



**LABORERS' AND RETIREMENT BOARD EMPLOYEES'  
ANNUITY AND BENEFIT FUND OF CHICAGO  
A FIDUCIARY COMPONENT UNIT FUND  
OF THE CITY OF CHICAGO**

FINANCIAL STATEMENTS

DECEMBER 31, 2025





**LABORERS' AND RETIREMENT BOARD EMPLOYEES'  
ANNUITY AND BENEFIT FUND OF CHICAGO  
A FIDUCIARY COMPONENT UNIT FUND  
OF THE CITY OF CHICAGO**

FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2025 AND 2024

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
Laborers' and Retirement Board Employees'  
Annuity and Benefit Fund of Chicago

### Opinion

We have audited the accompanying financial statements of Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago (the Plan), a fiduciary unit of the City of Chicago, which comprise the statements of fiduciary net position as of December 31, 2025 and 2024, and the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the fiduciary net position of Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago as of December 31, 2025 and 2024, and the changes in its fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.


### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 the 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 Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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, 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 including examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago's ability to continue as a going concern for a reasonable period of time.

We are required to communicate to 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 Supplemental Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (Unaudited) on pages 4 through 10, Schedules of Changes in Net Pension Liability and Related Ratios Multiyear, Schedule of the Net Pension Liability Multiyear, Schedule of Contributions Multiyear, Schedule of Investment Returns Multiyear, Schedule of Changes in Total OPEB Liability for the Plan as Employer and Employer Related Ratios Multiyear, and Notes to the Schedules on pages 45 through 52, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not 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 auditing standards generally accepted in the United States of America, which consisted of inquires 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 audits 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 audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago's basic financial statements. The supplementary information such as the Schedules of Invested Assets Cost and Fair Value, Schedules of Administrative Expenses, Investment Expenses and Professional Services, and Schedules of Investment Expenses on pages 53 through 55 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 audits 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 auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Calibre CPA Group, PLLC*

Chicago, IL  
May 7, 2026



## LABORERS' AND RETIREMENT BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This discussion and analysis is prepared by the management staff of the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago (the Plan) for the purpose of providing an overview of the Plan's financial activities for the years ended December 31, 2025 and 2024. We encourage readers to consider the information presented here in conjunction with the Plan's financial statements and actuarial report.

#### Financial Highlights

- The net position for the Plan at December 31, 2025 was \$1.39 billion, a \$129 million increase from the Plan's net position at December 31, 2024. The net position for the Plan at December 31, 2024 was \$1.26 billion, a \$76 million increase from the Plan's net position at December 31, 2023. The net position is restricted for future benefit obligations. The increases in 2025 and 2024 are largely attributable to increases in the value of invested assets and increases in employer contributions.
- The investment portfolio recorded gains of \$143.9 million and \$91.7 million for fiscal years 2025 and 2024, respectively. During 2025, the Plan's portfolio generated a preliminary rate of return, net of fees, of 12.4%. The rate of return, net of fees, for 2024 was 8.5%.
- Based on the actuarial valuations as of December 31, 2025 and 2024, the overall funded ratios for the Plan were 43.5% and 42.7%, respectively. For accounting purposes pursuant to Governmental Accounting Standards Board (GASB) 67 and 68, which uses a Single Discount Rate and shorter amortization periods to measure the total pension liability, and market value of assets, the funded ratio of the Plan was 44.1% for 2025 and 40.3% for 2024.
- Contribution revenue for 2025 totaled \$178.8 million, representing an increase of 4% from 2024. This increase is mostly due to the recognition of larger employer contributions resulting from the passage of P.A. 100-0023 in 2017. This legislation provided for predetermined increases in employer contributions over a five-year period through 2021 followed by actuarially determined employer contribution beginning in 2022. The 2024 contribution revenue of \$171.7 million represents an increase of 20% from 2023. During the years ended December 31, 2025 and 2024, in addition to the required minimum annual contribution, the City of Chicago contributed an additional \$20.2 million and \$20.3 million, respectively.
- Total benefits and refunds paid in 2025 were \$190.0 million, reflecting an increase of 3.3% over the \$183.8 million of benefits and refunds paid in 2024. The 2024 benefits and refunds reflect an increase of 1.6% from 2023. The variances between years are primarily due to cost of living adjustments, fluctuations in the annuity roll each year, and the amount of refund applications in any given year.



## Financial Highlights (continued)

- Administrative and Other Postemployment Benefits (OPEB) expenses were \$3.7 million in 2025 compared to \$3.5 million in 2024 and \$3.4 million in 2023. Fluctuations in legal and technical services expenses, personnel costs, Other Postemployment Benefits (OPEB) expenses, system development costs, and occupancy expenses account for the variances from year to year.

## Overview of the Financial Statements of the Plan

This discussion and analysis is intended to serve as an introduction to the Plan's financial reporting which is comprised of the following components.

1. Basic Financial Statements: The two basic financial statements are the Statements of Fiduciary Net Position and the Statements of Changes in Fiduciary Net Position. The Statements of Fiduciary Net Position reports the balance of net assets restricted for payment of future pension benefits as of the fiscal year end, with comparative values reported as of the previous fiscal year end. The Statements of Changes in Fiduciary Net Position reports the net change in net position for the fiscal year, with comparative values reported for the previous fiscal year. This change, when added to the previous year's net position, supports the total net position as reported in the Statements of Fiduciary Net Position.
2. Notes to Financial Statements: Notes to Financial Statements provide additional valuable information that assists the reader to better understand the Plan's financial position. The notes are an integral part of basic financial statements.
3. Required Supplementary Information: The required supplementary information consists of the Schedules of Changes in Net Pension Liability and Related Ratios Multiyear and Additional Notes; Schedule of the Net Pension Liability Multiyear; Schedule of Contributions Multiyear and related Notes; and Schedule of Investment Returns Multiyear. Also included are Schedules of Changes in Total OPEB Liability for the Plan as Employer and Employer Related Ratios Multiyear. These schedules and related notes emphasize the long-term nature of pension funds and show the Plan's progress in accumulating sufficient assets to pay benefits when due. Actuarial trend information is presented for OPEB liabilities that are associated with the Plan as employer who offers its retirees and their eligible dependents a postemployment group health care plan.
4. Supplementary Information: Schedules of Invested Assets Cost and Fair Value; Schedules of Administrative Expenses, Investment Expenses and Professional Services; and Schedules of Investment Expenses comprise the supplementary information.

## Financial Analysis

The summarized comparison shown below indicates that the Net Position - Restricted for Pension Benefits at December 31, 2025 amounted to \$1.4 billion, which was an increase of \$129 million, or 10.2%, from \$1.3 billion at December 31, 2024. This increase in Net Position compares to an increase of \$76 million, or 6.4%, in Net Position that occurred between December 31, 2024 and December 31, 2023.

### Assets

An increase or decrease in invested assets is dependent upon both the performance of the Plan's investment portfolio as well as the need to liquidate from the portfolio to pay benefits and other operating expenses in any given year. Total assets increased in 2025 by \$139 million, or 10.5%, compared to an increase of \$70 million, or 5.6%, in assets in 2024 from the prior year level. For both 2025 and 2024, the increase was largely attributed to an increase in the value of invested assets.

As of December 31, 2025, receivables were 6.1% higher than 2024 mainly due to the higher statutorily required employer contributions accrued but not yet received as determined by P.A. 100-0023. In 2024, for the same reason, total receivables were up 14.3% from 2023.

#### CONDENSED COMPARATIVE STATEMENTS OF FIDUCIARY NET POSITION

|   | December 31,            |                         |                         | Net Change            |                      |
|---|-------------------------|-------------------------|-------------------------|-----------------------|----------------------|
|   | 2025                    | 2024                    | 2023                    | 2025 to<br>2024       | 2024 to<br>2023      |
| <b>Assets</b>   |                         |                         |                         |                       |                      |
| Receivables   | \$ 143,692,115          | \$ 135,488,485          | \$ 118,566,947          | \$ 8,203,630          | \$ 16,921,538        |
| Investments, at fair value  | 1,265,634,612           | 1,132,606,463           | 1,071,416,842           | 133,028,149           | 61,189,621           |
| Invested securities lending<br>cash collateral  | 53,009,710              | 55,069,036              | 63,013,873              | (2,059,326)           | (7,944,837)          |
| Capital assets - net  | 29,114                  | 204,500                 | 379,887                 | (175,386)             | (175,387)            |
| Total assets  | <u>1,462,365,551</u>    | <u>1,323,368,484</u>    | <u>1,253,377,549</u>    | <u>138,997,067</u>    | <u>69,990,935</u>    |
| <b>Deferred outflows</b>  |                         |                         |                         |                       |                      |
| Accumulated decrease in fair<br>value of hedging derivatives                                  | -                       | -                       | 1,225,507               | -                     | (1,225,507)          |
| <b>Liabilities</b>  | <u>72,201,137</u>       | <u>60,380,567</u>       | <u>69,499,527</u>       | <u>11,820,570</u>     | <u>(9,118,960)</u>   |
| <b>Deferred inflows</b>   |                         |                         |                         |                       |                      |
| Accumulated increase in fair<br>value of hedging derivatives and<br>resources related to OPEB | 866,030                 | 2,818,443               | 1,122,504               | (1,952,413)           | 1,695,939            |
| <b>Net position - restricted for<br/>pension benefits</b>                                     | <u>\$ 1,389,298,384</u> | <u>\$ 1,260,169,474</u> | <u>\$ 1,183,981,025</u> | <u>\$ 129,128,910</u> | <u>\$ 76,188,449</u> |

## Liabilities

In 2025, the Plan's liabilities consisted primarily of the securities lending cash collateral liability, unsettled trades, professional fees payable and OPEB liability. The Plan's liabilities in 2025 were \$11.8 million higher than in 2024 due mainly to higher values of unsettled trades offset by lower securities lending cash collateral. In 2024, the Plan's liabilities were \$9.1 million lower than in 2023 due mainly to lower values of securities lending cash collateral liability and unsettled trades offset by higher value of OPEB liability. The changes in liabilities over the past few years largely rest with activity in the securities lending program and unsettled trades at year end.

## Deferred Outflows and Inflows

Derivative instruments are used by the Plan to manage specific risks and to make investments. Examples include forward and futures contracts. The net fair value of futures used for hedging activities are reported as either deferred outflows or deferred inflows of resources. Deferred inflows of \$272 thousand for 2025 represent the net fair value of foreign currency forward contracts outstanding at December 31, 2025. For the year ended December 31, 2024 and 2023, the Plan reported \$2.0 million of net deferred inflows and \$1.2 million of net deferred outflows, respectively. The outflow or inflow fluctuates depending on the net fair value of derivative contracts at year end.

Differences between expected and actual experience and changes in assumptions are recognized in OPEB expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the OPEB plan determined as of the beginning of the measurement period. For the years ended December 31, 2025, 2024, and 2023, the Plan reported \$639 thousand, \$820 thousand and \$1.1 million in net deferred inflows, respectively, of resources related to OPEB that will be recognized in future OPEB expenses. These net deferred inflows are due to assumption changes and differences between expected and actual non-investment experience. Further detail of OPEB is provided in Note 12 of the Notes to Financial Statements.

### CONDENSED COMPARATIVE STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

|   | December 31,            |                         |                         | Net Change            |                      |
|---|-------------------------|-------------------------|-------------------------|-----------------------|----------------------|
|   | 2025                    | 2024                    | 2023                    | 2025 to<br>2024       | 2024 to<br>2023      |
| <b>Additions</b>  |                         |                         |                         |                       |                      |
| Total contributions                                       | \$ 178,768,026          | \$ 171,695,054          | \$ 142,932,284          | \$ 7,072,972          | \$ 28,762,770        |
| Total investment income (loss)                            | <u>144,063,133</u>      | <u>91,803,724</u>       | <u>98,494,522</u>       | <u>52,259,409</u>     | <u>(6,690,798)</u>   |
| Total additions   | <u>322,831,159</u>      | <u>263,498,778</u>      | <u>241,426,806</u>      | <u>59,332,381</u>     | <u>22,071,972</u>    |
| <b>Deductions</b>   |                         |                         |                         |                       |                      |
| Benefits and refunds                                      | 189,963,742             | 183,828,063             | 180,947,661             | 6,135,679             | 2,880,402            |
| Admin & OPEB expense                                      | <u>3,738,507</u>        | <u>3,482,266</u>        | <u>3,396,505</u>        | <u>256,241</u>        | <u>85,761</u>        |
| Total deductions  | <u>193,702,249</u>      | <u>187,310,329</u>      | <u>184,344,166</u>      | <u>6,391,920</u>      | <u>2,966,163</u>     |
| <b>Net increase (decrease)</b>                            | 129,128,910             | 76,188,449              | 57,082,640              | 52,940,461            | 19,105,809           |
| <b>Net position - restricted<br/>for pension benefits</b> |                         |                         |                         |                       |                      |
| Beginning of year   | <u>1,260,169,474</u>    | <u>1,183,981,025</u>    | <u>1,126,898,385</u>    | <u>76,188,449</u>     | <u>57,082,640</u>    |
| Ending of year  | <u>\$ 1,389,298,384</u> | <u>\$ 1,260,169,474</u> | <u>\$ 1,183,981,025</u> | <u>\$ 129,128,910</u> | <u>\$ 76,188,449</u> |



## **Additions**

Member contributions, employer contributions, and investment income are the funding sources for benefit payments. In 2025 and 2024, employer contributions continued to be higher than previous years due to the 2017 passage of P.A. 100-0023 which provided for predetermined increases in employer contributions over a five-year period through 2021 followed by actuarially determined employer contribution beginning in 2022. Employer and employee contributions for 2025 increased 4.1% compared to a 20.1% increase in 2024. In the three years shown on the previous page, investment income varied based on the performance of the financial markets but exceeded expectations in all three years.

A preliminary investment return of 12.4% in 2025 equated to an investment gain of \$144 million. In 2024, a return of 8.5% equated to an investment gain of \$92 million as compared to a return of 9.7% in 2023 resulting in an investment gain of \$98 million. Dividend and interest income has increased each year from 2023 to 2025.

## **Deductions**

Deductions consist primarily of annuity and disability benefit payments, contribution refunds, and administrative expenses (including office staff OPEB). Benefit and refund expense increased 3.3% in 2025 as compared to 1.6% in 2024 and 2.1% in 2023. The automatic annual increase in annuities for employee annuitants and overall fluctuations in annuity and refund payments contributed to the variances from year to year.

Total administrative and OPEB expenses increased \$256 thousand in 2025 and increased \$86 thousand in 2024. Fluctuations in legal expenses, personnel costs, OPEB expenses, system development costs, and occupancy expenses account for the variances from year to year.

Overall, Net Position - Restricted for Pension Benefits increased by approximately \$129 million, or 10.2%, in 2025 as compared to the prior year. In 2024, Net Position - Restricted for Pension Benefits reflected a \$76 million increase or 6.4% from 2023. As shown in the table on page 7, increased contributions, investment income and the growing levels of benefit and refund expenses have the greatest impact on the Net Position - Restricted for Pension Benefits at year end.

## **Investment Performance**

Despite geopolitical uncertainty, tariffs, and increased market volatility; global equity markets had a strong 2025 overall. The Plan's investment portfolio generated positive returns in 2025, supported by gains in both equity and fixed income investments. As reported by the Plan's investment consultant, the preliminary total investment return based on fair value, net of fees, was 12.4% in 2025 compared to 8.5% in 2024. In absolute terms, all asset classes positively contributed to performance. In relative terms, fixed income and global equity exceeded their respective benchmarks.



## Investment Performance (continued)

The following table provides preliminary performance, net of fees, by asset class for fiscal year 2025.

| Preliminary Rates of Return, Net of Fees, for Fiscal Year 2025 |          |   |          |
|--|----------|---|----------|
| Asset Class  | Return % | Benchmark                               | Return % |
| Fixed income   | 7.0      | Bloomberg Global Aggregate (Hedged)     | 4.9      |
| Domestic equity  | 15.5     | Russell 3000                            | 17.1     |
| International equity   | 28.3     | MSCI ACWI ex USA                        | 32.4     |
| Global equity  | 19.5     | MSCI ACWI Minimum Volatility            | 10.6     |
| Private debt   | 5.6      | S&P UBS Leveraged Loan                  | 5.9      |
| Private equity   | 5.8      | MSCI Private Capital Global             | 9.5      |
| Real estate  | 2.2      | NCREIF Open End Diversified Core Equity | 2.9      |
| Hedge funds  | 10.3     | HFRI Fund of Funds Composite            | 10.4     |
| Real asset<br>infrastructure fund                              | 7.0      | SOFR + 4%                               | 8.5      |

## Actuarial Valuation

Each year, the Plan commissions an actuary to assess the financial strength of the Plan. The actuary compares the value of future benefits to the value of the Plan's assets. As prescribed by accounting standards, the actuary uses a valuation method different than fair value to determine the value of the Plan's assets. It differs in that the actuarial value of assets spreads investment gains and losses over a five-year period to smooth out market volatility. For fiscal year 2025, the consulting actuary reports the Plan's actuarial liability was \$3.13 billion and the actuarial value of assets was \$1.36 billion. For fiscal year 2024, the Plan's actuarial liability was \$3.09 billion, and the actuarial value of assets was \$1.32 billion.

The ratio of the assets to actuarial liabilities is termed the funded ratio and represents the percentage of assets available to pay the future benefits. The funded ratio, measured using the actuarial value of assets, which reflects smoothing of the investment gains and losses over a five-year period, increased to 43.5% in 2025 from 42.7% in 2024. The unfunded liability remained flat at \$1.77 billion at December 31, 2025 and December 31, 2024. The increase in actuarial liabilities was slightly less than expected. The overall actuarial assumptions did a good job of modeling behavior in total, producing a gain of approximately \$16 million. We expect the funded ratio to decrease next year as deferred investment losses are realized.



## Actuarial Valuation (continued)

For accounting and financial reporting pursuant to GASB 67 and 68, which uses a Single Discount Rate, shorter amortization periods to measure the total pension liability, and the market value of assets, the funded ratio of the Plan was 44.1% for 2025 and 40.3% for 2024. The investment return in excess of the expected return was a significant portion of the increase in the funding ratio from 2024 to 2025.

## Future Outlook

The passage of P.A. 100-0023 in 2017 provided a funding policy that puts the Plan on a path toward long-term solvency. After receiving pre-determined amounts for five years, the Plan began receiving employer contributions that are actuarially determined with the goal of reaching a 90% funded status by 2058. The funded ratio is projected to decrease from 43.5% in 2025 to 43.0% in 2026, increase slowly for the next 17 years to 50.8% in 2043, and then increase quickly to 90.0% by 2058. While the statutory contributions are significantly more than had been received previously, they are still less than the Actuarially Determined Contribution until 2041.

The Board of Trustees (the Board) and staff of the Plan are dedicated to preserving the Plan and are doing so with honesty, dedication, and integrity. We strive to provide responsible stewardship for the assets contributed by our members and the City of Chicago.

## Request for Information

Questions about any information provided in this report should be addressed to:

Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago  
Attn: Executive Director  
150 North Wacker Drive, Suite 800  
Chicago, IL 60606



## LABORERS' AND RETIREMENT BOARD EMPLOYEES ANNUITY AND BENEFIT FUND OF CHICAGO

### STATEMENTS OF FIDUCIARY NET POSITION

DECEMBER 31, 2025 AND 2024

|  | 2025             | 2024             |
|--|------------------|------------------|
| <b>Assets</b>  |                  |                  |
| <b>Receivables</b>   |                  |                  |
| Employer   | \$ 136,089,914   | \$ 128,131,002   |
| Plan member  | 2,882,373        | 3,401,784        |
| Interest and dividends   | 4,531,589        | 3,031,695        |
| Other receivables  | 188,239          | 74,514           |
| Due from broker - net  | -                | 849,490          |
| Total receivables  | 143,692,115      | 135,488,485      |
| <b>Investments - at fair value</b>   |                  |                  |
| Cash and short-term investments  | 49,329,074       | 35,553,498       |
| Equities   | 554,432,396      | 565,479,022      |
| Fixed income   | 311,080,720      | 190,408,948      |
| Private markets  | 114,681,567      | 112,472,946      |
| Real estate  | 105,239,519      | 105,691,957      |
| Hedge funds  | 95,527,742       | 87,587,432       |
| Real asset infrastructure fund   | 35,116,140       | 33,414,460       |
| Forward currency contracts - net   | 227,454          | 1,998,200        |
| Subtotal   | 1,265,634,612    | 1,132,606,463    |
| Securities lending cash collateral   | 53,009,710       | 55,069,036       |
| Total investments - at fair value  | 1,318,644,322    | 1,187,675,499    |
| <b>Capital assets - net</b>  |                  |                  |
| Total assets   | 29,114           | 204,500          |
|  | 1,462,365,551    | 1,323,368,484    |
| <b>Liabilities, Deferred Inflows and Net Position</b>  |                  |                  |
| <b>Liabilities</b>   |                  |                  |
| Due to broker - net  | 14,753,916       | -                |
| Derivatives - net  | 725,279          | 1,282,217        |
| Refunds, professional fees payable and other liabilities   | 1,892,418        | 2,107,472        |
| Other Postemployment Benefits (OPEB) liability   | 1,819,814        | 1,921,842        |
| Securities lending cash collateral   | 53,009,710       | 55,069,036       |
| Total liabilities  | 72,201,137       | 60,380,567       |
| <b>Deferred inflows</b>  |                  |                  |
| Accumulated increase in fair value resources<br>related to OPEB and forward currency contracts - net | 866,030          | 2,818,443        |
| <b>Net position - restricted for pension benefits</b>  |                  |                  |
|  | \$ 1,389,298,384 | \$ 1,260,169,474 |

See accompanying notes to financial statements.



## LABORERS' AND RETIREMENT BOARD EMPLOYEES ANNUITY AND BENEFIT FUND OF CHICAGO

### STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

YEARS ENDED DECEMBER 31, 2025 AND 2024

|  | 2025                    | 2024                    |
|--|-------------------------|-------------------------|
| <b>Additions</b>   |                         |                         |
| Contributions  |                         |                         |
| Employer   | \$ 155,996,377          | \$ 147,466,056          |
| Plan member  | <u>22,771,649</u>       | <u>24,228,998</u>       |
| Total contributions  | <u>178,768,026</u>      | <u>171,695,054</u>      |
| Investment income (loss)                                     |                         |                         |
| Net appreciation (depreciation) in fair value of investments | 115,081,221             | 66,925,582              |
| Interest   | 9,627,477               | 9,101,045               |
| Dividends  | 12,046,749              | 10,092,489              |
| Private markets income - net                                 | 4,800,762               | 5,920,692               |
| Real estate operating income - net                           | 5,609,538               | 3,321,346               |
| Hedge funds gain (loss) - net                                | 2,480,645               | 2,164,643               |
| Real asset infrastructure fund income - net                  | <u>972,185</u>          | <u>887,212</u>          |
|  | 150,618,577             | 98,413,009              |
| Less investment expenses                                     | <u>(6,739,740)</u>      | <u>(6,761,640)</u>      |
| Investment income (loss) - net                               | <u>143,878,837</u>      | <u>91,651,369</u>       |
| Securities lending income                                    |                         |                         |
| Income   | 2,489,644               | 3,146,299               |
| Borrower rebates   | (2,261,024)             | (2,912,056)             |
| Bank fees  | <u>(44,324)</u>         | <u>(81,888)</u>         |
| Securities lending income - net                              | <u>184,296</u>          | <u>152,355</u>          |
| Total additions  | <u>322,831,159</u>      | <u>263,498,778</u>      |
| <b>Deductions</b>  |                         |                         |
| Benefits   | 186,382,777             | 181,111,766             |
| Refunds  | 3,580,965               | 2,716,297               |
| Administrative and OPEB expenses                             | <u>3,738,507</u>        | <u>3,482,266</u>        |
| Total deductions   | <u>193,702,249</u>      | <u>187,310,329</u>      |
| <b>Net change</b>  | 129,128,910             | 76,188,449              |
| <b>Net position - restricted for pension benefits</b>        |                         |                         |
| Beginning of year  | <u>1,260,169,474</u>    | <u>1,183,981,025</u>    |
| End of year  | <u>\$ 1,389,298,384</u> | <u>\$ 1,260,169,474</u> |

See accompanying notes to financial statements.



## LABORERS' AND RETIREMENT BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

### NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

#### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago (the Plan) is administered in accordance with Chapter 40, Act 5, Articles 1 and 11 of the Illinois Compiled Statutes (the Statutes). The costs of administering the Plan are financed by employer contributions in conformance with state statutes.

**Reporting Entity** - As defined by U.S. generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of a primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as:

- (1) Appointment of a voting majority of the component unit's board and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
- (2) Fiscal dependency on the primary government.

Based upon the required criteria, the Plan has no component units. The Plan is considered a fiduciary component unit fund of the City of Chicago and, as such, is included in the City of Chicago's financial statements as a pension trust fund. Accordingly, these financial statements present only Laborers' and Retirement Board Employees' Annuity & Benefit Fund of Chicago and are not intended to present fairly the financial position of the City of Chicago and the result of its operations in conformity with U.S. generally accepted accounting principles.

**Method of Accounting** - The financial statements reflect an accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer, the City of Chicago (City), has made a formal commitment to provide the contributions. Benefits, refunds, administrative and other post-employment benefits (OPEB) expenses are recognized when due and payable in accordance with the terms of the Plan.

**Investments** - Investments are reported at fair value which generally represents reported market value as of the last business day of the year. Quoted market prices, when available, have been used to value investments. For equities, swaps and forward currency contracts, except those reported at net asset value, fair value is determined by using the closing price listed on the national securities exchanges as of December 31.



## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value for fixed income securities, except those reported at net asset value, are determined principally by using quoted market prices provided by independent pricing services. Equity and fixed income funds are reported at net asset value per share. Cash and short-term investments are valued at cost which approximates fair value. Alternative investments, which include real estate, private markets (private equity and private debt investments), hedge funds, and real asset infrastructure are valued using current estimates of fair value provided by the investment manager. Such valuations consider variables such as cash flow analysis, recent sales prices of investments, comparison of comparable companies' earnings multiples, withdrawal restrictions, annual audits, and other pertinent information. Because of the inherent uncertainty of the valuation for these other alternative investments, the estimated fair value may differ from the values that would have been used had a ready market existed. The reported values of real estate and private markets are current values unless that information was unavailable in which case the reported value will lag one quarter behind the date of these financial statements. The difference between the current value and the lag has been evaluated and determined not to be material.

Unsettled trades as of the end of the year are recorded net. At December 31, 2025 and 2024, \$35,842,151 and \$57,637, respectively, were due to broker and \$21,088,235 and \$907,127, respectively, were due from broker for unsettled trades.

**Capital Assets - Property and Equipment** - Property and equipment are carried at cost. Major additions are capitalized while replacements, maintenance, and repairs which do not improve or extend the lives of the respective assets are expensed currently. The Plan's capitalization policy threshold is \$25,000.

**Capital Assets - Lease** - The capital lease right-of-use asset equals the present value of lease payments net of rent abatement which is further described in Note 10. The right-of-use asset is amortized over the term of the lease, net of the amortization of the interest related to the present value of the lease payments.

**Administrative Expenses** - Administrative expenses are budgeted and approved by the Plan's Board. Funding for these expenses is included in the employer contributions as mandated in Chapter 40, Act 5, Article 11 of the Statutes.

**Estimates** - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

## NOTE 2. PLAN DESCRIPTION

The Plan was established in 1935 and is governed by legislation contained in the Statutes, particularly Chapter 40, Act 5, Article 11 (the Article) which specifically and exclusively refers to the Plan. The Plan can be amended only by the Illinois Legislature. The Plan is a single-employer defined benefit pension plan with a defined contribution minimum. The Plan was created to provide retirement and disability benefits for employees of the City



## NOTE 2. PLAN DESCRIPTION (CONTINUED)

who are employed in a title recognized by the city as labor service and for the dependents of such employees.

The Statutes authorize a Board of eight members to carry out the provisions of the Article. According to the Article, two members of the Board are ex officio, two are to be elected by the employee members of the Plan, one is to be elected by the retired members of the Plan, one is to be appointed by the local labor union and two are to be appointed by the Department of Human Resources. The two ex officio members are the City Comptroller (or someone chosen from the Comptroller's office) and the City Treasurer (or someone chosen from the Treasurer's office).

All members of the Board are fiduciaries with respect to the Plan and are statutorily mandated to discharge their duties, as such, solely in the interest of the Plan's participants and beneficiaries.

The Board has the powers and duties required in the Article to collect all contributions due to the Plan, to invest the Plan's reserves, to have an annual audit, to appoint employees, to authorize or suspend payment of any participant's individual benefit and to have exclusive original jurisdiction in all matters relating to or affecting the Plan. The Board approves its own budget which is prepared by the administrative staff of the Plan. The Board is required annually to submit to the City Council of the City a detailed report of the financial affairs and status of the reserves of the Plan. Provisions in other articles of Chapter 40 require the Board to submit its annual audit and actuarial valuation reports to the State of Illinois Department of Financial and Professional Regulation's (IDFPR) Division of Insurance, as well as another detailed annual report, the form and content of which is specified by the IDFPR's Division of Insurance.

Any employee of the City or the Board of Education of the City employed under the provisions of the municipal personnel ordinance as labor service or any persons employed by retirement boards of certain annuity and benefit funds of the City are covered by the Plan. Currently, covered employees are required to contribute a percentage of their salary to the Plan, 8.5% for Tier 1 and 2 members and 11.5% for Tier 3 members. If an employee leaves covered employment without qualifying for an annuity, accumulated contributions are refunded with interest. For the employer contribution for the years ended December 31, 2016 and prior, the City's total contribution was limited to an amount not more than the total amount of contributions made by the employees to the Plan in the calendar year two years prior to the current year, multiplied by 1.00. For payment years 2018 through 2022 (tax levy years 2017 through 2021), the City contributed \$36,000,000, \$48,000,000, \$60,000,000, \$72,000,000, and \$84,000,000, respectively. For payment years 2023 through 2058 (tax levy years 2022 through 2057), the amount shall be equal to the projected normal cost plus an amount determined on a level percentage of applicable employee payroll basis that is sufficient to bring the total actuarial assets of the Plan up to 90% of the total actuarial liabilities of the Plan by the end of 2058. For years after 2058, the employer portion shall be equal to the amount, if any, needed to bring the total actuarial assets of the Plan up to 90% of the total actuarial liabilities of the Plan as of the end of each year. The source of funds for the City's contribution has been designated by the Statutes and is derived from the City's annual



## NOTE 2. PLAN DESCRIPTION (CONTINUED)

property tax levy, or from any source legally available for this purpose, including but not limited to, the proceeds of City borrowings.

At December 31, 2025 and 2024, plan members consisted of the following:

|  | <u>2025</u>         | <u>2024</u>         |
|--|---------------------|---------------------|
| Retirees and beneficiaries currently receiving benefits  | 3,488               | 3,504               |
| Inactive plan members entitled to benefits (or a refund of contributions) but not yet receiving them | 1,408               | 1,406               |
| Active plan members (including plan members receiving disability benefits)                           |                     |                     |
| Vested   | 1,568               | 1,604               |
| Non-vested   | <u>1,212</u>        | <u>1,131</u>        |
| Total plan members   | <u><u>7,676</u></u> | <u><u>7,645</u></u> |

The Plan provides retirement benefits as well as survivor and disability benefits. In 2010, legislation (P.A. 96-0889) was approved which in effect established two distinct classes of membership with different retirement eligibility conditions and benefit provisions. In 2017, legislation (P.A. 100-0023) was approved which added a third distinct class of membership with different retirement eligibility conditions and benefit provisions. For convenience, the Plan uses a tier concept to distinguish these groups:

- Tier 1 – Employees who first became members prior to January 1, 2011.
- Tier 2 – Employees who first became members on or after January 1, 2011.
- Tier 3 – Employees who first became members on or after July 6, 2017 or any Tier 2 member who irrevocably elected to be subject to the Tier 3 benefit structure.

### *Retirement Benefits:*

Tier 1: Employees age 55 or more with at least 10 years of service are entitled to receive a money purchase annuity with partial City contributions if under age 60 with less than 20 years of service. Employees age 55 or more with at least 20 years of service or age 50 or more with at least 30 years of service are entitled to receive a minimum formula annuity of 2.4% per year of service, multiplied by the final average salary. Final average salary is calculated using salary from the highest four consecutive years within the last 10 years of service preceding retirement. If the employee retires prior to age 60, the annuity shall be reduced by  $\frac{1}{4}$  of 1% for each month the employee is under age 60, unless the employee is 50 or over with at least 30 years of service, or 55 or over with at least 25 years of service.



## NOTE 2. PLAN DESCRIPTION (CONTINUED)

### *Retirement Benefits (continued):*

Tier 1 (continued): The original annuity is limited to 80% of the highest average annual salary, adjusted for annual Internal Revenue Code (IRS) §401(a) (17) and §415 limitations. There is a 10-year deferred vested benefit payable at age 60. Employees who retire at age 60 or over with at least 10 years of service are entitled to a minimum of \$850 per month.

Tier 2: Employees with at least 10 years of service are entitled to receive an unreduced annuity benefit at age 67 or a reduced annuity benefit at age 62 with at least 10 years of service. The annuity shall be reduced by  $\frac{1}{2}$  of 1% percent for each month that the employee is under age 67. Final average salary is calculated using salary from the eight highest consecutive years within the last 10 years of service preceding retirement. Pensionable salary is limited to \$127,283 in 2025 and \$125,774 in 2024, increased annually by the lesser of 3% or 50% of the percentage change in the Consumer Price Index-Urban (CPI-U), for the 12 months ending each preceding September, but not less than zero.

Tier 3: Employees with at least 10 years of service are entitled to receive an unreduced annuity benefit at age 65 or a reduced annuity benefit at age 60 with at least 10 years of service. The annuity shall be reduced by  $\frac{1}{2}$  of 1% for each month that the employee is under age 65. Final average salary is calculated using salary from the eight highest consecutive years within the last 10 years of service preceding retirement. Pensionable salary is limited to \$127,283 in 2025 and \$125,774 in 2024, increased annually by the lesser of 3% or 50% of the percentage change in the CPI-U, for the 12 months ending each preceding September, but not less than zero.

### *Post Retirement Increases:*

Tier 1: Employee annuitants are eligible to receive an increase of 3% of the current annuity beginning the January of the year of the first payment date following the earlier of 1) the later of the third anniversary of retirement and age 53 and 2) the later of the first anniversary of retirement and age 60, and each year thereafter.

Tier 2: Employee annuitants are eligible to receive an increase based on the original annuity equal to the lesser of 3% or  $\frac{1}{2}$  of the annual unadjusted percentage increase in the CPI-U (but not less than zero) beginning the January of the first payment date following the later of 1) age 67 and 2) the second anniversary of retirement.

Tier 3: Employee annuitants are eligible to receive an increase based on the original annuity equal to the lesser of 3% or  $\frac{1}{2}$  of the annual unadjusted percentage increase in the CPI-U (but not less than zero) beginning the January of the first payment date following the later of 1) age 65 and 2) the second anniversary of retirement.

### *Spousal Annuity:*

Tier 1: The eligible surviving spouse is entitled to a spousal annuity equal to 50% of the pension the member had earned at the date of death or a minimum annuity of \$800.



## NOTE 2. PLAN DESCRIPTION (CONTINUED)

### *Spousal Annuity (continued):*

Tier 2 and 3: The surviving spouse is entitled to a spousal annuity equal to 66⅔% of the pension the member had earned at the date of death.

### *Automatic Increase in Spousal Annuity:*

Tier 1: There is no increase in annuity for spousal annuities.

Tier 2 and 3: The spousal annuity increase is the lesser of 3% or 50% of the percentage change in the CPI-U for the 12 months ending each preceding September (but not less than zero) and is applied to the original spousal annuity amount. If the CPI-U decreases or is zero, no increase is paid. The annual increase in spouse annuity starts on the January 1<sup>st</sup> occurring on or after 1) the start date of the spouse annuity if the deceased member was in receipt of annuity at death, or 2) the first anniversary of the spouse annuity start date.

### *Child's Annuity:*

Under Tiers 1, 2, and 3, annuities are provided for unmarried children of a deceased member who are under the age of 18, if the child was born, or *in esse*, or legally adopted. The child's annuity is \$220 a month when there is a surviving spouse, or \$250 a month when there is no surviving spouse.

### *Duty Disability:*

Under Tiers 1, 2, and 3, an employee who becomes disabled as the result of an injury incurred in the performance of any act of duty, is entitled to receive a duty disability benefit in the amount equal to 75% of annual salary at the time of injury, reduced by any benefits received by the employee under the provisions of the Workers' Compensation Act.

### *Ordinary Disability:*

Under Tiers 1, 2, and 3, an employee who becomes disabled as the result of any cause other than an injury incurred in the performance of an act of duty, is entitled to receive an ordinary disability benefit in the amount equal to 50% of annual salary as of the last day worked. An employee can receive ordinary disability for a period equal to ¼ of his service credits up to a maximum of 5 years.

### *Refunds:*

Tier 1: A member may take a refund if he withdraws from service and is under the age of 55 (with any length of service) or withdraws between the ages of 55 and 60 with less than 10 years of service.

Tier 2 and 3: A member may take a refund if he withdraws from service before the age of 62 (with any length of service) or withdraws with less than 10 years of service regardless of age.



## NOTE 3. INVESTMENTS

### Fair Value Measurements

The Plan categorizes the fair value measurements of its investments based on the hierarchy established by the U.S. generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure an asset's fair value: 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. Investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

Equity securities and investment derivative investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets issued by pricing vendors.

Fixed income securities and collateral from securities lending classified in Level 2 of the fair value hierarchy are valued using either a bid evaluation or a matrix pricing technique maintained by the various pricing vendors. Bid evaluations may include market quotations, yields, maturities, call features and ratings. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Equity and fixed income securities classified in Level 3 of the fair value hierarchy are securities whose stated market price is unobservable by the marketplace. Many of these securities are priced by the issuers of industry groups. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by the Plan's custodian bank.

### NOTE 3. INVESTMENTS (CONTINUED)

The following is a summary of the inputs used as of December 31, 2025, in valuing investments carried at fair value:

| Description                                       | December 31, 2025       |  |   |   |
|---|-------------------------|--|---|---|
|   | Total                   | Quoted Market Prices for Asset (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| <b>Equities</b>                                   |                         |  |   |   |
| Common stock                                      | \$ 490,177,554          | \$ 490,177,554                           | \$ -  | \$ -                                      |
| Preferred stock                                   | 732,488                 | 732,488                                  | -   | -   |
| Exchange-traded fund                              | 13,699                  | 13,699                                   | -   | -   |
| Equity fund                                       | 33,015,589              | 33,015,589                               | -   | -   |
| Other equity assets                               | 214,422                 | 214,422                                  | -   | -   |
| <b>Fixed income</b>                               |                         |  |   |   |
| Government bonds                                  | 64,146,315              | -  | 64,146,315                                    | -   |
| Government agencies                               | 14,394,484              | -  | 14,394,484                                    | -   |
| Municipal/Provincial bonds                        | 21,972,151              | -  | 21,972,151                                    | -   |
| Corporate bonds                                   | 117,114,152             | -  | 117,114,152                                   | -   |
| Bank Loans  | 1,263,017               | -  | 1,263,017                                     | -   |
| Government mortgage backed securities             | 57,849,401              | -  | 57,849,401                                    | -   |
| Government-issued commercial mortgage-backed      | 1,428,538               | -  | 1,428,538                                     | -   |
| Commercial mortgage-backed                        | 7,905,771               | -  | 7,905,771                                     | -   |
| Asset backed securities                           | 14,977,250              | -  | 14,977,250                                    | -   |
| Non-government backed CMO's                       | 4,965,029               | -  | 4,965,029                                     | -   |
| Forward currency contracts - net                  | 227,454                 | 227,454                                  | -   | -   |
| Invested securities lending collateral            | 53,009,710              | -  | 53,009,710                                    | -   |
| Subtotal  | <u>883,407,024</u>      | <u>\$ 524,381,206</u>                    | <u>\$ 359,025,818</u>                         | <u>\$ -</u>                               |
| <b>Investments that calculate net asset value</b> |                         |  |   |   |
| Equity fund                                       | 30,278,644              |  |   |   |
| Fixed income funds                                | 5,064,612               |  |   |   |
| Hedge funds                                       | 95,527,742              |  |   |   |
| Private markets funds                             | 114,681,567             |  |   |   |
| Real estate funds                                 | 105,239,519             |  |   |   |
| Real asset infrastructure fund                    | 35,116,140              |  |   |   |
| Subtotal  | <u>385,908,224</u>      |  |   |   |
| Cash and short-term investments                   | 49,329,074              |  |   |   |
| Subtotal  | <u>1,318,644,322</u>    |  |   |   |
| <b>Liabilities</b>                                |                         |  |   |   |
| Derivatives - net                                 | (725,279)               | \$ (725,279)                             | \$ -  | \$ -                                      |
| Securities lending cash collateral                | (53,009,710)            | -  | (53,009,710)                                  | -   |
| Subtotal  | <u>(53,734,989)</u>     | <u>\$ (725,279)</u>                      | <u>\$ (53,009,710)</u>                        | <u>\$ -</u>                               |
| Total investments at fair value - net             | <u>\$ 1,264,909,333</u> |  |   |   |

### NOTE 3. INVESTMENTS (CONTINUED)

The following is a summary of the inputs used as of December 31, 2024, in valuing investments carried at fair value:

| Description                                       | December 31, 2024 |  |   |   |
|---|-------------------|--|---|---|
|   | Total             | Quoted Market Prices for Asset (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| <b>Equities</b>                                   |                   |  |   |   |
| Common stock                                      | \$ 518,126,768    | \$ 518,126,768                           | \$ -  | \$ -                                      |
| Preferred stock                                   | 533,032           | 533,032                                  | -   | -   |
| Exchange-traded fund                              | 2,298,699         | 2,298,699                                | -   | -   |
| Other equity assets                               | 2,204,165         | 2,204,165                                | -   | -   |
| <b>Fixed income</b>                               |                   |  |   |   |
| Government bonds                                  | 49,585,652        | -  | 49,585,652                                    | -   |
| Government agencies                               | 6,905,248         | -  | 6,905,248                                     | -   |
| Municipal/Provincial bonds                        | 13,280,185        | -  | 13,280,185                                    | -   |
| Corporate bonds                                   | 68,959,951        | -  | 68,959,951                                    | -   |
| Government mortgage backed securities             | 39,446,403        | -  | 39,446,403                                    | -   |
| Government-issued commercial mortgage-backed      | 96,321            | -  | 96,321  | -   |
| Commercial mortgage-backed                        | 1,536,378         | -  | 1,536,378                                     | -   |
| Asset backed securities                           | 1,424,908         | -  | 1,424,908                                     | -   |
| Non-government backed CMO's                       | 1,862,032         | -  | 1,862,032                                     | -   |
| Forward currency contracts - net                  | 1,998,200         | 1,998,200                                | -   | -   |
| Invested securities lending collateral            | 55,069,036        | -  | 55,069,036                                    | -   |
| Subtotal  | 763,326,978       | \$ 525,160,864                           | \$ 238,166,114                                | \$ -                                      |
| <b>Investments that calculate net asset value</b> |                   |  |   |   |
| Equity funds                                      | 42,316,358        |  |   |   |
| Fixed income funds                                | 7,311,870         |  |   |   |
| Hedge funds                                       | 87,587,432        |  |   |   |
| Private markets funds                             | 112,472,946       |  |   |   |
| Real estate funds                                 | 105,691,957       |  |   |   |
| Real asset infrastructure fund                    | 33,414,460        |  |   |   |
| Subtotal  | 388,795,023       |  |   |   |
| Cash and short-term investments                   | 35,553,498        |  |   |   |
| Subtotal  | 1,187,675,499     |  |   |   |
| <b>Liabilities</b>                                |                   |  |   |   |
| Derivatives - net                                 | (1,282,217)       | \$ (1,282,217)                           | \$ -  | \$ -                                      |
| Securities lending cash collateral                | (55,069,036)      | -  | (55,069,036)                                  | -   |
| Subtotal  | (56,351,253)      | \$ (1,282,217)                           | \$ (55,069,036)                               | \$ -                                      |
| Total investments at fair value - net             | \$ 1,131,324,246  |  |   |   |

#### Fair Value of Investments that Calculate Net Asset Value

Authoritative guidance on fair value measurements permits the Plan to measure the fair value of an investment entity that does not have a readily determinable fair value based upon the NAV per share or its equivalent of the investment.

### NOTE 3. INVESTMENTS (CONTINUED)

#### Fair Value of Investments that Calculate Net Asset Value (continued)

The following tables summarize the Plan's investments in certain entities that calculate NAV per share as fair value measurement as of December 31, 2025 and 2024:

| 2025                           | Fair Value            | Unfunded Commitments | Redemption Frequency | Redemption Notice Period     |
|--------------------------------|-----------------------|----------------------|----------------------|------------------------------|
| Equity fund                    | \$ 30,278,644         | \$ -                 | As needed            | Monthly                      |
| Fixed income funds             | 5,064,612             | -                    | As needed            | Daily                        |
| Hedge funds                    | 95,527,742            | -                    | As needed            | 30 - 95 Days or Not eligible |
| Private markets funds          | 114,681,567           | 46,130,309           | N/A                  | Not eligible                 |
| Real estate funds              | 105,239,519           | 3,500,999            | As needed / N/A      | 30 - 45 Days or Not eligible |
| Real asset infrastructure fund | 35,116,140            | -                    | As needed            | 45 Days                      |
|                                | <u>\$ 385,908,224</u> | <u>\$ 49,631,308</u> |                      |                              |
| 2024                           | Fair Value            | Unfunded Commitments | Redemption Frequency | Redemption Notice Period     |
| Equity funds                   | \$ 42,316,358         | \$ -                 | As needed            | Daily, monthly               |
| Fixed income funds             | 7,311,870             | -                    | As needed            | Daily                        |
| Hedge funds                    | 87,587,432            | 402,460              | As needed            | 30 - 95 Days or Not eligible |
| Private markets funds          | 112,472,946           | 17,052,728           | N/A                  | Not eligible                 |
| Real estate funds              | 105,691,957           | 513,041              | As needed / N/A      | 30 - 45 Days or Not eligible |
| Real asset infrastructure fund | 33,414,460            | -                    | As needed            | 45 Days                      |
|                                | <u>\$ 388,795,023</u> | <u>\$ 17,968,229</u> |                      |                              |

*Equity funds:* One fund as of December 31, 2025 and two funds as of December 31, 2024. In 2025, one fund invests in emerging market equities. In 2024 both funds invested in emerging market equities.

*Fixed income funds:* One fund as of December 31, 2025 and 2024. The fund invests in U.S. dollar-denominated high-yield bonds.

*Hedge funds:* Four funds as of December 31, 2025 and six as of 2024. Three hedge funds in 2025 and four in 2024 invest in a select group of underlying managers that implement different alternative investment strategies and invest in a variety of markets through limited partnerships, limited liability companies, and other investment entities. One hedge fund in 2025 and 2024 writes collateralized put options on the S&P 500 Index. One hedge fund in 2024 invested in or sold short securities, typically of fixed income securities and employed a long-short credit strategy.

*Private markets funds:* Eighteen funds as of December 31, 2025 and fifteen funds as of December 31, 2024. Two of the eighteen funds had allocations made during 2025, but no capital was called during the year. The private markets funds comprise limited partnership interests in equity or debt securities of privately held companies. Private markets funds are not eligible for redemption.



### NOTE 3. INVESTMENTS (CONTINUED)

*Real estate funds:* Seven funds as of December 31, 2025, and eight funds as of 2024. The real estate funds comprise core, value-added, and opportunistic real estate funds. Real estate funds that are closed-end funds, five out of the seven real estate funds (six out of eight in 2024), are not eligible for redemption. The remaining two funds are open-ended funds with 30 days and 45 days notice for redemption, subject to a redemption gate exercised at the discretion of the manager.

*Real asset infrastructure funds:* One fund as of December 31, 2025 and one as of 2024. The infrastructure fund is a core fund with 45 days' notice for redemptions.

#### **Investment Policies, Asset Allocation and Money Weighted Rate of Return**

Investments are governed by the Statutes. The prudent person rule, which establishes a standard of care for all fiduciaries, is an important aspect of the Statutes. The prudent person rule states that fiduciaries must discharge their duties with the care, skill, prudence and diligence that a prudent person acting in a like capacity and familiar with such matters would use under conditions prevailing at the time. The Plan is authorized to invest in bonds, notes, certificates of indebtedness, mortgage notes, real estate, stocks, shares, debentures, or other obligations or securities as set forth in the Statutes.

The Plan's policy regarding the allocation of invested assets is established and may be amended by the Board. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

The following was the Board's adopted asset allocation as of December 31, 2025 (adopted July 23, 2024).

| <u>Asset Class</u>           | <u>Target</u> |
|------------------------------|---------------|
| U.S. equity                  | 22.0%         |
| Non-U.S. equity              | 15.0%         |
| Global low volatility equity | 4.0%          |
| Fixed income                 | 26.0%         |
| Private debt                 | 6.0%          |
| Private equity               | 6.0%          |
| Real estate                  | 8.0%          |
| Private Real Assets          | 3.0%          |
| Hedge funds                  | 8.0%          |
| Cash                         | <u>2.0%</u>   |
|                              | <u>100.0%</u> |

For the year ended December 31, 2025, the annual money weighted rate of return on pension plan investments, net of pension plan investment expense, was 12.6%. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

### NOTE 3. INVESTMENTS (CONTINUED)

#### Investment Risk Factors

There are many factors that can affect the value of investments. Some, such as custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk may affect both equity and fixed income securities. Equity securities respond to such factors as economic conditions, individual company earnings performance, and market liquidity, while fixed income securities are particularly sensitive to credit risk and risk associated with changes in interest rates.

#### Investment Summary

All the Plan's financial instruments are consistent with the permissible investments outlined in the Statutes. The following table presents the composition of investments, by investment type, as of December 31, 2025 and 2024. At December 31, 2025 and 2024, no single investment represented 5% or more of the Plan's net position.

|   | <u>2025</u>             | <u>2024</u>             |
|---|-------------------------|-------------------------|
| Cash and short-term investments                 | \$ 49,329,074           | \$ 35,553,498           |
| Equities  |                         |                         |
| U.S. equities                                   | 342,359,767             | 368,511,070             |
| Foreign equities                                | 148,778,396             | 154,651,594             |
| Equity funds                                    | <u>63,294,233</u>       | <u>42,316,358</u>       |
| Total equities                                  | <u>554,432,396</u>      | <u>565,479,022</u>      |
| Fixed income                                    |                         |                         |
| U.S. Government obligations and municipal bonds | 122,865,427             | 85,171,594              |
| U.S. corporate bonds                            | 99,707,126              | 37,469,732              |
| Foreign fixed income                            | 83,443,555              | 60,455,752              |
| Fixed income funds                              | <u>5,064,612</u>        | <u>7,311,870</u>        |
| Total fixed income                              | <u>311,080,720</u>      | <u>190,408,948</u>      |
| Private markets                                 | <u>114,681,567</u>      | <u>112,472,946</u>      |
| Real estate                                     | <u>105,239,519</u>      | <u>105,691,957</u>      |
| Hedge funds                                     | <u>95,527,742</u>       | <u>87,587,432</u>       |
| Real asset infrastructure fund                  | <u>35,116,140</u>       | <u>33,414,460</u>       |
| Forward currency contracts - net                | <u>227,454</u>          | <u>1,998,200</u>        |
| Security lending cash collateral                | <u>53,009,710</u>       | <u>55,069,036</u>       |
| Subtotal  | <u>1,318,644,322</u>    | <u>1,187,675,499</u>    |
| Liabilities                                     |                         |                         |
| Derivatives - net                               | (725,279)               | (1,282,217)             |
| Securities lending cash collateral              | <u>(53,009,710)</u>     | <u>(55,069,036)</u>     |
| Subtotal  | <u>(53,734,989)</u>     | <u>(56,351,253)</u>     |
| Total investments at fair value - net           | <u>\$ 1,264,909,333</u> | <u>\$ 1,131,324,246</u> |



### NOTE 3. INVESTMENTS (CONTINUED)

Short-term investments include commercial paper or notes having maturity of less than 90 days or pooled short-term investment funds managed by Northern Trust. Under the terms of the investment agreement for these funds, Northern Trust may invest in a variety of short-term investment securities.

#### Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a financial institution failure, the Plan's deposits may not be returned to it. The Plan does not have a formal deposit policy for custodial credit risk. As of December 31, 2025 and 2024, the following investments were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Plan's name.

|   | <u>2025</u>       | <u>2024</u>       |
|---|-------------------|-------------------|
| Amount exposed to custodial credit-risk |                   |                   |
| Investment in foreign currency          | \$ <u>539,619</u> | \$ <u>476,022</u> |

#### Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to pay interest or principal in a timely manner, or that negative perception of the issuer's ability to make payments will cause a decline in the security's price. U.S. Government obligations or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk and do not require disclosure of credit quality.

The investment portfolio of the Plan is managed by professional investment management firms. These firms are required to maintain diversified portfolios. The Plan does not have a formal policy on concentration of credit risk. Each investment manager complies with risk management guidelines individually assigned to them as part of their Investment Management Agreement.

A bond's credit quality is a standard used by the investment community to assess the issuer's ability to make interest payments and to ultimately make principal payments. Credit quality is evaluated by one of the independent bond-rating agencies, for example Moody's Investors Service (Moody's) or S & P Global Ratings (S&P). In the rating agency's opinion, the lower the rating, the greater the chance that the bond issuer will default or fail to meet its payment obligations.

### NOTE 3. INVESTMENTS (CONTINUED)

The following table presents the credit risk profile, based on Moody's Investors Service for fixed income securities held by the Plan as of December 31, 2025 and 2024.

|                                     | <u>2025</u>           | <u>2024</u>           |
|-------------------------------------|-----------------------|-----------------------|
| <u>Quality Rating</u>               |                       |                       |
| Aaa                                 | \$ 17,222,857         | \$ 41,385,880         |
| Aa                                  | 67,217,709            | 10,864,499            |
| A                                   | 32,137,681            | 18,419,718            |
| Baa                                 | 53,152,438            | 34,729,410            |
| Ba                                  | 26,436,069            | 12,698,155            |
| B                                   | 14,903,830            | 6,315,931             |
| Caa                                 | 955,005               | 610,758               |
| Not rated or unavailable            | <u>35,127,993</u>     | <u>18,034,574</u>     |
| Total credit risk debt - securities | 247,153,582           | 143,058,925           |
| Guaranteed by U.S. Government       | 58,862,526            | 40,038,153            |
| Fixed income funds - not rated      | <u>5,064,612</u>      | <u>7,311,870</u>      |
| Total fixed income                  | <u>\$ 311,080,720</u> | <u>\$ 190,408,948</u> |

#### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The price of a debt security typically moves in the opposite direction of the change in interest rates. The Plan does not have a formal investment policy that limits investment maturities as a means of managing its exposure to interest rate risk. However, the investment managers have diversified the portfolio to reduce the impact of losses in an individual investment and typically align the portfolio's duration with that of the benchmark.

At December 31, 2025, the following table shows the investments by investment type and maturity.

| Investment Type                              | December 31, 2025     |                     |                       |                      |                       |                      |
|--|-----------------------|---------------------|-----------------------|----------------------|-----------------------|----------------------|
|  | Fair Value            | 1 Year or Less      | 1+ to 6 Years         | 6+ to 10 Years       | 10+ Years             | Variable             |
| Asset backed securities                      | \$ 14,977,250         | \$ -                | \$ 11,720,002         | \$ 1,923,695         | \$ 1,333,553          | \$ -                 |
| Bank Loans                                   | 1,263,017             | -                   | 746,038               | 516,979              | -                     | -                    |
| Commercial mortgage backed                   | 7,905,771             | -                   | -                     | 199,892              | 7,705,879             | -                    |
| Corporate bonds                              | 117,114,153           | 2,097,859           | 60,063,629            | 35,571,032           | 19,381,633            | -                    |
| Fixed income funds                           | 5,064,612             | -                   | -                     | -                    | -                     | 5,064,612            |
| Government agencies                          | 14,394,484            | 796,541             | 7,170,206             | 4,788,802            | 1,638,935             | -                    |
| Government bonds                             | 64,146,315            | -                   | 21,930,775            | 14,125,980           | 28,089,560            | -                    |
| Government mortgage backed                   | 57,849,400            | -                   | 296,626               | 114,390              | 47,246,787            | 10,191,597           |
| Government issued commercial mortgage backed | 1,428,538             | -                   | -                     | 1,333,910            | 94,628                | -                    |
| Municipal bonds                              | 21,972,151            | -                   | 1,924,668             | 4,419,783            | 15,627,700            | -                    |
| Non-government backed CMO's                  | <u>4,965,029</u>      | <u>-</u>            | <u>-</u>              | <u>-</u>             | <u>4,965,029</u>      | <u>-</u>             |
| Total fixed income                           | <u>\$ 311,080,720</u> | <u>\$ 2,894,400</u> | <u>\$ 103,851,944</u> | <u>\$ 62,994,463</u> | <u>\$ 126,083,704</u> | <u>\$ 15,256,209</u> |

### NOTE 3. INVESTMENTS (CONTINUED)

At December 31, 2024, the following table shows the investments by investment type and maturity.

| Investment Type                              | December 31, 2024     |                     |                      |                      |                      |                     |
|--|-----------------------|---------------------|----------------------|----------------------|----------------------|---------------------|
|  | Fair Value            | 1 Year or Less      | 1+ to 6 Years        | 6+ to 10 Years       | 10+ Years            | Variable            |
| Asset backed securities                      | \$ 1,424,908          | \$ -                | \$ 1,372,897         | \$ 3,108             | \$ 48,903            | \$ -                |
| Commercial mortgage backed                   | 1,536,378             | -                   | 258,124              | -                    | 1,278,254            | -                   |
| Corporate bonds                              | 68,959,951            | 2,808,517           | 34,717,964           | 19,434,965           | 11,998,505           | -                   |
| Fixed income funds                           | 7,311,870             | -                   | -                    | -                    | -                    | 7,311,870           |
| Government agencies                          | 6,905,248             | -                   | 2,678,428            | 3,496,988            | 729,832              | -                   |
| Government bonds                             | 49,585,652            | 1,898,714           | 20,355,428           | 14,881,921           | 12,449,589           | -                   |
| Government mortgage backed                   | 39,446,403            | -                   | 614,738              | 144,917              | 38,686,748           | -                   |
| Government issued commercial mortgage backed | 96,321                | -                   | -                    | -                    | 96,321               | -                   |
| Municipal bonds                              | 13,280,185            | 59,877              | 2,479,282            | 1,489,795            | 9,251,231            | -                   |
| Non-government backed CMO's                  | 1,862,032             | -                   | -                    | -                    | 1,862,032            | -                   |
| Total fixed income                           | <u>\$ 190,408,948</u> | <u>\$ 4,767,108</u> | <u>\$ 62,476,861</u> | <u>\$ 39,451,694</u> | <u>\$ 76,401,415</u> | <u>\$ 7,311,870</u> |

#### Investment Results

During the years ended December 31, 2025 and 2024, net realized gains (losses) on investments sold, reflecting the difference between the proceeds received and cost value of securities sold, were gains of \$77,893,763 and \$35,771,722, respectively. These amounts are included in the net appreciation (depreciation) in fair value of investments as reported on the Statements of Changes in Fiduciary Net Position. The calculation of realized gains and losses is independent of the calculation of net appreciation in the fair value of the Plan's investments. Investments purchased in a previous year and sold in the current year results in their realized gains and losses being reported in the current year and their net appreciation in Plan assets being reported in both the current and the previous year(s).

#### Foreign Currency Risk

The international portfolio is constructed on the principles of diversification, quality, growth and value. Risk of loss arises from changes in currency exchange rates. While not having a formal investment policy governing foreign currency risk, the Plan does manage its exposure to fair value loss by requiring the international securities managers to maintain diversified portfolios to limit foreign currency and security risk.

### NOTE 3. INVESTMENTS (CONTINUED)

The Plan's exposure to foreign currency risk as of December 31, 2025 and 2024 is presented in the following table.

|                                   | 2025                  | %             | 2024                  | %             |
|-----------------------------------|-----------------------|---------------|-----------------------|---------------|
| United Arab Emirate dirham        | \$ 261,013            | 0.2%          | \$ -                  | 0.0%          |
| Australian dollar                 | 2,349,290             | 1.9%          | 4,666,904             | 3.8%          |
| Brazilian real                    | 939,587               | 0.8%          | 745,241               | 0.6%          |
| Canadian dollar                   | 6,863,344             | 5.5%          | 8,763,369             | 7.1%          |
| Swiss franc                       | 6,804,343             | 5.5%          | 5,659,580             | 4.6%          |
| Chilean Peso                      | 1,066,166             | 0.9%          | 489,803               | 0.4%          |
| HK offshore Chinese yuan renminbi | 2,346,062             | 1.9%          | 796,286               | 0.6%          |
| Czech koruna                      | -                     | 0.0%          | 25,537                | 0.0%          |
| Danish krone                      | 3,796,771             | 3.1%          | 4,286,688             | 3.5%          |
| Euro                              | 35,552,235            | 28.7%         | 35,040,711            | 28.3%         |
| British pound sterling            | 14,687,314            | 11.8%         | 15,942,265            | 12.9%         |
| Hong Kong dollar                  | 14,050,872            | 11.3%         | 12,449,156            | 10.0%         |
| Hungarian forint                  | 308,685               | 0.2%          | 163,250               | 0.1%          |
| Indonesian rupiah                 | 528,648               | 0.4%          | 599,013               | 0.5%          |
| New Israeli shekel                | 251,513               | 0.2%          | 214,632               | 0.2%          |
| Japanese yen                      | 21,729,378            | 17.5%         | 22,242,381            | 18.0%         |
| South Korean won                  | 2,841,915             | 2.3%          | 1,220,182             | 1.0%          |
| Mexican peso                      | 1,136,900             | 0.9%          | 1,280,553             | 1.0%          |
| Malaysian ringgit                 | 46,465                | 0.0%          | 172,588               | 0.0%          |
| Norwegian krone                   | 1,381,546             | 1.1%          | 1,605,772             | 1.3%          |
| New Zealand dollar                | (14,891)              | 0.0%          | 95,842                | 0.1%          |
| Philippine peso                   | 316,505               | 0.3%          | 256,869               | 0.2%          |
| Polish zloty                      | 572,685               | 0.5%          | 254,738               | 0.2%          |
| Swedish krona                     | 3,089,632             | 2.5%          | 4,103,966             | 3.3%          |
| Singapore dollar                  | 1,618,690             | 1.3%          | 1,460,179             | 1.2%          |
| Thai baht                         | 395,758               | 0.3%          | 335,317               | 0.3%          |
| South African rand                | 1,156,271             | 0.9%          | 1,039,092             | 0.8%          |
| Total                             | <u>\$ 124,076,697</u> | <u>100.0%</u> | <u>\$ 123,909,914</u> | <u>100.0%</u> |

#### Derivatives

The Plan's investment managers may enter into derivative transactions as permitted by their guidelines. A derivative financial instrument is an investment whose payoff depends on the value of an underlying, such as bond or stock prices, a market index, or commodity prices. Derivative financial instruments involve, to varying degrees, credit risk and market risk. Credit risk is the possibility that a loss may occur because a party to a transaction fails to perform according to terms. The Plan's investment managers seek to control this risk through counterparty credit evaluations and approvals, counterparty credit limits and exposure monitoring procedures. Market risk is the possibility that a change in interest or currency rates will cause the value of a financial instrument to decrease or become more costly to settle. The market risk associated with derivatives, the prices of which are constantly fluctuating, is regulated by imposing strict limits as to the types, amounts, and degree of risk that investment managers may undertake.

### NOTE 3. INVESTMENTS (CONTINUED)

The Plan's derivative investments included foreign currency forward contracts, financial futures and swaps. Foreign currency forward contracts are used to hedge against the currency risk in the Plan's foreign stock and fixed income security portfolios. Financial futures are used to improve yield, adjust the duration of the fixed income portfolio, or to hedge changes in interest rates. Swaps are used to hedge duration, fine tune interest rate strategy and facilitate gaining exposure to the asset class or hedging cash bond exposure in a cost-efficient manner.

The following table summarizes the derivatives held within the Plan's investment portfolio as of December 31, 2025 and 2024:

| Derivative Type                              | 2025            |                | 2024            |                |
|--|-----------------|----------------|-----------------|----------------|
|  | Notional Amount | Fair Value     | Notional Amount | Fair Value     |
| Hedging derivative instruments               |                 |                |                 |                |
| Foreign currency forward contracts purchased | \$ -            | \$ 138,595,921 | \$ -            | \$ 171,404,972 |
| Foreign currency forward contracts sold      | -               | (138,368,467)  | -               | (169,406,772)  |
| Total hedging derivative instruments         | -               | 227,454        | -               | 1,998,200      |
| Investment derivative instruments            |                 |                |                 |                |
| Futures                                      |                 |                |                 |                |
| Fixed income                                 | 6,864,244       | -              | 11,892,028      | -              |
| Total  | \$ 6,864,244    | \$ 227,454     | \$ 11,892,028   | \$ 1,998,200   |

Foreign currency forward contracts are agreements to buy or sell a specific amount of a specific currency at a specified delivery or maturity date for an agreed upon price. The gain or loss on forward contracts is recognized as deferred inflows/outflows on the Statements of Fiduciary Net Position until the contract is closed or is sold at which time a gain or loss is recognized in the Statements of Changes in Fiduciary Net Position. The counterparties to the foreign currency forward contracts are banks which are rated A, or above, by rating agencies.



### NOTE 3. INVESTMENTS (CONTINUED)

The fair value of forward contracts outstanding at December 31, 2025 and 2024 is as follows:

| Currency                            | Fair Value            |                       |
|-------------------------------------|-----------------------|-----------------------|
|                                     | 2025                  | 2024                  |
| Foreign currency exchange purchases |                       |                       |
| Australian dollar                   | \$ 7,246,031          | \$ 7,803,334          |
| Canadian dollar                     | 4,040,408             | 5,286,109             |
| Swiss franc                         | 4,298,382             | 3,974,642             |
| Euro                                | 5,987,169             | 27,485,990            |
| British pound sterling              | 6,717,333             | 6,112,853             |
| Japanese yen                        | 6,766,092             | 6,229,678             |
| South Korea won                     | 392,980               | 280,387               |
| Mexican peso                        | 566,126               | 481,434               |
| Norwegian krone                     | 5,717,900             | 3,582,591             |
| New Zealand dollar                  | 7,100,152             | 5,157,063             |
| Polish zloty                        | -                     | 28,286                |
| Swedish krona                       | 5,099,662             | 5,702,530             |
| United States dollar                | 84,504,318            | 99,140,052            |
| South African rand                  | 159,368               | 140,023               |
| Total purchases                     | <u>\$ 138,595,921</u> | <u>\$ 171,404,972</u> |

### NOTE 3. INVESTMENTS (CONTINUED)

| Currency                        | Fair Value              |                         |
|---------------------------------|-------------------------|-------------------------|
|                                 | 2025                    | 2024                    |
| Foreign currency exchange sales |                         |                         |
| Australian dollar               | \$ (8,134,713)          | \$ (8,271,414)          |
| Brazilian real                  | -                       | (60)                    |
| Canadian dollar                 | (6,781,654)             | (5,210,290)             |
| Swiss franc                     | (4,587,837)             | (3,584,585)             |
| Euro                            | (23,163,947)            | (41,813,483)            |
| British pound sterling          | (11,079,505)            | (12,643,222)            |
| Hong Kong dollar                | (36,177)                | -                       |
| Japanese yen                    | (12,330,798)            | (6,953,972)             |
| South Korea won                 | (361,038)               | (263,167)               |
| Mexican peso                    | (557,426)               | (482,837)               |
| Norwegian krone                 | (5,591,515)             | (3,158,307)             |
| New Zealand dollar              | (7,266,669)             | (6,888,981)             |
| Swedish krona                   | (5,071,956)             | (5,576,384)             |
| United States dollar            | (53,245,864)            | (74,420,177)            |
| South African rand              | (159,368)               | (139,893)               |
| Total sales                     | <u>\$ (138,368,467)</u> | <u>\$ (169,406,772)</u> |

Financial futures are similar to forward contracts, except futures contracts are standardized and traded on organized exchanges. As the market value of the underlying assets vary from the original contract price, a gain or loss is recognized in the Statements of Changes in Fiduciary Net Position and is settled through the clearinghouse.

Rights and warrants allow the Plan's investment managers to replicate any underlying security they wish to hold (sell) in the portfolio. Rights and warrants provide the holder with the right, but not the obligation, to buy or sell a company's stock at a predetermined price. Rights usually expire after a few weeks and warrants can expire from one to several years. These investments are reported within the equity's classification.

The following table summarizes the changes in fair value, which were recognized as income in the Plan's Statements of Changes in Fiduciary Net Position for the years ended December 31, 2025 and 2024:

| Derivative Type                    | Changes in Fair Value |                     |
|------------------------------------|-----------------------|---------------------|
|                                    | 2025                  | 2024                |
| Foreign currency forward contracts | \$ (1,892,528)        | \$ 2,069,507        |
| Options                            | (493)                 | -                   |
| Futures                            | (102,046)             | (375,924)           |
| Rights/warrants                    | 3,443                 | 1,559               |
| Swaps                              | (19,991)              | (463,741)           |
| Total                              | <u>\$ (2,011,615)</u> | <u>\$ 1,231,401</u> |



## NOTE 4. SECURITIES LENDING

The Statutes and the Board permit the Plan to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. Deutsche Bank, acting as lending agent, lends securities for collateral in the form of cash, U.S. Government obligations and Non-U.S. sovereign debt securities equal to 102% of the fair value of domestic securities and foreign securities that are denominated in the same currency as the collateral provided plus accrued interest and 105% of the fair value of foreign securities that are not denominated in the same currency as the collateral provided plus accrued interest.

The Plan receives 85% of the net revenue derived from the securities lending activities, and the lending agent receives the remainder of the net revenue.

The Plan is currently not restricted as to the type of securities it may lend. The Plan does not have the right to sell or pledge securities received as collateral unless the borrower defaults.

The average term of securities loaned was 63 days at December 31, 2025 and 90 days at December 31, 2024; however, any loan may be terminated on demand by either the Plan or the borrower. Cash collateral may be invested in a short-term investment pool, which had an average weighted maturity of 48 days at December 31, 2025 and 45 days at December 31, 2024. Cash collateral may also be invested in term loans, in which the investments (term loans) match the term of the securities loaned. These loans can be terminated on demand by either the lender or the borrower.

At December 31, 2025 and 2024, the Plan had no credit risk exposure to borrowers because the amounts owed to the borrowers exceeded the amounts owed to the Plan. At December 31, 2025 and 2024, the fair value of securities loaned was as follows:

|              | <u>2025</u>          | <u>2024</u>          |
|--------------|----------------------|----------------------|
| Equities     | \$ 31,849,190        | \$ 34,901,662        |
| Fixed income | <u>22,074,064</u>    | <u>23,054,140</u>    |
| Total        | <u>\$ 53,923,254</u> | <u>\$ 57,955,802</u> |

At December 31, 2025 and 2024, the securities loaned were collateralized as follows:

|                                   | <u>2025</u>          | <u>2024</u>          |
|-----------------------------------|----------------------|----------------------|
| Collateralized by cash            | \$ 53,009,710        | \$ 55,069,036        |
| Collateralized by other than cash | <u>2,559,661</u>     | <u>4,154,995</u>     |
| Total                             | <u>\$ 55,569,371</u> | <u>\$ 59,224,031</u> |



#### **NOTE 4. SECURITIES LENDING (CONTINUED)**

During the years ended December 31, 2025 and 2024, there were no losses due to default of a borrower or the lending agent. The contract with the Plan requires the lending agent to indemnify the Plan if borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the Plan for income distributions by the issuers of securities while the securities are on loan.

#### **NOTE 5. MORTGAGE-BACKED SECURITIES**

The Plan invests in mortgage-backed securities, representing interests in pools of mortgage loans, as part of its interest rate risk management strategy. The mortgage-backed securities are not used to leverage investments in fixed income portfolios. The mortgage-backed securities held by the Plan were guaranteed by federally sponsored agencies, such as: Government National Mortgage Association, Federal National Mortgage Association and Federal Home Loan Mortgage Corporation.

The financial instruments are carried at fair value and are included in investments on the Statements of Fiduciary Net Position. The gain or (loss) on financial instruments is recognized and recorded on the Statements of Changes in Fiduciary Net Position as part of investment income.

#### **NOTE 6. DEFERRED COMPENSATION PLAN**

The Plan offers its employees a deferred compensation plan established in accordance with Internal Revenue Code Section 457. The deferred compensation plan, which is funded through employee contributions, is available to all Plan employees and permits them to defer a portion of their salary until future years. The deferred compensation plan is managed by a third-party administrator and participation by employees is optional. The assets of the deferred compensation plan are placed in trust with the third party for the exclusive benefit of the participants and their beneficiaries and are not considered assets of the Plan.

#### **NOTE 7. SUMMARY OF EMPLOYER FUNDING POLICIES**

For years prior to 2018, the City levied a tax annually which, when added to the amounts deducted from the salaries of the employees or otherwise contributed by them, was sufficient for the requirements of the Plan. The tax produced an amount that did not exceed the amount of contributions by the employees to the Plan made in the calendar year two years prior to the year for which the annual applicable tax was levied, multiplied by 1.00. Beginning in payment year 2018, the City's required annual contribution to the Plan was: for 2018, \$36,000,000; for 2019, \$48,000,000; for 2020, \$60,000,000; for 2021, \$72,000,000; and for 2022, \$84,000,000. For payment years 2023 through 2058, the City's required annual contribution to the Plan shall be the amount determined by the Plan to be equal to the sum of the City's portion of projected normal cost for that fiscal year plus

## NOTE 7. SUMMARY OF EMPLOYER FUNDING POLICIES (CONTINUED)

an amount determined on a level percentage of applicable employee payroll basis that is sufficient to bring the total actuarial assets of the Plan up to 90% of the total actuarial liabilities of the Plan by the end of 2058. For payment years after 2058, the City's required annual contribution to the Plan shall be equal to the amount, if any, needed to bring the total actuarial assets of the Plan up to 90% of the total actuarial liabilities of the Plan by the end of the year.

When the balance of the prior service reserve equals its liabilities (including in addition to all other liabilities, the present value of all annuities, present or prospective, according to applicable mortality tables and rates of interest), the City shall cease to contribute the amounts to provide prior service annuities and other annuities and benefits.

The actuarial valuations of the Plan as of December 31, 2025 (2026 Actuarially Determined Contribution (ADC)) and as of December 31, 2024 (2025 ADC) indicated that a minimum annual contribution was required by the City to maintain the Plan on a minimum valuation basis.

The recommended minimum annual contribution based on an annual payroll of \$264,486,264 for 2,780 members as of December 31, 2025 and \$252,855,634 for 2,735 active members as of December 31, 2024 is computed as follows:

|  | <u>2026</u>           | <u>2025</u>           |
|--|-----------------------|-----------------------|
| Normal cost  | \$ 50,190,191         | \$ 48,713,354         |
| 30 year level dollar amortization of unfunded liability payable mid-year | 134,694,224           | 134,818,966           |
| Interest adjustment for May 1st payment date                             | <u>9,024,404</u>      | <u>9,024,514</u>      |
| Total minimum contribution   | 193,908,819           | 192,556,834           |
| Less estimated plan member contributions                                 | <u>(23,566,135)</u>   | <u>(22,212,069)</u>   |
| Actuarially Determined Contribution                                      | <u>\$ 170,342,684</u> | <u>\$ 170,344,765</u> |

## NOTE 8. NET PENSION LIABILITY OF THE PLAN

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

|                             |                         |
|-----------------------------|-------------------------|
| Total pension liability     | \$ 3,150,237,738        |
| Plan fiduciary net position | <u>1,389,298,384</u>    |
| Net pension liability       | <u>\$ 1,760,939,354</u> |

|  |        |
|--|--------|
| Plan fiduciary net position as a percentage of total pension liability | 44.10% |
|--|--------|



## NOTE 8. NET PENSION LIABILITY OF THE PLAN (CONTINUED)

**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:

|                           |   |
|---------------------------|---|
| Inflation                 | 2.25 percent  |
| Salary increases          | 3.00 percent wage inflation plus service-related productivity and merit rates |
| Investment rate of return | 6.75 percent, net of investment expense, including inflation                  |

The total pension liability was determined by an actuarial valuation as post-retirement mortality rates were based on scaling factors of 109% for males, and 108% for females of the Pub-2010 Amount-weighted-Below-median Income General Healthy Retiree Mortality Tables, sex distinct, with generational mortality improvement using MP-2020 2-dimensional mortality improvement scales. This assumption provides a margin for mortality improvements.

Pre-retirement mortality rates were based on scaling factors of 111% for males and 115% for females of the Pub-2010 Amount-weighted-Below-median Income General Employee Mortality Tables, sex distinct, with generational mortality improvement using MP-2020 2-dimensional mortality improvement scales. This assumption provides a margin for mortality improvements.

The actuarial assumptions used in the December 31, 2025 valuation were based on the results of an actuarial experience study for the period of January 1, 2017 through December 31, 2019.

The long-term expected rate of return on pension plan investments was determined by taking into consideration the Plan's target asset allocation along with long-term capital markets assumptions - estimated expected returns, volatilities, and correlations among different asset classes - from a variety of nationally known investment consulting firms. Each set of capital markets assumptions was used to calculate an estimated geometric real rate of return for the Plan's target asset allocation, which was then converted to a nominal rate based on the Plan's inflation assumption, as well as an estimate of portfolio volatility. An average of the expected return and volatility figures across all sets of capital markets assumptions was used to calculate an aggregate distribution in order to determine an acceptable range of expected rates of return. The long-term expected rate of return on pension plan investments falls within this range.

## NOTE 8. NET PENSION LIABILITY OF THE PLAN (CONTINUED)

Best estimates of geometrically determined real rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2025, utilizing the assumed rate of inflation of 2.25%, are summarized in the table below:

| <u>Asset Class</u>           | <u>Long-term Expected<br/>Real Rate of Return</u> |
|------------------------------|---|
| U.S. equity                  | 5.5%  |
| Non-U.S. equity              | 5.5   |
| Global low volatility equity | 3.4   |
| Fixed income                 | 1.1   |
| Hedge funds                  | 3.4   |
| Private debt                 | 6.6   |
| Private equity               | 7.7   |
| Real estate                  | 4.4   |
| Private real assets          | 5.0   |

### Single Discount Rate

A Single Discount Rate of 6.70% was used to measure the total pension liability. This Single Discount Rate was based on an expected rate of return on pension plan investments of 6.75% and a municipal bond rate of 4.83%. The projection of cash flows used to determine this Single Discount Rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made under the statutory funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments only through the year 2083. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2083, and the municipal bond rate was applied to all benefit payments after that date.

Regarding the sensitivity of the net pension liability to changes in the Single Discount Rate, the following presents the Plan's net pension liability, calculated using a Single Discount Rate of 6.70%, as well as what the Plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1-percentage-point lower or 1-percentage-point higher:

| SENSITIVITY OF NET PENSION LIABILITY<br>TO THE SINGLE DISCOUNT RATE ASSUMPTION |                             |   |                             |
|--|-----------------------------|---|-----------------------------|
|  | 1% Decrease<br><u>5.70%</u> | Current Single<br>Discount Rate<br>Assumption<br><u>6.70%</u> | 1% Increase<br><u>7.70%</u> |
| Plan's net pension liability   | \$ 2,124,642,247            | \$ 1,760,939,354  | \$ 1,455,281,121            |



## NOTE 9. RESERVES FOR ACTUARIAL LIABILITIES

The reserves for actuarial liabilities are based on an annual valuation submitted by the Plan's consulting actuary. The annual actuarial valuation establishes the reserves required for various statutory liabilities which arise from pension benefit schedules that are part of the current pension code legislation. Market value of net assets held in trust for pension benefits as of December 31, 2025 and 2024, were comprised of the following Plan surplus (deficit) balances:

|   | <u>2025</u>             | <u>2024</u>             |
|---|-------------------------|-------------------------|
| Prior Service Fund                                | \$ 1,966,753,780        | \$ 1,939,413,554        |
| City Contribution Fund                            | 306,943,045             | 301,893,417             |
| Salary Deduction Fund                             | 314,564,211             | 307,244,146             |
| Annuity Payment Fund and Reserve                  | 545,501,043             | 542,439,804             |
| Supplementary Payment Service                     | 69,562                  | 69,562                  |
| Fund Reserve - (deficit)                          | <u>(1,744,533,257)</u>  | <u>(1,830,891,009)</u>  |
| Net Position - Restricted for<br>Pension Benefits | <u>\$ 1,389,298,384</u> | <u>\$ 1,260,169,474</u> |

The Prior Service Fund is a reserve account for the accumulation of City contributions to provide for: 1) employee and spouse annuities that are based on service performed before the Plan's effective date of July 1, 1935, and 2) any excess in minimum annuity formula requirements over the amounts required for age and service annuities and for spouse annuities.

The City Contribution Fund is used to accumulate amounts contributed by the City to provide for annuities based on age and service of each employee and spouse. An individual account is to be kept for each employee and spouse until the employee retires, at which time the individual account balances are transferred to the Annuity Payment Fund.

The Salary Deduction Fund is similarly used to accumulate deductions made from employee salaries for age and service annuities for the employee and spouse. Individual accounts are kept until the employee retires or withdraws from service before qualifying for an annuity. At retirement, account balances are transferred to the Annuity Payment Fund. In case an eligible employee elects to take a refund of contributions instead of an annuity, the contribution refund is charged to this reserve fund.

The Annuity Payment Fund receives the amounts transferred from the individual accounts in the City Contribution Fund and the Salary Deduction Fund when an employee retires and qualifies for an annuity. All age and service annuity payments are charged to this fund.

The Supplementary Payment Reserve was established in 1969 to fund postretirement benefit increases for future and current annuitants who elected to pay into the Plan the amount necessary to receive the postretirement benefits.



## NOTE 9. RESERVES FOR ACTUARIAL LIABILITIES (CONTINUED)

The Fund Reserve represents the difference between the actuarially determined present value of all future pension payments and the value of the Plan's assets plus the present value of future contributions. A surplus indicates that assets and future contributions exceed the expected requirements for future pension payments, while a deficit indicates that additional assets will be needed to provide for future benefits.

## NOTE 10. CAPITAL ASSETS

### Leases

The Plan leases its office facilities in Chicago, Illinois under a fifteen-year non-cancellable agreement in effect through February 28, 2026. The base rent has an abatement provision of 17 months. The base rent of \$159,664 per year increases approximately 2% each year. Real estate taxes and maintenance charges are additional costs to the base rent and are subject to annual escalation and are expensed as incurred. Total real estate taxes and maintenance charges for the years ended December 31, 2025 and 2024 were \$295,939 and \$284,468, respectively.

The Governmental Accounting Standards Board (GASB) issued Accounting Standards Update (GASB 87) related to Leases, to increase transparency and comparability among organizations by recognizing an intangible right-of-use asset and liability for leases on the Statements of Fiduciary Net Position and disclosing key information about leasing arrangements that are greater than one year in duration. GASB 87 specifically requires an organization to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments in the Statements of Fiduciary Net Position. As a result, the Plan recorded a right-of-use asset and related liability in the amount of \$917,188 by calculating the net present value using the discount rate of 1.39%.

The right-of-use asset and the operating lease liability are being amortized over the remaining life of the lease agreement. As of December 31, 2025, the right-of-use asset, net of the landlord allowance, and accumulated amortization was \$730,659 and \$701,545, respectively, and the lease liability at December 31, 2025 is \$39,017. As of December 31, 2024, the right-of-use asset, net of the landlord allowance, and accumulated amortization was \$730,659 and \$526,159, respectively, and the lease liability at December 31, 2025 is \$270,398.

The future payments due under the office lease are as follows:

| <u>Year Ending December 31,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total Payment</u> |
|---------------------------------|------------------|-----------------|----------------------|
| 2026                            | <u>\$ 39,017</u> | <u>\$ 68</u>    | <u>\$ 39,085</u>     |



## NOTE 10. CAPITAL ASSETS (CONTINUED)

### Property and Equipment

Property and equipment detail for the years ended December 31, 2025 and 2024 is as follows:

|                          | <u>2025</u>        | <u>2024</u>        |
|--------------------------|--------------------|--------------------|
| Office equipment         | \$ 110,114         | \$ 110,114         |
| Custom software package  | <u>6,457,788</u>   | <u>6,457,788</u>   |
|                          | 6,567,902          | 6,567,902          |
| Accumulated depreciation | <u>(6,567,902)</u> | <u>(6,567,902)</u> |
|                          | <u>\$ -</u>        | <u>\$ -</u>        |

Property and equipment remain fully depreciated for years ended December 31, 2025 and 2024.

## NOTE 11. INSURANCE COVERAGE

The Plan is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; cyber breaches, errors and omissions; injuries to employees; and natural disasters. The Plan has minimized the risk of loss through private insurance carriers for commercial, business owners, and automobile policies. The deductible for this insurance coverage ranges from \$100 to \$25,000 per occurrence. There has been no significant reduction of insurance coverage from the prior year. The Plan had no claims in the year ended December 31, 2025.

## NOTE 12. OTHER POSTEMPLOYMENT BENEFIT PLAN: THE PLAN AS EMPLOYER

**Plan Description** - The Plan, as an employer, administers a single-employer postemployment healthcare plan (OPEB Plan). The OPEB Plan provides lifetime health and dental care insurance for eligible retirees and their spouses through the Plan's group health insurance plans, which covers both active and retired members.

**Plan Membership** - Membership of the OPEB Plan consisted of the following at December 31, 2025, the date of the latest actuarial valuation:

|   |                  |
|---|------------------|
| Inactive plan members or beneficiaries currently receiving benefits | 10               |
| Inactive plan members entitled to but not yet receiving benefits    | -                |
| Active plan members   | <u>17</u>        |
| Total plan members  | <u><u>27</u></u> |



## NOTE 12. OTHER POSTEMPLOYMENT BENEFIT PLAN: THE PLAN AS EMPLOYER (CONTINUED)

**Contributions** - The contributions requirements of plan members and the Plan are established by the Plan's Board. The required contribution is based on projected pay-as-you-go financing requirements. For 2025, the Plan contributed \$79,835, for the pay-as-you-go benefits for the OPEB Plan. Plan members receiving benefits contributed \$51,000 in 2025 or 45% of the total premiums for the year, through their required contributions of between \$194 and \$1,734 for medical per month based on coverage.

**Actuarial Assumptions** - The total OPEB liability in the December 31, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                           |                   |
|---------------------------|-------------------|
| Actuarial Valuation Date: | December 31, 2023 |
| Measurement Date:         | December 31, 2025 |
| Fiscal Year End Date:     | December 31, 2025 |

### Methods and Assumptions Used to Measure Total OPEB Liability:

|  |   |
|--|---|
| Actuarial Cost Method:                   | Entry Age Normal  |
| GASB 75 Discount Rate Beginning of Year: | 4.08% per year  |
| GASB 75 Discount Rate End of Year:       | 4.83% per year  |
| Wage Inflation:                          | 3.00% per year  |
| Retirement Age:                          | Experience-based table of rates that are specific to the type of eligibility condition.   |
| Post-retirement Mortality:               | The mortality rates are from the PUB-2010 Amount-weighted Below-median Income Healthy Retiree Mortality Table with two-dimensional, fully generational improvements using the MP-2020 Mortality Improvement Scale.  |
| Health Care Trend Rates:                 | Pre-Medicare trend rate of 14.24%, and Post-Medicare trend rate of 5.62% for plan year beginning on January 1, 2025. Trend rates for plan years beginning on and after January 1, 2026, based on 7.50% for Pre-Medicare and 8.00% for Post-Medicare per year graded down in 0.25% increments to an ultimate trend rate of 4.25% per year. |
| Aging Factors:                           | Based on the 2013 SOA Study "Health Care Costs - From Birth to Death."  |

**Discount Rate** - Since the OPEB Plan does not have formal assets, the discount rate is equal to the municipal bond rate of 4.08% as of December 31, 2024 which is based on the daily rate closest to but not later than the measurement date of Bond Buyer's "20-Bond GO Index" and 4.83% as of December 31, 2025, which is based the Bond Buyer's "20-Bond GO Index".

**NOTE 12. OTHER POSTEMPLOYMENT BENEFIT PLAN: THE PLAN AS EMPLOYER  
(CONTINUED)**

**Changes in the Total OPEB Liability of the Plan** - The changes in the total OPEB liability of the Plan for the year ended December 31, 2025, were as follows:

**Total OPEB liability**

|  |                            |
|--|----------------------------|
| Service cost   | \$ 61,361                  |
| Interest on the total OPEB liability   | 78,210                     |
| Changes of benefit terms   | -                          |
| Difference between expected and actual experience<br>of the total OPEB liability | (2,538)                    |
| Changes of assumptions   | (167,726)                  |
| Benefit payments   | <u>(71,335)</u>            |
| Net change in total OPEB liability   | (102,028)                  |
| Total OPEB liability - beginning   | <u>1,921,842</u>           |
| Total OPEB liability - ending <sup>(a)</sup>                                     | <u><u>\$ 1,819,814</u></u> |

<sup>(a)</sup> Total OPEB liability as of December 31, 2025, was measured based on the requirements of GASB Statement No. 75, based on census, plan provisions, methods and assumptions as of December 31, 2023. The assumptions used are based on the experience study covering the period of January 1, 2017 to December 31, 2019.

**Sensitivity of Total OPEB Liability** - Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the Plan's total OPEB liability, calculated using a discount rate of 4.83%, as well as what the Plan's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

SENSITIVITY OF TOTAL OPEB LIABILITY  
TO THE DISCOUNT RATE ASSUMPTION

|                             | 1% Decrease<br>3.83% | Current<br>Discount Rate<br>Assumption<br>4.83% | 1% Increase<br>5.83% |
|-----------------------------|----------------------|---|----------------------|
| Plan's total OPEB liability | \$ 2,049,011         | \$ 1,819,814                                    | \$ 1,629,273         |

**NOTE 12. OTHER POSTEMPLOYMENT BENEFIT PLAN: THE PLAN AS EMPLOYER  
(CONTINUED)**

Regarding the sensitivity of the total OPEB liability to changes in the healthcare cost trend rates, the following presents the Plan's total OPEB liability, calculated using the assumed trend rates as well as what the Plan's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

SENSITIVITY OF TOTAL OPEB LIABILITY  
TO THE HEALTHCARE COST TREND RATE ASSUMPTION

|                             | 1% Decrease  | Current Healthcare<br>Cost Trend Rate<br>Assumption | 1% Increase  |
|-----------------------------|--------------|---|--------------|
| Plan's total OPEB liability | \$ 1,592,027 | \$ 1,819,814  | \$ 2,099,672 |

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** - For the year ended December 31, 2025, the Plan recognized OPEB expense of \$(203,860). At December 31, 2025, the Plan reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|   | Deferred Outflows<br>to be Recognized<br>in Future OPEB<br>Expenses | Deferred (Inflows)<br>to be Recognized<br>in Future OPEB<br>Expenses |
|---|---|--|
| Differences between expected<br>and actual experience | \$ 49,945   | \$ (510,239)   |
| Assumption changes                                    | 232,674   | (410,956)  |
| Total   | <u>\$ 282,619</u>   | <u>\$ (921,195)</u>  |

Amounts reported as deferred (inflows) of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ending<br>December 31, | Deferred<br>Outflows of<br>Resources | Deferred (Inflows)<br>of Resources | Net Deferred<br>Outflows (Inflows)<br>of Resources |
|-----------------------------|--------------------------------------|------------------------------------|--|
| 2026                        | \$ 102,149                           | \$ (453,757)                       | \$ (351,608)                                       |
| 2027                        | 86,518                               | (339,807)                          | (253,289)  |
| 2028                        | 50,910                               | (26,074)                           | 24,836   |
| 2029                        | 36,497                               | (26,074)                           | 10,423   |
| 2030                        | 5,136                                | (25,759)                           | (20,623)   |
| 2031                        | 1,033                                | (25,550)                           | (24,517)   |
| 2032                        | 376                                  | (22,702)                           | (22,326)   |
| 2033                        | -                                    | (1,472)                            | (1,472)  |
| 2034                        | -                                    | -                                  | -  |
| Total                       | <u>\$ 282,619</u>                    | <u>\$ (921,195)</u>                | <u>\$ (638,576)</u>                                |



## NOTE 13. CONTINGENCIES

In July 2013, a group of plaintiffs purporting to represent retirees in four Chicago public pension funds filed a civil action, *Underwood v. City of Chicago et al.*, seeking class certification and an order requiring the City and the defendant pension funds to continue subsidizing retiree health insurance premiums past the June 30, 2013 statutory expiration date. The City removed the case to federal court. The City's motion to dismiss was granted, but on appeal, the Seventh Circuit Court of Appeals vacated the district court's order and remanded the case with instructions for the district court to remand the case to the Circuit Court of Cook County. On April 9, 2015, the Plaintiffs moved to reinstate the Underwood complaint in the Circuit Court of Cook County, and their motion was granted. All defendants, including the Plan, moved to dismiss the Complaint. On December 3, 2015, the Court granted in part and denied in part the Plan's motion to dismiss, leaving only a claim for lifetime retiree health insurance benefits for employees working for the City between August 1985 and August 1989, based on an amendment to Article 11 of the Illinois Pension Code effective August 23, 1985. The Plaintiffs filed a Third Amended Complaint on January 13, 2016. All defendants again moved to dismiss. On July 21, 2016, the Circuit Court entered a written order granting in part the defendants' motions to dismiss, other than claims by a group of employees that were hired by the City prior to August 21, 1989, who claim a right to a health care subsidy of \$25 per month under then-existing state law. Plaintiffs appealed this ruling to the First District Illinois Appellate Court. On June 29, 2017, the Appellate Court affirmed in relevant part the Circuit Court's dismissal order, other than expanding the group that is entitled to a \$25 per month health insurance subsidy. The Illinois Supreme Court denied further review. The case was remanded to the Circuit Court to determine the mechanics of the payment of the \$25 per month subsidy. Following remand, Plaintiffs filed a Fourth Amended Complaint, which was dismissed. Plaintiffs were given leave to appeal portions of this dismissal order related to their claim that the Funds or the City of Chicago are required to provide annuitants with a health care plan (the "Pending Appeal"). Plaintiffs then filed a Fifth Amended Complaint which was withdrawn. Plaintiffs had then filed a Sixth Amended Complaint, which Defendants all moved to dismiss. On April 18, 2019, the Circuit Court heard oral argument on the motions to dismiss. On May 3, 2019, the Circuit Court issued a written decision dismissing the entire Sixth Amended Complaint except for the portion of Count 1 alleging a right to a health insurance subsidy. On July 16, 2019, the Circuit Court approved notices to be sent to annuitants advising them of eligibility requirements, to be paid retroactive, of \$25 per month health insurance subsidies for the time period January 1, 2017 through December 31, 2019, and for annuitants who are paying for group health insurance through reductions from their annuities to receive a monthly \$25 per month credit toward their health insurance premiums. The Plaintiffs' appeal was heard in the First District Appellate Court on June 11, 2020 and a ruling was issued on June 30, 2020 where the Court agreed the hire date for subsidy eligibility should extend to June 30, 2003 from the original April 4, 2003 date. The Appellate Court also stated the Circuit Court did not decide what obligation, if any, the Plan might still have to the retirees. The ruling was mandated back to Circuit Court where the Circuit Court ultimately found that the Plan has an obligation to "approve" a health care insurance plan for annuitants. The Plan was found to be in compliance with its obligation and Court agreed the Plan has no financial obligation other than providing for the \$25 per month credit for annuitants who have chosen to have premiums for an approved health care plan deducted from their monthly annuities. The Plan filed a motion for summary judgment that it has satisfied its obligations with respect to the approval of a health care



### **NOTE 13. CONTINGENCIES (CONTINUED)**

plan for annuitants. On April 23, 2023, the Court granted the Plan's motion for summary judgment and denied Plaintiff's cross-motion for summary judgment. Plaintiffs then filed a motion for final judgment which allowed them to file an appeal in appellate court on June 22, 2023. Additionally, a motion by Plaintiffs for attorney fees was filed and subsequently withdrawn. Following the May 25, 2023 Final Judgment Order finding the Plan's current practices fulfill their obligations under their respective 1983 and 1985 statutes, the Appellate Court received briefs related to Plaintiffs' appeal of the May 25, 2023 Final Judgment Order and Attorneys' Fee Petition. On February 28, 2025, the Appellate Court (1<sup>st</sup> District) affirmed the Circuit Court's rulings and confirmed there was no need for a remand to the Circuit Court for determination of the attorneys' fees. On March 21, 2025, Plaintiffs timely filed a Rule 367(a) Petition for Rehearing with the Appellate Court. On April 14, 2025, the Appellate Court denied the Petition for Rehearing. On May 19, 2025, Plaintiffs filed a Petition for Leave to Appeal with the Illinois Supreme Court. On September 24, 2025, the Illinois Supreme Court denied the Petition for Leave to Appeal. The mandate was subsequently issued to the Circuit Court, concluding the matter. Based on the final resolution of this case, the Plan has no additional liability related to the Underwood matter.

### **NOTE 14. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through May 7, 2026, which is the date the financial statements were available to be issued. This review and evaluation revealed no material event or transaction which would require an adjustment to or disclosure in the accompanying financial statements.



## REQUIRED SUPPLEMENTARY INFORMATION



# LABORERS' AND RETIREMENT BOARD EMPLOYEES ANNUITY AND BENEFIT FUND OF CHICAGO

## REQUIRED SUPPLEMENTARY INFORMATION

### SCHEDULES OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS MULTIYEAR

|   | 2025                    | 2024                    | 2023                    | 2022                    | 2021                    | 2020                    | 2019                    | 2018                    | 2017                    | 2016                    |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <b>Total Pension Liability</b>  |                         |                         |                         |                         |                         |                         |                         |                         |                         |                         |
| Service cost including pension plan administrative expense                    | \$ 43,554,084           | \$ 42,336,661           | \$ 35,725,109           | \$ 39,331,481           | \$ 40,411,310           | \$ 39,215,797           | \$ 38,522,157           | \$ 40,800,911           | \$ 80,231,718           | \$ 82,960,086           |
| Interest on the total pension liability                                       | 204,227,323             | 200,342,773             | 197,214,530             | 193,347,864             | 192,342,709             | 191,099,247             | 188,347,405             | 183,135,028             | 154,047,387             | 150,166,006             |
| Benefit changes   | -                       | -                       | -                       | -                       | -                       | -                       | -                       | -                       | 150,457                 | -                       |
| Difference between expected and actual experience                             | (11,235,878)            | 3,850,042               | 43,615,007              | (27,236,254)            | (31,082,787)            | (18,992,165)            | (8,820,458)             | 15,143,356              | (62,178,234)            | (30,428,098)            |
| Assumption changes  | (20,058,814)            | (3,342,744)             | 158,524,109             | (109,355,433)           | 21,870,156              | 44,034,293              | 32,846,315              | (11,788,138)            | (1,074,754,285)         | (62,905,368)            |
| Benefit payments  | (186,382,777)           | (181,111,766)           | (177,562,570)           | (172,642,812)           | (168,949,226)           | (165,411,906)           | (162,118,145)           | (157,317,980)           | (154,767,434)           | (151,922,150)           |
| Refunds   | (3,580,965)             | (2,716,297)             | (3,385,091)             | (4,519,464)             | (3,565,114)             | (3,644,848)             | (2,841,113)             | (2,742,788)             | (2,282,455)             | (2,760,872)             |
| Pension plan administrative expense   | (3,738,507)             | (3,482,266)             | (3,396,505)             | (3,606,843)             | (3,837,450)             | (3,615,773)             | (3,691,171)             | (3,933,389)             | (3,984,947)             | (4,080,239)             |
| <b>Net change in total pension liability</b>                                  | 22,784,466              | 55,876,403              | 250,734,589             | (84,681,461)            | 47,189,598              | 82,684,645              | 82,244,990              | 63,297,000              | (1,063,537,793)         | (18,970,635)            |
| <b>Total pension liability - beginning</b>                                    | <u>3,127,453,272</u>    | <u>3,071,576,869</u>    | <u>2,820,842,280</u>    | <u>2,905,523,741</u>    | <u>2,858,334,143</u>    | <u>2,775,649,498</u>    | <u>2,693,404,508</u>    | <u>2,630,107,508</u>    | <u>3,693,645,301</u>    | <u>3,712,615,936</u>    |
| <b>Total pension liability - ending (a)</b>                                   | <u>\$ 3,150,237,738</u> | <u>\$ 3,127,453,272</u> | <u>\$ 3,071,576,869</u> | <u>\$ 2,820,842,280</u> | <u>\$ 2,905,523,741</u> | <u>\$ 2,858,334,143</u> | <u>\$ 2,775,649,498</u> | <u>\$ 2,693,404,508</u> | <u>\$ 2,630,107,508</u> | <u>\$ 3,693,645,301</u> |
| <b>Plan Fiduciary Net Position</b>  |                         |                         |                         |                         |                         |                         |                         |                         |                         |                         |
| Employer contributions  | \$ 155,996,377          | \$ 147,466,056          | \$ 123,795,653          | \$ 116,175,957          | \$ 84,969,321           | \$ 73,744,129           | \$ 59,346,056           | \$ 47,844,184           | \$ 35,456,607           | \$ 12,603,498           |
| Member contributions  | 22,771,649              | 24,228,998              | 19,136,631              | 19,069,792              | 17,637,006              | 18,063,905              | 18,143,163              | 17,836,801              | 17,410,821              | 17,245,913              |
| Pension plan net investment income  | 144,063,133             | 91,803,724              | 98,494,522              | (161,680,009)           | 138,104,794             | 163,057,457             | 184,026,828             | (75,219,068)            | 207,981,245             | 57,997,329              |
| Benefit payments  | (186,382,777)           | (181,111,766)           | (177,562,570)           | (172,642,812)           | (168,949,226)           | (165,411,906)           | (162,118,145)           | (157,317,980)           | (154,767,434)           | (151,922,150)           |
| Refunds   | (3,580,965)             | (2,716,297)             | (3,385,091)             | (4,519,464)             | (3,565,114)             | (3,644,848)             | (2,841,113)             | (2,742,788)             | (2,282,455)             | (2,760,872)             |
| Pension plan administrative expense   | (3,738,507)             | (3,482,266)             | (3,396,505)             | (3,606,843)             | (3,837,450)             | (3,615,773)             | (3,691,171)             | (3,933,389)             | (3,984,947)             | (4,080,239)             |
| Other   | -                       | -                       | -                       | -                       | -                       | -                       | -                       | 661,530                 | -                       | -                       |
| <b>Net change in plan fiduciary net position</b>                              | 129,128,910             | 76,188,449              | 57,082,640              | (207,203,379)           | 64,359,331              | 82,192,964              | 92,865,618              | (172,870,710)           | 99,813,837              | (70,916,521)            |
| <b>Plan fiduciary net position - beginning</b>                                | <u>1,260,169,474</u>    | <u>1,183,981,025</u>    | <u>1,126,898,385</u>    | <u>1,334,101,764</u>    | <u>1,269,742,433</u>    | <u>1,187,549,469</u>    | <u>1,094,683,851</u>    | <u>1,267,554,561</u>    | <u>1,167,740,724</u>    | <u>1,238,657,245</u>    |
| <b>Plan fiduciary net position - ending (b)</b>                               | <u>\$ 1,389,298,384</u> | <u>\$ 1,260,169,474</u> | <u>\$ 1,183,981,025</u> | <u>\$ 1,126,898,385</u> | <u>\$ 1,334,101,764</u> | <u>\$ 1,269,742,433</u> | <u>\$ 1,187,549,469</u> | <u>\$ 1,094,683,851</u> | <u>\$ 1,267,554,561</u> | <u>\$ 1,167,740,724</u> |
| <b>Net pension liability - ending (a) - (b)</b>                               | <u>\$ 1,760,939,354</u> | <u>\$ 1,867,283,798</u> | <u>\$ 1,887,595,844</u> | <u>\$ 1,693,943,895</u> | <u>\$ 1,571,421,977</u> | <u>\$ 1,588,591,710</u> | <u>\$ 1,588,100,029</u> | <u>\$ 1,598,720,657</u> | <u>\$ 1,362,552,947</u> | <u>\$ 2,525,904,577</u> |
| <b>Plan fiduciary net position as a percentage of total pension liability</b> | 44.10 %                 | 40.29 %                 | 38.55 %                 | 39.95 %                 | 45.92 %                 | 44.42 %                 | 42.78 %                 | 40.64 %                 | 48.19 %                 | 31.61 %                 |
| <b>Covered payroll</b>  | <u>\$ 264,486,264</u>   | <u>\$ 252,855,634</u>   | <u>\$ 238,725,119</u>   | <u>\$ 214,083,061</u>   | <u>\$ 212,121,929</u>   | <u>\$ 207,194,914</u>   | <u>\$ 211,607,883</u>   | <u>\$ 211,482,201</u>   | <u>\$ 208,442,487</u>   | <u>\$ 208,154,918</u>   |
| <b>Net pension liability as a percentage of covered payroll</b>               | 665.80 %                | 738.48 %                | 790.70 %                | 791.26 %                | 740.81 %                | 766.71 %                | 750.49 %                | 755.96 %                | 653.68 %                | 1,213.47 %              |

Please see the following page for additional notes relating to the Schedules of Changes in Net Pension Liability and Related Ratios Multiyear.



**LABORERS' AND RETIREMENT BOARD EMPLOYEES  
ANNUITY AND BENEFIT FUND OF CHICAGO**

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2025

ADDITIONAL NOTES TO SCHEDULES OF CHANGES IN  
NET PENSION LIABILITY AND RELATED RATIOS MULTIYEAR

The total pension liability at the beginning of fiscal year 2025 used a Single Discount Rate of 6.64% and the benefit provisions and funding policy in effect as of the December 31, 2024, funding actuarial valuation. The Single Discount Rate of 6.64% was based on a long-term expected rate of return on pension plan investments of 6.75% for years 2025 through 2080 and a long-term municipal bond rate as of December 31, 2024, of 4.08% for subsequent years after 2080.

The total pension liability at the end of fiscal year 2025 used a Single Discount Rate of 6.70% and the benefit provisions and funding policy in effect as of the December 31, 2025, funding actuarial valuation. The Single Discount Rate of 6.70% was based on a long-term expected rate of return on pension plan investments of 6.75% for years 2026 through 2083 and a long-term municipal bond rate as of December 31, 2025, of 4.83% for subsequent years after 2083.

The change in the long-term municipal bond rate from 4.08% at December 31, 2024 to 4.83% as of December 31, 2025 caused the Single Discount Rate to increase from 6.64% at December 31, 2024 to 6.70% at December 31, 2025.

## LABORERS' AND RETIREMENT BOARD EMPLOYEES ANNUITY AND BENEFIT FUND OF CHICAGO

### REQUIRED SUPPLEMENTARY INFORMATION

#### SCHEDULE OF THE NET PENSION LIABILITY MULTIYEAR

| Fiscal Year<br>Ending<br>December 31, | Total<br>Pension<br>Liability | Plan Net<br>Position | Net Pension<br>Liability | Plan Net Position<br>as a % of Total<br>Pension Liability | Covered<br>Payroll* | Net Pension Liability<br>as a % of<br>Covered Payroll |
|---------------------------------------|-------------------------------|----------------------|--------------------------|---|---------------------|---|
| 2016                                  | \$3,693,645,301               | \$1,167,740,724      | \$2,525,904,577          | 31.61%  | \$ 208,154,918      | 1213.47%  |
| 2017                                  | 2,630,107,508                 | 1,267,554,561        | 1,362,552,947            | 48.19%  | 208,442,487         | 653.68%   |
| 2018                                  | 2,693,404,508                 | 1,094,683,851        | 1,598,720,657            | 40.64%  | 211,482,201         | 755.96%   |
| 2019                                  | 2,775,649,498                 | 1,187,549,469        | 1,588,100,029            | 42.78%  | 211,607,883         | 750.49%   |
| 2020                                  | 2,858,334,143                 | 1,269,742,433        | 1,588,591,710            | 44.42%  | 207,194,914         | 766.71%   |
| 2021                                  | 2,905,523,741                 | 1,334,101,764        | 1,571,421,977            | 45.92%  | 212,121,929         | 740.81%   |
| 2022                                  | 2,820,842,280                 | 1,126,898,385        | 1,693,943,895            | 39.95%  | 214,083,061         | 791.26%   |
| 2023                                  | 3,071,576,869                 | 1,183,981,025        | 1,887,595,844            | 38.55%  | 238,725,119         | 790.70%   |
| 2024                                  | 3,127,453,272                 | 1,260,169,474        | 1,867,283,798            | 40.29%  | 252,855,634         | 738.48%   |
| 2025                                  | 3,150,237,738                 | 1,389,298,384        | 1,760,939,354            | 44.10%  | 264,486,264         | 665.80%   |

\* Covered payroll shown is the amount in force as of the actuarial valuation date and likely differs from actual payroll paid during the fiscal year.

# LABORERS' AND RETIREMENT BOARD EMPLOYEES ANNUITY AND BENEFIT FUND OF CHICAGO

## REQUIRED SUPPLEMENTARY INFORMATION

### SCHEDULE OF CONTRIBUTIONS MULTIYEAR LAST 10 FISCAL YEARS

| Fiscal Year<br>Ending<br>December 31, | Actuarially<br>Determined<br>Contribution* | Actual<br>Contribution | Contribution<br>Deficiency<br>(Excess) | Covered<br>Payroll** | Actual Contribution<br>as a % of<br>Covered Payroll | Statutory<br>Contribution*** | Statutory<br>Contribution<br>Deficiency/(Excess) **** |
|---------------------------------------|--|------------------------|--|----------------------|---|------------------------------|---|
| 2016                                  | \$ 117,033,100                             | \$ 12,603,498          | \$ 104,429,603                         | \$ 208,154,918       | 6.05%   | \$ 13,179,003                | \$ 575,505  |
| 2017                                  | 124,226,042                                | 35,456,607             | 88,769,435                             | 208,442,487          | 17.01%  | 36,000,000                   | 543,393   |
| 2018                                  | 129,247,584                                | 47,844,184             | 81,403,400                             | 211,482,201          | 22.62%  | 48,000,000                   | 155,816   |
| 2019                                  | 148,409,689                                | 59,346,056             | 89,063,633                             | 211,607,883          | 28.05%  | 60,000,000                   | 653,944   |
| 2020                                  | 155,793,822                                | 73,744,129             | 82,049,693                             | 207,194,914          | 35.59%  | 72,000,000                   | (1,744,129)   |
| 2021                                  | 155,245,337                                | 84,969,321             | 70,276,016                             | 212,121,929          | 40.06%  | 84,000,000                   | (969,321)   |
| 2022                                  | 153,023,327                                | 116,175,957            | 36,847,370                             | 214,083,061          | 54.27%  | 116,549,222                  | 373,265   |
| 2023                                  | 153,404,709                                | 123,795,653            | 29,609,056                             | 238,725,119          | 51.86%  | 111,974,969                  | (11,820,684)  |
| 2024                                  | 168,827,824                                | 147,466,056            | 21,361,768                             | 252,855,634          | 58.32%  | 127,349,567                  | (20,116,489)  |
| 2025                                  | 170,344,765                                | 155,996,377            | 14,348,388                             | 264,486,264          | 58.98%  | 136,089,914                  | (19,906,463)  |

\* The LABF Statutory Funding Policy does not conform to Actuarial Standards of Practice, therefore, the Actuarially Determined Contribution is equal to the normal cost plus an amount to amortize the unfunded liability using level dollar payments and a 30-year open amortization period.

\*\* Covered payroll shown is the amount in force as of the actuarial valuation date and likely differs from actual payroll paid during the fiscal year.

\*\*\* Excludes amounts paid for health insurance supplement in fiscal years prior to December 31, 2017.

\*\*\*\* The contribution deficiency (excess) shown in the column is based on the City's actual contribution in relation to the Statutory Funding Policy only. Contributions made in excess of the Statutory Contribution do not indicate that the actual contribution conforms to the requirements of an Actuarially Determined Contribution (a minimum requirement for sound funding) under the Actuarial Standards of Practice.



# LABORERS' AND RETIREMENT BOARD EMPLOYEES ANNUITY AND BENEFIT FUND OF CHICAGO

## REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2025

### NOTES TO SCHEDULE OF CONTRIBUTIONS MULTIYEAR

**Valuation Date** December 31, 2025

**Methods and Assumptions Used to Determine Contribution Rates for Fiscal Year 2025**

|                                   |  |
|-----------------------------------|--|
| Actuarial Cost Method             | Entry Age Normal   |
| Amortization Method               | Prior to 2017, the total City contribution is generated by a tax equal to 1.00 times the contributions by participants to the Plan two years prior to the year of the tax levy. For tax levy years 2017-2021, the statutory contributions are equal to \$36 million, \$48 million, \$60 million, \$72 million, and \$84 million, respectively. For tax levy years on and after 2022, the statutory contributions are equal to a level percentage of pay contribution determined so that the Fund attains a 90% funded ratio by the end of 2058 on an open group basis. |
| Remaining Amortization Period     | Not Applicable. An amortization payment is calculated as a level percentage of pay contribution determined so that the Fund attains a 90% funded ratio by the end of 2058 on an open group basis.  |
| Asset Valuation Method            | 5-year smoothed market   |
| Inflation                         | 2.25%  |
| Salary Increases                  | Salary increase rates based on service-related productivity and merit rates plus wage inflation of 3.00%.  |
| Post Retirement Benefit Increases | Post retirement benefit increases are equal to 3.00 percent, compounded annually, for Tier 1 members. Post retirement increases for Tier 2 and Tier 3 members are equal to the lesser of 3.00 percent or one-half the annual unadjusted percentage increase (but no less than zero) in the Consumer Price Index-U for the 12 months ending with the September preceding the date of the increase, using simple interest.   |



**LABORERS' AND RETIREMENT BOARD EMPLOYEES  
ANNUITY AND BENEFIT FUND OF CHICAGO**

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2025

NOTES TO SCHEDULE OF CONTRIBUTIONS MULTIYEAR (CONTINUED)

|                                   |  |
|-----------------------------------|--|
| Investment Rate of Return         | 6.75%  |
| Retirement Age                    | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the December 31, 2020 valuation pursuant to an experience study of the period January 1, 2017 through December 31, 2019.  |
| Mortality                         | <p>Post Retirement Mortality: Scaling factors of 109% for males, and 108% for females of the Pub-2010 Amount-weighted Below-median Income General Healthy Retiree Mortality Tables, sex distinct, with generational mortality improvement using MP-2020 2-dimensional mortality improvement scale recently released by the SOA. This assumption provides a margin for mortality improvements.</p> <p>Pre-Retirement Mortality: Scaling factors of 111% for males, and 115% for females of the Pub-2010 Amount-weighted Below-median Income General Employee Mortality Tables, sex distinct, with generational mortality improvement scales recently released by the SOA. This assumption provides a margin for mortality improvements.</p> |
| <b>Other Information</b><br>Notes | Demographic assumptions were updated for the actuarial valuation as of December 31, 2020. The Investment Rate of Return was adopted for the actuarial valuation as of December 31, 2023.   |

**Method and Assumptions Used for Accounting Purposes as of the Valuation Date**

|                        |  |
|------------------------|--|
| Actuarial Cost Method  | Entry Age Normal   |
| Asset Valuation Method | Market   |
| Discount Rate          | 6.64% as of the December 31, 2024 actuarial valuation<br>6.70% as of the December 31, 2025 actuarial valuation |



**LABORERS' AND RETIREMENT BOARD EMPLOYEES  
ANNUITY AND BENEFIT FUND OF CHICAGO**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF INVESTMENT RETURNS MULTIYEAR

|  | <u>2025</u> | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Annual money-weighted rate of return,<br>net of investment expense | 12.6%       | 9.0%        | 10.0%       | -13.6%      | 11.8%       | 14.5%       | 17.8%       | -6.4%       | 18.7%       | 5.0%        |

## LABORERS' AND RETIREMENT BOARD EMPLOYEES ANNUITY AND BENEFIT FUND OF CHICAGO

### REQUIRED SUPPLEMENTARY INFORMATION

#### SCHEDULES OF CHANGES IN TOTAL OPEB LIABILITY FOR THE PLAN AS EMPLOYER AND EMPLOYER RELATED RATIOS MULTIYEAR

|   | 2025                | 2024                | 2023                | 2022                | 2021                | 2020                | 2019                | 2018                |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Total OPEB liability</b>   |                     |                     |                     |                     |                     |                     |                     |                     |
| Service cost  | \$ 61,361           | \$ 63,062           | \$ 79,406           | \$ 265,751          | \$ 252,864          | \$ 172,631          | \$ 138,109          | \$ 152,130          |
| Interest on the total OPEB liability                                    | 78,210              | 69,672              | 70,141              | 71,977              | 70,737              | 81,350              | 89,080              | 79,003              |
| Changes in benefit terms  | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Difference between expected and actual experience                       | (2,538)             | (37,211)            | 10,795              | (1,561,170)         | (4,925)             | 110,714             | 14,130              | -                   |
| Assumption changes  | (167,726)           | 8,640               | 66,862              | (811,163)           | 96,434              | 221,715             | 350,813             | (146,251)           |
| Benefit payments  | (71,335)            | (72,033)            | (59,522)            | (45,564)            | (47,647)            | (47,955)            | (56,516)            | (70,552)            |
| <b>Net change in total OPEB liability</b>                               | (102,028)           | 32,130              | 167,682             | (2,080,169)         | 367,463             | 538,455             | 535,616             | 14,323              |
| <b>Total OPEB liability - beginning</b>                                 | 1,921,842           | 1,889,712           | 1,722,030           | 3,802,199           | 3,434,736           | 2,896,281           | 2,360,665           | 2,346,342           |
| <b>Total OPEB liability - ending (a)</b>                                | <u>\$ 1,819,814</u> | <u>\$ 1,921,842</u> | <u>\$ 1,889,712</u> | <u>\$ 1,722,030</u> | <u>\$ 3,802,199</u> | <u>\$ 3,434,736</u> | <u>\$ 2,896,281</u> | <u>\$ 2,360,665</u> |
| <b>Covered-employee payroll</b>   | <u>\$ 1,940,664</u> | <u>\$ 1,885,776</u> | <u>\$ 744,816</u>   | <u>\$ 1,141,584</u> | <u>\$ 1,174,824</u> | <u>\$ 1,772,480</u> | <u>\$ 1,756,480</u> | <u>\$ 1,670,363</u> |
| <b>Total OPEB liability as a percentage of covered-employee payroll</b> | 93.77 %             | 101.91 %            | 253.72 %            | 150.85 %            | 323.64 %            | 193.78 %            | 164.89 %            | 141.33 %            |
| <b>Discount Rate, Beginning of Year</b>                                 | 4.08 %              | 3.77 %              | 4.05 %              | 1.84 %              | 2.00 %              | 2.75 %              | 3.71 %              | 3.31 %              |
| <b>Discount Rate, End of Year</b>                                       | 4.83 %              | 4.08 %              | 3.77 %              | 4.05 %              | 1.84 %              | 2.00 %              | 2.75 %              | 3.71 %              |
| <b>Long - Term Municipal Bond Rate, End of Year</b>                     | 4.83 %              | 4.08 %              | 3.77 %              | 4.05 %              | 1.84 %              | 2.00 %              | 2.75 %              | 3.71 %              |
| <b>Long - Term Municipal Bond Rate Date</b>                             | December 31, 2025   | December 31, 2024   | December 31, 2023   | December 31, 2022   | December 31, 2021   | December 31, 2020   | December 30, 2019   | December 28, 2018   |

(a) Total OPEB liability as of December 31, 2025 was measured based on the requirements of GASB Statement No. 75, based on census, plan provisions, methods and assumptions as of December 31, 2023. The assumptions used are based on the experience study covering the period January 1, 2017, to December 31, 2019.



## SUPPLEMENTARY INFORMATION



## LABORERS' AND RETIREMENT BOARD EMPLOYEES ANNUITY AND BENEFIT FUND OF CHICAGO

### SCHEDULES OF INVESTED ASSETS COST AND FAIR VALUE

DECEMBER 31, 2025 AND 2024

|  | 2025                    |               |                         |               | 2024                  |               |                         |               |
|--|-------------------------|---------------|-------------------------|---------------|-----------------------|---------------|-------------------------|---------------|
|  | Cost Value              |               | Fair Value              |               | Cost Value            |               | Fair Value              |               |
| Cash and short-term investments                    | \$ 49,330,730           | 4.9%          | \$ 49,329,074           | 3.9%          | \$ 35,547,583         | 3.9%          | \$ 35,553,498           | 3.1%          |
| U.S. equities                                      | 177,766,278             | 17.7%         | 342,359,767             | 27.1%         | 218,132,366           | 24.0%         | 368,511,070             | 32.6%         |
| Foreign equities                                   | 114,715,218             | 11.4%         | 148,778,396             | 11.8%         | 131,987,736           | 14.5%         | 154,651,594             | 13.7%         |
| Equity funds                                       | 50,641,410              | 5.0%          | 63,294,233              | 5.0%          | 29,481,903            | 3.3%          | 42,316,358              | 3.7%          |
| U.S. Government obligations and<br>municipal bonds | 125,795,502             | 12.5%         | 122,865,426             | 9.7%          | 91,266,943            | 10.0%         | 85,171,594              | 7.5%          |
| U.S. corporate bonds                               | 99,615,358              | 9.9%          | 99,707,126              | 7.9%          | 39,646,533            | 4.4%          | 37,469,732              | 3.3%          |
| Foreign fixed income securities                    | 82,438,770              | 8.2%          | 83,443,556              | 6.6%          | 63,198,234            | 7.0%          | 60,455,752              | 5.3%          |
| Fixed income funds                                 | 5,078,164               | 0.5%          | 5,064,612               | 0.4%          | 7,462,142             | 0.8%          | 7,311,870               | 0.6%          |
| Private markets                                    | 100,381,871             | 10.0%         | 114,681,567             | 9.1%          | 98,393,268            | 10.8%         | 112,472,946             | 9.9%          |
| Real estate  | 101,133,611             | 10.0%         | 105,239,519             | 8.3%          | 98,834,464            | 10.9%         | 105,691,957             | 9.3%          |
| Hedge funds  | 72,522,588              | 7.2%          | 95,527,742              | 7.5%          | 68,454,696            | 7.5%          | 87,587,432              | 7.7%          |
| Real asset infrastructure fund                     | <u>27,070,435</u>       | <u>2.7%</u>   | <u>35,116,140</u>       | <u>2.8%</u>   | <u>26,516,505</u>     | <u>2.9%</u>   | <u>33,414,460</u>       | <u>3.0%</u>   |
| Invested assets at<br>cost/fair value              | <u>\$ 1,006,489,935</u> | <u>100.0%</u> | <u>\$ 1,265,407,158</u> | <u>100.0%</u> | <u>\$ 908,922,373</u> | <u>100.0%</u> | <u>\$ 1,130,608,263</u> | <u>100.0%</u> |



## LABORERS' AND RETIREMENT BOARD EMPLOYEES ANNUITY AND BENEFIT FUND OF CHICAGO

### SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2025 AND 2024

### SCHEDULES OF ADMINISTRATIVE EXPENSES, INVESTMENT EXPENSES AND PROFESSIONAL SERVICES

#### Schedules of Administrative and OPEB Expenses

|  | 2025         | 2024         |
|--|--------------|--------------|
| Personnel services                     | \$ 2,438,750 | \$ 2,206,119 |
| Occupancy and utilities                | 340,420      | 262,395      |
| Professional services                  | 477,737      | 565,924      |
| OPEB expense                           | (203,860)    | (193,348)    |
| Insurance                              | 212,913      | 211,540      |
| Depreciation expense                   | 175,386      | 175,386      |
| Litigation expense                     | 771          | 5,486        |
| Supplies and equipment                 | 136,876      | 81,467       |
| Printing and technical services        | 75,450       | 102,895      |
| Telecommunications and internet        | 22,334       | 18,590       |
| Miscellaneous                          | 27,437       | 19,865       |
| Postage                                | 24,000       | 12,499       |
| Interest expense                       | 2,293        | 5,448        |
| Department of Insurance compliance fee | 8,000        | 8,000        |
| Total                                  | \$ 3,738,507 | \$ 3,482,266 |

#### Schedules of Investment Expenses

|                            | 2025         | 2024         |
|----------------------------|--------------|--------------|
| Investment management fees | \$ 6,153,688 | \$ 5,665,602 |
| Other investment expenses  | 108,552      | 618,538      |
| Investment consultant fee  | 265,000      | 265,000      |
| Investment custody fee     | 212,500      | 212,500      |
| Total                      | \$ 6,739,740 | \$ 6,761,640 |

#### Schedules of Professional Services

|                             | 2025       | 2024       |
|-----------------------------|------------|------------|
| Actuarial valuation         | \$ 72,500  | \$ 67,250  |
| Audit                       | 47,861     | 46,413     |
| Benefit check production    | 96,002     | 91,485     |
| Custom software development | 121,712    | 206,937    |
| Legal services              | 86,334     | 100,853    |
| Legislative consultant      | 36,000     | 36,000     |
| Medical consultant          | 17,328     | 16,986     |
| Total                       | \$ 477,737 | \$ 565,924 |

# LABORERS' AND RETIREMENT BOARD EMPLOYEES ANNUITY AND BENEFIT FUND OF CHICAGO

## SCHEDULES OF INVESTMENT EXPENSES

YEARS ENDED DECEMBER 31, 2025 AND 2024

|   | 2025         | 2024         |
|---|--------------|--------------|
| <b>Investment Management Fees</b>               |              |              |
| ARGA  | \$ 353,758   | \$ 210,974   |
| Ariel Investment, LLC                           | 186,843      | 193,751      |
| ASB Capital Management LLC                      | 249,401      | 263,141      |
| Attucks Asset Management, LLC                   | 472,387      | 429,841      |
| Ballie Gifford Oversees Ltd                     | 314,001      | 287,539      |
| Brightwood Capital Advisors, LLC                | 104,453      | 125,936      |
| Core Capital                                    | 47,255       | 44,769       |
| DFA   | 50,510       | -            |
| EntrustPermal Partners                          | 15,884       | 21,636       |
| Fairview Capital                                | 85,500       | 85,500       |
| Fiera Capital Inc.                              | 139,317      | 178,716      |
| Glouston Capital Partners                       | 23,958       | 55,649       |
| HarborVest Partners                             | 93,359       | 58,452       |
| JP Morgan Chase Bank, N.A.                      | 289,435      | 358,473      |
| Lazard Asset Management                         | 144,074      | 142,417      |
| Levine Leichtman Capital Partners, LLC          | 530,134      | 128,468      |
| Lighthouse Investment Partners, LLC             | 307,026      | 282,748      |
| LM Capital Group, LLC                           | 199,095      | 186,039      |
| Long Wharf Real Estate Partners LLC             | 298,737      | 166,458      |
| Lord Abbett                                     | 74,829       | -            |
| Mesirow Financial Private Equity Advisors, Inc. | 12,198       | 15,776       |
| Mesirow Financial Investment Management, Inc.   | 183,497      | 198,340      |
| Neuberger Berman Investment Advisers LLC        | 359,738      | 332,209      |
| Palladium Capital Management V, LLC             | 18,841       | 31,641       |
| Pantheon Ventures (US) LP                       | 104,604      | 116,226      |
| Partners Group, Inc.                            | 286,481      | 283,448      |
| Ramirez Asset Management, Inc.                  | 97,616       | 93,036       |
| RhumbLine Advisers Limited Partnership          | 38,519       | 35,627       |
| Ullico Investment Advisors, Inc.                | 425,068      | 433,371      |
| Victory Park Capital Advisors, LLC              | 355,983      | 221,773      |
| Vontobel Asset Management, Inc.                 | -            | 59,688       |
| Wasatch Advisors Inc.                           | 169,497      | 391,217      |
| William Blair & Company, LLC                    | 121,690      | 232,743      |
| Total investment management fees                | 6,153,688    | 5,665,602    |
| <b>Other Investment Expenses</b>                |              |              |
| Exchange and other expenses                     | 108,552      | 618,538      |
| <b>Investment Consultant Fee</b>                |              |              |
| Marquette Associates, Inc.                      | 265,000      | 265,000      |
| <b>Investment Custody Fee</b>                   |              |              |
| Northern Trust Company                          | 212,500      | 212,500      |
| Total investment expenses                       | \$ 6,739,740 | \$ 6,761,640 |