St. Clair County Employees' Retirement System

Board Summary of December 31, 2025 Actuarial Valuation

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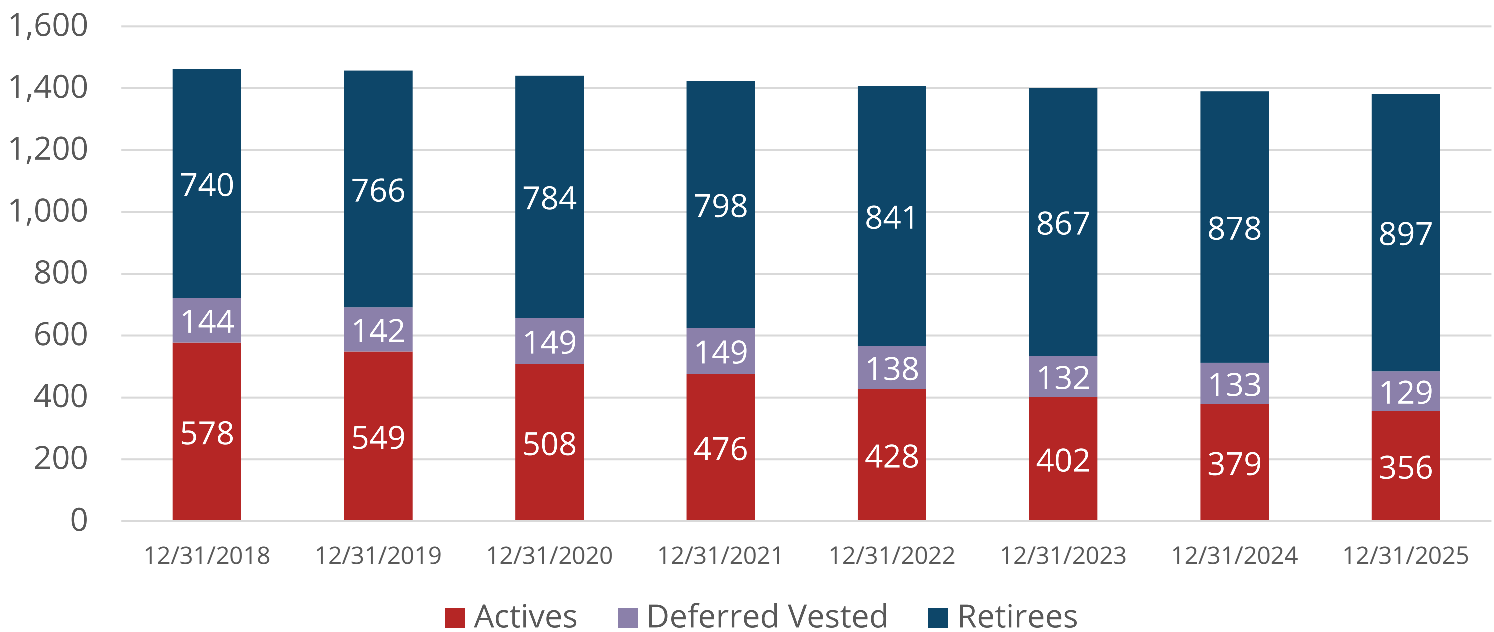
2025 Highlights

Asset Performance	• 2025 Market performance ○ Asset return of 13.2% on market value basis ○ Asset return of 6.2% on smoothed value basis ○ Asset smoothing in place to limit volatility
Current Year Results	• Liability impacted by higher pay increases than expected and early retirements • Plan Funding Ratio ○ Market Value Funding Percentage: 84% to 89% ○ Smoothed Value Funding Percentage: 88% to 87% • Recommended Contribution ○ Increased from \$9.0M to \$9.8M
Looking Ahead	• Review funding projections • Pub-2016 Mortality Tables

Participant Information



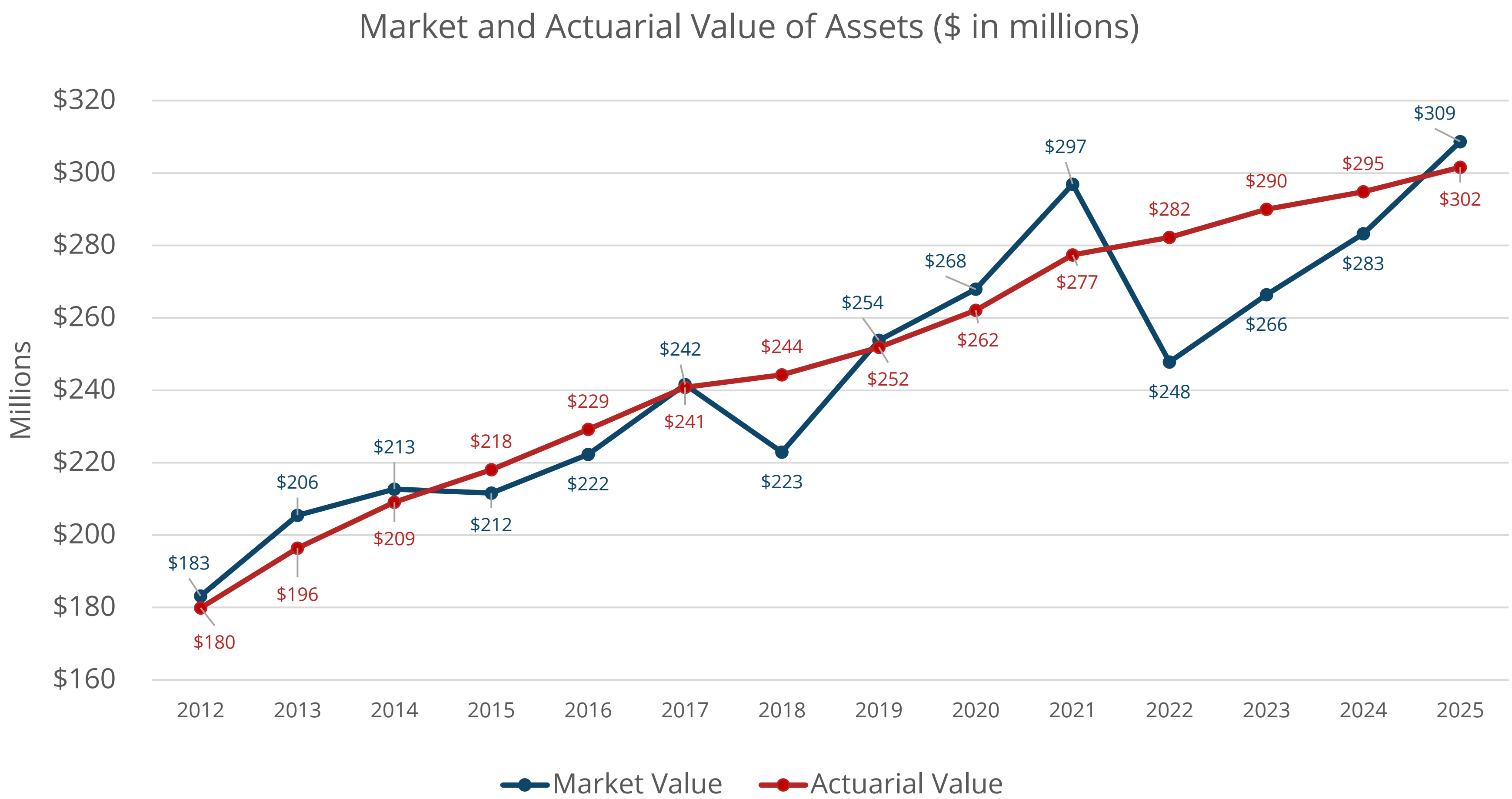
- 24 Active employees retired, 4 terminated
- 24 Retirees and survivors passed away, with 8 new beneficiaries
- 4 New Hires entered the Plan
- Average pensioner benefit is $1,913/month.

Actuarial Value of Assets Reconciliation

	General & Sheriff	Mental Health	Road Commission	Total
Actuarial Value of Assets, 12/31/2024	$192,464,000	$61,553,000	$40,787,000	$294,804,000
Employer Contributions	5,545,000	1,362,000	888,000	7,795,000
Employee Contributions	1,136,000	427,000	136,000	1,699,000
Benefit Payments	(13,299,000)	(3,520,000)	(3,682,000)	(20,501,000)
Expenses	(115,000)	(37,000)	(24,000)	(176,000)
Investment Income	11,742,000	3,767,000	2,449,000	17,958,000
Actuarial Value of Assets, 12/31/2025	**$197,473,000**	**$63,552,000**	**$40,554,000**	**$301,579,000**

- Market Value Investment Income was $36,743,000 for 2025, a return of 13.2%

Historical Asset Information ($Millions)



Market Returns	2021	2022	2023	2024	2025
	13.9%	(15.0)%	11.7%	10.5%	13.2%

- Long-term expected return is 7.00%.

Actuarial Value of Assets Development ($Millions)

Year	12/31/2022	12/31/2023	12/31/2024	12/31/2025	12/31/2026	12/31/2027
(a) AVA, Beg. of Year	$277.4	$282.3	$290.0	$294.8	$301.6M	*TBD*
(b) Cash Flows	($5.0)	($10.0)	($10.6)	($11.2)	*TBD*	*TBD*
(c) Expected Earnings	$19.2	$19.4	$19.9	$20.3	*TBD*	*TBD*
G/(L) - Prior Year	**($63.2)**	$9.1	$7.5	$16.5	*TBD*	*TBD*
G/(L) – Prior Year 2	$18.7	**($63.2)**	$9.1	$7.5	$16.5	*TBD*
G/(L) – Prior Year 3	$5.5	$18.7	**($63.2)**	$9.1	$7.5	$16.5
G/(L) – Prior Year 4	$21.3	$5.5	$18.7	**($63.2)**	$9.1	$7.5
G/(L) – Prior Year 5	($29.0)	$21.3	$5.5	$18.7	**($63.2)**	$9.1
20% Adj. Prior Year	**($12.6)**	$1.8	$1.5	$3.3	*TBD*	*TBD*
20% Adj. Prior Year 2	$3.7	**($12.6)**	$1.8	$1.5	$3.3	*TBD*
20% Adj. Prior Year 3	$1.1	$3.7	**($12.6)**	$1.8	$1.5	$3.3
20% Adj. Prior Year 4	$4.3	$1.1	$3.7	**($12.6)**	$1.8	$1.5
20% Adj. Prior Year 5	($5.8)	$4.3	$1.1	$3.7	**($12.6)**	$1.8
(d) Total Adjustment	($9.3)	($1.7)	($4.5)	($2.3)	*($6.0)*	*$6.6*
(e) AVA, End of Year	**$282.3**	**$290.0**	**$294.8**	**$301.6**	***TBD***	***TBD***
(a) + (b) + (c) + (d)						

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2025 Plan Liability Experience

- Review end of year liability compared to expected
- Rolled forward with normal cost, benefit payments, and interest
- Actuarial Equivalence Mortality Updated to unisex Pub-2010 General table projected to 2030
- Overall liability was higher than expected by $3.8M
  - Driven largely by salary increases that were larger than expected
  - Sheriff: Avg Inc. 8.4%
  - Road Comm: Avg Inc. 7.48%
  - Mental Health: Avg Inc. 6.6%
  - General County: Avg Inc. 4.2%

Liability (gain)/loss	
Actuarial liability, 12/31/2024	$335,297,000
Normal cost	$3,769,000
Benefit payments	($20,501,000)
Expected Interest	$23,017,000
Plan provision changes	$135,000
Assumption changes	$0
Expected actuarial liability, 12/31/2025	341,717,000
Actual actuarial liability, 12/31/2025	$345,536,000
Liability (gain)/loss	$3,819,000

Total Plan
Funded Position and Contribution Requirement

Valuation Date Fiscal Year	**12/31/2024** **2026 Contribution**	**12/31/2025** **2027 Contribution**
Funded Position		
Actuarial Accrued Liability	$335,297,000	$345,536,000
Actuarial Value of Assets	294,804,000	301,579,000
Unfunded Accrued Liability	$40,493,000	$43,957,000
Funded Ratio	87.9%	87.3%
Fiscal Year Employer Contribution Requirement		
Total Normal Cost	$3,769,000	$3,701,000
Employee Contributions	1,584,000	1,564,000
Employer Normal Cost	$2,185,000	$2,137,000
Admin Expenses	170,000	180,000
Amortization Payment	5,816,000	6,519,000
Interest	866,000	937,000
Total	**$9,037,000**	**$9,773,000**
Est. Fiscal Year Payroll	$26,272,000	$25,898,000
Total as of Percent of Est. Fiscal Year Payroll	34.4%	37.7%

General & Sheriff
Funded Position and Contribution Requirement

Valuation Date Fiscal Year	**12/31/2024** **2026 Contribution**	**12/31/2025** **2027 Contribution**
Funded Position		
Actuarial Accrued Liability	$219,982,000	$226,591,000
Actuarial Value of Assets	192,464,000	197,473,000
Unfunded Accrued Liability	$27,518,000	$29,118,000
Funded Ratio	87.5%	87.1%
Fiscal Year Employer Contribution Requirement		
Total Normal Cost	$2,568,000	$2,504,000
Employee Contributions	1,080,000	1,059,000
Employer Normal Cost	$1,488,000	$1,445,000
Admin Expenses	111,000	118,000
Amortization Payment	4,148,000	4,569,000
Interest	610,000	651,000
Total	**$6,357,000**	**$6,783,000**
Est. Fiscal Year Payroll	$17,453,000	$17,061,000
Total as of Percent of Est. Fiscal Year Payroll	36.4%	39.8%

Mental Health
Funded Position and Contribution Requirement

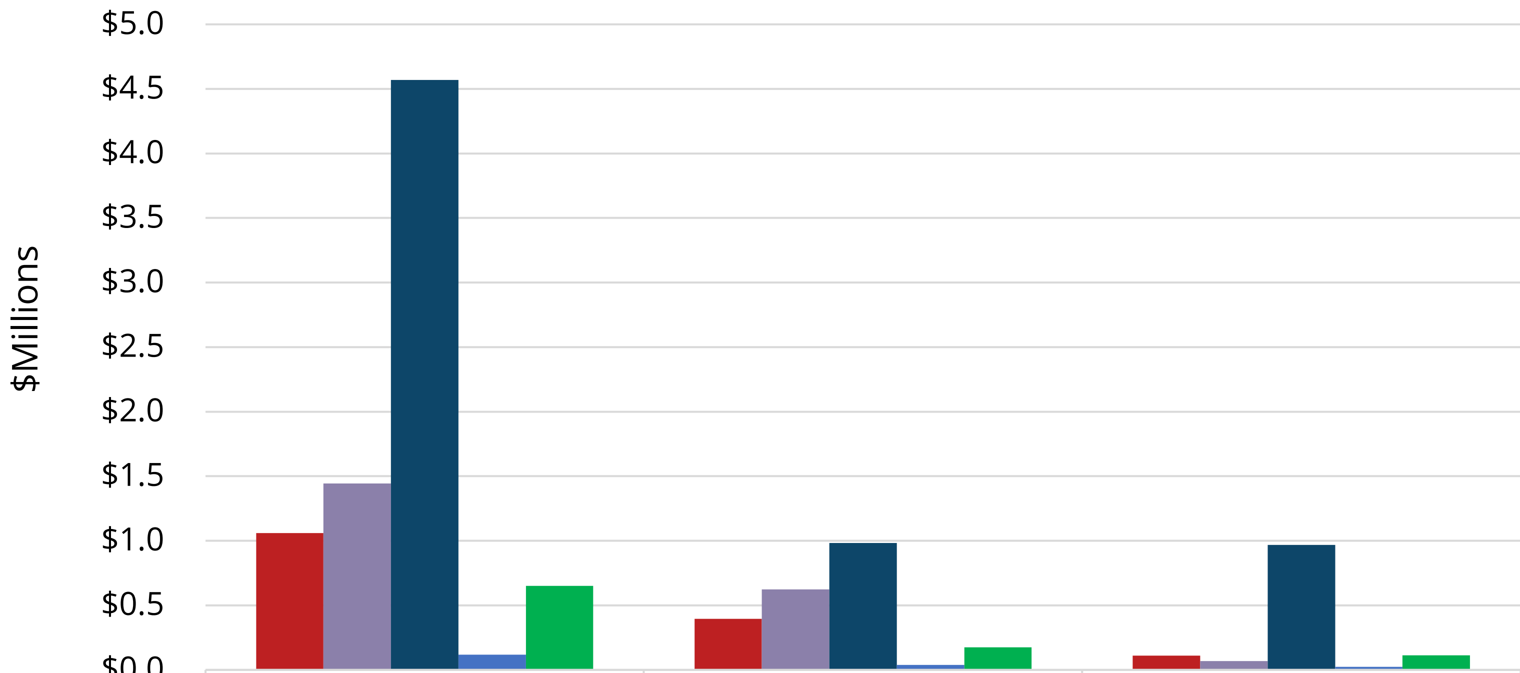
Valuation Date Fiscal Year	**12/31/2024** **2026 Contribution**	**12/31/2025** **2027 Contribution**
Funded Position		
Actuarial Accrued Liability	$67,412,000	$71,414,000
Actuarial Value of Assets	61,553,000	63,552,000
Unfunded Accrued Liability	$5,859,000	$7,862,000
Funded Ratio	91.3%	89.0%
Fiscal Year Employer Contribution Requirement		
Total Normal Cost	$992,000	$1,019,000
Employee Contributions	381,000	395,000
Employer Normal Cost	$611,000	$624,000
Admin Expenses	35,000	38,000
Amortization Payment	738,000	983,000
Interest	147,000	174,000
Total	**$1,531,000**	**$1,819,000**
Est. Fiscal Year Payroll	$7,354,000	$7,533,000
Total as of Percent of Est. Fiscal Year Payroll	20.8%	24.1%

Road Commission
Funded Position and Contribution Requirement

Valuation Date Fiscal Year	**12/31/2024** **2026 Contribution**	**12/31/2025** **2027 Contribution**
Funded Position		
Actuarial Accrued Liability	$47,903,000	$47,531,000
Actuarial Value of Assets	40,787,000	40,554,000
Unfunded Accrued Liability	$7,116,000	$6,977,000
Funded Ratio	85.1%	85.3%
Fiscal Year Employer Contribution Requirement		
Total Normal Cost	$209,000	$179,000
Employee Contributions	123,000	110,000
Employer Normal Cost	$86,000	$69,000
Admin Expenses	24,000	24,000
Amortization Payment	930,000	967,000
Interest	109,000	112,000
Total	**$1,149,000**	**$1,172,000**
Est. Fiscal Year Payroll	$1,464,000	$1,304,000
Total as of Percent of Est. Fiscal Year Payroll	78.5%	89.9%

Funding Results

2027 Fiscal Year Contribution Requirement

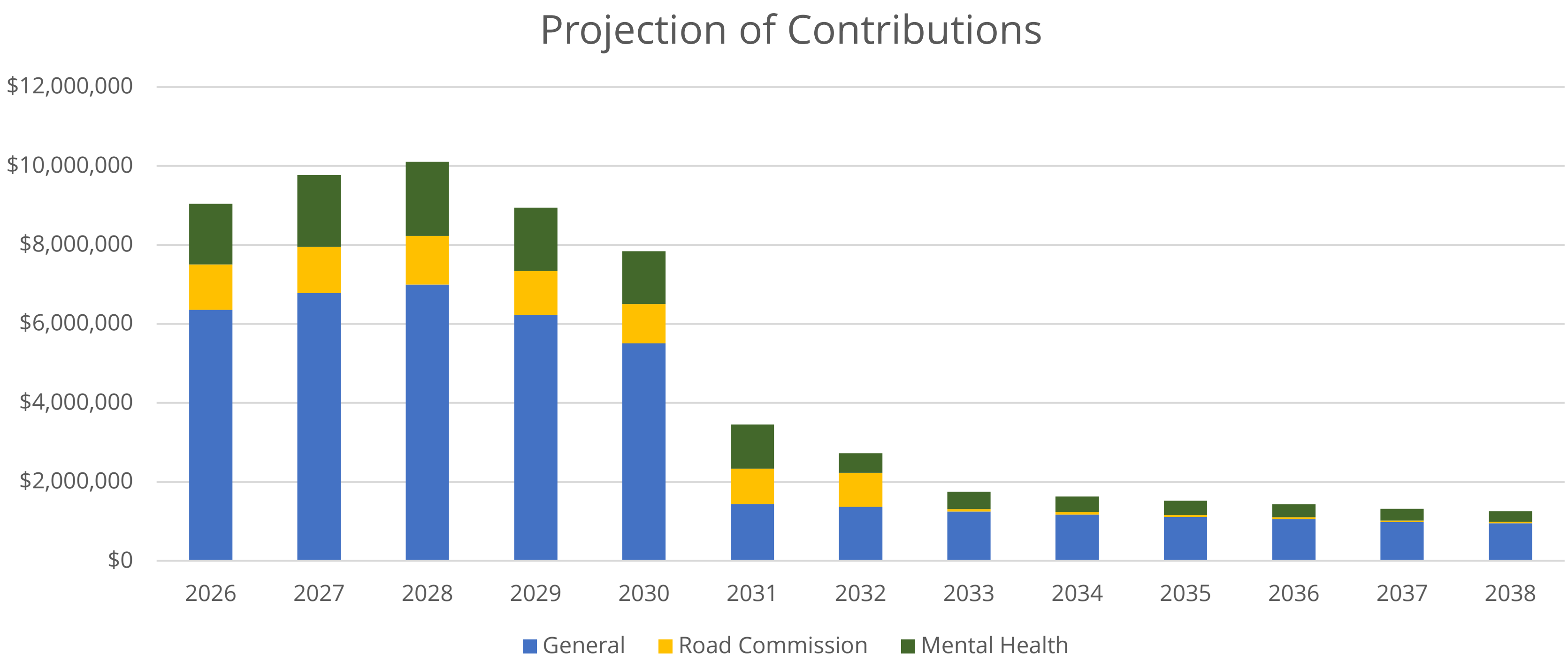


	General & Sheriff	Mental Health	Road Commission
Employee Contributions	1,059,000	395,000	110,000
Employer Normal Cost	1,445,000	624,000	69,000
Amortization Payment	4,569,000	983,000	967,000
Admin Expenses	118,000	38,000	24,000
Interest	651,000	174,000	112,000

Cost Projections

- Review Contribution and Funded Percentage Projections
- Assumptions
  - Assets earn 7.0% every year
  - Each division contributes the recommended contribution annually
  - Participants designated as Sheriff Deputies have a flat population over the entire projection period, otherwise no other new entrants enter the Plan
- All other assumptions are consistent with those described in the 12/31/2025 valuation report.

Cost Projections



$ Millions	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
General & Sheriff	6.36	6.78	6.99	6.23	5.51	1.44	1.37	1.24	1.17	1.11	1.06	0.98	0.95
Road Comm	1.15	1.17	1.23	1.11	0.99	0.90	0.86	0.06	0.06	0.05	0.05	0.04	0.04
Mental Health	1.53	1.82	1.88	1.61	1.34	1.12	0.49	0.44	0.40	0.36	0.33	0.30	0.26
Total	9.04	9.77	10.10	8.95	7.84	3.46	2.72	1.74	1.63	1.52	1.44	1.32	1.25
Funded %	**87.3%**	**87.3%**	**91.2%**	**94.9%**	**98.1%**	**100.2%**	**101.1%**	**101.9%**	**102.4%**	**102.9%**	**103.4%**	**103.9%**	**104.5%**

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Michigan PA 202

- Underfunded Status
  - Underfunded if funded status is below 60% and required contribution is greater than 10% of City revenue
  - Use Plan Assumptions to determine Underfunded Status
  - St. Clair County Employees Retirement System is **not** in Underfunded Status – Reflects GASB 67/68 reporting, based on prior year assets

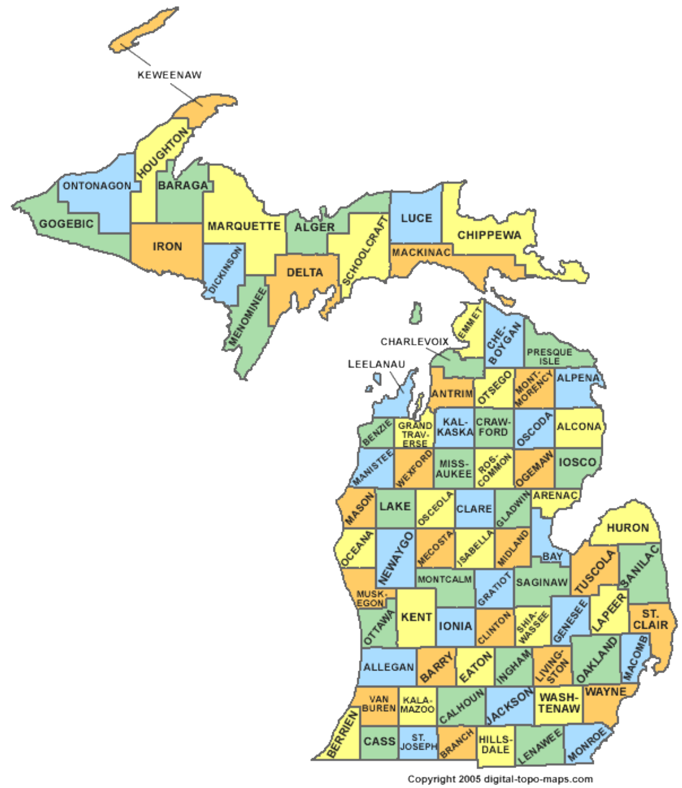
	General & Sheriff	Mental Health	Road Commission
PA 202 Reporting FY 2025	**84.4%**	**86.1%**	**82.6%**

- Uniform Assumptions
  - Compare plans on a more-standard basis
  - For FY 2025 reporting, uniform assumptions use a 7.00% interest rate. All Plan assumptions align with Uniform guidelines.
  - For FY 2026 reporting, mortality uniform assumptions move to the new Pub-2016 tables
- Experience Study every 5 years
  - Last experience study August 2024
  - St. Clair ERS historically completes experience study every 5 years
  - Treasury draft guidance clarified the experience study requirement only applies to OPEB plans, but we highly encourage you to continue reviewing assumptions regularly
- Actuary Audit or Replace Current Actuary every 8 years
  - Treasury draft guidance clarified that audit requirement only applies to OPEB plans with more than 100 participants

Michigan PA 202
2024 Fiscal Year Comparison

Pull Michigan PA-202 Reporting on Treasury Website for the 2024 Fiscal Year

- County Plans
  - 34 plans over $50M in assets with 81 plans total
  - Average funded ratio was 79%
- Road Commission Plans
  - 66 plans total
  - Average funded ratio was 78%
- Library Plans
  - 63 plans total
  - Average funded ratio was 84%
- Authority Plans (WW and Health)
  - 182 plans total
  - Average funded ratio was 81%



New Public Mortality Study (Pub-2016)

- In May 2025, the Society of Actuaries released updated Public Retirement Plans Mortality Tables (Pub-2016)
- Covers data from 2013 to 2020, with 2020 excluded to avoid experience impacted by the Covid-19 pandemic.
- New tables show slightly longer life expectancy for Public Safety employees and shorter life expectancy for General employees.
- **We recommend that SCCERS adopt new Pub-2016 mortality tables for 12/31/2026 valuation.**
- We recommend moving Road Commission back to the General Employees tables as part of this change, now that Public Safety is showing longer life-expectancy.
- No change to Actuarial Equivalence and optional forms

Life Expectancy: General Employees

	Male Retiree Age 65	Female Retiree Age 65
Pub-2010 General w/ MP-2021	86 and 8 months	89 and 1 months
Pub-2016 General w/ MP-2021	86 and 4 months	88 and 8 months

Life Expectancy: Public Safety Employees

	Male Retiree Age 65	Female Retiree Age 65
Pub-2010 Public Safety w/ MP-2021	86 and 3 months	88 and 2 months
Pub-2016 Public Safety w/ MP-2021	86 and 5 months	87 and 9 months

Pub-2016 Impact	General County	Sheriff's Office	Mental Health	Road Comm	Total
Liability Impact	($584)K	($25)K	($86)K	($64)K	($759)K
% of Division Liability	(0.41)%	(0.03)%	(0.12)%	(0.13)%	(0.22)%

Based on Age 65 retirees in 2026 with amount-weighted Pub-2016 mortality tables and generational improvement scale, MP-2021

Retiree Reserve Balance

Valuation Date	12/31/2024	12/31/2025
Retiree Accrued Liability	$209,080,017	$216,941,156
Retiree Reserve	209,436,282	221,339,381
Unfunded Accrued Liability	($356,265)	($4,398,225)

As of 12/31/2025, the Reserve for Retired Benefit Payments is greater than the computed retiree liabilities. We recommend a transfer of $4,398,225 be made from the Reserve for Retired Benefit Payments to the Reserve for Employer Contributions.

During 2025, the Reserve for Retired Benefit Payments increased by $3,082,478 from member contributions, decreased by $20,426,932 for benefit payments, and then increased by $29,247,553 from market gains.

Appendix

Participant Information

December 31, 2025	General & Sheriff	Mental Health	Road Commission	Total
Actives				
Number	235	102	19	356
Average Age	48.7	52.4	54.8	50.1
Average Service	18.8	17.4	24.8	18.7
Average Pay	$75,266	$77,994	$83,801	$76,503
In-Receipt				
Number	588	163	146	897
Average Age	72.3	71.4	73.8	72.4
Average Monthly Benefits	$1,901	$1,831	$2,057	$1,913
Terminated Vested				
Number	62	39	10	111
Average Age	51.1	52.3	55.6	51.9
Average Monthly Benefits	$1,333	$1,170	$1,250	$1,268
Return of Contributions				
Number	12	6	0	18
Total Contributions	$36,550	$33,079	$0	$69,629

Summary of Assumptions and Methods

Assumption/Method	Description
Funding Interest Rate	7.00% (net of investment expenses)
Annual Pay Increases	Varies by years of service, based on 2024 experience study
Mortality Rates	Pub-2010 Mortality Tables with generational improvements using Scale MP-2021.
Retirement Rates	Varies by age and division, based on 2024 experience study
Withdrawal Rates	Varies by age and division, based on 2024 experience study
Disability	Varies by age
Amortization of UAAL	15-year level dollar closed amortization of UAAL
Asset Method	Spreads actual vs expected investment income over a period of five years

Comments on Projections

The cost projections contained in this report are based on the valuation results and assumptions noted in the December 31, 2025 actuarial valuation report. Reasonable actuarial techniques and assumptions were used to produce the cost projections.

This report shows cost projections under different economic scenarios. Note sophisticated demographic projections of participant data were not completed due to the scope of the project. Actual results will vary from projections shown in this report, perhaps significantly, due to changes in the assumptions, plan provisions, participant demographics, interest rate movement, actual asset performance, and other actual experience of the plan. Depending on the use of this information, additional cost projections may be necessary to quantify the sensitivity of results.

While a diligent effort has been made to produce reasonable projections, by their very nature projections are speculative. Plan sponsors are cautioned against placing too much reliance on any particular scenario.

Certification

This report has been prepared for the primary purpose of summarizing the actuarial valuation for the St. Clair County Employees' Retirement System as of December 31, 2025. To the best of our knowledge, the reports summarized herein present fair positions of the funded status of the plan in accordance with the Actuarial Standards of Practice as described by the American Academy of Actuaries and are based on the plan provisions and assumptions summarized within each report.

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

Neither Nyhart nor any of its employees have any relationship with the plan or its sponsor which could impair or appear to impair the objectivity of this report. To the extent that this report or any attachment concerns tax matters, it is not intended to be used and cannot be used by a taxpayer for the purpose of avoiding penalties that may be imposed by law.

The undersigned are compliant with the continuing education requirements of the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States.

To our knowledge there have been no significant events prior to the current year's measurement date or as of the date of this report which could materially affect the results contained herein.

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Taylor Clary

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