6.32%
Real Estate (Core)	6.30%	3.58%

Notes

Capital market assumptions are as of March 31, 2026.

NEPC's 30-year geometric CPI inflation assumption is 2.63%.

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

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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.

Asset Class	**Market Target (%)**	**Minimum Exposure (%)**	**Maximum Exposure (%)**
Domestic Equity	33	18	48
International Equity	15	5	25
Emerging Market Equity	7	2	12
Domestic Fixed Income	18	7	33
Emerging Market Debt	5	1	10
Private Markets	15	2	35
Real Estate	5	1	10
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, 2025, 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, 2025, there was no exposure to a single issuer greater

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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, 2025, the annual money-weighted rate of return on pension system investments, net of System expenses, was 15.4%. 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 bonds, collateralized mortgage obligations, and other asset-backed securities have variable rate features. The total fair value of these securities was $43,996,015 as of December 31, 2025.

		Investment Maturities (in Years)			
Investment Type	Fair Value	**Less than 1 year**	**1 to 5**	**6 to 10**	**over 10**
Agency/Instrumentalities	$ 31,369,734	$ -	$ -	$ -	$ 31,369,734
Bank loans	28,094,079	-	26,398,692	1,695,387	-
Collateralized mortgage obligations	29,164,563	-	-	-	29,164,563
Corporate bonds	39,717,765	325,730	11,999,985	26,749,911	642,139
Credit Swaps	333,125	-	333,125	-	-
Fixed income mutual funds	371,942,085	371,942,085	-	-	-
Foreign government and yankee bonds	3,388,328	-	1,886,461	1,501,867	-
Money market pools	60,486,536	60,486,536	-	-	-
Other asset-backed securities	14,831,452	314,777	271,594	-	14,245,081
U.S. treasuries	65,490,915	11,157,104	2,289,586	19,172,779	32,871,446
Totals	$ 644,818,582	$ 444,226,232	$ 43,179,443	$ 49,119,944	$ 108,292,963

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 $85,810,014 with call dates ranging from June 20, 2026 to December 15, 2051. The callable holdings include issues with floating interest rates which have a market value of $5,056,675.

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.

Docusign Envelope ID: 1B6BD3B6-75FD-8536-8291-C7A6492D2182

	Total Fair Value	Standard & Poor's Credit Ratings AAA	AA	A	BBB	NR
Aetna insurance pool fixed income	$ 19,476,526	$ -	-	-	-	$ 19,476,526
Agency/instrumentalities	31,369,734	-	-	-	-	31,369,734
Bank loans	28,094,079	11,788,838	-	-	-	16,305,241
Collateralized mortgage obligations	29,164,563	4,852,223	-	-	-	24,312,340
Corporate bonds	39,717,765	-	801,440	24,102,218	14,063,285	750,822
Credit Swaps	333,125	-	-	-	-	333,125
Fixed income mutual funds	371,942,085	-	-	-	-	371,942,085
Foreign government and yankee bonds	3,388,328	-	-	1,620,756	1,767,572	-
Money market pools	60,486,536	60,296,596	-	-	-	189,940
Other asset-backed obligations	14,831,452	271,594	-	-	-	14,559,858
Total credit risk of debt securities	$ 598,804,193	$ 77,209,251	$ 801,440	$ 25,722,974	$ 15,830,857	$ 479,239,671
U.S. treasuries*	65,490,915					
Total debt securities	$ 664,295,108					

**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 47.0% 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, 2025. The fair market value of international/global equities and fixed income assets that were managed in pooled funds totaled $846,548,819 as of December 31, 2025.

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, 2025 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.

The following table shows the fair value leveling of the System's investment portfolio at December 31, 2025.

Pension System Assets at Fair Value December 31, 2025

Assets at Fair Value December 31, 2025 Investment Type	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed Income Investments				
U.S. treasuries	$ 65,490,915	$ -	$ 65,490,915	$ -
Agency/instrumentalities	31,369,734	-	31,369,734	-
Collateralized mortgage obligations	29,164,563	-	29,164,563	-
Other asset-backed obligations	14,831,452	-	14,831,452	-
Corporate bonds	39,717,764	-	39,717,764	-
Bank loans	28,094,081	-	28,094,081	-
Foreign government and yankee bonds	3,388,328	-	3,388,328	-
Credit Swaps	333,126		333,126	-
Fixed income mutual funds	249,907,230	127,240,368	122,666,862	-
Total fixed income investments	462,297,193	127,240,368	335,056,825	-
Equity Investments				
Domestic equity	547,126,405	547,126,405	-	-
International equity pools	260,517,206	107,086,288	153,430,918	-
Total equity investments	807,643,611	654,212,693	153,430,918	-
Total investments by fair value level	$ 1,269,940,804	$ 781,453,061	$ 488,487,743	$ -

Pension System Net Asset Value Decmber 31, 2025

Investment Types at net asset value	Net Asset Value	Unfunded Commitments as of 12/31/25	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Commingled funds-debt	$ 122,034,855	$ -	Twice monthly	15 days
Commingled funds-equities	700,815,039	-	Daily, Monthly	Daily, 5 Business days
International equity pool	168,126,415	-	Daily	Daily
Real estate (REIT) fund	105,335,715	-	Quarterly	95 days
Private markets credit opportunites	51,672,470	-	Not eligible	Not eligible
Private markets buyouts	114,425,144	52,341,837	Not eligible	Not eligible
Private markets co-investments	88,510,716	29,146,851	Not eligible	Not eligible
Private markets direct lending	16,103,681	23,000,000	Not eligible	Not eligible
Private markets distressed	99,137,855	45,460,788	Not eligible	Not eligible
Private markets energy	7,812,296	7,259,553	Not eligible	Not eligible
Private markets fund of funds	-	203,723	Not eligible	Not eligible
Private markets growth equity	73,320,465	7,665,000	Not eligible	Not eligible
Private markets mezzanine	251,161	1,365,290	Not eligible	Not eligible
Private markets secondaries	52,934,017	30,340,719		
Total at net asset value	1,600,479,829	$ 196,783,761		
Investments measured at amortized cost				
Money market pools	60,486,536			
Aetna insurance pooled fixed income	19,476,526			
Total Investments	$ 2,950,383,695			

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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, 2025 was $84,408,935 of which $82,474,230 was cash and $1,934,705 were U.S. Treasury securities. The market value of securities on loan for the System as of December 31, 2025 was $82,485,143.

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, 2025 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.

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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, 2025, the fair value of government mortgage-backed securities was $31,369,734, asset-backed securities was $14,831,451, and CMO's was $29,164,563. 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 holds $333,126 in credit swaps. There are 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, 2025 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 $803.8 million at December 31, 2025, of which approximately $196.8 million remains unfunded. Additional details regarding the unfunded balances are in Note 6. The expected funding dates for these commitments extend through 2030.

12 Subsequent Events

The system evaluated subsequent events through June 12, 2026, the date the financial statements were available to be issued. Events or transactions occurring after December 31, 2025, but prior to June 12, 2026 that provided additional evidence about conditions that existed at December 31, 2025, have been recognized in the financial statements for the year ended December 31, 2025. Events or transactions that provided evidence about conditions that did not exist at December 31, 2025, 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, 2025.

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability (Dollar amounts in thousands)										
Service cost	$ 25,460	$ 25,505	$ 23,191	$ 19,164	$ 18,886	$ 16,774	$ 16,344	$ 16,687	$ 15,497	$ 15,144
Interest	87,143	81,911	76,223	73,167	67,772	70,362	65,128	63,246	60,502	59,292
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	12,398	13,449	14,164	16,876	1,093	(4,189)	12,546	3,826	9,562	(12,599)
Changes of assumptions	-	-	36,431	-	51,630	-	32,671	-	-	-
Benefit payments, including refunds of member contributions	(72,862)	(70,296)	(67,221)	(63,887)	(60,714)	(57,779)	(55,081)	(50,575)	(47,380)	(44,024)
Net change in total pension liability	52,139	50,568	82,788	45,320	78,666	25,168	71,608	33,184	38,181	17,813
Total pension liability - beginning	1,255,867	1,205,299	1,122,510	1,077,191	998,524	973,356	901,748	868,564	830,383	812,570
Total pension liability - ending (a)	$ 1,308,006	$ 1,255,867	$ 1,205,299	$ 1,122,510	$ 1,077,191	$ 998,524	$ 973,356	$ 901,748	$ 868,564	$ 830,383
Plan fiduciary net position										
Contributions - employer	54,865	50,574	43,484	43,712	36,178	32,567	29,637	27,033	25,654	25,810
Contributions - member	7,447	5,828	6,123	6,043	5,528	5,764	5,512	5,612	5,472	5,182
Net investment income	128,061	80,472	82,733	(87,246)	103,656	48,589	90,338	(31,166)	94,908	41,345
Benefit payments, including refunds of member contributions	(72,862)	(70,296)	(67,221)	(63,887)	(60,714)	(57,779)	(55,081)	(50,575)	(47,380)	(44,024)
Administrative expense	(879)	(708)	(573)	(554)	(561)	(535)	(609)	(543)	(526)	(497)
Net change in plan fiduciary net position	116,632	65,870	64,546	(101,931)	84,086	28,606	69,797	(49,640)	78,127	27,816
Plan fiduciary net position - beginning	831,562	765,691	701,145	803,076	718,990	690,383	620,587	670,226	592,099	564,283
Plan fiduciary net position - ending (b)	$ 948,194	$ 831,562	$ 765,691	$ 701,145	$ 803,076	$ 718,990	$ 690,383	$ 620,587	$ 670,226	$ 592,099
County's net pension liability - ending (a)-(b)	$ 359,812	$ 424,305	$ 439,608	$ 421,366	$ 274,115	$ 279,535	$ 282,973	$ 281,161	$ 198,337	$ 238,284
Plan fiduciary net position as a percentage of the total pension liability	72.5%	66.2%	63.5%	62.5%	74.6%	72.0%	70.9%	68.8%	77.2%	71.3%
Covered payroll	$ 192,164	$ 179,382	$ 168,608	$ 152,078	$ 142,222	$ 139,975	$ 138,428	$ 134,892	$ 138,239	$ 130,313
County's net pension liability as a percentage of covered payroll	187.2%	236.5%	260.7%	277.1%	192.7%	199.7%	204.4%	208.4%	143.5%	182.9%
Expected average remaining service years of all participants	4	4	4	4	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 16 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, 2025 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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability (Dollar amounts in thousands)										
Service cost	$ 25,367	$ 25,135	$ 22,947	$ 17,611	$ 17,596	$ 14,504	$ 13,064	$ 12,826	$ 12,689	$ 12,057
Interest	73,713	67,310	64,927	61,351	55,381	55,148	52,474	50,963	48,563	47,032
Changes of benefit terms	-	(990)	-	-	-	-	-	-	-	-
Differences between expected and actual experience	8,543	25,673	11,974	16,152	5,789	20,346	(2,017)	(2,591)	6,202	(4,527)
Changes of assumptions	-	-	(19,679)	-	48,555	-	10,096	-	-	-
Benefit payments, including refunds of member contributions	(53,331)	(48,709)	(43,538)	(44,515)	(39,555)	(38,637)	(36,791)	(35,938)	(34,950)	(33,357)
Net change in total pension liability	54,292	68,418	36,631	50,598	87,765	51,361	36,826	25,261	32,504	21,205
Total pension liability - beginning	1,054,342	985,924	949,293	898,695	810,929	759,569	722,742	697,482	664,978	643,773
Total pension liability - ending (a)	$ 1,108,634	$ 1,054,342	$ 985,924	$ 949,293	$ 898,695	$ 810,929	$ 759,569	$ 722,742	$ 697,482	$ 664,978
Plan fiduciary net position										
Contributions - employer	44,616	40,514	35,789	37,522	29,599	24,900	23,094	21,934	20,931	20,411
Contributions - member	6,131	5,599	4,646	4,284	4,255	4,181	3,669	3,372	3,250	3,158
Net investment income	117,293	73,390	74,562	(75,544)	89,125	42,157	75,786	(25,860)	78,155	33,500
Benefit payments, including refunds of member contributions	(53,331)	(48,709)	(43,538)	(44,515)	(39,555)	(38,637)	(36,791)	(35,938)	(34,950)	(33,357)
Administrative expense	(844)	(683)	(550)	(518)	(509)	(476)	(530)	(464)	(445)	(417)
Net change in plan fiduciary net position	113,865	70,111	70,910	(78,772)	82,914	32,125	65,228	(36,956)	66,941	23,295
Plan fiduciary net position - beginning	759,022	688,911	618,001	696,773	613,859	581,734	516,505	553,461	486,520	463,225
Plan fiduciary net position - ending (b)	$ 872,887	$ 759,022	$ 688,911	$ 618,001	$ 696,773	$ 613,859	$ 581,734	$ 516,505	$ 553,461	$ 486,520
County's net pension liability - ending (a)-(b)	$ 235,747	$ 295,320	$ 297,013	$ 331,291	$ 201,921	$ 197,071	$ 177,835	$ 206,237	$ 144,020	$ 178,458
Plan fiduciary net position as a percentage of the total pension liability	78.7%	72.0%	69.9%	65.1%	77.5%	75.7%	76.6%	71.5%	79.4%	73.2%
Covered payroll	$ 77,284	$ 72,592	$ 66,813	$ 60,710	$ 57,129	$ 58,777	$ 53,035	$ 48,322	$ 45,989	$ 44,894
County's net pension liability as a percentage of covered payroll	305.0%	406.8%	444.5%	545.7%	353.4%	335.3%	335.3%	426.8%	313.2%	397.5%
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 16 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, 2025 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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability (Dollar amounts in thousands)										
Service cost	$ 25,454	$ 26,007	$ 22,837	$ 18,296	$ 17,012	$ 14,146	$ 12,612	$ 11,785	$ 11,556	$ 11,102
Interest	69,709	63,625	59,235	56,027	49,832	50,304	47,454	45,537	43,670	42,294
Changes of benefit terms	(2,001)	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	10,390	15,352	27,177	11,720	14,680	(913)	(573)	3,521	2,210	(1,552)
Changes of assumptions	-	-	(3,909)	-	42,475	6,468	10,153	-	-	-
Benefit payments, including refunds of member contributions	(45,261)	(41,785)	(43,481)	(36,939)	(34,049)	(32,663)	(30,098)	(31,973)	(33,129)	(33,868)
Net change in total pension liability	58,291	63,198	61,860	49,105	89,950	37,342	39,548	28,869	24,309	17,976
Total pension liability - beginning	993,017	929,819	867,959	818,854	728,904	691,562	652,014	623,144	598,836	580,860
Total pension liability - ending (a)	$ 1,051,308	$ 993,018	$ 929,819	$ 867,959	$ 818,854	$ 728,904	$ 691,562	$ 652,014	$ 623,144	$ 598,836
Plan fiduciary net position										
Contributions - employer	40,099	35,911	30,863	32,341	24,643	20,506	17,637	15,704	14,664	14,591
Contributions - member	5,895	5,641	4,902	4,412	4,203	4,093	3,652	3,524	3,441	3,257
Net investment income	118,073	73,787	75,008	(74,960)	88,952	42,359	75,388	(25,208)	77,992	33,899
Benefit payments, including refunds of member contributions	(45,261)	(41,785)	(43,481)	(36,939)	(34,049)	(32,663)	(30,098)	(31,973)	(33,129)	(33,868)
Administrative expense	(865)	(698)	(556)	(522)	(513)	(486)	(522)	(430)	(448)	(428)
Net change in plan fiduciary net position	117,940	72,857	66,737	(75,669)	83,236	33,809	66,058	(38,382)	62,520	17,451
Plan fiduciary net position - beginning	756,858	684,001	617,264	692,932	609,696	575,887	509,828	548,211	485,690	468,239
Plan fiduciary net position - ending (b)	$ 874,798	$ 756,858	$ 684,001	$ 617,264	$ 692,932	$ 609,696	$ 575,887	$ 509,828	$ 548,211	$ 485,690
County's net pension liability - ending (a)-(b)	$ 176,510	$ 236,161	$ 245,818	$ 250,696	$ 125,922	$ 119,208	$ 115,675	$ 142,185	$ 74,933	$ 113,146
Plan fiduciary net position as a percentage of the total pension liability	83.2%	76.2%	73.6%	71.1%	84.6%	83.6%	83.3%	78.2%	88.0%	81.1%
Covered payroll	$ 77,853	$ 74,478	$ 70,868	$ 61,934	$ 58,237	$ 55,428	$ 51,011	$ 48,728	$ 46,954	$ 46,228
County's net pension liability as a percentage of covered payroll	226.7%	317.1%	346.9%	404.8%	216.2%	215.1%	226.8%	291.8%	159.6%	244.8%
Expected average remaining service years of all participants	5	5	6	5	5	5	6	6	6	6

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 16 are considered immaterial.

2 The plan was amended to increase the maximum amount of time a participant is allowed to be in DROP from six years to seven. As a result of this change, the assumption for DROP participation is increased from four years to five years.

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, 2025 actuarial valuation report.

5 Covered Payroll does not include pay for members in DROP.

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability (Dollar amounts in thousands)										
Service cost	$ 6,703	$ 6,700	$ 6,354	$ 4,969	$ 4,982	$ 4,704	$ 4,147	$ 4,533	$ 4,658	$ 4,461
Interest	19,952	18,439	17,476	16,921	15,283	15,556	14,632	13,836	12,912	12,281
Changes of benefit terms	(460)	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	2,325	4,581	4,398	(1,681)	2,520	(750)	1,010	1,938	2,244	(1,678)
Changes of assumptions	-	-	(620)	-	11,961	-	1,348	-	-	-
Benefit payments, including refunds of member contributions	(14,903)	(14,721)	(12,983)	(11,589)	(11,098)	(8,863)	(8,610)	(8,162)	(6,821)	(6,485)
Net change in total pension liability	13,617	14,998	14,625	8,620	23,649	10,647	12,528	12,145	12,993	8,579
Total pension liability - beginning	285,773	270,775	256,150	247,530	223,881	213,234	200,706	188,562	175,569	166,990
Total pension liability - ending (a)	$ 299,390	$ 285,773	$ 270,775	$ 256,150	$ 247,530	$ 223,881	$ 213,234	$ 200,706	$ 188,562	$ 175,569
Plan fiduciary net position										
Contributions - employer	12,077	11,121	10,451	11,362	9,276	8,165	7,600	7,282	7,000	6,689
Contributions - member	1,527	1,412	1,431	1,432	1,494	1,530	1,402	1,352	1,354	1,316
Net investment income	32,173	20,154	20,554	(20,926)	24,208	11,639	19,918	(6,825)	19,607	8,159
Benefit payments, including refunds of member contributions	(14,903)	(14,721)	(12,983)	(11,589)	(11,098)	(8,863)	(8,610)	(8,162)	(6,821)	(6,485)
Administrative expense	(221)	(180)	(146)	(137)	(133)	(123)	(135)	(108)	(109)	(100)
Net change in plan fiduciary net position	30,653	17,786	19,307	(19,859)	23,748	12,348	20,174	(6,461)	21,030	9,579
Plan fiduciary net position - beginning	208,412	190,627	171,320	191,179	167,431	155,083	134,908	141,369	120,339	110,760
Plan fiduciary net position - ending (b)	$ 239,065	$ 208,412	$ 190,627	$ 171,320	$ 191,179	$ 167,431	$ 155,083	$ 134,908	$ 141,369	$ 120,339
County's net pension liability - ending (a)-(b)	$ 60,325	$ 77,360	$ 80,148	$ 84,830	$ 56,351	$ 56,450	$ 58,151	$ 65,798	$ 47,193	$ 55,230
Plan fiduciary net position as a percentage of the total pension liability	79.9%	72.9%	70.4%	66.9%	77.2%	74.8%	72.7%	67.2%	75.0%	68.5%
Covered payroll	$ 23,597	$ 23,294	$ 21,465	$ 20,201	$ 20,422	$ 21,401	$ 22,057	$ 19,573	$ 19,790	$ 19,801
County's net pension liability as a percentage of covered payroll	255.6%	332.1%	373.4%	419.9%	275.9%	263.8%	263.6%	336.2%	238.5%	278.9%
Expected average remaining service years of all participants	3	3	4	3	3	3	3	3	3	3

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 16 are considered immaterial.

2 The plan was amended to increase the maximum amount of time a participant is allowed to be in DROP from six years to seven. As a result of this change, the assumption for DROP participation is increased from four years to five years.

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, 2025 actuarial valuation report.

5 Covered Payroll does not include pay for members in DROP.

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Schedule of Investment Returns

Annual Money-weighted Rate of Return

Year Ended	Net of Investment Expenses
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%
2025	15.6%

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)

	2025	*2024*	*2023*	*2022*	*2021*	*2020*	*2019*	*2018*	*2017*	*2016*
Actuarially determined contribution	$ 54,865	$ 50,574	$ 43,484	$ 38,565	$ 36,178	$ 32,567	$ 29,637	$ 27,033	$ 25,654	$ 25,810
Contributions in relation to the actuarially determined contribution	54,865	50,574	43,484	43,712	36,178	32,567	29,637	27,033	25,654	25,810
Contribution deficiency (excess)	$ -	$ -	$ -	$ (5,147)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 192,164	$179,382	$168,608	$152,078	$142,222	$139,975	$138,428	$134,892	$138,239	$130,313
Contributions as a percentage of covered pay	28.55%	28.19%	25.79%	28.74%	25.44%	23.27%	21.41%	20.04%	18.56%	19.81%

Notes to Schedule

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

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 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 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 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)

	2025	*2024*	*2023*	*2022*	*2021*	*2020*	*2019*	*2018*	*2017*	*2016*
Actuarially determined contribution	$ 44,616	$ 40,514	$ 35,789	$ 33,027	$ 29,599	$ 24,901	$ 23,094	$ 21,934	$ 20,931	$ 20,411
Contributions in relation to the actuarially determined contribution	44,616	40,514	35,789	37,522	29,599	24,901	23,094	21,934	20,931	20,411
Contribution deficiency (excess)	$ -	$ -	$ -	$ (4,495)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll (Excluding members in DROP.)	$ 77,284	$ 72,592	$ 66,813	$ 60,710	$ 57,129	$ 58,777	$ 53,035	$ 48,322	$ 45,989	$ 44,894
Contributions as a percentage of covered payroll	57.73%	55.81%	53.57%	61.80%	51.81%	42.36%	43.54%	45.39%	45.51%	45.46%

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 8 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 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.

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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)

	2025	*2024*	*2023*	*2022*	*2021*	*2020*	*2019*	*2018*	*2017*	*2016*
Actuarially determined contribution	40,099	35,911	30,863	27,859	24,643	20,506	17,637	15,704	14,664	14,591
Contributions in relation to the actuarially determined contribution	40,099	35,911	30,863	32,341	24,643	20,506	17,637	15,704	14,664	14,591
Contribution deficiency (excess)	$ -	$ -	$ -	$ (4,482)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll (Excluding members in DROP.)	$ 77,853	$ 74,478	$ 70,868	$ 61,934	$ 58,237	$ 55,428	$ 51,011	$ 48,728	$ 46,954	$ 46,228
Contributions as a percentage of covered payroll	51.51%	48.22%	43.55%	52.22%	42.31%	36.99%	34.57%	32.23%	31.23%	31.56%

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 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 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)

	2025	*2024*	*2023*	*2022*	*2021*	*2020*	*2019*	*2018*	*2017*	*2016*
Actuarially determined contribution	$ 12,077	$ 11,121	$ 10,451	$ 10,123	$ 9,276	$ 8,165	$ 7,600	$ 7,282	$ 7,000	$ 6,689
Contributions in relation to the actuarially determined contribution	12,077	11,121	10,451	11,362	9,276	8,165	7,600	7,282	7,000	6,689
Contribution deficiency (excess)	$ -	$ -	$ -	$ (1,239)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll (Excluding members in DROP.)	$ 23,597	$ 23,294	$ 21,465	$ 20,201	$ 20,422	$ 21,401	$ 22,057	$ 19,573	$ 19,790	$ 19,801
Contributions as a percentage of covered payroll	51.18%	47.74%	48.69%	56.24%	45.42%	38.15%	34.46%	37.20%	35.37%	33.78%

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 8 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 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.

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1 Changes in Actuarial Methods and Assumptions

Changes in actuarial methods and assumptions during the past 10 years occurred in 2019, 2021, and 2023 . 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 was reduced from 7.45% to 7.00%. In 2023, the actuarial methods and assumptions were updated based on the Experience Study dated November 14, 2022. 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 addition to these changes in actuarial methods and assumptions, in the past 10 years there were three Plan amendments that affected the assumptions in three of the four plans. In 2024, the Police plan was amended to increase the maximum DROP period from six years to seven years. In 2025, the Fire and Detention plans were amended to increase the maximum DROP period from six years to seven years.

2 Significant Legislative Changes 2015 to 2025

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

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Schedule of Administrative Expenses

Professional Services		*Miscellaneous: County Paid*	
Actuarial	$ 332,997	Supplies	8,707
Benefit Payment Processing	64,125	Postage	1,328
Insurance service fees	30,738	Printing	2,272
Audit	48,000	Medical evaluations	27,834
Investment consultant	687,440	Training and memberships	(612)
Legal counsel	77,223	Indirect costs paid to county	1,509,500
Miscellaneous administrative fees	9,949	Legal notices	701
	1,250,472		1,549,730
Travel and Entertainment		*Miscellaneous: System Paid*	
Travel & meals	4,933	Prudential administration	3,960
	4,933	Foreign tax witholding on investments	375
			4,335
		Total Administrative Costs	**$ 2,809,470**

Schedule of Investment Expenses

Management Fees		*Management Fees (continued)*	
Aetna	$ 154,822	Loomis Sayles	545,892
ING "Insurance portfolios"	109,489	Newstone	(24,558)
Apogem/ Private Advisors (combined)	827,981	Penn Capital	-
Apollo Investments (combined)	114,141	Pimco (combined)	1,236,399
Audax	788,331	Quellos (combined)	-
Barings	180,096	Reams Asset Management	322,329
Clarion Real Estate	876,936	Siguler Guff (combined) *	44,128
Crescent Mezzanine (TCW) (combined)	2,515	Southeastern Asset Management, Inc.	-
Dupont Capital Management	8,663	State Street Global Advisors (combined	111,722
EIG Energy XV and XVI	85,741	VOYA (was ING "Separate")	1,102,250
EnTrust Spec Opp	-	Warburg Pincus (combined)	632,285
HarbourVest Dover Street XI	485,795	Wedge Capital Management	705,446
Hardman Johnston Global	787,812	Western Asset Management	-
Lexington	-	Westwood Management Company	760,715
			9,858,930
		Custodial Fees	
		State Street Bank & Trust	345,722
		Total Investment Expense	**$ 10,204,652**

Schedule of Payments to Consultants

Company	*Fee*	*Nature of Service*
Aetna	$ 30,738	Insurance Services
ADP	64,125	Benefit Payment Processing
Bolton Partners, Inc.	332,997	Actuarial Services
CliftonLarsonAllen	48,000	Audit Services
New England Pension Consultants	687,440	Investment Consulting Services
Other	87,172	Legal Services & Miscellaneous
	$ 1,250,472	

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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 2025

Stocks were a mixed bag in the first quarter with international equities broadly outperforming their U.S. counterparts. MSCI EAFE Index led the way, returning 6.9% with MSCI ACWI ex-US a close second with gains of 5.2%. The S&P 500 Index sold off, losing 4.3% for the three months ending March 31, amid increased market volatility and uncertainty around tariffs. During this period, value stocks bested growth equities with gains of 2.1% for the Russell 1000 Value Index and losses of 10% for the Russell 1000 Growth Index.

Second Quarter 2025

The S&P 500 Index posted its worst week since the Covid pandemic amid announcements of harsh tariffs, only to reverse course as the administration walked back on the timing and severity of its trade policies, sending the S&P 500 surging to new highs with gains of nearly 11% for the quarter. For the three months ended June 30, large-cap growth equities bested value, while the Russell 2000 Index gained 8.5%. Overall, emerging markets posted a strong performance with gains of 12% in the second quarter, bolstered by improving trade dynamics, strong performance in South Korea and Taiwan, and renewed appetite for risk. Non-U.S. developed markets returned 11.8%, buoyed by a weaker dollar, fiscal stimulus in Europe and rate cuts from the European Central Bank.

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Third Quarter 2025

Equities forged ahead in the third quarter propelled by technology and AI-driven stocks, and a powerful comeback staged by small-cap equities. During this period, the S&P 500 Index climbed 8.1% and small-cap stocks gained around 12%. For the three months ended September 30, the Russell 2000 Growth Index was up 12.2%, fueled by the surging popularity of artificial intelligence; the Russell 2000 Value Index added 12.6% driven by compelling entry point valuations as investors rotated into cyclical sectors, anticipating stronger economic growth and infrastructure spending. Outside the U.S., emerging market equities led performance with gains of 10.6% in the third quarter, bolstered by strong performance in Chinese and Taiwanese artificial intelligence and semiconductor stocks. During this period, non-U.S. developed markets returned 4.8%, lagging behind due to their limited exposure to booming AI sectors and lingering uncertainty around economic policies.

Fourth Quarter 2025

Equity markets stood their ground in the fourth quarter in the face of the longest government shutdown in U.S. history and unemployment at 4.1%. Ending 2025 on a high note, the S&P 500 Index added 2.7% for the three months ended December 31, with returns totaling 17.9% for the year; value stocks outperformed growth equities in the fourth quarter amid heightened scrutiny around the valuations of AI companies. International equities sustained their rally with a tailwind coming from a weakening U.S. dollar. The MSCI ACWI ex-U.S. Index finished the quarter with returns of 5.1%, while the MSCI EAFE Index posted returns of 4.9%. During this period, the MSCI Emerging Markets Index—led by Korea and Taiwan capitalizing on the AI theme—gained 4.7%.

2025 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
MSCI ACWI	22.3%	20.7%	11.2%	11.7%
S&P 500	17.9%	23.0%	14.4%	14.8%
Russell 1000	17.4%	22.7%	13.6%	14.6%
Russell 2000	12.8%	13.7%	6.1%	9.6%
Russell 2500	11.9%	13.7%	7.3%	10.4%
MSCI EAFE	31.2%	17.2%	8.9%	8.2%
MSCI EM	33.6%	16.4%	4.2%	8.4%

GLOBAL FIXED INCOME MARKETS

First Quarter 2025

Interest rates continued their see-saw pattern in the first quarter with Treasuries experiencing yet another reversal, rallying during the quarter on the heels of 2024's selloff with yields moving lower across the curve. The FOMC held rates at 4.25%-4.50% at the March meeting adopting a wait and see approach as it evaluates the inflationary implications of tariffs before potentially lowering rates. Credit spreads were modestly wider across fixed-income markets but remained substantially below long-term median levels. For the three months ending March 31, the spread on investment-grade corporate bonds widened 14 basis points, while high-yield corporate bond spreads were wider by 60 basis points; emerging markets debt (hard currency) widened 40 basis points. In the rates markets, the yield on the five-year Treasury declined 42 basis points to end the quarter at 3.96%, while the 30-year Treasury bond yield fell 31 basis points to 4.59%. In sharp contrast to the U.S. market, developed sovereign yields outside the U.S. were slightly higher on average. Despite the wider spreads, most major fixed-income indexes were in the black. The Bloomberg Aggregate Bond Index rose by 2.8% in the first quarter, resulting in a trailing 12-month return of 4.9%; below-investment grade returns lagged on wider spreads with less overall duration. The Bloomberg U.S. Corporate High Yield Index returned 1% in the first quarter but still posted a solid 12-month trailing return of 7.7%.

Second Quarter 2025

In fixed income, tariffs took center stage, spurring volatility as investors grappled with the trade policies of the new administration and the potential impact on markets and economies. As expected, the Federal Reserve held rates steady, while emphasizing its data-dependent approach to monetary policy and need for greater clarity around the impact on growth and inflation from tariffs before adjusting monetary policy. The central bank's economic projections showed a narrower split among committee members around potential cuts to the Fed Funds rate. While most international sovereign

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rates declined over the quarter, as measured by 10-year government bond yields, the yield on the 10-year Treasury note was relatively unchanged, up a modest two basis points. Meanwhile, the U.S. Treasury yield curve steepened, with the three-year note lower by 19 basis points to yield 3.68%, while the long bond (as measured by 30-year yield) rose 21 basis points to end the quarter at 4.78%. Within corporate credit, softening rhetoric and extension of timelines around tariffs allowed for a gradual recovery in spreads in late April and May on the heels of weakness in early April. The rally in spreads continued into June, fueled by strong investor demand for credit and limited new issuance. This was especially true in longer-dated maturities which contributed to persistently flat credit curves. For the three months ended June 30, the risk premiums on investment-grade corporate bonds tightened 10 basis points, while the spreads on high-yield corporate debt tightened 59 basis points to end the quarter below 300 basis points, reversing the spread widening in the first quarter. Similarly, emerging market debt (hard currency) recovered from the 40 basis points widening in the first quarter to finish flat year to date. During the quarter, most major fixed-income indexes posted robust returns due to spread compression on top of relatively strong yields to start with. The Bloomberg Aggregate Bond Index rose 1.21% in the second quarter, resulting in a trailing 12-month return of 6.08%. Meanwhile, the Bloomberg U.S. Corporate High Yield Index returned 3.53% during the quarter, generating a solid 12-month trailing return of 10.29%.

Third Quarter 2025

Fixed-income markets were generally in the black with lower yields and tighter spreads. The Federal Reserve cut rates by an expected 25 basis points while investors priced in additional future cuts over the next 12 months. Fed Chair Jerome Powell characterized the rate cut as a preemptive risk management measure to offset a potential economic slowdown amid increasing signs of weakness in the labor market. The move also underscored the central bank's shifting priority to bolster the labor market over its attempts to rein in inflation back to its target of 2%. For the three months ended September 30, the yield on the 10-year Treasury note fell eight basis points to finish at 4.15% and the yield on the two-year note fell 11 basis points. Developed international sovereign bond markets lagged the Treasuries' 1.5% return over the quarter; during this period, Japan, the United Kingdom and Germany posted losses in local currency terms. Spreads continued to contract, hovering around long-term tight levels. For the third quarter, high-yield spreads compressed 23 basis points to 267 basis points; during this period, spreads on investment-grade corporate debt ended nine basis points tighter at 74 basis points. The Bloomberg Aggregate Bond Index gained 1.09% in the third quarter, bringing year-to-date returns to 6.13%. During this period, the Bloomberg U.S. Corporate High Yield Index returned 2.54%, generating year-to-date gains of 7.22%.

Fourth Quarter 2025

Fixed-income markets were in the black in the fourth quarter, benefiting from the Federal Reserve lowering the Fed Funds rate two times to the 3.5%-3.75% range. During this period, the yield curve steepened with the two-year Treasury yield falling to 3.48%, while the 10-year Treasury yield remained stable at 4.18%.

2025 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
BBG Global Agg	8.2%	4.0%	-2.1%	1.3%
BBG US Agg	7.3%	4.7%	-0.4%	2.0%
BBG Credit	7.8%	6.0%	0.0%	3.1%
BBG US HY	8.6%	10.1%	4.5%	6.5%
BBG TIPS	7.0%	4.2%	1.1%	3.1%
BBG Long Treasuries	5.6%	0.6%	-7.2%	0.0%
BBG Long Credit	7.8%	5.4%	-2.9%	3.4%
JPM EMBI Glob Div.	14.3%	10.6%	1.8%	4.4%
JPM GBI-EM Glob Div.	19.3%	9.5%	1.1%	3.9%

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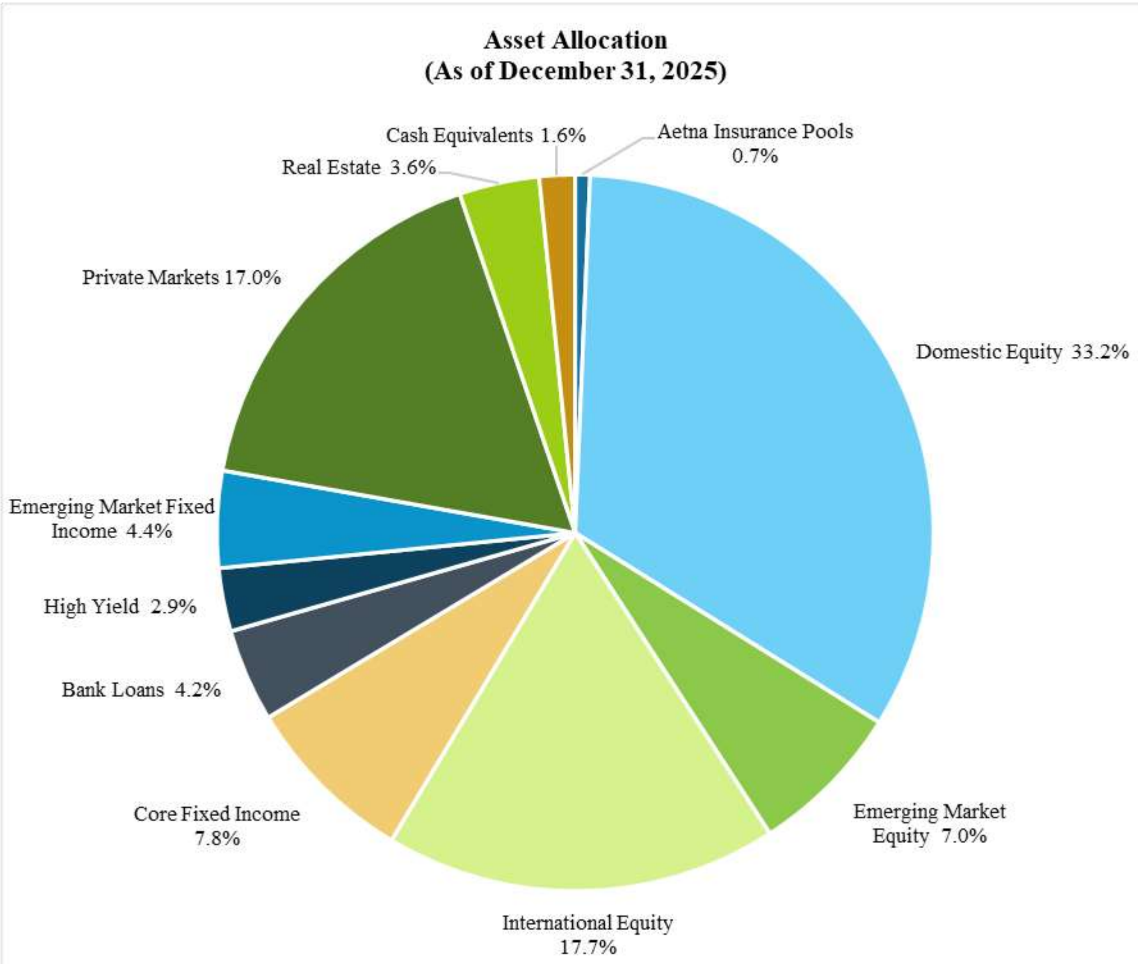
GROWTH OF ASSETS AND ASSET ALLOCATION:

As of December 31, 2025, the System's net assets stood at $2.93 billion with a net investment gain of approximately $395.6 million from one year ago. At December 31, 2025, the System's assets were in compliance with Policy and were allocated as follows:



INVESTMENT PERFORMANCE:

For the fiscal year ending December 31, 2025, the System's assets were up 15.4%, net of fees. This also brought the System's return since inception (September 1990) to 7.7%, 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	**20.9**	**18.9**	**9.8**	**11.4**	**9.7**
MSCI ACWI (Net)	22.3	20.7	11.2	14.0	11.7
Domestic Equity Composite	13.5	19.6	10.9	13.9	11.9
Russell 3000 Index	17.1	22.2	13.1	16.6	14.3
Int'l Equity Composite	35.2	18.4	8.8	9.9	7.2
MSCI EAFE (Net)	31.2	17.2	8.9	10.5	8.2
Emerging Market Equity Composite	27.9	16.1	6.8	6.6	8.3
MSCI Emerging Markets (Net)	33.6	16.4	4.2	8.1	8.4
Total Fixed Income Composite	**9.2**	**7.3**	**2.3**	**3.9**	**3.9**
Blmbg. U.S. Aggregate Index	7.3	4.7	-0.4	2.0	2.0
Core Fixed Income Composite	7.4	4.9	0.2	2.6	2.7
Non-Core Fixed Income	10.6	9.3	4.1	5.0	4.9
Real Estate Composite	4.4	-5.0	2.8	3.1	4.6

The following table lists alphabetically all of the System's investment managers with their asset values, as of December 2025:

Manager	**Market Value***	**% of Total Fund***
Aetna General	19,476,526	0.7%
Axiom	96,319,890	3.3%
Barings	83,055,263	2.9%
Causeway	194,344,939	6.7%
Dimensional Fund Advisors	107,086,288	3.7%
Hardman Johnston	168,126,415	5.8%
Loomis Sayles	122,034,884	4.2%
PIMCO	127,240,368	4.4%
Reams	185,947,670	6.4%
SSGA MSCI EAFE	153,430,918	5.3%
SSGA Russell 2000	97,742,461	3.4%
SSGA S&P 500	312,407,749	10.7%
Voya (Equity)	271,356,217	9.3%
Voya (Fixed Income)	39,611,599	1.4%
Wedge	88,369,481	3.0%
Westwood	196,983,794	6.8%

*Sum of market values and portfolio weights do not equal total plan assets due to the exclusion of cash, terminated/liquidating managers, real estate, and private markets. Terminated/liquidating managers include Southeastern and Western Asset.

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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 two 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.
- 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. The total fund return should, over time, exceed the Policy and Allocation Indices. 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.

The Board will integrate Environmental, Social, and Governance ("ESG") priorities into its investment process to ensure, as fiduciaries, that the associated impact on risk and return is considered. The Board recognizes that it is not feasible to eliminate all ESG-related exposures from the portfolio given the System's investment objectives. ESG factors will be used to evaluate firms relative to one another in an investment framework, consistent with the Board's mission, fiduciary duties, and investment beliefs.

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.

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Asset Class	**Market Value Target (%)**	**Minimum Exposure (%)**	**Maximum Exposure (%)**
Equities	**55**	**45**	**65**
Domestic Large Cap	26	16	36
Domestic Small/Mid Cap	7	2	12
Established International	15	5	25
Emerging International Equity	7	2	12
Fixed Income	**23**	**13**	**33**
Core Fixed Income	10	5	15
Bank Loans	5	1	10
Domestic High Yield	3	1	8
Emerging Market Debt	5	1	10
Alternative Assets	**20**	**10**	**30**
Private Equity	8	1	18
Private Debt	7	1	17
Real Estate	5	1	10
Cash	**2**	**0**	**10**

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 Report

Reports shall be provided to the Board on an annual basis summarizing Proxy Voting over the previous Fiscal Year (ending June 30). The report shall detail any changes that have occurred in the Fund's Proxy Voting policies, and note any instances where proxies were not voted in accordance with the best interest of the Fund's plan participants.

Investment Manager Fees

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

Asset Class	Assets Managed (Includes Cash)	Fees Paid
Domestic equity	$ 957,276,616	$ 2,680,134
International equity	565,877,532	787,812
Domestic fixed income	417,480,080	1,048,317
Other*	280,671,286	-
Private markets**	504,167,804	4,201,420
Real estate	105,335,715	876,936
Stable value insurance account	59,088,125	264,310
Total Investment Managers' Fees		9,858,930
Other Investment Service Fees:		
Custodial fees		345,722
Total Investment Expenses		$10,204,652

* 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, 2025 totaled $161,415. Brokerage firms receiving more than $5,000 in fees are listed below

Brokerage Firms	Fees Paid
National Financial Services Corporation	$ 44,833
Piper Jaffray & Co.	14,145
Cantor Fitzgerald & Co.	13,841
J.P. Morgan Securities LLC	6,366
Berenberg Capital Markets LLC	6,153
Total Brokerage Commissions for the Plan	$ 161,415

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, 2025

Manager Name	Asset Class	Long-term Benchmark	Style Benchmark	Peer Group Universe	Guideline Exemptions
Aetna General	Domestic Fixed Income	Ryan Labs 5 Yr GIC	Ryan Labs 5 Yr GIC	All U.S. Fixed Income Managers	None
Apollo Asset-Backed Finance Fund LP Apollo Investment Fund VII, L.P. Apollo Investment Fund IX, L.P.	Private Equity	7.0% Annualized Return	7.0% Annualized Return	Private Equity Managers	None
Audax Private Equity Solutions Fund, L.P.	Private Equity	7.0% Annualized Return	7.0% Annualized Return	Private Equity Managers	
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 (Net)	MSCI Emerging Markets Value	Emerging Markets Equity	None
DuPont Capital Management	Private Equity Fund of Funds	7.0% Annualized Return	7.0% Annualized Return	Private Equity Managers	None
EIG XV EIG XVI	Private Equity Fund of Funds	7.0% Annualized Return	7.0% Annualized Return	Private Equity 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% Annualized Return	7.0% Annualized Return	Private Equity Managers	None
HRJ Capital (Capital Dynamics)	Private Equity Distressed Debt	7.0% Annualized Return	7.0% Annualized Return	Private Equity Managers	None
Lexington Partners VI-B Lexington Partners VII Lexington Partners VIII Lexington Partners IX	Private Equity Secondaries	7.0% Annualized Return	7.0% Annualized Return	Private Equity Managers	None
Loomis Sayles Bank Loans	Bank Loans	Morningstar LSTA U.S. BB Ratings Loan	Morningstar LSTA U.S. BB Ratings Loan	Bank Loan Managers	None
Newstone Capital Partners I Newstone Capital Partners II	Private Equity Distressed Debt	7.0% Annualized Return	7.0% Annualized 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
PIMCO Private Income Fund PIMCO Corporate Opportunities Fund III PIMCO Corporate Opportunities Fund IV	Private Equity	7.0% Annualized Return	7.0% Annualized Return	Private Equity Managers	None
Private Advisors Small Company Buyout Fund V Private Advisors Small Company PE Fund. 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 Private Equity Fund XI, L.P. Apogem Co-Investment VII, L.P.	Private Equity Small Buyout Fund of Funds	7.0% Annualized Return	7.0% Annualized Return	Private Equity Managers	None
Quellos Private Capital II, LP Quellos Private Capital III, LP	Private Equity Fund of Funds	7.0% Annualized Return	7.0% Annualized 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

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Anne Arundel County Retirement and Pension System
Investment Managers Guidelines and Exemptions as of December 31, 2025

Manager Name	Asset Class	Long-term Benchmark	Style Benchmark	Peer Group Universe	Guideline Exemptions
Siguler Guff DOF III Siguler Guff DOF IV Siguler Guff DOF V	Private Equity Distressed Debt	7.0% Annualized Return	7.0% Annualized 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	U.S. Large Cap Core Equity	None
State Street Global Advisors	Domestic Equity	Russell 2000 Growth Index	Russell 2000 Growth Index	U.S. Small Cap Growth Equity	None
State Street Global Advisors	International Equity	MSCI EAFE (Net)	MSCI EAFE (Net)	International Developed 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 Return	7.0% Annualized Return	Private Equity Managers	None
VOYA Financial	Core Fixed Income	Bloomberg U.S. Aggregate Bond Index	Bloomberg U.S. 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 Return	7.0% Annualized Return	Private Equity Managers	None
WEDGE Capital Management	U.S. Small Cap Value Equity	Russell 2000 Index	Russell 2000 Value Index	U.S. Small Cap Value	None
Western Asset Management	Core Plus Fixed Income	Bloomberg U.S. Aggregate Bond Index	Bloomberg U.S. 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

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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 Depository Receipts (ADRs), which are stocks or convertibles of foreign companies that are publicly traded in the U.S..
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.

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Largest Stock Holdings (By Fair Value)

Rank	Shares	Company	Fair Value
1	195,297	Nvidia Corp Common Stock	36,422,891
2	62,347	Microsoft Corp Common Stock	30,152,256
3	89,774	Apple Inc Common Stock	24,405,960
4	66,740	Alphabet Inc Cl A Common Stock	20,889,620
5	45,368	Broadcom Inc Common Stock	15,701,865
6	8,925	Eli Lilly + Co Common Stock	9,591,519
7	26,932	Visa Inc Class A Shares Common Stock	9,445,322
8	34,289	Amazon.Com Inc Common Stock	7,914,587
9	17,472	Tesla Inc Common Stock	7,857,508
10	30,400	Amazon.Com Inc Common Stock	7,016,928

Note: This list does not include investments in the stock investment pool.
A complete list of portfolio holdings is available upon request

Largest Bond Holdings (By Fair Value)

Rank	Par Value	Company	Fair Value
1	1,600,000	General Motors Finl Co Sr Unsecured 01/28 6	1,653,152
2	1,335,000	JP Morgan Chase + Co Sr Unsecured 01/36 Var	1,395,235
3	1,335,000	Morgan Stanley Sr Unsecured 01/36 Var	1,395,062
4	1,325,000	Bank of America Corp Sr Unsecured 01/36 Var	1,381,445
5	1,320,000	Goldman Sachs Group Inc Sr Unsecured 01/36 Var	1,370,002
6	1,255,000	US Bancorp SR Unsecured 01/30 Var	1,299,791
7	1,045,000	Canadian Pacific Railway Company Guar 03/35 5.2	1,075,587
8	1,040,000	CitiGroup INC Sr Unsecured 03/36 Var	1,063,868
9	1,040,000	Virginia Elec + Power Co Sr Unsecured 03/35 5.15	1,058,158
10	1,040,000	Wells Fargo + Company Sr Unsecured 04/31 Var	1,046,874

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

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, 2026 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, 2027. 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, 2026, and contained within this 2025 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, 2025 measurement date for FYE2026. This will require that the actual County contributions for the second half of FY2026 (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 FY2026. The calculation of the ADCs for the fiscal year ending June 30, 2026 are contained in the January 1, 2025 actuarial valuation reports. The methods, assumptions, plan provisions, and participant data as of December 31, 2025 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, 2026. 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.

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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.

Michelle L. Boyles

Michelle L. Boyles, FSA, EA, FCA, MAAA — June 12, 2026 — Date

Thomas Vicente

Tom Vicente, FSA, EA, FCA, MAAA — June 12, 2026 — Date

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Order of Attachments by Plan

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Attachment A

Employees' Retirement Plan

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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 earnings 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 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.

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.

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.

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.

Withdrawal See Table of Sample Rates.

Disability See Table of Sample Rates. 10% of disablement is assumed to be duty-related.

Retirement Rates

	Years of Service			
Age	5-19	20-29	30	31+
<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: 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.

Members are assumed to stay in their current tier.

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.

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

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

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Active Members

Valuation Date	Number	Annual Payroll (Jan. 1 Rate)	Average Annual Pay	% Increase in Average Pay
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%
January 1, 2026	2,362	192,164,445	81,357	5.0%

Members With Deferred Benefits

Year	Number at Beginning of Year	Additions	Decreases	Number at End of Year
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[1]	293	227	(16)	504
1/1/24 to 12/31/24	504	41	(33)	512
1/1/25 to 12/31/25	512	14	(49)	477

[1] 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 18 vested terminations plus 209 members who are owed a refund of their contributions.

Anne Arundel County Retirement and Pension System
Employees' Retirement Plan – Actuarial Information
December 31, 2025

Members Receiving Benefits

Year	Number at Beginning of Year	Additions	Decreases	Number at End of Year
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
1/1/25 to 12/31/25	2,288	105	(63)	2,330

Summary of Retirees and Beneficiaries Added to and Removed from Rolls

	Added to Rolls		Removed from Rolls		Rolls End of Year			
Year Ending	Number	Annual Allowance[2]	Number	Annual Allowance	Number	Annual Allowance	% Increase in Average Annual Allowance	Average Annual Allowance
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	$6,057,014	68	$1,772,709	2,288	$71,344,529	4.5%	$31,182
12/31/2025	105	$3,857,042	63	$1,762,908	2,330	$73,438,663	1.1%	$31,519

[2] Includes COLAs for all retirees

Tier One Members

Membership — 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.

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

Final Average Basic Pays — The average of the highest 3 years of annual basic pay.

Employee Contributions — 4% of compensation.

Employee Contribution Benefit — 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.

Years of Service — Total number of years and nearest months.

Retirement Date

Normal Retirement — The first of the month coincident with or next following the participant's 60th 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 — 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.

Years Early	Reduction Factor
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.

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

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County Executive and appointed exempt members hired on or after December 1, 2014: 8 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.

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.

Death Benefits

Duty-Related

<u>Married</u>
Greater of:
- An annuity equal to 50% of final average basic pay
- An annuity equal to the accrued benefit

<u>Not Married</u>
- Other Pre-Retirement Death Benefit

Non-Duty Related

<u>Married and Vested</u>
Elect one of the following:
- Other Pre-Retirement Death Benefit
- 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.

<u>Not Married</u>
- Other Pre-Retirement Death Benefit

Other Pre-Retirement Death Benefits — Return of employee contributions with 4.25% interest plus a lump sum of 50% of final average basic pay.

Normal form of Payment — Monthly life annuity with modified cash refund.

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 March CPI from March CPI for prior year.
- Benefit increased by 3% of initial 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.
- Benefit increased by 2.5%.

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

<u>**Tier Two Members**</u>

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 60th 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.

Death benefits

Duty-Related

Married

Greater of:

- An annuity equal to 50% of final average basic pay
- An annuity equal to the accrued benefit

Not Married

- Other Pre-Retirement Death Benefit

Non-Duty Related

Married and Vested

Elect one of the following:

- Other Pre-Retirement Death Benefit
- 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.

Not Married

- Other Pre-Retirement Death Benefit

Other Pre-Retirement Death Benefits

A lump sum of 50% of final average basic pay.

Normal form of Payment

Monthly life annuity.

Cost of Living Increase (compound)

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.

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.

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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.

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Net Pension Liability

The components of the net pension liability at December 31, 2025, were as follows:

Total pension liability	$	1,308,005,506
Plan fiduciary net positi		(948,193,953)
Net pension liability	$	359,811,553
Plan fiduciary net positi percentage of the total pension liability		72.49%

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of January 1, 2025 using the

Date of Exp	November 14, 2022
Inflation	3.0%
Salary incre	Rates vary by service
Investment	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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net pension liability	$ 510,034,276	$ 359,811,553	$ 233,125,302

Changes in the Net Pension Liability

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/2024	$ 1,255,866,962	$ 831,561,614	$ 424,305,348
Changes for the year:			
Service cost	25,460,360		25,460,360
Interest	87,142,738		87,142,738
Changes of benefit terms	-		-
Differences between expected and actual experience	12,397,560		12,397,560
Changes of assumptions	-		-
Contributions - employer		54,865,117	(54,865,117)
Contributions - member		7,447,168	(7,447,168)
Net investment income		128,060,894	(128,060,894)
Benefit payments, including member contribution refunds	(72,862,114)	(72,862,114)	-
Administrative expense		(878,726)	878,726
Other		-	-
Net Changes	52,138,544	116,632,339	(64,493,795)
Balances at 12/31/2025	$ 1,308,005,506	$ 948,193,953	$ 359,811,553

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Changes in the Net Pension Liability and Related Ratios

Last 10 Fiscal Years

Total pension liability	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Service cost	$ 25,460,360	$ 25,504,657	$ 23,190,956	$ 19,163,557	$ 18,885,715	$ 16,773,781	$ 16,343,802	$ 16,687,330	$ 15,497,478	$ 15,144,350
Interest	87,142,738	81,910,559	76,223,010	73,167,303	67,771,708	70,362,751	65,128,435	63,245,698	60,501,961	59,291,843
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	12,397,560	13,449,071	14,164,452	16,875,765	1,093,035	(4,189,053)	12,546,231	3,826,240	9,561,605	(12,599,061)
Changes of assumptions	-	-	36,430,783	-	51,629,954	-	32,670,772	-	-	-
Benefit payments, including member contribution refunds	(72,862,114)	(70,296,318)	(67,220,705)	(63,886,645)	(60,714,291)	(57,779,072)	(55,080,867)	(50,575,270)	(47,380,483)	(44,023,953)
Net change in total pension liability	52,138,544	50,567,969	82,788,496	45,319,980	78,666,121	25,168,407	71,608,373	33,183,998	38,180,561	17,813,179
Total pension liability - beginning	1,255,866,962	1,205,298,993	1,122,510,497	1,077,190,517	998,524,396	973,355,989	901,747,616	868,563,618	830,383,057	812,569,878
Total pension liability - ending (a)	**$ 1,308,005,506**	**$ 1,255,866,962**	**$ 1,205,298,993**	**$ 1,122,510,497**	**$ 1,077,190,517**	**$ 998,524,396**	**$ 973,355,989**	**$ 901,747,616**	**$ 868,563,618**	**$ 830,383,057**

Plan fiduciary net position	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Contributions - employer	$ 54,865,117	$ 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
Contributions - member	7,447,168	5,828,340	6,122,877	6,042,684	5,527,603	5,764,368	5,511,825	5,611,992	5,471,912	5,181,705
Net investment income	128,060,894	80,471,980	82,732,878	(87,245,685)	103,655,704	48,589,710	90,337,714	(31,166,016)	94,907,737	41,345,284
Benefit payments, including member contribution refunds	(72,862,114)	(70,296,318)	(67,220,705)	(63,886,645)	(60,714,291)	(57,779,072)	(55,080,867)	(50,575,270)	(47,380,483)	(44,023,953)
Administrative expense	(878,726)	(708,051)	(572,660)	(553,637)	(561,014)	(535,390)	(609,226)	(543,087)	(525,956)	(496,520)
Other	-	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	$ 116,632,339	$ 65,870,371	$ 64,546,448	$ (101,931,190)	$ 84,086,172	$ 28,606,458	$ 69,796,788	$ (49,639,867)	$ 78,127,428	$ 27,816,344
Plan fiduciary net position - beginning	831,561,614	765,691,243	701,144,795	803,075,985	718,989,813	690,383,355	620,586,567	670,226,434	592,099,006	564,282,662
Plan fiduciary net position - ending (b)	**$ 948,193,953**	**$ 831,561,614**	**$ 765,691,243**	**$ 701,144,795**	**$ 803,075,985**	**$ 718,989,813**	**$ 690,383,355**	**$ 620,586,567**	**$ 670,226,434**	**$ 592,099,006**
Net pension liability - ending (a)-(b)	$ 359,811,553	$ 424,305,348	$ 439,607,750	$ 421,365,702	$ 274,114,532	$ 279,534,583	$ 282,972,634	$ 281,161,049	$ 198,337,184	$ 238,284,051
Plan fiduciary net position as percentage of total pension liability	72.49%	66.21%	63.53%	62.46%	74.55%	72.01%	70.93%	68.82%	77.16%	71.30%
Covered payroll	$ 192,164,445	$ 179,381,757	$ 168,608,251	$ 152,078,335	$ 142,221,699	$ 139,975,356	$ 138,428,352	$ 134,891,500	$ 138,239,224	$ 130,312,665
Net pension liability as a percentage of covered payroll	187.24%	236.54%	260.73%	277.07%	192.74%	199.70%	204.42%	208.43%	143.47%	182.86%
Expected average remaining service years of all participants	4	4	4	4	5	5	5	5	5	5
Discount Rate	7.00%	7.00%	7.00%	7.00%	7.00%	7.45%	7.45%	7.50%	7.50%	7.50%

Schedule of Contributions

Last 10 Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	$ 54,865,117	$ 50,574,420	$ 43,484,060	$ 38,565,373	$ 36,178,170	$ 32,566,842	$ 29,637,342	$ 27,032,514	$ 25,654,218	$ 25,809,828
Contributions in relation to the actuarially determined contribut	54,865,117	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
Contribution deficiency (excess)	$ 0	$ 0	$ 2	$ (5,146,720)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Covered payroll	$ 192,164,445	$ 179,381,757	$ 168,608,251	$ 152,078,335	$ 142,221,699	$ 139,975,356	$ 138,428,352	$ 134,891,500	$ 138,239,224	$ 130,312,665
Contributions as a percentage of covered payroll	28.55%	28.19%	25.79%	28.74%	25.44%	23.27%	21.41%	20.04%	18.56%	19.81%

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, 2025 actuarial valuation to calculate the FY 2026 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 market
Inflation	3.00%
Salary increases	Rates vary by 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 Tables for males and females projected generationally using scale MP-2021

The Anne Arundel County Employees' Retirement Plan

Solvency Test

2017 to 2026

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)
1/1/2017	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%
1/1/2026	77,357,420	823,060,843	407,587,243	888,710,744	100%	99%	0.0%

Analysis of Financial Experience

Reasons for Change in the Unfunded Accrued Liability

The unfunded accrued liability decreased from $421,170,192 to $419,294,762. The funded status increased from 66.5% to

Reasons for Change in Contribution Rates

The employer contribution rate increased from $57.0 million for the fiscal year ending June 30, 2026 to $59.9 million for the fiscal year ending June 30, 2027. The increase of $2.9 million is due to the following reasons:

Investment Performance	$	(0.6)
Pay Increases	$	1.2
New Entrants/Change in Normal Cost	$	1.3
COLA	$	(0.3)
Change in Expenses	$	0.2
Assumption and Method Changes	$	-
Demographics and Other Changes	$	-
Total	**$**	**1.1**
	$	**2.9**

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Attachment B

Police Service Retirement Plan

Docusign Envelope ID: 1B6BD3B6-75FD-8536-8291-C7A6492D2182

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

	Years of Service						
Age	5-20	20	21-22	23-24	25	26-31	32+
<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%

Members Participating in DROP on the Valuation Date	Members are assumed to exit DROP upon the later of (1) five years from their DROP entry date and (2) the valuation date.
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

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	7.25%
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

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, 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%
January 1, 2026	784	75	89,158,358	113,722	3.7%

Members with Deferred Benefits

Year	Number at Beginning of Year	Additions	Decreases	Number at End of Year
1/1/23 to 12/31/23[1]	0	40	0	40
1/1/24 to 12/31/24	40	3	(3)	40
1/1/25 to 12/31/25	40	0	0	40

[1] 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.

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Members Receiving Benefits

Year	Number at Beginning of Year	Additions	Decreases	Number at End of Year
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
1/1/25 to 12/31/25	856	41	(17)	880

Summary of Retirees and Beneficiaries Added to and Removed from Rolls

	Added to Rolls		Removed from Rolls		Rolls End of Year			
Year Ending	Number	Annual Allowance[1]	Number	Annual Allowance	Number	Annual Allowance	% Increase in Average Annual Allowance	Average Annual Allowance
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	$4,369,752	14	$804,298	856	$46,052,895	5.1%	$53,800
12/31/2025	41	$3,581,369	17	$998,632	880	$48,635,632	2.7%	$55,268

[1] Includes COLAs for all retirees

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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	7.25% of compensation for all participants.
Employee Contributions Benefit	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.
Retirement Date	
Normal Retirement	The first of the month coincident with or next following the participant's 50th 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.
Retirement Benefits	
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.
Deferred Retirement Option Program (DROP)	Allows accumulation of pension after 20 years of County service. DROP period must be between three and seven years. 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.
Termination of Employment	
Less than 20 years of service	Return of employee contributions with 3.00% interest.
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.

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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.

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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 6th 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 11/9/2020.
	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 9/11/2023.
	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 12/8/2023.

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	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.
County Council Bill No. 59-25	Effective 9/7/2025
	Increases the interest compounded on the DROP account balance to 5.0% effective annual yield for Police employees who began participating in DROP on or after July 1, 2025. Increases the annual payroll pension contributions to 8.25% of the participant's annual basic pay for active Police employees, effective January 1, 2026.

Net Pension Liability

The components of the net pension liability at December 31, 2025, were as follows:

Total pension liability	$ 1,108,633,608
Plan fiduciary net position	(872,886,838)
Net pension liability	$ 235,746,770
Plan fiduciary net position as a percentage of the total pension liability	78.74%

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of December 31, 2025 using the following actuarial assumptions, applied to all periods included in the measurement:

Date of Experience Study	November 14, 2022
Inflation	3.0%
Salary increases	Rates vary by 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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net pension liability	$ 385,175,184	$ 235,746,770	$ 114,027,836

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/2024	$ 1,054,342,125	$ 759,021,830	$ 295,320,295
Changes for the year:			
Service cost	25,366,917		25,366,917
Interest	73,713,034		73,713,034
Changes of benefit terms	-		-
Differences between expected and actual experience	8,542,940		8,542,940
Changes of assumptions	-		-
Contributions - employer		44,616,476	(44,616,476)
Contributions - member		6,131,138	(6,131,138)
Net investment income		117,292,716	(117,292,716)
Benefit payments, including member contribution refui	(53,331,408)	(53,331,408)	-
Administrative expense		(843,914)	843,914
Other		-	-
Net Changes	54,291,483	113,865,008	(59,573,525)
Balances at 12/31/2025	$ 1,108,633,608	$ 872,886,838	$ 235,746,770

Anne Arundel County Retirement and Pension System
Police Service Retirement Plan – Actuarial Information
December 31, 2025

Changes in the Net Pension Liability and Related Ratios
Last 10 Fiscal Years

Total pension liability	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Service cost	$ 25,366,917	$ 25,134,672	$ 22,947,344	$ 17,610,965	$ 17,595,554	$ 14,503,922	$ 13,063,652	$ 12,825,772	$ 12,689,380	$ 12,057,151
Interest	73,713,034	67,309,838	64,926,673	61,350,585	55,380,629	55,148,608	52,473,853	50,963,455	48,562,689	47,032,076
Changes of benefit terms	-	(989,533)	-	-	-	-	-	-	-	-
Differences between expected and actual experience	8,542,940	25,672,685	11,973,669	16,151,905	5,788,746	20,345,780	(2,016,599)	(2,590,825)	6,202,140	(4,527,341)
Changes of assumptions	-	-	(19,679,040)	-	48,555,347	-	10,095,844	-	-	-
Benefit payments, including member contribution refunds	(53,331,408)	(48,709,313)	(43,537,542)	(44,515,410)	(39,554,994)	(38,637,477)	(36,790,519)	(35,937,699)	(34,950,315)	(33,357,089)
Net change in total pension liability	54,291,483	68,418,349	36,631,104	50,598,045	87,765,282	51,360,833	36,826,231	25,260,703	32,503,894	21,204,797
Total pension liability - beginning	1,054,342,125	985,923,776	949,292,672	898,694,627	810,929,345	759,568,512	722,742,281	697,481,578	664,977,684	643,772,887
Total pension liability - ending (a)	**$ 1,108,633,608**	**$ 1,054,342,125**	**$ 985,923,776**	**$ 949,292,672**	**$ 898,694,627**	**$ 810,929,345**	**$ 759,568,512**	**$ 722,742,281**	**$ 697,481,578**	**$ 664,977,684**

Plan fiduciary net position	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contributions - employer	$ 44,616,476	$ 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
Contributions - member	6,131,138	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
Net investment income	117,292,716	73,390,303	74,562,013	(75,544,189)	89,124,692	42,157,705	75,785,996	(25,859,991)	78,155,457	33,499,769
Benefit payments, including member contribution refunds	(53,331,408)	(48,709,313)	(43,537,542)	(44,515,410)	(39,554,994)	(38,637,477)	(36,790,519)	(35,937,699)	(34,950,315)	(33,357,089)
Administrative expense	(843,914)	(683,386)	(549,808)	(518,197)	(509,359)	(476,545)	(530,188)	(464,176)	(445,097)	(417,385)
Other	-	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	$ 113,865,008	$ 70,110,902	$ 70,909,606	$ (78,771,858)	$ 82,914,431	$ 32,125,184	$ 65,228,379	$ (36,956,135)	$ 66,941,185	$ 23,294,642
Plan fiduciary net position - beginning	759,021,830	688,910,928	618,001,322	696,773,180	613,858,749	581,733,565	516,505,185	553,461,320	486,520,135	463,225,493
Plan fiduciary net position - ending (b)	**$ 872,886,838**	**$ 759,021,830**	**$ 688,910,928**	**$ 618,001,322**	**$ 696,773,180**	**$ 613,858,749**	**$ 581,733,564**	**$ 516,505,185**	**$ 553,461,320**	**$ 486,520,135**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Net pension liability - ending (a)-(b)	$ 235,746,770	$ 295,320,295	$ 297,012,848	$ 331,291,350	$ 201,921,447	$ 197,070,596	$ 177,834,948	$ 206,237,096	$ 144,020,258	$ 178,457,549
Plan fiduciary net position as percentage of total pension liability	78.74%	71.99%	69.87%	65.10%	77.53%	75.70%	76.59%	71.46%	79.35%	73.16%
Covered payroll	$ 77,284,376	$ 72,592,458	$ 66,813,299	$ 60,710,302	$ 57,129,263	$ 58,777,287	$ 53,034,777	$ 48,322,468	$ 45,989,131	$ 44,894,053
Net pension liability as a percentage of covered payroll	305.04%	406.82%	444.54%	545.69%	353.45%	335.28%	335.32%	426.79%	313.16%	397.51%
Expected average remaining service years of all participants	4	4	4	4	4	4	4	4	4	4
Discount Rate	7.00%	7.00%	7.00%	7.00%	7.00%	7.45%	7.45%	7.50%	7.50%	7.50%

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Schedule of Contributions
Last 10 Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	$ 44,616,476	$ 40,514,250	$ 35,789,046	$ 33,027,171	$ 29,598,702	$ 24,900,576	$ 23,093,892	$ 21,933,942	$ 20,931,078	$ 20,410,901
Contributions in relation to the actuarially determined contribution	44,616,476	40,514,250	35,789,046	37,521,975	29,598,702	24,900,576	23,093,892	21,933,942	20,931,078	20,410,901
Contribution deficiency (excess)	-	-	-	(4,494,804)	-	-	-	-	-	-
Covered payroll (excluding members in DROP)	$ 77,284,376	$ 72,592,458	$ 66,813,299	$ 60,710,302	$ 57,129,263	$ 58,777,287	$ 53,034,777	$ 48,322,468	$ 45,989,131	$ 44,894,053
Contributions as a percentage of covered payroll	57.73%	55.81%	53.57%	61.80%	51.81%	42.36%	43.54%	45.39%	45.51%	45.46%

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, 2025

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 8 to 20 years
Asset valuation method	5-year smoothed market
Inflation	3.00%
Salary increases	Rates vary by 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

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The Anne Arundel County Police Service Retirement Plan

Solvency Test

2017 to 2026

Actuarial Valuation Date	Active Member Contribution (1)[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)
1/1/2017	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%
1/1/2026	44,414,086	647,331,393	417,869,688	816,869,936	100%	100%	29.9%

Analysis of Financial Experience

Reasons for Change in the Unfunded Accrued Liability

The unfunded accrued liability decreased from $294,776,138 to $292,745,231. The funded status increased from 72.0% to

Reasons for Change in Contribution Rates

The employer contribution rate increased from $46.8 million for the fiscal year ending June 30, 2026 to $48.7 million for the fiscal year ending June 30, 2027. The increase of $1.9 million is due to the following reasons:

Investment Performance	(0.6)
Pay Increases	0.8
New Entrants/Change in Normal Cost	1.5
COLA	-
Change in Expenses	0.2
Assumption and Method Changes	-
Plan Changes	(0.6)
Demographics and Other Changes	0.6
Total	1.9

[1] Does not include contribution balances for any participants currently in DROP

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Attachment C

Fire Service Retirement Plan

Docusign Envelope ID: 1B6BD3B6-75FD-8536-8291-C7A6492D2182

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 earnings 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%

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Members Participating in DROP on the Valuation Date	Members are assumed to exit DROP upon the later of (1) five years from their DROP entry date and (2) the valuation date.
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

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, 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%
January 1, 2026	953	104	92,255,289	96,805	3.9%

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[1]
1/1/24 to 12/31/24	39	4	(4)	39
1/1/25 to 12/31/25	39	6	0	45

Members Receiving Benefits

Year	Number at Beginning of Year	Additions	Decreases	Number at End of Year
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
1/1/25 to 12/31/25	720	46	(23)	743

Summary of Retirees and Beneficiaries Added to and Removed from Rolls

	Added to Rolls		Removed from Rolls		Rolls End of Year			
Year Ending	Number	Annual Allowance[1]	Number	Annual Allowance	Number	Annual Allowance	% Increase in Average Annual Allowance	Average Annual Allowance
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
12/31/2025	46	$3,760,722	23	$1,149,086	743	$41,780,472	3.4%	$56,232

[1] Includes COLAs for all retirees

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	7.25% of compensation for all participants.
Employee Contributions Benefit	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.
Retirement Date	
Normal Retirement	The first of the month coincident with or next following the participant's 50th 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.
Retirement Benefits	
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.
Deferred Retirement Option Program (DROP)	Allows accumulation of pension after 20 years of County service. DROP period must be between three and seven years (with the sixth and/or seventh 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.
Termination of Employment	Return of employee contributions with 3.00% interest.
Disability	
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.
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 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.

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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.

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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.
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.

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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.
County Council Bill No. 59-25	Effective 9/7/2025
	Specifies that a participant is not required to make pension contributions on or after the earlier of their date of disability, date of termination of employment, date of retirement, or date of death. Increases the number of IAFF employees who may begin participation in DROP to 20 per calendar quarter up to a limit of 72 in each fiscal year. Increases the interest compounded on the DROP account balance to 5.0% effective annual yield for IAFF employees who began participating in DROP on or after July 1, 2025. Increases the interest compounded on the DROP account balance to 4.75% effective annual yield for Fire Management employees and Battalion Chiefs who began participating in DROP on or after July 1, 2025. Increases the annual payroll pension contributions to 8.00% of the participant's annual basic pay for active IAFF employees, effective January 1, 2026.

Docusign Envelope ID: 1B6BD3B6-75FD-8536-8291-C7A6492D2182

Net Pension Liability

The components of the net pension liability at December 31, 2025, were as follows:

Total pension liability	$	1,051,308,018
Plan fiduciary net positi		(874,797,882)
Net pension liability	$	176,510,136
Plan fiduciary net positi percentage of the total pension liability		83.21%

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of December 31, 2025 using the following actuarial assumptions, applied to all periods included in the measurement:

Date of Exp	November 14, 2022
Inflation	3.0%
Salary incre	Rates vary by service
Investment	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 Actuarial Basis section of this report.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net pension liability	$ 320,971,715	$ 176,510,136	$ 58,811,984

Changes in the Net Pension Liability

		Increase (Decrease)	
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/2024	$ 993,017,370	$ 756,857,698	$ 236,159,672
Changes for the year:			
Service cost	25,453,933		25,453,933
Interest	69,708,844		69,708,844
Changes of benefit terms	(2,001,196)		(2,001,196)
Differences between expected and actual experience	10,390,405		10,390,405
Changes of assumptions	-		-
Contributions - employer		40,098,672	(40,098,672)
Contributions - member		5,894,575	(5,894,575)
Net investment income		118,073,328	(118,073,328)
Benefit payments, including member contribution refunds	(45,261,338)	(45,261,338)	-
Administrative expense		(865,053)	865,053
Other		-	-
Net Changes	58,290,648	117,940,184	(59,649,536)
Balances at 12/31/2025	$ 1,051,308,018	$ 874,797,882	$ 176,510,136

Anne Arundel County Retirement and Pension System
Fire Service Retirement Plan – Actuarial Information
December 31, 2025

Changes in the Net Pension Liability and Related Ratios
Last 10 Fiscal Years

Total pension liability	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Service cost	$ 25,453,933	$ 26,006,863	$ 22,837,040	$ 18,296,393	$ 17,011,774	$ 14,146,077	$ 12,611,840	$ 11,784,516	$ 11,556,313	$ 11,101,997
Interest	69,708,844	63,624,847	59,235,326	56,026,941	49,831,575	50,304,647	47,453,896	45,536,865	43,670,370	42,294,425
Changes of benefit terms	(2,001,196)	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	10,390,405	15,351,783	27,177,016	11,720,435	14,680,330	(913,222)	(573,196)	3,520,591	2,210,437	(1,552,016)
Changes of assumptions	-	-	(3,909,169)	-	42,475,362	6,467,929	10,152,984	-	-	-
Benefit payments, including member contribution refunds	(45,261,338)	(41,785,014)	(43,480,531)	(36,938,857)	(34,048,772)	(32,663,118)	(30,097,711)	(31,972,539)	(33,128,506)	(33,868,434)
Net change in total pension liability	58,290,648	63,198,479	61,859,682	49,104,912	89,950,269	37,342,313	39,547,813	28,869,433	24,308,614	17,975,972
Total pension liability - beginning	993,017,370	929,818,891	867,959,209	818,854,297	728,904,028	691,561,715	652,013,902	623,144,469	598,835,855	580,859,883
Total pension liability - ending (a)	**$ 1,051,308,018**	**$ 993,017,370**	**$ 929,818,891**	**$ 867,959,209**	**$ 818,854,297**	**$ 728,904,028**	**$ 691,561,715**	**$ 652,013,902**	**$ 623,144,469**	**$ 598,835,855**

Plan fiduciary net position	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Contributions - employer	$ 40,098,672	$ 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
Contributions - member	5,894,575	5,641,423	4,902,092	4,411,745	4,203,216	4,093,240	3,652,415	3,523,812	3,440,550	3,257,340
Net investment income	118,073,328	73,786,798	75,008,278	(74,960,004)	88,951,763	42,359,282	75,388,446	(25,207,573)	77,991,720	33,898,934
Benefit payments, including member contribution refunds	(45,261,338)	(41,785,014)	(43,480,531)	(36,938,857)	(34,048,772)	(32,663,118)	(30,097,711)	(31,972,539)	(33,128,506)	(33,868,434)
Administrative expense	(865,053)	(697,645)	(555,835)	(522,291)	(512,562)	(486,076)	(521,786)	(429,576)	(447,787)	(427,890)
Other	-	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	$ 117,940,184	$ 72,856,851	$ 66,737,260	$ (75,668,543)	$ 83,236,401	$ 33,808,838	$ 66,058,484	$ (38,382,370)	$ 62,520,409	$ 17,451,290
Plan fiduciary net position - beginning	756,857,698	684,000,847	617,263,587	692,932,130	609,695,729	575,886,891	509,828,407	548,210,777	485,690,368	468,239,078
Plan fiduciary net position - ending (b)	**$ 874,797,882**	**$ 756,857,698**	**$ 684,000,847**	**$ 617,263,587**	**$ 692,932,130**	**$ 609,695,729**	**$ 575,886,891**	**$ 509,828,407**	**$ 548,210,777**	**$ 485,690,368**
Net pension liability - ending (a)-(b)	$ 176,510,136	$ 236,159,672	$ 245,818,044	$ 250,695,622	$ 125,922,167	$ 119,208,299	$ 115,674,824	$ 142,185,495	$ 74,933,692	$ 113,145,487
Plan fiduciary net position as percentage of total pension liability	83.21%	76.22%	73.56%	71.12%	84.62%	83.65%	83.27%	78.19%	87.97%	81.11%
Covered payroll	$ 77,853,074	$ 74,477,821	$ 70,868,221	$ 61,933,623	$ 58,237,243	$ 55,428,098	$ 51,011,387	$ 48,728,408	$ 46,954,281	$ 46,227,838
Net pension liability as a percentage of covered payroll	226.72%	317.09%	346.87%	404.78%	216.22%	215.07%	226.76%	291.79%	159.59%	244.76%
Expected average remaining service years of all participants	5	5	6	5	5	5	6	6	6	6
Discount Rate	7.00%	7.00%	7.00%	7.00%	7.00%	7.45%	7.45%	7.50%	7.50%	7.50%

Notes to schedule: Covered payroll does not include pay for members in DROP.
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. As a result of this change, the assumption for DROP participation is increased from four years to five years.
Changes of assumptions: None for 2025.

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Schedule of Contributions
Last 10 Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	40,098,672	35,911,289	30,863,256	27,858,693	24,642,756	20,505,510	17,637,120	15,703,506	14,664,432	14,591,340
Contributions in relation to the actuarially determined contribution	40,098,672	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
Contribution deficiency (excess)	-	-	-	(4,482,171)	-	-	-	-	-	-
Covered payroll (excluding members in DROP)	77,853,074	74,477,821	70,868,221	61,933,623	58,237,243	55,428,098	51,011,387	48,728,408	46,954,281	46,227,838
Contributions as a percentage of covered payroll	51.51%	48.22%	43.55%	52.22%	42.31%	36.99%	34.57%	32.23%	31.23%	31.56%

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

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 market
Inflation	3.00%
Salary increases	Rates vary by 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

2017 to 2026

Actuarial Valuation Date	Active Member Contribution (1)[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)
1/1/2017	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%
1/1/2026	46,895,004	561,186,339	444,428,894	817,400,545	100%	100%	47.1%

Analysis of Financial Experience

Reasons for Change in the Unfunded Accrued Liability

The unfunded accrued liability increased from $234,787,724 to $235,109,692. The funded status increased from 76.3% to

Reasons for Change in Contribution Rates

The employer contribution rate increased from $41.5 million for the fiscal year ending June 30, 2026 to $43.2 million for the fiscal year ending June 30, 2027. The increase of $1.7 million is due to the following reasons:

Investment Performance	$	(0.7)
Pay Increases	$	1.0
New Entrants/Change in Normal Cost	$	1.0
COLA	$	-
Change in Expenses	$	0.2
Assumption and Method Changes	$	-
Plan Changes	$	(0.3)
Demographics and Other Changes	$	0.5
Total	**$**	**1.7**

[1] Does not include contribution balances for any participants currently in DROP

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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 earnings 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	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.

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Retirement Rates

Age	<20	20	21-29	30-32	33+
<50	N/A	35%	10%	50%	100%
50-61	10%	35%	20%	50%	100%
62+	100%	100%	100%	100%	100%

Members Participating in DROP on the Valuation Date — Members are assumed to exit DROP upon the later of (1) five years from their DROP entry date and (2) the valuation date.

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

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, 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%
January 1, 2026	368	49	29,386,255	79,854	2.0%

Members With Deferred Benefits

Year	Number at Beginning of Year	Additions	Decreases	Number at End of Year
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
1/1/25 to 12/31/25	42	0	(3)	39

Members Receiving Benefits

Year	Number at Beginning of Year	Additions	Decreases	Number at End of Year
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
1/1/25 to 12/31/25	374	22	(4)	392

Summary of Retirees and Beneficiaries Added to and Removed from Rolls

	Added to Rolls		Removed from Rolls		Rolls End of Year			
Year Ending	Number	Annual Allowance[1]	Number	Annual Allowance	Number	Annual Allowance	% Increase in Average Annual Allowance	Average Annual Allowance
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
12/31/2025	22	$1,070,957	4	$78,597	392	$13,588,735	2.9%	$34,665

[1] Includes COLAs for all retirees

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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	6.75% of compensation for all plan members.
Employee Contributions Benefit	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.
Retirement Date	
Normal Retirement	Category I: The first of the month coincident with or next following the participant's 50th 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 50th 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.
Retirement Benefits	
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.
Deferred Retirement Option Program (DROP)	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.
Termination of Employment	
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.

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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%.

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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.

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	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.

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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).
County Council Bill No. 59-25	Effective 9/7/2025
	Extends the total DROP participation period to seven years for those participants hired before October 29, 2020 in the following classifications: Correctional Program Specialist I or II or Criminal Justice Program Supervisor.

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Net Pension Liability

The components of the net pension liability at December 31, 2025, were as follows:

Total pension liability	$ 299,390,394
Plan fiduciary net position	(239,065,785)
Net pension liability	$ 60,324,609
Plan fiduciary net position as a percentage of the total pension liability	79.85%

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of January 1, 2025 using the following actuarial assumptions, applied to all periods included in the measurement:

Date of Experience Study	November 14, 2022
Inflation	3.0%
Salary increases	Rates vary by 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.

Actuarial Basis section of this report.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net pension liability	$ 95,982,099	$ 60,324,609	$ 30,679,701

Changes in the Net Pension Liability

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/2024	$ 285,772,795	$ 208,412,470	$ 77,360,325
Changes for the year:			
Service cost	6,703,284		6,703,284
Interest	19,951,736		19,951,736
Changes of benefit terms	(460,393)		(460,393)
Differences between expected and actual experience	2,325,553		2,325,553
Changes of assumptions	-		-
Contributions - employer		12,077,465	(12,077,465)
Contributions - member		1,526,993	(1,526,993)
Net investment income		32,173,215	(32,173,215)
Benefit payments, including member contribution refunds	(14,902,581)	(14,902,581)	-
Administrative expense		(221,777)	221,777
Other		-	-
Net Changes	13,617,599	30,653,315	(17,035,716)
Balances at 12/31/2025	$ 299,390,394	$ 239,065,785	$ 60,324,609

Docusign Envelope ID: 1B6BD3B6-75FD-8536-8291-C7A6492D2182

Changes in the Net Pension Liability and Related Ratios

Last 10 Fiscal Years

Total pension liability	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Service cost	$ 6,703,284	$ 6,699,571	$ 6,353,997	$ 4,968,945	$ 4,982,213	$ 4,703,945	$ 4,146,785	$ 4,532,722	$ 4,658,200	$ 4,461,197
Interest	19,951,736	18,438,991	17,476,092	16,921,460	15,283,248	15,555,775	14,631,903	13,836,051	12,911,867	12,281,070
Changes of benefit terms	(460,393)	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	2,325,553	4,580,712	4,397,500	(1,680,902)	2,519,617	(749,649)	1,010,457	1,937,718	2,244,031	(1,678,263)
Changes of assumptions	-	-	(619,592)	-	11,961,270	-	1,348,161	-	-	-
Benefit payments, including member contribution refunds	(14,902,581)	(14,721,261)	(12,983,325)	(11,589,085)	(11,097,546)	(8,863,045)	(8,609,648)	(8,161,906)	(6,821,395)	(6,485,372)
Net change in total pension liability	13,617,599	14,998,013	14,624,672	8,620,418	23,648,802	10,647,026	12,527,658	12,144,585	12,992,703	8,578,632
Total pension liability - beginning	285,772,795	270,774,782	256,150,110	247,529,692	223,880,890	213,233,864	200,706,206	188,561,621	175,568,918	166,990,286
Total pension liability - ending (a)	**$ 299,390,394**	**$ 285,772,795**	**$ 270,774,782**	**$ 256,150,110**	**$ 247,529,692**	**$ 223,880,890**	**$ 213,233,864**	**$ 200,706,206**	**$ 188,561,621**	**$ 175,568,918**

Plan fiduciary net position	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Contributions - employer	$ 12,077,465	$ 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
Contributions - member	1,526,993	1,411,510	1,431,468	1,431,692	1,494,147	1,529,837	1,401,642	1,351,994	1,353,927	1,315,989
Net investment income	32,173,215	20,153,546	20,553,954	(20,925,862)	24,208,223	11,639,205	19,917,617	(6,825,355)	19,606,756	8,159,309
Benefit payments, including member contribution refunds	(14,902,581)	(14,721,261)	(12,983,325)	(11,589,085)	(11,097,546)	(8,863,045)	(8,609,648)	(8,161,906)	(6,821,395)	(6,485,372)
Administrative expense	(221,777)	(179,633)	(146,305)	(137,327)	(133,032)	(123,305)	(135,493)	(107,635)	(109,213)	(99,535)
Other	-	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	$ 30,653,315	$ 17,785,537	$ 19,306,910	$ (19,858,560)	$ 23,748,032	$ 12,347,786	$ 20,174,498	$ (6,460,726)	$ 21,029,957	$ 9,579,053
Plan fiduciary net position - beginning	208,412,470	190,626,933	171,320,023	191,178,583	167,430,551	155,082,765	134,908,267	141,368,993	120,339,036	110,759,983
Plan fiduciary net position - ending (b)	**$ 239,065,785**	**$ 208,412,470**	**$ 190,626,933**	**$ 171,320,023**	**$ 191,178,583**	**$ 167,430,551**	**$ 155,082,765**	**$ 134,908,267**	**$ 141,368,993**	**$ 120,339,036**
Net pension liability - ending (a)-(b)	$ 60,324,609	$ 77,360,325	$ 80,147,849	$ 84,830,087	$ 56,351,109	$ 56,450,339	$ 58,151,099	$ 65,797,939	$ 47,192,628	$ 55,229,882
Plan fiduciary net position as percentage of total pension liability	79.85%	72.93%	70.40%	66.88%	77.23%	74.79%	72.73%	67.22%	74.97%	68.54%
Covered payroll	$ 23,597,182	$ 23,294,494	$ 21,464,880	$ 20,201,210	$ 20,422,347	$ 21,401,234	$ 22,056,634	$ 19,573,341	$ 19,789,659	$ 19,801,321
Net pension liability as a percentage of covered payroll	255.64%	332.10%	373.39%	419.93%	275.93%	263.77%	263.64%	336.16%	238.47%	278.92%
Expected average remaining service years of all participants	3	3	4	3	3	3	3	3	3	3
Discount Rate	7.00%	7.00%	7.00%	7.00%	7.00%	7.45%	7.45%	7.50%	7.50%	7.50%

Notes to schedule: Covered payroll does not include pay for members in DROP.

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. As a result of this change, the assumption for DROP participation is increased from four years to five years.

Changes of assumptions: None for 2025.

Schedule of Contributions

Last 10 Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	12,077,465	11,121,375	10,451,118	10,123,219	9,276,240	8,165,094	7,600,380	7,282,176	6,999,882	6,688,662
Contributions in relation to the actuarially determined con	12,077,465	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
Contribution deficiency (excess)	-	-	-	(1,238,803)	-	-	-	-	-	-
Covered payroll (excluding members in DROP)	23,597,182	23,294,494	21,464,880	20,201,210	20,422,347	21,401,234	22,056,634	19,573,341	19,789,659	19,801,321
Contributions as a percentage of covered payroll	51.18%	47.74%	48.69%	56.24%	45.42%	38.15%	34.46%	37.20%	35.37%	33.78%

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, 2025 actuarial valuation to calculate the FY 2026 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 8 to 20 years
Asset valuation method	5-year smoothed market
Inflation	3.00%
Salary increases	Rates vary by 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

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

Solvency Test

2017 to 2026

Actuarial Valuation Date	Active Member Contribution (1)[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)
1/1/2017	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%
1/1/2026	12,464,894	169,314,737	117,610,763	223,830,401	100%	100%	35.8%

Analysis of Financial Experience

Reasons for Change in the Unfunded Accrued Liability

The unfunded accrued liability decreased from $76,512,942 to $75,559,993. The funded status increased from 73.2% to

Reasons for Change in Contribution Rates

The employer contribution rate increased from $12.6 million for the fiscal year ending June 30, 2026 to $13.0 million for the fiscal year ending June 30, 2027. The increase of $0.4 million is due to the following reasons:

Investment Performance	$	(0.2)
Pay Increases	$	-
New Entrants/Change in Normal Cost	$	0.1
COLA	$	(0.1)
Change in Expenses	$	-
Assumption and Method Changes	$	-
Plan Changes	$	-
Demographics and Other Changes	$	0.5
Total	**$**	**0.4**

[1] Does not include contribution balances for any participants currently in DROP

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

	2025	*2024*	*2023*	*2022*	*2021*	*2020*	*2019*	*2018*	*2017*	*2016*
ADDITIONS										
Contributions:										
Employer	$ 54,865,117	$ 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
Participant	7,447,168	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
Total contributions	62,312,285	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
Total investment income (loss)	128,060,895	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
Total Additions	190,373,180	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
DEDUCTIONS										
Benefit payments and refunds	72,862,114	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
Administrative expenses	878,726	708,051	572,660	553,637	570,998	535,391	618,605	533,927	519,027	459,455
Total deductions	73,740,840	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
Net increases (decreases)	116,632,340	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
Net position, January 1	831,561,614	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
Net position, December 31	$ 948,193,954	$ 831,561,614	$ 765,823,820	$ 701,144,795	$ 803,075,985	$ 721,624,004	$ 691,159,815	$ 620,172,782	$ 669,893,976	$ 591,771,621

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

	2025	*2024*	*2023*	*2022*	*2021*	*2020*	*2019*	*2018*	*2017*	*2016*
ADDITIONS										
Contributions:										
Employer	$ 44,616,476	$ 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
Participant	6,131,138	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
Total contributions	50,747,614	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
Total investment income (loss)	117,292,716	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
Total Additions	168,040,330	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
DEDUCTIONS										
Benefit payments and refunds	53,331,408	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
Administrative expenses	843,914	683,386	549,808	518,197	521,901	478,380	540,088	470,041	441,820	389,320
Total deductions	54,175,322	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
Net increases (decreases)	113,865,008	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
Net position, January 1	759,021,830	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
Net position, December 31	$ 872,886,838	$ 759,021,830	$ 689,030,281	$ 618,001,320	$ 696,773,181	$ 616,125,041	$ 582,476,571	$ 516,251,360	$ 553,271,312	$ 486,388,604

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

	2025	*2024*	*2023*	*2022*	*2021*	*2020*	*2019*	*2018*	*2017*	*2016*
ADDITIONS										
Contributions:										
Employer	$ 40,098,672	$ 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
Participant	5,894,575	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
Total contributions	45,993,247	41,552,712	35,765,348	36,752,608	28,845,972	24,598,749	21,289,535	19,227,318	18,104,982	17,848,680
Total investment income (loss)	118,073,328	73,668,223	75,126,852	(74,960,003)	86,714,769	43,919,134	76,173,892	(25,253,407)	78,004,491	33,397,135
Total Additions	164,066,575	115,220,935	110,892,200	(38,207,395)	115,560,741	68,517,883	97,463,427	(6,026,089)	96,109,473	51,245,815
DEDUCTIONS										
Benefit payments and refunds	45,261,338	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
Administrative expenses	865,053	697,645	555,835	522,291	522,403	489,265	530,549	452,952	439,507	401,289
Total deductions	46,126,391	42,482,659	44,036,366	37,461,148	34,571,175	33,152,383	30,621,608	32,024,288	33,793,301	34,290,265
Net increases (decreases)	117,940,184	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
Net position, January 1	756,857,698	684,119,422	617,263,588	692,932,131	611,942,565	576,577,065	509,735,246	547,785,623	485,469,451	468,513,901
Net position, December 31	$ 874,797,882	$ 756,857,698	$ 684,119,422	$ 617,263,588	$ 692,932,131	$ 611,942,565	$ 576,577,065	$ 509,735,246	$ 547,785,623	$ 485,469,451

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

	2025	*2024*	*2023*	*2022*	*2021*	*2020*	*2019*	*2018*	*2017*	*2016*
ADDITIONS										
Contributions:										
Employer	$ 12,077,465	$ 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
Participant	1,526,993	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
Total contributions	13,604,458	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
Total investment income (loss)	32,173,213	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
Total Additions	45,777,671	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
DEDUCTIONS										
Benefit payments and refunds	14,902,581	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
Administrative expenses	221,777	179,633	146,304	137,327	135,726	123,860	138,074	115,778	107,893	92,392
Total deductions	15,124,358	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
Net increases (decreases)	30,653,313	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
Net position, January 1	208,412,470	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
Net position, December 31	$ 239,065,783	$ 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

Anne Arundel County Retirement and Pension System

Schedule of Additions by Source - Employees' Retirement Plan

For the Last Ten Years Ended December 31

	2025	*2024*	*2023*	*2022*	*2021*	*2020*	*2019*	*2018*	*2017*	*2016*
Employer Data										
Contributions	$ 54,865,117	$ 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
% of Covered Payroll	(28.6)	(28.2)	(25.8)	(28.7)	(25.4)	(23.3)	(21.4)	(20.0)	(18.6)	(19.8)
Participant Data										
Contributions	7,447,168	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
Total contributions	62,312,285	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
Total investment income (loss)	128,060,895	80,339,403	82,865,455	(87,245,686)	101,005,004	50,447,442	91,472,051	(31,257,326)	94,922,075	40,737,517
Total Additions	$ 190,373,180	$ 136,742,163	$ 132,472,390	$ (37,490,908)	$ 142,710,777	$ 88,778,652	$ 126,621,218	$ 1,387,181	$ 126,048,204	$ 71,729,050

Anne Arundel County Retirement and Pension System

Schedule of Additions by Source - Police Service Retirement Plan

For the Last Ten Years Ended December 31

	2025	*2024*	*2023*	*2022*	*2021*	*2020*	*2019*	*2018*	*2017*	*2016*
Employer Data										
Contributions	$ 44,616,476	$ 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
% of Covered Payroll	(50.0)	(48.6)	(46.0)	(53.0)	(43.4)	(36.7)	(37.6)	(39.8)	(40.4)	(40.4)
Participant Data										
Contributions	6,131,138	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
Total contributions	50,747,614	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
Total investment income (loss)	117,292,716	73,270,952	74,681,366	(75,544,192)	86,863,310	43,682,825	76,854,873	(25,925,725)	78,166,498	33,000,617
Total Additions	$ 168,040,330	$ 119,384,250	$ 115,116,309	$ (33,738,254)	$ 120,717,402	$ 72,764,326	$ 103,617,964	$ (619,994)	$ 102,347,638	$ 56,569,964

Anne Arundel County Retirement and Pension System

Schedule of Additions by Source - Fire Service Retirement Plan

For the Last Ten Years Ended December 31

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Employer Data										
Contributions	$ 40,098,672	$ 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
% of Covered Payroll	(43.5)	(41.6)	(38.3)	(45.2)	(36.3)	(32.3)	(30.0)	(28.7)	(28.3)	(28.9)
Participant Data										
Contributions	5,894,575	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
Total contributions	45,993,247	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
Total investment income (loss)	118,073,328	73,668,223	75,126,852	(74,960,003)	86,714,769	76,173,892	(25,253,407)	78,004,491	33,397,135	(7,794,949)
Total Additions	$ 164,066,575	$ 115,220,935	$ 110,892,200	$ (38,207,395)	$ 115,560,741	$ 97,463,427	$ (6,026,089)	$ 96,109,473	$ 51,245,815	$ 10,377,313

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Employer Data										
Contributions	$ 12,077,465	$ 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
% of Covered Payroll	(41.1)	(38.9)	(39.6)	(46.2)	(37.6)	(33.1)	(31.0)	(34.0)	(32.9)	(31.8)
Participant Data										
Contributions	1,526,993	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
Total contributions	13,604,458	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
Total investment income (loss)	32,173,213	20,120,518	20,586,979	(20,925,859)	23,599,271	12,076,766	20,166,486	(6,837,179)	19,607,237	8,037,893
Total Additions	$ 45,777,671	$ 32,653,403	$ 32,469,565	$ (8,132,145)	$ 34,369,658	$ 21,771,698	$ 29,168,507	$ 1,796,991	$ 27,961,047	$ 16,042,543

Anne Arundel County Retirement and Pension System

Schedule of Expenses by Type - Employees' Retirement Plan

For the Last TenYears Ended December 31

	2025	*2024*	*2023*	*2022*	*2021*	*2020*	*2019*	*2018*	*2017*	*2016*
Retirement Benefits	$ 72,489,136	$ 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
Refunds	372,978	703,934	473,176	568,243	477,997	263,079	363,784	355,745	561,731	456,211
Administrative	878,726	708,051	572,660	553,637	570,998	535,391	618,605	533,928	519,027	459,455
Total Expenses	$ 73,740,840	$ 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

Anne Arundel County Retirement and Pension System

Schedule of Expenses by Type - Police Service Retirement Plan

For the Last TenYears Ended December 31

	2025	*2024*	*2023*	*2022*	*2021*	*2020*	*2019*	*2018*	*2017*	*2016*
Retirement Benefits	$ 46,348,690	$ 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
Refunds	252,231	497,505	153,539	466,174	680,302	346,046	30,417	154,429	210,180	354,899
DROP payments	6,730,487	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
Administrative	843,914	683,386	549,808	518,197	521,901	478,380	540,088	470,041	441,820	389,320
Total Expenses	$ 54,175,322	$ 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

Anne Arundel County Retirement and Pension System

Schedule of Expenses by Type - Fire Service Retirement Plan

For the Last TenYears Ended December 31

	2025	*2024*	*2023*	*2022*	*2021*	*2020*	*2019*	*2018*	*2017*	*2016*
Retirement Benefits	$ 39,522,336	$ 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
Refunds	438,937	313,666	695,381	618,679	110,734	457,865	223,669	320,586	440,518	157,533
DROP payments	5,300,065	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
Administrative	865,053	697,645	555,835	522,291	522,403	489,265	530,549	452,952	439,507	401,289
Total Expenses	$ 46,126,391	$ 42,482,659	$ 44,036,366	$ 37,461,148	$ 34,571,175	$ 33,152,383	$ 30,621,608	$ 32,024,288	$ 33,793,301	$ 34,290,265

Anne Arundel County Retirement and Pension System

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

For the Last TenYears Ended December 31

	2025	*2024*	*2023*	*2022*	*2021*	*2020*	*2019*	*2018*	*2017*	*2016*
Retirement Benefits	$ 12,991,769	$ 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
Refunds	674,747	571,118	626,209	250,085	966,395	194,445	112,585	78,777	38,478	58,116
DROP payments	1,236,065	2,118,292	1,152,814	1,118,052	631,387	136,099	288,952	620,456	-	-
Administrative	221,777	179,633	146,304	137,327	135,726	123,860	138,075	115,778	107,893	92,392
Total Expenses	$ 15,124,358	$ 14,900,894	$ 13,129,629	$ 11,726,412	$ 11,233,272	$ 8,986,905	$ 8,729,876	$ 8,280,188	$ 6,926,619	$ 6,581,369

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, 2025

		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 7/1/2016	Average monthly benefit	$0	$783	$1,416	$1,799	$2,421	$3,295	$3,525
to 6/30/2017	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	Average monthly benefit	$1,952	$741	$1,425	$1,639	$2,222	$3,649	$3,801
to 6/30/2018	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	Average monthly benefit	$160	$518	$1,049	$1,787	$2,302	$3,395	$4,341
to 6/30/2019	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	Average monthly benefit	$0	$518	$1,450	$1,799	$2,487	$3,721	$3,831
to 6/30/2020	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	Average monthly benefit	$0	$584	$1,361	$1,876	$2,322	$3,701	$3,587
to 6/30/2021	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	Average monthly benefit	$0	$825	$1,689	$2,070	$2,434	$3,512	$3,951
to 6/30/2022	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	Average monthly benefit	$0	$697	$1,060	$2,204	$1,906	$4,165	$4,399
to 6/30/2023	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	Average monthly benefit	$0	$681	$922	$2,024	$2,751	$3,691	$5,351
to 6/30/2024	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	Average monthly benefit	$0	$685	$1,125	$2,276	$3,437	$3,697	$4,720
to 6/30/2025	Average final average salary	$0	$62,920	$65,500	$77,787	$106,425	$102,784	$107,625
	Number of retired members	0	7	16	8	12	15	31
Period 7/1/2025	Average monthly benefit	$0	$423	$861	$2,128	$2,066	$5,432	$4,984
to 12/31/2025	Average final average salary	$0	$49,131	$57,474	$85,243	$84,086	$130,474	$110,500
	Number of retired members	0	6	11	10	4	4	3

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, 2026

		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 7/1/2016 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 6/30/2025	Average monthly benefit	$0	$4,554	$5,449	$6,630	$6,116	$6,508	$4,933
	Average final average salary	$0	$88,901	$108,118	$122,391	$133,218	$137,024	$129,846
	Number of retired members	0	4	1	1	5	3	2
Period 7/1/2025 to 12/31/2025	Average monthly benefit	$0	$0	$5,397	$0	$6,152	$8,663	$0
	Average final average salary	$0	$0	$105,456	$0	$137,712	$157,399	$0
	Number of retired members	0	0	1	0	3	1	0

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, 2025

		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 7/1/2016	Average monthly benefit	$0	$0	$2,805	$0	$3,942	$2,356	$0
to 6/30/2017	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	Average monthly benefit	$0	$0	$2,097	$0	$4,113	$4,883	$6,319
to 6/30/2018	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	Average monthly benefit	$0	$0	$3,314	$3,786	$2,389	$5,501	$11,260
to 6/30/2019	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	Average monthly benefit	$2,359	$3,030	$0	$4,144	$3,940	$5,328	$5,488
to 6/30/2020	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	Average monthly benefit	$0	$2,823	$0	$4,732	$5,445	$0	$0
to 6/30/2021	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	Average monthly benefit	$0	$0	$1,729	$3,975	$4,549	$6,029	$6,628
to 6/30/2022	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	Average monthly benefit	$3,659	$4,318	$0	$4,756	$5,384	$7,009	$0
to 6/30/2023	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 7/1/2023	Average monthly benefit	$0	$0	$0	$3,865	$4,417	$6,576	$0
to 6/30/2024	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	Average monthly benefit	$0	$2,451	$4,046	$6,344	$5,145	$6,874	$0
to 6/30/2025	Average final average salary	$0	$74,322	$78,247	$125,357	$127,201	$138,625	$0
	Number of retired members	0	2	1	2	5	1	0
Period 7/1/2025	Average monthly benefit	$0	$4,032	$2,924	$5,317	$5,146	$0	$10,249
to 12/31/2025	Average final average salary	$0	$80,013	$93,994	$110,310	$129,588	$0	$175,366
	Number of retired members	0	1	2	4	1	0	1

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, 2025

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 7/1/2016	Average monthly benefit	$0	$831	$1,452	$2,116	$2,747	$0	$0
to 6/30/2017	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	Average monthly benefit	$0	$732	$1,229	$2,309	$2,800	$3,519	$5,806
to 6/30/2018	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	Average monthly benefit	$0	$1,104	$1,941	$0	$3,300	$5,401	$0
to 6/30/2019	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	Average monthly benefit	$812	$1,621	$1,329	$1,983	$2,679	$3,671	$0
to 6/30/2020	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	Average monthly benefit	$0	$992	$2,228	$2,575	$4,148	$5,657	$0
to 6/30/2021	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	Average monthly benefit	$0	$1,294	$1,983	$2,398	$3,605	$3,577	$5,030
to 6/30/2022	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	Average monthly benefit	$3,659	$4,318	$1,782	$4,756	$5,384	$7,009	$5,127
to 6/30/23	Average final average salary	$69,921	$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	Average monthly benefit	$0	$1,229	$2,438	$0	$3,918	$4,658	$0
to 6/30/2024	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	Average monthly benefit	$0	$907	$2,290	$3,720	$2,628	$5,478	$0
to 6/30/2025	Average final average salary	$0	$62,601	$79,300	$94,991	$75,928	$103,575	$0
	Number of retired members	0	1	1	3	1	1	0
Period 7/1/2025	Average monthly benefit	$0	$869	$1,776	$3,631	$3,739	$0	$0
to 12/31/2025	Average final average salary	$0	$59,879	$80,595	$92,891	$92,648	$0	$0
	Number of retired members	0	2	1	2	4	0	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

Years of Credited Service	*2025*	*2024*	*2023*	*2022*	*2021*	*2020*	*2019*	*2018*	*2017*	*2016*
0 to 4	899	849	821	736	738	732	751	791	262	721
5 to 9	499	513	503	485	434	403	364	285	298	373
10 to 14	303	277	215	204	262	317	363	415	404	364
15 to 19	243	280	305	304	268	262	269	263	286	287
20 to 24	186	188	190	218	211	205	168	156	156	148
25 to 29	131	102	105	105	105	103	114	140	143	170
30 and over	101	106	113	104	119	136	141	141	127	124
Total members	2,362	2,315	2,252	2,156	2,137	2,158	2,170	2,191	1,676	2,187
Average years of service	10.7	10.6	10.8	11.3	11.6	11.8	11.7	11.8	11.4	12.0
Average age	48.3	48.4	48.4	48.4	48.3	48.4	48.2	48.4	48.5	48.8
Average salary	$ 81,357	$ 77,487	$ 74,870	$ 70,537	$66,552	$64,863	$63,792	$61,566	$ 60,684	$ 59,585

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

Years of Credited Service	*2025*	*2024*	*2023*	*2022*	*2021*	*2020*	*2019*	*2018*	*2017*	*2016*
0 to 4	183	157	229	240	241	282	278	196	190	199
5 to 9	216	220	146	143	153	138	128	120	110	132
10 to 14	127	112	106	99	111	105	130	136	129	112
15 to 19	99	122	124	114	102	108	90	84	109	125
20 to 24	58	48	43	60	57	58	63	81	73	58
25 to 29	20	23	29	19	13	18	18	17	21	18
30 and over	6	6	3	5	3	6	6	4	2	-
Total members	709	688	680	680	680	715	713	638	634	644
Average years of service	10.3	10.6	10.5	10.2	9.7	9.5	9.4	10.8	11.0	10.6
Average age	36.8	37.1	37.0	36.8	36.1	35.9	35.9	37.2	37.3	37.0
Average salary	$ 109,005	$ 105,512	$ 98,255	$ 89,280	$84,014	$82,206	$74,383	$75,741	$ 75,538	$ 69,711

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

Years of Credited Service	*2025*	*2024*	*2023*	*2022*	*2021*	*2020*	*2019*	*2018*	*2017*	*2016*
0 to 4	243	233	209	188	193	199	243	273	311	288
5 to 9	170	196	230	261	238	198	114	64	79	104
10 to 14	176	109	60	74	98	179	230	282	216	206
15 to 19	167	217	268	204	195	146	113	61	80	70
20 to 24	80	63	35	51	44	51	48	58	51	75
25 to 29	11	14	22	18	28	21	29	37	40	39
30 and over	2	7	8	6	3	2	2	5	7	10
Total members	849	839	832	802	799	796	779	780	784	792
Average years of service	10.8	11.1	11.1	11.1	10.7	10.7	10.6	10.4	10.3	10.2
Average age	37.5	37.8	38.0	38.0	37.5	37.7	37.6	37.4	37.3	37.2
Average salary	$ 91,700	$ 88,770	$ 85,178	$ 77,224	$ 72,888	$69,633	$65,483	$62,472	$ 59,891	$ 58,368

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

Years of Credited Service	*2025*	*2024*	*2023*	*2022*	*2021*	*2020*	*2019*	*2018*	*2017*	*2016*
0 to 4	135	121	122	109	119	122	131	99	103	112
5 to 9	76	83	63	65	69	69	57	45	50	53
10 to 14	49	38	32	35	38	40	63	65	55	55
15 to 19	33	50	49	43	45	55	43	49	54	85
20 to 24	13	14	20	25	33	35	41	48	53	26
25 to 29	10	10	13	16	11	13	15	12	10	10
30 and over	3	3	1	-	1	4	4	4	2	2
Total members	319	319	300	293	316	338	354	322	327	343
Average years of service	8.3	8.8	9.4	10.1	9.9	10.3	10.3	11.1	11.4	11.0
Average age	41.6	42.6	42.9	42.8	42.7	43.3	43.4	44.3	44.0	43.8
Average salary	$ 73,972	$ 73,023	$ 71,550	$ 68,946	$ 64,628	$63,317	$62,307	$60,787	$ 60,519	$ 57,730

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, 2025

Active	*Employees' Retirement Plan*	*Police Service Retirement Plan*	*Fire Service Retirement Plan*	*Detention Officers' and Deputy Sheriffs' Retirement Plan*	*Total*
Years of Credited Service					
0-4	899	183	243	135	1,460
5-9	499	216	170	76	961
10-14	303	127	176	49	655
15-19	243	99	167	33	542
20-24	186	58	80	13	337
25-29	131	20	11	10	172
30+	101	6	2	3	112
Total Current Active Members	2,362	709	849	319	4,239
DROP					
0-4	N/A	-	-	-	-
5-9	N/A	-	-	-	-
10-14	N/A	-	-	-	-
15-19	N/A	-	-	-	-
20-24	N/A	21	39	17	77
25-29	N/A	24	37	18	79
30+	N/A	30	28	14	72
Total Current Active DROP Members		75	104	49	228

Anne Arundel County Retirement and Pension System

Schedule of Current Active DROP Members by Year of Entry

For Years Ended December 31

	Police Service Retirement Plan	*Fire Service Retirement Plan*	*Detention Officers' and Deputy Sheriffs' Retirement Plan*	*Total*
2019	5	2	3	10
2020	16	13	4	33
2021	15	16	9	40
2022	4	11	7	22
2023	8	12	6	26
2024	9	23	9	41
2025	15	24	11	50
2026	3	3	-	6
	75	104	49	228

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, 2025

Age Group	*Normal Retirement*	*Early Retirement*	*Service Connected Disability*	*Non-Service Connected Disability*	*Total*
19 & Under	3	-	-	-	3
20 - 24	-	-	-	-	-
25 - 29	1	-	-	-	1
30 - 34	1	-	3	-	4
35 - 39	4	-	11	3	18
40 - 44	14	-	14	5	33
45 - 49	37	-	32	2	71
50 - 54	93	6	49	6	154
55 - 59	284	18	68	6	376
60 - 64	565	52	72	10	699
65 - 69	777	40	43	9	869
70 - 74	768	45	47	7	867
75 - 79	641	28	18	3	690
80 - 84	315	2	14	-	331
85 & Up	228	-	-	1	229
Total Members	3,731	191	371	52	4,345

Anne Arundel County Retirement and Pension System

History of Operating Revenues and Expenses

For the Last Ten Years Ended December 31

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
REVENUES										
Employer Contributions	$ 151,657,730	$ 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
Participant Contributions	20,999,874	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
Investment Income	395,600,152	247,399,096	253,260,652	(258,675,740)	298,182,354	150,126,168	264,667,302	(89,273,637)	270,700,301	115,173,162
Total Revenues	$ 568,257,756	$ 404,000,751	$ 390,950,464	$ (117,568,702)	$ 413,358,578	$ 251,832,559	$ 356,871,116	$ (3,461,911)	$ 352,466,362	$ 195,587,372
EXPENSES										
Benefits and Refunds	$ 186,357,441	$ 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
Administrative Expenses	2,809,470	2,268,715	1,824,607	1,731,452	1,751,028	1,626,896	1,827,317	1,572,698	1,508,247	1,342,456
Total Expenses	$ 189,166,911	$ 177,780,621	$ 169,046,710	$ 158,661,449	$ 147,132,507	$ 139,569,608	$ 132,378,422	$ 127,812,809	$ 124,110,699	$ 119,083,691
COVERED PAYROLL										
Annual Covered Payroll	$ 402,964,347	$ 377,718,290	$ 353,314,519	$ 318,954,924	$ 302,901,437	$ 296,026,749	$ 282,987,620	$ 266,207,173	$ 263,033,649	$ 252,285,869
Employer Contributions as a Percent of Covered Payroll	37.64%	36.57%	34.13%	39.17%	32.91%	29.10%	27.55%	27.03%	25.95%	26.76%

Anne Arundel County Retirement and Pension System

History of Plan Investments and Liabilities

For the Ten Years Ended December 31

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Net Assets Fair Market Value	$ 2,922,444,522	$ 2,555,853,612	$ 2,329,633,482	$ 2,107,729,728	$ 2,383,959,879	$ 2,117,733,806	$ 2,005,470,854	$ 1,780,978,160	$ 1,912,252,881	$ 1,684,262,514
Actuarial Accrued Liability (AAL)	$ 3,769,521,304	$ 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
Actuarial Value of Assets (AVA)	$ 2,746,811,626	$ 2,559,290,666	$ 2,434,560,524	$ 2,323,718,416	$ 2,248,463,246	$ 2,097,533,927	$ 1,979,591,848	$ 1,909,831,161	$ 1,866,226,913	$ 1,787,755,545
Unfunded Actuarial Liability (UAL)	$ 1,022,709,678	$ 1,027,246,996	$ 960,455,743	$ 882,440,023	$ 712,009,231	$ 728,973,145	$ 583,894,377	$ 546,832,290	$ 463,773,591	$ 439,898,846
Funded Ratio (AVA/AAL)	72.9%	71.4%	71.7%	72.5%	75.9%	74.2%	77.2%	77.7%	80.1%	80.3%