

Annual Comprehensive Financial Report 2025



What a difference a day makes.

**What We Do Every Day
Is How We Earn Our Members' Trust.**



Our Mission

IMPROVING the retirement security of our members by prudently investing and managing the trust assets and delivering benefits that make a **POSITIVE DIFFERENCE** in their lives.



Teacher Retirement System of Texas

2025 Annual Comprehensive Financial Report

A Component Unit of
the State of Texas

Fiscal year ended August 31, 2025

Prepared by the Financial Services division of the Teacher Retirement System of Texas with the collaborative efforts of the agency's team members.

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Introductory Section



TRS conducts an average of 80 member appointments (phone, scheduled in-person, walk-in, virtual) per day.

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Robert H. Walls, Jr. Chair
San Antonio
Direct appointment of the governor
Term expires 2025



Michael Ball, Vice Chair
Argyle
Active public education position
Term expires 2025



Laronda Graf
Atlanta ISD Director of Human Resources
Queen City
At-Large position
Term Expires 2029



Brittney Allred
Principal
Luther King Capital Management
Dallas
Position nominated by the State Board
of Education
Term expires 2027



John R. Rutherford
Houston
Direct appointment of the governor
Term expires 2029



David Corpus
Executive Vice President-Bank President
Stellar Bank (STEL)
Humble
Position nominated by the State Board
of Education
Term expires 2025



Elvis Williams
Assistant Superintendent of Operations
Edgewood Independent School District
Fair Oaks Ranch
Active public education position
Term expires 2027



John Elliott
Founding Member
Law Office of John W. Elliott, P.L.L.C.
Austin
Direct appointment of the governor
Term expires 2027

For information on the board election process, please refer to Note 1 in the Financial Section.



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

Teacher Retirement System of Texas

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

August 31, 2024

Christopher P. Morill

Executive Director/CEO



Public Pension Coordinating Council

***Recognition Award for Administration
2024***

Presented to

Teacher Retirement System of Texas

In recognition of meeting professional standards for
plan administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

A handwritten signature in black ink, reading 'Alan H. Winkle', is positioned above the printed name and title.

Alan H. Winkle
Program Administrator

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1.800.223.8778
www.trs.texas.gov

Brian K. Guthrie
Executive Director
4655 Mueller Blvd
Austin, TX 78723

November 20, 2025

Honorable Greg Abbott, Governor
Honorable Kelly Hancock, Acting Texas Comptroller
Jerry McGinty, Legislative Budget Board
Lisa R. Collier, State Auditor
The Board of Trustees and Members of the Teacher Retirement System of Texas

Ladies and Gentlemen,

On behalf of the board of trustees, we are pleased to present the Annual Comprehensive Financial Report (ACFR) of the Teacher Retirement System of Texas (TRS or System) for the fiscal year ended August 31, 2025, the System's 88th year of operation. During the past fiscal year, the System experienced growth as membership increased by 45,382 individuals, ending the year with 2,102,992 participants. The Pension Trust Fund experienced favorable market performance resulting in positive returns for the fund, ending the 2025 fiscal year with a net position of \$226.3 billion compared to \$210.5 billion at the close of the 2024 fiscal year. TRS investment earnings, combined with the phased-in contribution rate increases approved in 2019 and completed on September 1, 2024, and continued contribution levels by the 89th Texas Legislature, continue to enable TRS to provide secure benefits for current and future retirees.

The State Auditor's Office performed an audit, in accordance with generally accepted auditing standards, of the System's financial statements. The opinion letter is presented in this report preceding the financial statements.

Management Responsibility

This report consists of management's representations concerning TRS finances. Management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, management maintains a comprehensive internal control framework designed to protect assets from loss, theft, or misuse and to compile sufficient, reliable information for the preparation of TRS' financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The objective of the internal control framework is to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement since the cost of controls should not exceed the benefits to be derived. To the best of our knowledge and belief, management asserts this financial report is complete and reliable in all material respects.

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded TRS the Certificate of Achievement for Excellence in Financial Reporting for the previous fiscal year. To be awarded the certificate, a report must meet or exceed program standards and must satisfy both GAAP and applicable legal requirements. TRS has received a Certificate of Achievement for each ACFR for the last 35 years. We believe that the current report continues to meet program requirements and will be submitted to the GFOA for consideration again this year.

Financial Information

The Basic Financial Statements have been prepared in accordance with GAAP applied on a consistent basis as promulgated by the Governmental Accounting Standards Board (GASB). The Management's Discussion and Analysis (MD&A) includes a narrative introduction, overview, and analysis to accompany the financial statements. The transmittal letter is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the Independent Auditor's Report.

Investments

For the twelve-month period ended August 31, 2025, the total portfolio delivered investment returns of 9.77 percent, which is 1.45 percent above the Pension Trust Fund's (Fund) benchmark. As a result, the total investment value of the Fund as of August 31 was \$225.3 billion, or \$15.8 billion more than this time last year, after contributions and benefit payouts. On a three-year annualized basis, the Fund has returned 8.75 percent, which is 2.18 percent above its benchmark. Annual rates of return for the five and ten-year periods ending August 31, 2025, were 8.44 percent and 8.27 percent, respectively. Both rates surpassed the Board's adopted long-term assumed rate of return of 7.00 percent.

Investment risks are diversified over a very broad range of market sectors and securities. TRS' investment strategy is designed to minimize downside risk while capturing upside performance, and it reduces portfolio risk from adverse developments in sectors and issuers experiencing unusual difficulties and offers opportunity to benefit from future markets.

Pension Plan Benefits

For fiscal year 2025, TRS made pension benefit payments totaling \$14.2 billion to 523,657 retirees and their beneficiaries. These benefits were funded from a combination of cumulative investment income, member contributions, and state and employer contributions.

Actuarial Soundness of the Pension Trust Fund

As of August 31, 2025, the System had a funded ratio of 77.5 percent with an Unfunded Actuarial Accrued Liability (UAAL) of \$64.9 billion. The UAAL is the approximate difference between how much money is in the Fund and the cost of current future annuity payments. The UAAL increased due to recognition of new salary increases for public education employees passed during the 89th Regular Texas Legislature Session. Increases in salary levels impact the financial position of the pension fund in how much is paid into and how much is paid out of the Fund. The heightened salary levels both increase contributions to the Fund and increase the amount of retirement benefits the Fund pays out for those employees when they retire. The UAAL is anticipated to be fully amortized with all benefits funded by 2060. A funding period projects the time expected to eliminate the UAAL. The funding period as of August 31, 2025 is 35 years, meaning the Fund will not meet the statutorily determined actuarial soundness definition by having a funding period of less than 31 years.

Retiree Health Benefits Program

TRS administers TRS-Care, a health benefits program established in 1985 for eligible retired public education employees and their eligible dependents. TRS-Care is the source of health benefits coverage on which a large portion of retired public education employees rely. TRS-Care Standard is for participants who are not Medicare eligible, and TRS-Care Medicare Advantage is for participants who are Medicare eligible. Funding is provided by premium payments from retiree participants and contributions from the State, employer, and active public education employees. Premiums have not increased in TRS-Care Standard since 2018, and TRS-Care Medicare Advantage premiums decreased in 2025. TRS-Care also receives additional revenue from the Medicare Part D subsidy program.

As of August 31, 2025, TRS-Care Trust Fund had a Net Other Post-Employment Benefits Liability of \$24.9 billion. The program was 18.3 percent funded as of the end of fiscal year 2025. Additional detailed information about the valuation results is included in the Notes to the Financial Statements and the Required Supplementary Information.

Active Member Health Benefits Program

TRS-ActiveCare, initiated in 2001, is a self-funded health benefits program that offers Primary, Primary+ and High-Deductible plan options that provide major medical and pharmacy benefit coverage. TRS-ActiveCare covers active employees currently employed by public education employers that participate in the program, along with the employees' eligible dependents. TRS-ActiveCare is funded by state, employer, and active employee contributions. Each plan year, the TRS Board of Trustees makes plan changes and approves premium increases when necessary to sustain the program.

Public education employers have flexibility when choosing their health care while also protecting the stability of TRS-ActiveCare. Employers that participate in TRS-ActiveCare can routinely evaluate their options and decide to remain in the program or leave. Employers must notify TRS of their intention to join or leave by annual deadlines. When employers join TRS-ActiveCare, they must remain in the program for five years. When they choose to leave TRS-ActiveCare, they cannot rejoin for five years.

In 2025, the 89th Legislature passed House Bill 3126, designed to allow public school employers who chose to leave TRS-ActiveCare in 2022 the opportunity to rejoin the plan one year earlier (plan year 2026-27) than the prescribed five-year limit. Employers who decide to join the plan under the rubric of HB 3126, must submit their notice of intent to rejoin by December 31, 2025 and are subject to a one-time “risk stabilization fee” that will be included in the regional rates established for plan year 2026-2027. After TRS conducted informational webinars about the legislation in September 2025, several employers have expressed interest in rejoining a year earlier.

Employers continue to reach out to TRS about joining the plan. Further evidence of the growing interest in TRS-ActiveCare is the thirteen employers who, over the last two plan years, made the decision to join the plan. The plan's broad benefits, innovative programs, size and stability, and cost-efficiencies are contributing to the growing appeal of TRS-ActiveCare.

Agency Highlights

Regional Offices – The El Paso regional office continues to be popular with TRS members in that region. In fiscal year 2025, the office was visited by almost 5,500 members through in-person, telephone or video appointments, as well as walk-ins without a scheduled appointment. TRS is planning a new regional office in the Rio Grande Valley. TRS anticipates opening the office in the fall of 2026. Opening an office in the Rio Grande Valley will provide additional opportunities for members who live more than four to five hours from the TRS headquarters in Austin to meet in-person with a TRS Benefit Counselor regarding their pension benefits.

Office of the Ombuds – The Ombuds provides TRS members and retirees with an additional contact for addressing concerns or issues related to TRS pension and health care benefits, including member's rights and responsibilities under applicable benefits and health programs, and explanations of TRS' processes for customer service, complaints, and appeals. The Ombuds is a direct report of the Board of Trustees providing regular reporting at the board meetings. In addition, the Ombuds regularly presents to and engages with TRS active members, retirees, and employers.

TRS-ActiveCare Legislative Investment Promotes Cost Savings – The 89th Texas Legislature provided \$369 million for the biennium to TRS-ActiveCare that provides health care benefits for public education employees. This appropriation is part of a five fiscal year plan that began in 2023 to help offset the cost of health care premium increases due to no premium increases and some premium decreases during the pandemic. This amounts to an annual average savings of \$635 per employee. Even without this funding, TRS offers employers a competitively priced option compared to other health plans. Because of the value TRS-ActiveCare provides, more than 99 percent of participating school districts chose to remain in TRS-ActiveCare in 2025.

Investment Management – Investment Management is a core function within TRS that focuses on achieving superior long-term investment returns to secure members’ retirement futures and deliver benefits that enrich their lives. Through Investment Management, TRS strives to provide the highest possible risk-adjusted rate of return by using a diversified asset allocation and prudent, innovative investment strategies. In fiscal year 2025, Investment Management experienced positive return in excess of the benchmark return for the total TRS Pension Trust Fund, excelled in investment performance relative to the Board-approved benchmark, and surpassed the fiscal year 2025 target for 20-year average return on investment performance. In 2025, TRS implemented the Board-approved changes to the Strategic Asset Allocation to improve the likelihood of meeting the long-term investment return assumption, while also reducing risk and increasing diversification to achieve enhanced returns.

TRS Retention – TRS manages a compensation plan tailored to meet the agency’s specific business needs and provides an efficient and flexible framework to effectively recruit and retain staff. TRS’ turnover rate consistently trends lower than the comparable state rate with TRS ending fiscal year 2025 with an 8.7% turnover rate. In addition to hiring regular positions, TRS also has a robust and successful intern program along with a three-year fellowship program for recent undergraduate and graduate school graduates to create talent pipelines.

TRS Headquarters – TRS completed its move to headquarters in the Mueller development which will house the entire Austin-based agency and serve TRS members for generations. During the first quarter of 2025, TRS opened the headquarters to TRS members where they can enjoy the TRS Member Center when they visit for information about their health and retirement benefits.

Acknowledgments

We wish to express our appreciation for the support of the Governor's, Lieutenant Governor's, and Speaker's Offices, as well as members of the legislature, in maintaining a strong retirement system, which provides valuable benefits for public education employees and retirees.

We are grateful for the dedicated service of all of our trustees. Trustees' willingness to accept the substantial responsibilities of directing system administration is a great service to the State and to the members served by TRS.

TRS trustees and staff are keenly focused on prudent Pension Trust Fund portfolio management and efficient, service-oriented delivery of valuable retirement and related benefits for public education employees and retirees. We are pleased to report on operational results for the year and to acknowledge the substantial support of state leadership, trustees, members, interested associations, and TRS staff.

Respectfully submitted,



Brian K. Guthrie
Executive Director



Donald C. Green
Chief Financial Officer

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Executive Administrative Staff

Brian K. Guthrie, *Executive Director*
Caasi Lamb, *Deputy Director*
Jase Auby, *Chief Investment Officer*
Heather Traeger, *General Counsel*
and Chief Compliance Officer
Amanda Jenami, *Chief Audit Executive*
Barbie Pearson, *Chief Benefit Officer*
Don Green, *Chief Financial Officer*
Katrina Daniel, *Chief Health Care Officer*
Chris Cutler, *Chief Information Officer*
Frank Williams, *Chief Information Security Officer*
Shunne Powell, *Chief Organizational Excellence Officer*
Martin Cano, *Chief Administrative Services Officer*
Shannon Gosewehr, *Chief Contract Services Officer*
Beth Hallmark, *Chief Communications Officer*
Merita Zoga, *Chief Government Affairs Officer*
Lori LaBrie, *Ombuds*

General Investment Advisors and Consultants

Aon Hewitt Investment Consulting, Inc., Chicago, IL
Keith C. Brown, Ph.D., Austin

Consulting Actuary

Gabriel, Roeder, Smith & Company, Dallas

International Tax Consulting and Compliance Services

Ernst & Young, L.L.P., Austin and London, England

Investment Consultants

Albourne America, L.L.C.,
San Francisco, CA
(Hedge Funds and Private Markets)
Black Rock Investment Management, L.L.C.
New York, NY (Private Equity Co-investments)
Grosvenor Capital Management, Inc.
Chicago, IL (Emerging Managers)
Jefferies, L.L.C.
New York, NY (Private Equity)
KPMG, L.L.P.,
Philadelphia, PA (Tax Services and Investment Advice)
PPCP, L.L.C.
Los Angeles, CA (Real Assets)
Rock Creek Group, L.P.
Washington, D.C. (Emerging Managers)
Valuation Research Corporation,
New York, NY (Private Investment Valuation)

Audit Services

Texas State Auditor's Office, Austin
Crowe, L.L.P., Chicago, IL

Fiduciary Counsel

Cohen Milstein Sellers & Toll, P.L.L.C.
Washington, D.C.

Medical Board

Dr. Sujan Gogu, San Juan
Dr. Alice Cox, Paris
Dr. David Rothschild, Austin

Texas Public School Retired Employees Group Insurance Program Advisory Committee

Nancy Byler, Early
Mary Ann Whiteker, Lufkin
Tonya Davis, Round Rock
Dr. Mary Widmier, Kingwood
Pete Pape, Leander
Sherry Miller, Harker Heights
Anita Kay Young, Mesquite

Health Care Consulting, Financial and Accounting Services

Alliant Insurance Services, Inc., Pasadena, CA
Epic Holdings, Inc., Dallas
Health Strategy, L.L.C., Peoria, IL
Ice Miller, L.L.P., Indianapolis, IN
Milliman, Inc., Seattle, WA
Segal Company, Atlanta, GA

Master Custodian and Securities Lending Agent

State Street Bank and Trust Company, Boston, MA

Performance Measurement

State Street Bank and Trust Company, Boston, MA

For a schedule of fees and commissions, please refer to the Investment Section, Report on Investment Activities, Fees and Commissions for Investment Manager Fees and Broker Commissions tables beginning on page 124 through 128.

Pension Trust Fund

Membership of the Teacher Retirement System of Texas includes employees and retirees of state-supported educational institutions in Texas. Participating employers for fiscal year 2025 are disclosed in the following table.

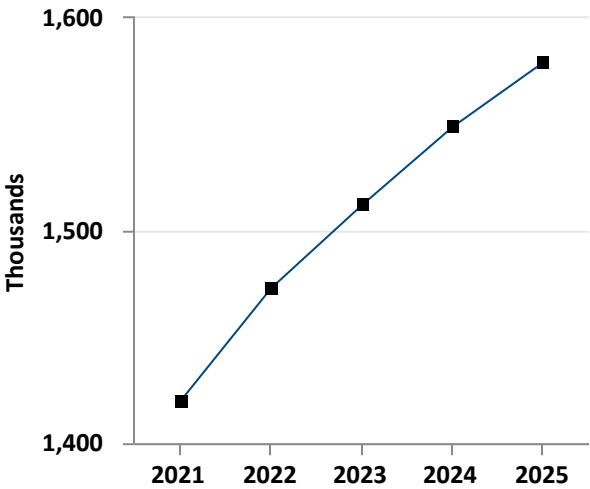
Number of Participating Employers	
Participating Employers	2025
Public Schools	1,019
Charter Schools	197
Community and Junior Colleges	50
Senior Colleges and Universities	48
Regional Service Centers	20
Medical Schools	9
Other Education Districts	2
Other Entities	1
Total Participating Employers	1,346

Membership Profile			
		As of August 31,	
		2025	2024
Active Membership			
Average Annual Salary	\$	60,928	\$ 59,210
Average Age		44.8	44.7
Average Years of Service		10.3	10.2
Annuitant and Beneficiary			
Average Monthly Annuities			
Life Annuities	\$	2,317	\$ 2,294
Disability Annuities	\$	1,372	\$ 1,345
Annuities Certain	\$	1,325	\$ 1,258
Average Age of Current Retirees		72.9	72.7
Average Age at Retirement			
All Retirees		60.7	60.6
Current Year Retirees		63.1	62.7
Average Years of Service			
All Retirees		23.9	24.0
Current Year Retirees		22.3	22.6
Average Salary at Retirement			
All Retirees	\$	50,904	\$ 50,049
Current Year Retirees	\$	60,609	\$ 60,389
Ratio of Members to Retirees		3 to 1	3 to 1

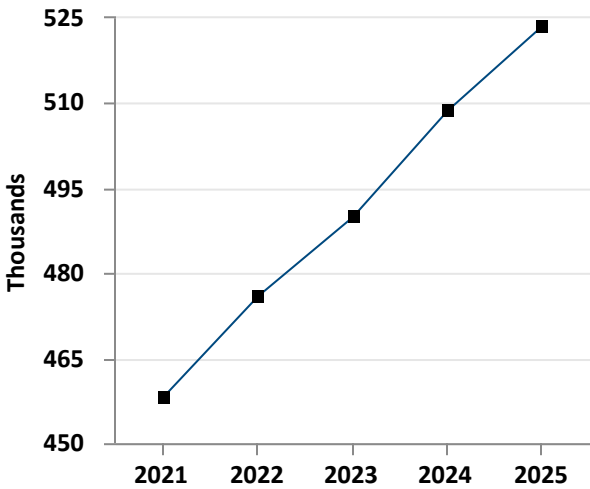
Membership Numbers by Category		
		As of August 31,
Member Categories	2025	2024
Current Members		
Active Contributing	976,406	970,874
Inactive Non-vested	459,673	439,889
Inactive Vested	143,256	138,146
Total Current Members	1,579,335	1,548,909
Retirement Recipients		
Service	490,457	475,891
Disability	12,189	12,127
Survivor	21,011	20,683
Total Retirement Recipients	523,657	508,701
Total Membership	2,102,992	2,057,610

Net Membership Changes		
		As of August 31,
Population Changes	2025	2024
Active Membership:		
New Members	98,769	107,147
Members Withdrawing	(52,461)	(54,743)
Service Retirements	(25,545)	(25,820)
Disability Retirements	(667)	(798)
In-Service Deaths	(1,483)	(1,104)
Other Changes	11,813	12,174
Net Increase	30,426	36,856
Retired Membership:		
Retirements	26,212	26,618
Deaths After Retirement	(12,249)	(10,218)
Option Continuations	3,451	3,326
Other Changes	(2,458)	(946)
Net Increase	14,956	18,780

Current Membership by Year
Pension Trust Fund



Retirement Recipients by Year
Pension Trust Fund



**Texas Public School Retired Employees
Group Insurance Program (TRS-Care)**

Membership of TRS-Care is eligible to TRS public school retirees. There were 1,237 participating employers during fiscal year 2025.

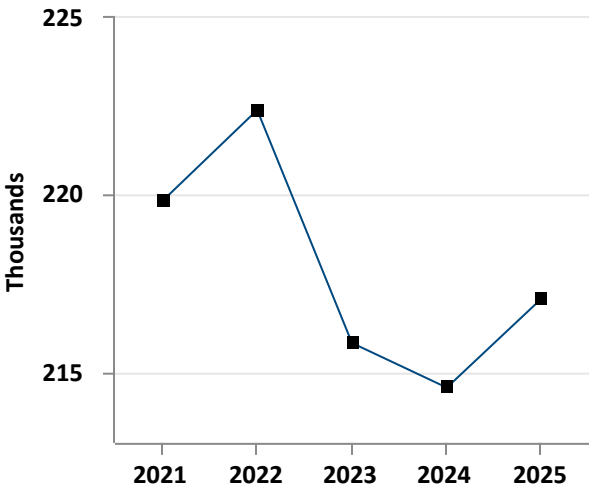
Membership Numbers by Category		
Member Categories	As of August 31,	
	2025	2024
Retirees	179,078	177,603
Surviving Spouses	5,701	5,832
Surviving Children	84	11
Dependent Spouses and Children	32,213	31,114
Total Membership	217,076	214,560

**Texas School Employees Uniform Group
Health Coverage (TRS-ActiveCare)**

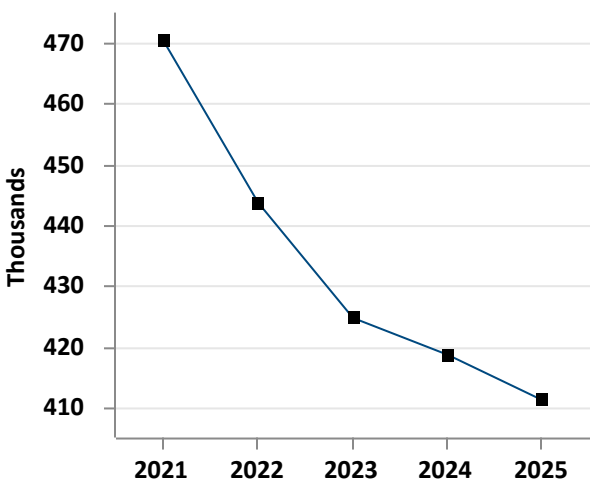
Membership of TRS-ActiveCare includes employees of public school districts, open enrollment charter schools, regional service centers, and other educational districts. There were 970 participating employers during fiscal year 2025.

Membership Numbers by Category		
Member Categories	As of August 31,	
	2025	2024
Employees	264,942	268,767
Dependents	146,192	149,855
Total Membership	411,134	418,622

Membership by Year
TRS-Care



Membership by Year
TRS-ActiveCare



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Financial Section



\$6.2B

In order to help fund retirement for our members,
the Investment Management Division
invests \$6.2B each day.



Lisa R. Collier,
CPA, CFE, CIDA,
State Auditor

Independent Auditor's Report

Teacher Retirement System of Texas Board of Trustees

Mr. Robert H. Walls, Jr., Chairman
Mr. Michael Ball, Vice Chairman
Ms. Brittney Allred
Mr. David Corpus
Mr. John Elliott
Ms. Laronda Graf
Mr. John R. Rutherford
Mr. Elvis Williams

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the major enterprise fund and the aggregate remaining funds information, consisting of the fiduciary funds of the Teacher Retirement System of Texas (System), a component unit of the State of Texas, as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the major enterprise fund and the aggregate remaining funds information, consisting of the fiduciary funds of the System, as of August 31, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the System, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

 Robert E. Johnson
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www.sao.texas.gov

SAO Report No. 26-306

Emphasis of Matters

System Financial Statements

As discussed in Note 1, the financial statements present only the System and do not purport to, and do not, present fairly the financial position of the State of Texas as of August 31, 2025, the changes in its financial position or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Investments with Values That Are Not Readily Determined

As discussed in Note 3, the financial statements include investments valued at approximately \$119.4 billion as of August 31, 2025, whose fair values have been estimated by management in the absence of readily determinable fair values. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Pension Trust Fund and TRS-Care Required Supplementary Schedules, as presented in the Table of Contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The information in Schedules 1 and 2, as listed in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information in Schedules 1 and 2, as listed in the Table of Contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory, Investment, Actuarial, Statistical, and Benefits sections, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Summarized Comparative Information

We have previously audited the System's fiscal year 2024 financial statements, and we expressed unmodified opinions on the respective financial statements of the major enterprise fund and the aggregate remaining funds information, consisting of the fiduciary funds, in our report dated November 20, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

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

Lisa R. Collier

Lisa R. Collier, CPA, CFE, CIDA
State Auditor

November 20, 2025

Management's Discussion and Analysis

We are pleased to provide this overview of the Teacher Retirement System's (TRS or System) financial performance for the fiscal year ended August 31, 2025. The information presented herein should be read in conjunction with other areas within the Financial Section.

Financial Highlights

- The net position of the TRS Pension Trust Fund was \$226.3 billion as of August 31, 2025, an increase of \$15.8 billion from fiscal year 2024.
- The net pension liability was \$62.9 billion, a \$1.9 billion increase from the fiscal year 2024.
- Fiscal year 2025 investment income was \$20.0 billion, a decrease of \$3.8 billion from fiscal year 2024.
- Pension Plan investments experienced a 9.77 percent annual rate of return for the year ended August 31, 2025, compared to a 12.83 percent annual rate of return for fiscal year 2024.
- The net position of TRS-Care was \$5.6 billion as of August 31, 2025, an increase of \$753.1 million from fiscal year 2024.
- TRS-Care's net Other Post-Employment Benefits (OPEB) liability was \$24.9 billion, a decrease of \$5.4 billion from fiscal year 2024.
- TRS-ActiveCare had a net position of \$818.8 million as of August 31, 2025, an increase of \$130.3 million from fiscal year 2024.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the TRS financial presentation, which consists of the following components:

- Basic Financial Statements
- Notes to the Financial Statements
- Required Supplementary Information
- Other Supplementary Information

This information presents the net position available for the funds TRS administers as of August 31, 2025 and any changes in net position for the year then ended. The information available in each of these sections is summarized below.

Basic Financial Statements

Basic Financial Statements are presented for the major funds for the fiscal year ended August 31, 2025, along with comparative data for the prior year. Financials presented include the Pension Trust Fund, TRS-Care Fund, TRS-ActiveCare Fund, and Custodial Fund.

Notes to the Financial Statements

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the financial position and are considered an integral part of the financial statements.

Required Supplementary Information

Required Supplementary Information (RSI) consists of the Governmental Accounting Standards Board (GASB) related requirements for the Pension and TRS-Care Funds.

Other Supplementary Information

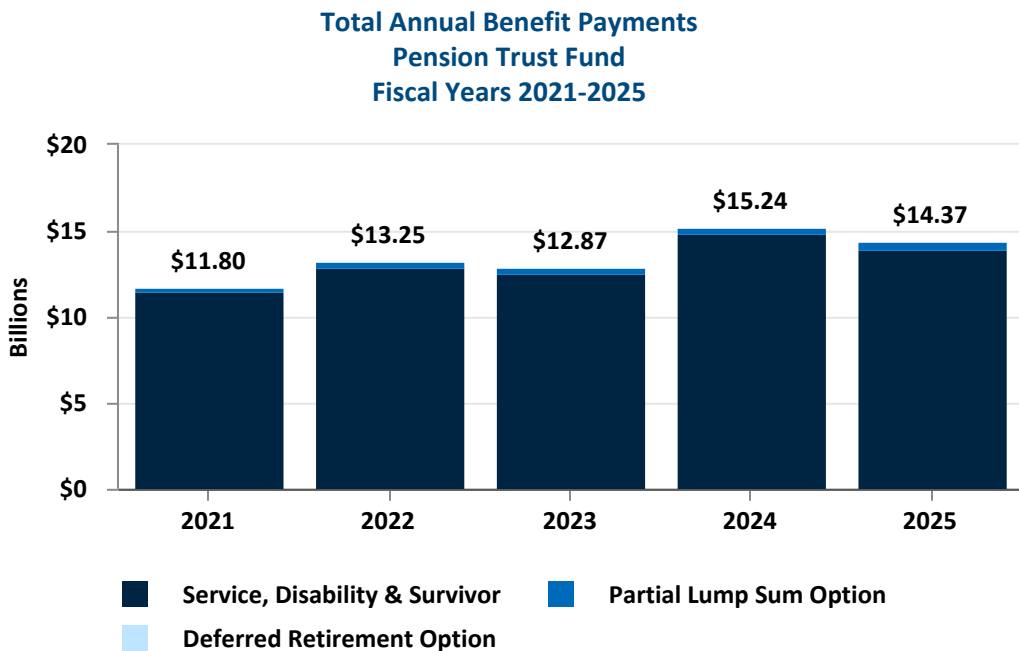
Other Supplementary Information includes administrative and investing activity expenses and payments for professional and consulting services.

Growth of the System

As of August 2025, the average monthly annuity payroll was \$1,167.6 million, and TRS was paying benefits to 523,657 recipients. Benefit payments by type of recipient are illustrated in the Total Annual Benefit Payments chart below.

Pension recipients include retirees and beneficiaries. Disability recipients are disabled members who are receiving disability payments. Survivor recipients are beneficiaries who have elected to receive death benefits in the form of monthly payments. The number of retiree accounts increased by 14,956 during fiscal year 2025.

Of the current TRS member accounts, 976,406 active contributing and deferred retirement option participants were employed during fiscal year 2025 and made contributions to the System. The remaining 602,929 members were no longer employed by TRS covered employers but maintained their membership in TRS by leaving their contributions in the System. The number of total current member accounts increased by 30,426 during fiscal year 2025.



Financial Analysis of TRS Funds

Pension Trust Fund

Net position held in trust for benefits at August 31, 2025 was \$226.3 billion, an increase of \$15.8 billion from the \$210.5 billion at August 31, 2024. Total Assets had an increase of \$13.2 billion, mainly related to our investments having favorable market conditions. The liabilities experienced a decrease of \$2.5 billion due to our investment liabilities related to our obligations under reverse purchase agreements during the year. Total net capital assets had an increase of \$33.7 million due to additions related to the new headquarter buildings and Right to Use Assets. Other liabilities increased by \$154 million mostly because of higher amounts due to the State and Right to Use Obligations.

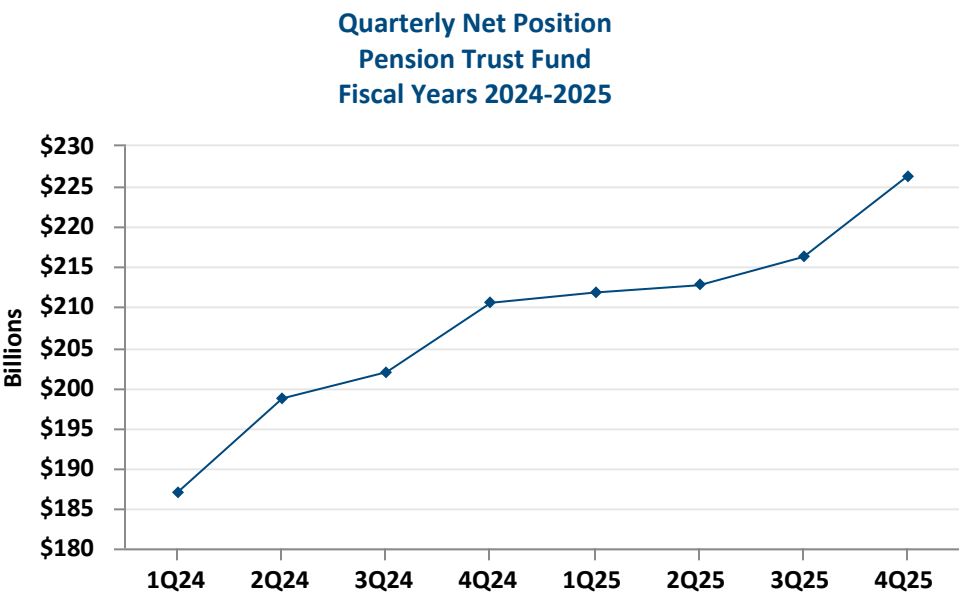
Global equity markets were the primary driver of strong results. Favorable market conditions supported by easing inflation, steady corporate earnings, and expectations for lower interest rates in the U.S. and Europe propelled global stock performance. The S&P 500 index gained 15.88% for the year ended August 31, 2025, driven by robust earnings, multiple expansion, and continued momentum in technology sectors such as artificial intelligence, cloud computing, and semiconductors. The Trust returned 9.77 percent for the fiscal year ended August 31, 2025. Fiscal year 2025 investment income was \$20.0 billion, a decrease of \$3.8 billion over 2024.

Total contributions and other additions decreased \$4.6 billion, or (29.4) percent, during fiscal year 2025. This decrease was due to TRS receiving \$5 billion in supplemental appropriations in 2024 for one-time stipend payments and Cost of Living Adjustments (COLA). In 2025, TRS experienced payroll growth, but did not receive any supplemental appropriations.

Deductions from net position are primarily retirement pension payments. During fiscal year 2025, benefit payments totaled \$14.4 billion, a decrease of \$0.9 billion. This decrease was primarily due to TRS issuing one-time payments in 2024. For fiscal year 2025, refunds of contributions were \$825.3 million, an increase of \$80.9 million over fiscal year 2024, largely due to an increase in member withdrawals.

Administrative expenses, excluding investing activities expenses, on a cost per member basis were \$50.84 for fiscal year 2025 compared to \$41.17 in fiscal year 2024.

Investment cost per member was \$609.07 for fiscal year 2025 as compared to \$577.77 in fiscal year 2024. Investment expense in basis points of net position was 60.0 for fiscal year 2025 and was calculated using the average net asset value. Investment expense in basis points for fiscal year 2024 was 60.6. The increase in investment costs per member was mainly attributed to the increase in interest expenses on investments in reverse repurchase agreements.



Statement of Fiduciary Net Position**Pension Trust Fund**

As of August 31

(Dollars in Thousands)

	2025	2024	Dollar Change	Percentage Change
Assets				
Cash and Receivables	\$ 7,523,327	\$ 9,908,993	\$ (2,385,666)	(24.1)%
Investments	244,434,985	227,929,511	16,505,474	7.2
Invested Securities Lending Collateral	4,357,671	5,276,749	(919,078)	(17.4)
Prepaid Expenses and Deposits	6,812	410	6,402	1,561.5
Capital Assets	400,988	367,256	33,732	9.2
Total Assets	\$ 256,723,783	\$ 243,482,919	\$ 13,240,864	5.4 %
Total Deferred Outflow of Resources	\$ 63,047	\$ 54,605	\$ 8,442	15.5 %
Liabilities				
Benefits Payable	\$ 363,478	\$ 340,677	\$ 22,801	6.7 %
Investments Purchased Payable	949,847	1,572,531	(622,684)	(39.6)
Other Payables	125,509	114,856	10,653	9.3
*Investment Liabilities	23,727,009	25,401,165	(1,674,156)	(6.6)
*Securities Lending Obligations	4,876,287	5,282,904	(406,617)	(7.7)
Net Other Post-Employment Benefits Liability	129,857	108,784	21,073	19.4
Other Liabilities	258,526	104,444	154,082	147.5
Total Liabilities	\$ 30,430,513	\$ 32,925,361	\$ (2,494,848)	(7.6)%
Total Deferred Inflow of Resources	\$ 28,016	\$ 68,905	\$ (40,889)	(59.3)%
Total Net Position	\$ 226,328,301	\$ 210,543,258	\$ 15,785,043	7.5 %

*The collateral obligations for securities lending and derivative instruments were collectively reported as Collateral Obligations in Fiscal Year 2024. To provide additional clarity, these two types of obligations are reported separately beginning in Fiscal Year 2025. The balances of these two types of obligations for Fiscal Year 2024 are also reported separately. This change in reporting has no effect on the beginning fund balance in Exhibit II, Statement of Changes in Fiduciary Net Position for Fiscal Year 2025.

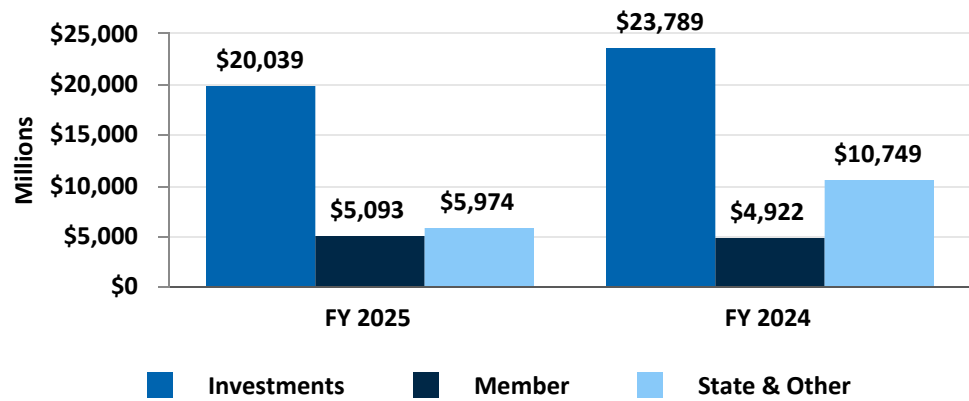
Statement of Changes in Fiduciary Net Position**Pension Trust Fund**

For the Fiscal Years Ended August 31

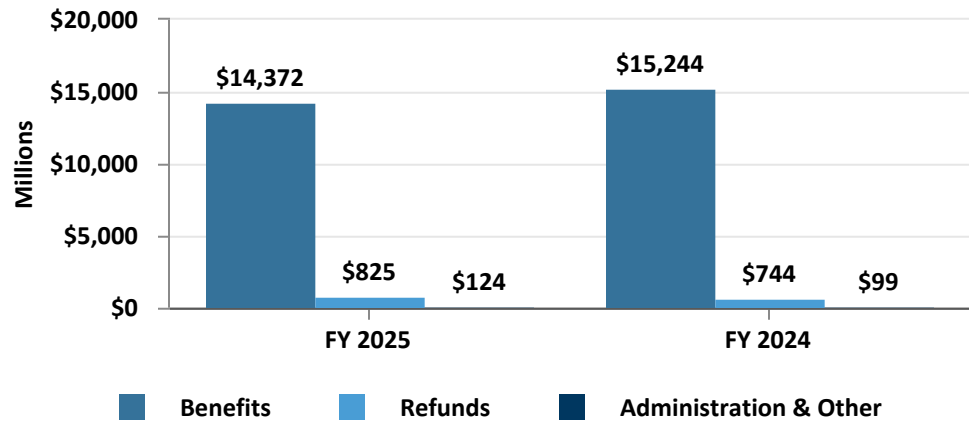
(Dollars in Thousands)

	2025	2024	Dollar Change	Percentage Change
Additions				
Member Contributions	\$ 5,093,207	\$ 4,921,798	\$ 171,409	3.5 %
Non-Employer Contributing Entity Contributions	2,564,554	2,483,581	80,973	3.3
Employer Contributions	3,283,988	3,151,326	132,662	4.2
Supplemental Funding - Appropriations		5,000,000	(5,000,000)	(100.0)
Gain on Capital Assets	32,800	27,157	5,643	20.8
Other Revenue	92,623	86,839	5,784	6.7
Investment Income	20,038,964	23,789,442	(3,750,478)	(15.8)
Total Additions	\$ 31,106,136	\$ 39,460,143	\$ (8,354,007)	(21.2)%
Deductions				
Retirement Benefits and Other	\$ 14,372,110	\$ 15,244,135	\$ (872,025)	(5.7)%
Refunds of Contributions	825,349	744,484	80,865	10.9
Other Post-Employment Benefits Expense	16,719	14,084	2,635	18.7
Administrative Expenses	106,916	84,717	22,199	26.2
Total Deductions	\$ 15,321,094	\$ 16,087,420	\$ (766,326)	(4.8)%
Change in Net Position	\$ 15,785,042	\$ 23,372,723	\$ (7,587,681)	(32.5)%
Total Net Position	\$ 226,328,301	\$ 210,543,258	\$ 15,785,043	7.5 %

Additions to Fiduciary Net Position
Pension Trust Fund
Fiscal Years 2024-2025



Deductions from Fiduciary Net Position
Pension Trust Fund
Fiscal Years 2024-2025

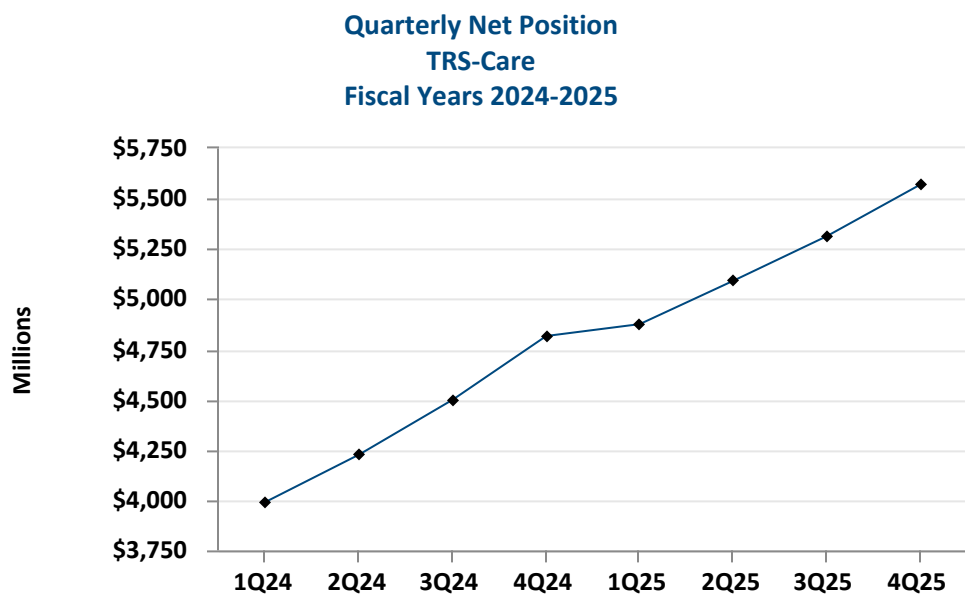


TRS-Care

The net position of TRS-Care at August 31, 2025 was \$5.6 billion, an increase of \$753.1 million from the \$4.8 billion at August 31, 2024.

Total contributions of \$1.2 billion increased \$19.9 million in 2025 due to an increase in state, employee, and district contributions. Rebates and discount income increased by \$48.3 million from fiscal year 2024 due to higher utilization of prescription brand drugs. Federal revenue increased by \$108.1 million due to changes in Medicare Part D as of January 1, 2025. Investment income totaled \$217.6 million, which was an increase of \$15.4 million from fiscal year 2024. This increase was due to higher earnings on cash held in state treasury.

Deductions from net position totaled \$1.7 billion during fiscal year 2025 which was an increase of \$353.5 million from fiscal year 2024. This is mainly due to an increase in health care claims.



Statement of Fiduciary Net Position
TRS-Care

As of August 31

(Dollars in Thousands)

	2025	2024	Dollar Change	Percentage Change
Assets				
Cash and Receivables	\$ 5,754,958	\$ 4,984,483	\$ 770,475	15.5 %
Capital Assets	2,389	4,994	(2,605)	(52.2)
Total Assets	\$ 5,757,347	\$ 4,989,477	\$ 767,870	15.4 %
Liabilities				
Accounts Payables and Other	\$ 47,006	\$ 38,003	\$ 9,003	23.7 %
Health Care Fees Payable	8,155	8,130	25	0.3
Health Care Claims Payables	132,396	126,698	5,698	4.5
Total Liabilities	\$ 187,557	\$ 172,831	\$ 14,726	8.5 %
Total Net Position	\$ 5,569,790	\$ 4,816,646	\$ 753,144	15.6 %

Statement of Changes in Fiduciary Net Position**TRS-Care**

For the Fiscal Years Ended August 31

(Dollars in Thousands)

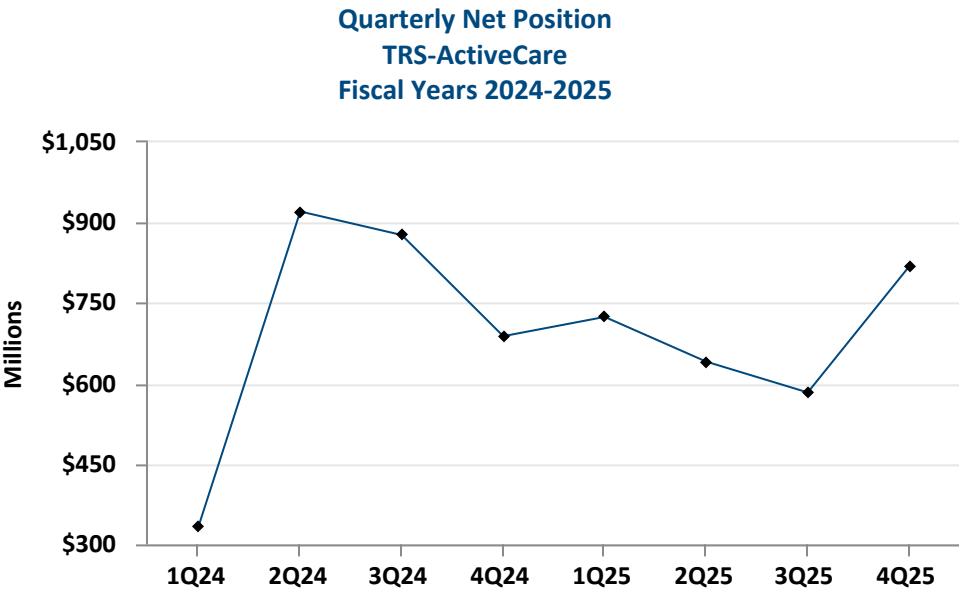
	2025	2024	Dollar Change	Percentage Change
Additions				
Member Contributions	\$ 294,948	\$ 290,205	\$ 4,743	1.6 %
Non-Employer Contributing Entity Contributions	526,551	505,173	21,378	4.2
Participating Employers Contributions	397,833	404,083	(6,250)	(1.5)
Rebates and Discount Income	693,568	645,294	48,274	7.5
Federal Revenue	329,978	221,928	108,050	48.7
Other Revenue	3,222	15,133	(11,911)	(78.7)
Investment Income	217,628	202,197	15,431	7.6
Total Additions	\$ 2,463,728	\$ 2,284,013	\$ 179,715	7.9 %
Deductions				
Health Care Claims	\$ 2,060,139	\$ 1,898,950	\$ 161,189	8.5 %
Less: Health Care Premiums Paid by Retirees	(398,015)	(583,752)	185,737	(31.8)
Health Care Claims Processing	20,034	18,588	1,446	7.8
Insurance Premium Payments	5	5		
Health Care Fees	247	209	38	18.2
Administrative Expenses	28,174	23,132	5,042	21.8
Total Deductions	\$ 1,710,584	\$ 1,357,132	\$ 353,452	26.0 %
Change in Net Position	\$ 753,144	\$ 926,881	\$ (173,737)	(18.7)%
Total Net Position	\$ 5,569,790	\$ 4,816,646	\$ 753,144	15.6 %

TRS-ActiveCare

The net position was \$818.8 million at August 31, 2025, an increase of \$130.3 million from \$688.5 million the previous fiscal year.

Total revenue of \$2.80 billion decreased \$37.4 million from \$2.83 billion in 2024. In 2025, TRS received a state appropriation payment of \$369.2 million which was \$219.3 million less than the 2024 appropriation payment. This decrease was offset by a \$52 million increase in rebate and discount income due to higher utilization of brand drugs and a \$138 million increase in premium income due to higher enrollment and member changes to plan selections.

Total expenses of \$2.7 billion increased \$237.0 million in fiscal year 2025 because of increases in healthcare utilization and cost.



Statement of Net Position**TRS-ActiveCare**

As of August 31

(Dollars in Thousands)

	2025	2024	Dollar Change	Percentage Change
Assets				
Cash	\$ 993,886	\$ 832,714	\$ 161,172	19.4 %
Receivables	153,182	174,047	(20,865)	(12.0)
Total Assets	\$ 1,147,068	\$ 1,006,761	\$ 140,307	13.9 %
Liabilities				
Accounts Payable and Other	\$ 5,710	\$ 1,162	\$ 4,548	391.4 %
Premiums and Fees Payable	1,464	1,261	203	16.1
Health Care Claims Payable	321,138	315,861	5,277	1.7
Total Liabilities	\$ 328,312	\$ 318,284	\$ 10,028	3.2 %
Total Net Position	\$ 818,756	\$ 688,477	\$ 130,279	18.9 %

Statement of Revenues, Expenses, and Changes in Net Position**TRS-ActiveCare**

For the Fiscal Years Ended August 31

(Dollars in Thousands)

	2025	2024	Dollar Change	Percentage Change
Revenues (Operating and Non-Operating)				
Health Care Premiums	\$ 2,045,518	\$ 1,907,470	\$ 138,048	7.2 %
Rebate and Discount Income	341,407	289,318	52,089	18.0
Supplemental Funding - Appropriations	369,225	588,518	(219,293)	(37.3)
Investment Income	38,487	48,201	(9,714)	(20.2)
Other Revenue	1,495		1,495	
Total Revenue	\$ 2,796,132	\$ 2,833,507	\$ (37,375)	(1.3)%
Operating Expenses				
Health Care Claims	\$ 2,573,491	\$ 2,276,218	\$ 297,273	13.1 %
Health Care Claims Processing	77,163	75,272	1,891	2.5
Health Care Fees	1,361	1,132	229	20.2
Premium Payments to HMOs	7,556	72,525	(64,969)	(89.6)
Administrative Expenses	6,282	3,720	2,562	68.9
Total Expenses	\$ 2,665,853	\$ 2,428,867	\$ 236,986	9.8 %
Change in Net Position	\$ 130,279	\$ 404,640	\$ (274,361)	(67.8)%
Total Net Position	\$ 818,756	\$ 688,477	\$ 130,279	18.9 %

Request for Information

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Communications Division of the Teacher Retirement System, 4655 Mueller Blvd, Austin, Texas 78723.

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Basic Financial Statements

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Exhibit II: Statement of Changes in Fiduciary Net Position..... 40

Exhibit III: Statement of Net Position - Proprietary Funds..... 44

Exhibit IV: Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds..... 45

Exhibit V: Statement of Cash Flows - Proprietary Funds..... 46

Exhibit I**Statement of Fiduciary Net Position****Fiduciary Funds**

As of August 31, 2025 (With Comparative Data as of August 31, 2024)

	Pension and Other Post-Employment Benefits (OPEB) Trust Funds	
	Pension Trust Fund	TRS-Care
Assets		
Cash		
Cash in State Treasury	\$ 606,328,375	\$ 5,216,220,442
Cash in Bank (Note 3B)	(326,524,085)	
Cash on Hand (Note 3B)	3,149,785	
Total Cash	\$ 282,954,075	\$ 5,216,220,442
Receivables		
Sale of Investments	\$ 5,917,210,753	\$
Interest and Dividends	471,635,749	18,894,612
Member and Retiree	492,901	
Service Credit Purchase	13,208,425	3,411
Due from Employers	667,302,860	48,689,798
Due from State's General Fund	162,107,617	81,012,085
Due from Employees Retirement System of Texas	2,854,812	
Other Receivables	5,559,323	390,138,034
Total Receivables	\$ 7,240,372,440	\$ 538,737,940
Investments (Note 3)		
Short-Term Investments	\$ 8,502,509,741	\$
Equity Investments	57,889,853,716	
Fixed Income Investments	29,076,562,976	
Alternative Investments	119,351,230,826	
Derivative Instruments (Notes 3 and 15)	1,035,053,866	
Pooled Investments	28,579,773,959	
Total Investments	\$ 244,434,985,084	\$ —
Invested Securities Lending Collateral	\$ 4,357,671,166	\$ —
Prepaid Expenses and Deposits	\$ 6,812,115	\$ —
Capital Assets (Note 2)		
Intangible Assets	\$ 66,083,745	\$ 13,028,366
Right to Use Assets	30,920,060	
Less Accumulated Amortization	(73,890,084)	(10,639,832)
Depreciable Assets	343,250,472	
Less Accumulated Depreciation	(25,735,422)	
Non-Depreciable Assets	60,359,705	
Total Capital Assets	\$ 400,988,476	\$ 2,388,534
Total Assets	\$ 256,723,783,356	\$ 5,757,346,916
Deferred Outflow of Resources		
Related to Participation in ERS' OPEB Plan (Note 10K)	\$ 63,046,655	\$
Total Deferred Outflow of Resources	\$ 63,046,655	\$ —

(Continued)

Total Pension and Other Post-Employment Benefits (OPEB) Trust Funds		Custodial Funds	
2025	2024	Child Support Employee Deductions	
\$ 5,822,548,817	\$ 4,991,577,950	\$ 7,725	
(326,524,085)	72,111,154		
3,149,785	3,937,969		
\$ 5,499,174,517	\$ 5,067,627,073	\$ 7,725	
\$ 5,917,210,753	\$ 8,078,239,641		
490,530,361	482,217,735		
492,901	869,597		
13,211,836	12,779,879		
715,992,658	664,029,367		
243,119,702	189,487,665		
2,854,812	2,877,708		
395,697,357	395,347,076		
\$ 7,779,110,380	\$ 9,825,848,668	\$ —	
\$ 8,502,509,741	\$ 9,209,814,617		
57,889,853,716	52,506,356,349		
29,076,562,976	32,697,849,428		
119,351,230,826	110,716,527,278		
1,035,053,866	772,580,858		
28,579,773,959	22,026,382,193		
\$ 244,434,985,084	\$ 227,929,510,723	\$ —	
\$ 4,357,671,166	\$ 5,276,749,145	\$ —	
\$ 6,812,115	\$ 409,816	\$ —	
\$ 79,112,111	\$ 78,938,778		
30,920,060	35,098,813		
(84,529,916)	(88,964,111)		
343,250,472	20,533,097		
(25,735,422)	(17,762,580)		
60,359,705	344,406,464		
\$ 403,377,010	\$ 372,250,461	\$ —	
\$ 262,481,130,272	\$ 248,472,395,886	\$ 7,725	
\$ 63,046,655	\$ 54,604,892		
\$ 63,046,655	\$ 54,604,892	\$ —	

Exhibit I**Statement of Fiduciary Net Position****Fiduciary Funds**

As of August 31, 2025 (With Comparative Data as of August 31, 2024)

	Pension and Other Post-Employment Benefits (OPEB) Trust Funds	
	Pension Trust Fund	TRS-Care
Liabilities		
Payables		
Benefits Payable	\$ 363,477,874	\$
Health Care Claims Payable		132,396,264
Accounts Payable	91,928,143	3,184,677
Payroll Payable	14,255,401	1,673,975
Fees Payable		8,155,060
Investment Fees Payable	19,325,751	
Investment Purchased Payable	949,846,513	
Total Payables	\$ 1,438,833,682	\$ 145,409,976
Investments (Note 3)		
Derivative Instruments (Notes 3 and 15)	\$ 596,456,406	\$
Securities Sold Short	3,428,080,529	
Obligations Under Reverse Repurchase Agreements	19,420,349,098	
*Derivative Instrument Collateral Obligations	282,123,000	
Total Investment Liabilities	\$ 23,727,009,033	\$ —
*Securities Lending Obligations (Note 3)	\$ 4,876,287,132	\$
Net Other Post-Employment Benefits Liability (Note 10F)	129,857,133	
Due to State's General Fund	210,731,842	40,506,043
Due to Employees Retirement System of Texas	11,024,031	
Employee Compensable Absences Payable (Note 4)	20,671,016	1,640,431
Funds Held for Others	159,709	
Right to Use Obligations (Note 5)	15,355,442	
Other Liabilities	584,410	
Total Liabilities	\$ 30,430,513,430	\$ 187,556,450
Deferred Inflow of Resources		
Related to Participation in ERS' OPEB Plan (Note 10K)	\$ 28,015,980	\$
Gain on Sale - Red River (Note 5)		
Total Deferred Inflow of Resources	\$ 28,015,980	\$ —
Net Position		
Net Investment in Capital Assets	\$ 385,633,034	\$ 2,388,534
Restricted for Pensions	225,942,667,567	
Restricted for Other Post-Employment Benefits		5,186,001,932
Restricted for OPEB - 60 Day Contingency		381,400,000
Net Position Restricted for Pensions and Other Post-Employment Benefits	\$ 226,328,300,601	\$ 5,569,790,466

*The collateral obligations for securities lending and derivative instruments were collectively reported as Collateral Obligations in Fiscal Year 2024. To provide additional clarity, these two types of obligations are reported separately beginning in Fiscal Year 2025. The balances of these two types of obligations for Fiscal Year 2024 are also reported separately. This change in reporting has no effect on the beginning fund balance in Exhibit II, Statement of Changes in Fiduciary Net Position for Fiscal Year 2025.

See accompanying Notes to the Financial Statements.

Total Pension and Other Post-Employment Benefits (OPEB) Trust Funds		Custodial Funds	
2025	2024	Child Support Employee Deductions	
\$ 363,477,874	\$ 340,677,143		
132,396,264	126,697,616		
95,112,820	88,096,843		
15,929,376	15,393,496		
8,155,060	8,129,888		
19,325,751	16,698,434		
949,846,513	1,572,530,503		
\$ 1,584,243,658	\$ 2,168,223,923	\$	—
\$ 596,456,406	\$ 393,773,211		
3,428,080,529	4,936,316,660		
19,420,349,098	20,005,277,339		
282,123,000	65,797,463		
\$ 23,727,009,033	\$ 25,401,164,673	\$	—
\$ 4,876,287,132	\$ 5,282,903,868		
129,857,133	108,783,871		
251,237,885	97,528,784		
11,024,031	10,707,836		
22,311,447	20,904,302		
159,709	(37,573)		7,725
15,355,442	7,867,054		
584,410	144,564		
\$ 30,618,069,880	\$ 33,098,191,302	\$	7,725
\$ 28,015,980	\$ 36,852,044		
	32,052,626		
\$ 28,015,980	\$ 68,904,670	\$	—
\$ 388,021,568	\$ 364,383,407		
225,942,667,567	210,183,869,295		
5,186,001,932	4,458,252,104		
381,400,000	353,400,000		
\$ 231,898,091,067	\$ 215,359,904,806	\$	—

Exhibit II**Statement of Changes in Fiduciary Net Position****Fiduciary Funds**

For the Fiscal Year Ended August 31, 2025 (With Comparative Data for August 31, 2024)

	Pension and Other Post-Employment Benefits (OPEB) Trust Funds	
	Pension Trust Fund	TRS-Care
Additions		
Contributions		
Member (Notes 9, 11)	\$ 5,093,206,594	\$ 294,947,940
Non-Employer Contributing Entity - State (Notes 9, 11)	2,564,554,383	526,551,253
Employer (Notes 9, 11)		
Employer	2,171,064,784	340,324,079
State - Higher Education	344,940,843	
Employer - Paid at State Rate		40,656,324
Employer Surcharges (Notes 9, 11)		
Employment after Retirement - Employee Rate	31,309,887	
Employment after Retirement - Employer Rate	31,309,887	16,852,694
Public Education Employers	705,362,179	
Service Credit Purchase - Refundable	28,205,257	
Service Credit Purchase - Non-Refundable	25,044,208	
State Contributions for 415 Excess Benefit Arrangement	4,313,450	
Employees Retirement System of Texas		
Service Contributions	34,800,249	
415 Excess Benefit Arrangement	18,601	
Total Contributions	\$ 11,034,130,322	\$ 1,219,332,290
Net Investment Income		
Investment Income (Loss)	\$ 21,305,276,741	\$ 217,628,208
Less: Investing Activity Expenses (Schedule 1)	(1,280,879,680)	
Total Investment Income (Loss)	\$ 20,024,397,061	\$ 217,628,208
Securities Lending Income (Loss)	\$ 291,470,339	\$
Less: Securities Lending Expenses	(276,903,463)	
Total Securities Income (Loss)	\$ 14,566,876	\$
Total Net Investment Income	\$ 20,038,963,937	\$ 217,628,208
Other Additions		
Federal Revenue (Note 6)	\$	\$ 329,977,509
Rebate and Discount Income		693,568,184
Supplemental Funding - Appropriations		
Miscellaneous Revenue	241,709	3,221,559
Gain on Capital Assets	32,800,195	
Funds Received for Others		
Total Other Additions	\$ 33,041,904	\$ 1,026,767,252
Total Additions	\$ 31,106,136,163	\$ 2,463,727,750

(Continued)

Total Pension and Other Post-Employment Benefits (OPEB) Trust Funds		Custodial Funds	
2025	2024	Child Support Employee Deductions	
\$ 5,388,154,534	\$ 5,212,003,052		
3,091,105,636	2,988,753,623		
2,511,388,863	2,448,070,782		
344,940,843	313,657,649		
40,656,324	52,913,289		
31,309,887	28,966,289		
48,162,581	45,284,389		
705,362,179	666,516,787		
28,205,257	27,045,770		
25,044,208	20,987,761		
4,313,450	4,334,908		
34,800,249	33,284,703		
18,601	26,806		
\$ 12,253,462,612	\$ 11,841,845,808	—	
\$ 21,522,904,949	\$ 25,164,870,641		
(1,280,879,680)	(1,188,815,570)		
\$ 20,242,025,269	\$ 23,976,055,071		
\$ 291,470,339	\$ 396,465,572		
(276,903,463)	(380,880,720)		
\$ 14,566,876	\$ 15,584,852		
\$ 20,256,592,145	\$ 23,991,639,923	—	
\$ 329,977,509	\$ 221,928,259		
693,568,184	645,294,092		
	5,000,000,000		
3,463,268	16,290,572		
32,800,195	27,156,818		
		94,863	
\$ 1,059,809,156	\$ 5,910,669,741	94,863	
\$ 33,569,863,913	\$ 41,744,155,472	94,863	

Exhibit II**Statement of Changes in Fiduciary Net Position****Fiduciary Funds**

For the Fiscal Year Ended August 31, 2025 (With Comparative Data for August 31, 2024)

	Pension and Other Post-Employment Benefits (OPEB) Trust Funds	
	Pension Trust Fund	TRS-Care
Deductions		
Benefits		
Benefits	\$ 14,238,546,669	\$
Refunds of Contributions - Active	815,958,412	
Refunds of Contributions - Death	9,390,279	
415 Excess Benefit Arrangement	4,168,173	
Benefits Paid to Employees Retirement System of Texas		
Service Contributions	129,231,400	
415 Excess Benefit Arrangement	163,878	
Other Post-Employment Benefits Expense (Note 10K)	16,719,495	
Health Care Claims		2,060,138,577
Less: Health Care Premiums Paid by Retirees (Note 1)		(398,015,264)
Health Care Claims Processing		20,033,908
Insurance Premium Payments		5,051
Total Benefits	\$ 15,214,178,306	\$ 1,682,162,272
Administrative Expenses, Excluding Investing Activity Expenses		
Salaries and Wages	\$ 60,844,849	\$ 13,997,358
Payroll Related Costs	2,690,403	1,793,620
Professional Fees and Services	3,085,710	4,771,748
Travel	275,403	125,030
Materials and Supplies	4,668,972	1,898,315
Communications and Utilities	1,209,648	105,888
Repairs and Maintenance	5,154,699	615,506
Rentals and Leases	1,016,929	266,106
Printing and Reproduction	20,858	12,679
Depreciation Expense	11,307,594	
Amortization Expense	12,062,256	2,605,673
Other Expenses	4,578,430	1,982,244
Total Administrative Expenses, Excluding Investing Activity Expenses (Schedule 1)	\$ 106,915,751	\$ 28,174,167
Other Deductions		
Affordable Care Act Fees	\$	\$ 247,156
Funds Paid to Others		
Total Other Deductions	\$ —	\$ 247,156
Total Deductions	\$ 15,321,094,057	\$ 1,710,583,595
Net Increase (Decrease) in Net Position	\$ 15,785,042,106	\$ 753,144,155
Beginning Net Position Restricted for Pensions and Other Post-Employment Benefits	\$ 210,543,258,495	\$ 4,816,646,311
Ending Net Position Restricted for Pensions and Other Post-Employment Benefits	\$ 226,328,300,601	\$ 5,569,790,466

See accompanying Notes to the Financial Statements.

Total Pension and Other Post-Employment Benefits (OPEB) Trust Funds		Custodial Funds	
2025	2024	Child Support Employee Deductions	
\$ 14,238,546,669	\$ 15,114,584,479	\$	
815,958,412	734,052,938		
9,390,279	10,430,901		
4,168,173	4,170,171		
129,231,400	125,188,573		
163,878	191,542		
16,719,495	14,084,381		
2,060,138,577	1,898,949,514		
(398,015,264)	(583,752,411)		
20,033,908	18,588,327		
5,051	5,051		
\$ 16,896,340,578	\$ 17,336,493,466	\$	—
\$ 74,842,207	\$ 61,009,343	\$	
4,484,023	3,648,632		
7,857,458	6,198,859		
400,433	381,610		
6,567,287	5,653,528		
1,315,536	1,338,311		
5,770,205	5,991,598		
1,283,035	3,009,286		
33,537	14,816		
11,307,594	1,045,737		
14,667,929	11,428,145		
6,560,674	8,129,038		
\$ 135,089,918	\$ 107,848,903	\$	—
\$ 247,156	\$ 209,058	\$	
			94,863
\$ 247,156	\$ 209,058	\$	94,863
\$ 17,031,677,652	\$ 17,444,551,427	\$	94,863
\$ 16,538,186,261	\$ 24,299,604,045	\$	—
\$ 215,359,904,806	\$ 191,060,300,761	\$	
\$ 231,898,091,067	\$ 215,359,904,806	\$	—

Exhibit III**Statement of Net Position****Proprietary Funds**

As of August 31, 2025 (With Comparative Data as of August 31, 2024)

	Enterprise Funds-Major TRS-ActiveCare	
	2025	2024
Assets		
Current Assets		
Cash		
Cash In State Treasury	\$ 993,885,643	\$ 832,714,429
Total Cash	\$ 993,885,643	\$ 832,714,429
Receivables		
Interest	\$ 3,396,543	\$ 3,824,856
Health Care Premiums	29,911	92,133
Rebate and Discount Income	149,756,356	170,129,104
Total Receivables	\$ 153,182,810	\$ 174,046,093
Total Assets	\$ 1,147,068,453	\$ 1,006,760,522
Liabilities		
Current Liabilities		
Accounts Payable	\$ 5,137,580	\$ 619,064
Payroll Payable	253,362	227,809
Fees Payable	1,463,697	1,260,568
Health Care Claims Payable (Note 12)	321,138,297	315,861,067
Employee Compensable Absences Payable (Note 4)	189,593	189,280
Total Current Liabilities	\$ 328,182,529	\$ 318,157,788
Non-Current Liabilities		
Employee Compensable Absences Payable (Note 4)	\$ 129,664	\$ 125,925
Total Non-Current Liabilities	\$ 129,664	\$ 125,925
Total Liabilities	\$ 328,312,193	\$ 318,283,713
Net Position		
Restricted for Health Care Programs	\$ 818,756,260	\$ 688,476,809
Total Net Position	\$ 818,756,260	\$ 688,476,809

See accompanying Notes to the Financial Statements.

Exhibit IV**Statement of Revenues, Expenses, and Changes in Net Position****Proprietary Funds**

For the Fiscal Year Ended August 31, 2025 (With Comparative Data for August 31, 2024)

	Enterprise Funds-Major TRS-ActiveCare	
	2025	2024
Operating Revenues		
Health Care Premiums	\$ 2,045,518,099	\$ 1,907,469,935
Rebate and Discount Income	341,407,107	289,318,116
Total Operating Revenues	\$ 2,386,925,206	\$ 2,196,788,051
Operating Expenses		
Benefit Claims Payments		
Health Care Claims (Note 12)	\$ 2,573,490,646	\$ 2,276,218,388
Health Care Claims Processing (Note 12)	77,163,171	75,272,131
Premium Payments to HMOs	7,555,814	72,524,931
Affordable Care Act Fees	1,360,523	1,131,855
Total Benefit Claims Payments	\$ 2,659,570,154	\$ 2,425,147,305
Administrative Expenses		
Salaries and Wages	\$ 3,266,598	\$ 2,450,384
Payroll Related Costs	335,476	279,111
Professional Fees and Services	1,912,541	299,168
Travel	41,523	65,805
Materials and Supplies	95,929	43,877
Communications and Utilities	59,287	60,293
Repairs and Maintenance	130,964	92,762
Rentals and Leases	558	2,487
Printing and Reproduction		78
Other Expenses	440,004	425,785
Total Administrative Expenses (Schedule 1)	\$ 6,282,880	\$ 3,719,750
Total Operating Expenses	\$ 2,665,853,034	\$ 2,428,867,055
Operating Income (Loss)	\$ (278,927,828)	\$ (232,079,004)
Non-Operating Revenues		
Supplemental Funding - Appropriations	\$ 369,224,574	\$ 588,518,000
Investment Income	38,487,178	48,200,848
Other Non-Operating Revenues	1,495,527	
Total Non-Operating Revenues	\$ 409,207,279	\$ 636,718,848
Change in Net Position	\$ 130,279,451	\$ 404,639,844
Beginning Net Position	\$ 688,476,809	\$ 283,836,965
Ending Net Position	\$ 818,756,260	\$ 688,476,809

See accompanying Notes to the Financial Statements.

Exhibit V**Statement of Cash Flows****Proprietary Funds**

For the Fiscal Year Ended August 31, 2025 (With Comparative Data for August 31, 2024)

	Enterprise Funds-Major TRS-ActiveCare	
	2025	2024
Cash Flows from Operating Activities		
Receipts from Health Care Premiums	\$ 2,045,580,321	\$ 1,907,095,974
Receipts from Rebate and Discount Income	361,779,854	242,678,402
Payments for Administrative Expenses	(1,734,758)	(3,936,538)
Payments for Health Care Claims	(2,568,213,416)	(2,273,680,082)
Payments for Health Care Claims Processing	(77,163,171)	(75,272,131)
Payments for HMO Premiums	(7,555,814)	(72,524,931)
Payments for Affordable Care Act Fees	(1,157,394)	(1,082,283)
Net Cash Provided (Used) by Operating Activities	\$ (248,464,378)	\$ (276,721,589)
Cash Flows from Non-Capital Financing Activities		
Proceeds from Other Non-Operating Revenues	\$ 370,720,101	\$ 588,518,000
Net Cash Provided (Used) by Non-Capital Financing Activities	\$ 370,720,101	\$ 588,518,000
Cash Flows from Investing Activities		
Interest Received	\$ 38,915,491	\$ 46,601,074
Net Cash Provided (Used) by Investing Activities	\$ 38,915,491	\$ 46,601,074
Net Increase (Decrease) in Cash	\$ 161,171,214	\$ 358,397,485
Beginning Cash and Cash Equivalents	\$ 832,714,429	\$ 474,316,944
Ending Cash and Cash Equivalents	\$ 993,885,643	\$ 832,714,429
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	\$ (278,927,828)	\$ (232,079,004)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Changes in Assets & Liabilities		
(Increase) Decrease in Health Care Premium Receivables	\$ 62,222	\$ (373,961)
(Increase) Decrease in Rebate and Discount Income	20,372,748	(46,639,714)
Increase (Decrease) in Health Care Claims Payable	5,277,230	2,538,306
Increase (Decrease) in Affordable Care Act Fees Payable	203,129	49,572
Increase (Decrease) in Accounts Payable	4,518,516	(64,377)
Increase (Decrease) in Payroll Payable	25,553	(203,749)
Increase (Decrease) in Employee Compensable Absences Payable	4,052	51,338
Total Adjustments	\$ 30,463,450	\$ (44,642,585)
Net Cash Provided (Used) by Operating Activities	\$ (248,464,378)	\$ (276,721,589)

See accompanying Notes to the Financial Statements.

Notes to the Financial Statements

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Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The Teacher Retirement System of Texas (TRS or System) is a separate legal entity and considered a discrete component unit of the State of Texas. The System is governed by a nine member board of trustees which has significant independence in the operation and management of the System under the provisions of the state constitution and laws. The trustees serve staggered six-year terms that expire on August 31 of odd numbered years and are all appointed by the Governor pursuant to Texas Government Code Title 8, Subtitle C, Chapter 825.

The trustees are appointed as follows:

- Three direct appointments by the Governor
- Two appointments from a list nominated by the State Board of Education
- Two appointments from three active member candidates from a public school, charter school, regional service center, nominated by members of those districts
- One appointment from three retired member candidates nominated by TRS retirees; this position is currently vacant
- One at-large appointment selected from three candidates nominated from active members of any public or charter school, regional service center, institute of higher learning, or from TRS retirees

The state legislature confirms trustees appointed by the governor, establishes laws with regard to structure, benefits and contributions, and authorizes Pension Trust Fund administrative expenses. State contributions and appropriations received by TRS are determined by the legislature.

This report includes all activities and programs for which TRS exercises fiscal control and responsibility and includes all funds that comprise the System's legal entity.

TRS administers retirement and related benefits to employees and beneficiaries of employees of public, state-supported, educational institutions of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The Pension Trust Fund is a multiple-employer, cost-sharing, defined benefit pension plan with a special funding situation that is a qualified pension trust under Section 401(a) of the Internal Revenue Code.

The System administers the Texas Public School Retired Employees Group Insurance Program and the Texas Active School Employees Uniform Group Benefits Program. These programs provide two separate health care plans, TRS-Care and TRS-ActiveCare, respectively.

TRS-Care is considered an other post-employment benefits trust fund and provides health care coverage for certain persons, and their dependents, who retire under TRS. The statutory authority for the program is Texas Insurance Code, Title 8, Subtitle H, Chapter 1575 and Texas Administrative Code, Title 34, Part 3, Chapter 41. The inception of the plan was fiscal year 1986.

TRS-ActiveCare provides health care coverage to eligible employees (and their dependents) of participating public education entities. The plan began operations on September 1, 2002. Authority for TRS-ActiveCare can be found in the Texas Insurance Code, Title 8, Subtitle H, Chapter 1579 and in the Texas Administrative Code, Title 34, Part 3, Chapter 41.

Child Support Employee Deductions, a custodial fund is used to account for garnishments of salaries and wages for child support payments from TRS employees.

B. Measurement Focus, Basis of Accounting, and Basis of Presentation

The System's accounts are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a self-balancing set of accounts that comprise its assets, liabilities, additions/revenues and deductions/expenses. The following fund types are used to reflect the System's transactions:

- Fiduciary Funds include the Pension Trust Fund, TRS-Care (other post-employment benefits trust fund), and the Custodial Fund.
- Proprietary Funds include TRS-ActiveCare which is an Enterprise fund. TRS-ActiveCare is considered a major fund.

Fiduciary funds are used to report assets held in a trustee or custodial capacity for others. The reporting focus is on net position and changes in net position. The pension and other post-employment benefits trust funds are used to report resources held in trust for the members and beneficiaries of the defined benefit pension plan and the other post-employment benefits plan. Assets and liabilities are recorded using the accrual basis of accounting.

Custodial funds are a type of fiduciary fund used to report assets collected and transferred to the State or other entities. Custodial funds use the economic resources measurement focus and utilize the accrual basis of accounting.

Enterprise funds are a type of proprietary fund used to report any activity for which a fee is charged to external users for goods or services. The reporting focus is on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds distinguish operating activities from non-operating. Operating activities generally result from providing services and producing or delivering goods. Operating revenues for the System's proprietary fund are derived from self-insurance premiums. Operating expenses include the costs of claims and related administrative expenses. Non-operating revenues and expenses are those items that do not meet any of the above definitions.

Separate financial statements are provided for each fund. The fiduciary, including custodial funds, and proprietary financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Additions are recognized when earned, and deductions are recognized when the liability is incurred, regardless of the timing of related cash flows. Contributions are recognized in the period in which amounts are due, pursuant to state law. Benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the plan. All economic resources, including financial and capital assets, and related liabilities, both current and long-term, and the changes therein are reported in each funds' financial statements.

C. New Accounting Pronouncements

The accompanying financial statements were prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB issued the following statements that relate to TRS.

GASB Statement No. 101, Compensated Absences, was issued June 2022 and first implemented this year. The objective of the Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The result will be a liability for compensated absences that more appropriately reflects when an obligation is incurred. For fiscal year 2025, TRS evaluated the types of compensated absences provided to employees and determined no changes were required to the current calculation of the compensated absences liability in accordance with this Statement.

GASB Statement No. 102, Certain Risk Disclosures, was issued December 2023 and first implemented this year. The objective of the Statement is to provide information about the risks related to the government's vulnerabilities due to certain concentrations and/or constraints that could have a substantial financial impact. TRS will apply these new requirements if any significant concentrations or constraints requiring disclosure are identified. During fiscal year 2025, TRS determined that no concentrations or constraints existed that made the System vulnerable to a risk of substantial negative impact, therefore, none are disclosed.

D. Comparative Data in Total

The basic financial statements include certain prior year summarized comparative data in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the System's financial statements for the fiscal year ended August 31, 2024, from which the summarized information was derived.

E. Budgets and Appropriations

The administrative costs and capital asset outlay for each of the System's funds and programs are controlled by annual budgets approved by the Board of Trustees.

The Pension Trust Fund receives state contributions from the Texas Legislature's general revenue appropriations for retirement benefits for active members employed by a participating employer. In fiscal year 2025, contributions were made by the State of Texas to the System at the rate of 8.25 percent of the pensionable compensation paid to active members for each year.

Although appropriated by the legislature, expenses for the Pension Trust Fund administrative operations and capital expenditures are paid from the Pension Trust Fund and not from the State's General Fund.

TRS-Care received contributions from the State's General Fund equal to 1.25 percent of salaries paid to public education employees in fiscal year 2025. Administrative expenses for this program are paid from the TRS-Care trust fund.

TRS-ActiveCare is an Enterprise Fund supported by fees and receives no annual appropriations from the State for administrative expenses.

In fiscal year 2025, House Bill 500 (HB500) of the 89th Regular Legislative Session included a one-time appropriation payment of \$369.2 million to keep the TRS-ActiveCare average premium rate increases below 10%.

TRS administers a governmental excess benefit arrangement under section 415(m) of the Internal Revenue Code of 1986 (26 U.S.C.). Authorized under the provisions of the Texas Government Code, Title 8, Subtitle C, Section 825.517, this program created a separate, non-qualified, unfunded excess benefit arrangement outside the Pension Trust Fund of the retirement System.

Contributions to the excess benefit arrangement are made from the State's general revenue appropriations. These contributions are not held in trust and may not be commingled with other funds of the retirement System. They yield no net position, therefore, the contributions and benefits are reflected in Exhibit II for reporting purposes only.

F. Assets, Liabilities, and Legal Reserves

Cash

Cash consists of cash in state treasury, cash on hand, and cash in banks. TRS does not typically hold cash equivalents. The statement of cash flow for proprietary funds presents the change in cash and cash equivalents. Cash equivalents are defined as investments with an original maturity of three months or less that are used for cash management rather than investing activities.

Receivables

Receivables represent the amount of money owed to TRS for goods or services delivered or used that have not been received at fiscal year-end.

- Sale of Investments receivables occur when the trade date is before the fiscal year-end and the settlement date is in the next fiscal year.
- Interest and Dividends receivables represent distributions of income made on bank accounts and other investments that TRS earned in the current fiscal year but did not receive until after fiscal year-end.
- Member and Retiree receivables represent contributions that are due from members.
- Service Credit Purchase receivables represent the outstanding balance due from members on service credit purchase installment contracts. Payments can be made on a monthly basis for up to five years for purchasing additional creditable service. Receivables are recognized when an agreement is signed.
- Due from Employers receivables represent contributions that are due from participating employers.
- Due from State's General Fund receivables represent amounts owed to TRS for contributions not received from the State.
- Due from Employees Retirement System of Texas (ERS) receivables represent ERS' share of current year retirement benefits that are due to TRS for retirees' service earned from ERS.
- Other Receivables represent amounts owed to TRS such as refunds, annuity repayments and health care premiums due from retirees.
- Rebate and Discount Income receivables represent earned rebates and discounts from the insurance program vendors.

Investments

Investments are reported at fair value. Fair value is a market-based measurement, not an entity-specific measurement. It is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Measurement, recognition, or disclosure of an asset or liability depends on the aggregation or disaggregation of the unit of account of the asset or liability. TRS utilizes one or more of the following valuation techniques in order to measure fair value: the market approach, the cost approach, and the income approach. TRS has investments that have values not based on quoted market prices. In addition, the classification of derivative instruments depends on whether they represent assets or liabilities (See Note 15).

Prepaid Expenses and Deposits

Prepaid Expenses and Deposits represent expenses paid in advance, such as TRICOT property use tax, and amortized over the applicable period, and refundable security deposits paid on lease agreements, respectively.

Capital Assets

Capital assets associated with the funds' activities are included in the Statement of Net Position. Purchases of capital assets by the fund are reported at cost on the acquisition date. Donated capital assets, donated works of art, and similar items are reported at acquisition value. Depreciation of all exhaustible capital assets is charged as an expense against the fund's operations. Depreciation is calculated using the straight-line method over the asset's useful life. Note 2 includes a table identifying the capitalization threshold and estimated useful life by asset type.

Right to Use assets include Right to Use lease assets and Right to Use subscription assets initially reported at the present value of expected payments over the lease term or subscription term of their respective lease agreement or Subscription-Based Information Technology Arrangement (SBITA). Amortization of these assets is charged as an expense against operations. Amortization is calculated using the straight-line method over the lease or SBITA contract period. See Note 5.

Deferred Outflow of Resources

Deferred Outflow of Resources represent a consumption of net assets that applies to a future period and will not be recognized as an expense until that future period.

Deferred Outflow of Resources related to Participation in ERS' Other Post-Employment Benefits (OPEB) plan represents amounts for OPEB expenses that will be recognized in future periods. See Note 10.

Liabilities

Liabilities represent the amount of money TRS owes to others for goods or services purchased that have not been paid at fiscal year-end.

- Accounts Payable represents the liability that exists for goods and services purchased.
- Payroll Payable represents the liability for employee salaries.
- Investment Fees Payable represents fees due to external investment managers and the custodian bank.
- Benefits Payable represents the liability for retirement, disability, and death benefits due at fiscal year-end and payable within the next 30 days.
- Health Care Claims Payable includes an estimate for health care claims incurred but not reported to the System.
- Fees Payable represents health insurance provider fees.
- Net Other Post-Employment Benefits Liability represents TRS' share of the ERS plan Net OPEB Liability.
- Investment Purchased Payable represents the liability for securities purchased. Foreign investments purchased payable is reported at current exchange rates.
- Securities Sold Short represent obligations to deliver equity securities.
- Obligations Under Reverse Repurchase Agreements represent the obligation to repay the short-term capital borrowed from lending institutions or investors.
- Securities Lending Obligations represent the obligation to repay the cash collateral received from borrowers under the securities lending program. Derivative Instrument Collateral Obligations represent the obligation to repay the cash collateral owed to counterparties under derivative instruments contracts.
- Due to State's General Fund represents amounts owed to the State for excess contributions received during the year.
- Due to Employees Retirement System of Texas represents amounts owed for current year retirement benefits due to ERS for retirees' service earned from TRS.
- Employee Compensable Absences Payable represents amounts owed to employees for compensatory time earned.
- Right to Use obligations include lease liabilities and subscription liabilities based on the present value of expected payments over the lease term or subscription term of their respective lease agreement or SBITA. See Note 5.
- Other Liabilities represent taxes payable by the blended component unit, Teacher Retirement Investment Company of Texas, Ltd. (TRICOT). See Note 13.

Deferred Inflow of Resources

Deferred Inflow of Resources represent an acquisition of net assets that applies to a future period and will not be recognized as income until that future period.

- Deferred Inflow of Resources related to Participation in ERS' OPEB Plan represents amounts for OPEB revenues that will be recognized in future periods. See Note 10.

- As of 8/31/2024, Deferred Inflow of Resources related to Red River Gain on Sale represented the deferred portion of the gain on the sale of the Red River headquarters to be amortized over the term of the sale-leaseback period. The entire amount was recognized as an inflow of resources during fiscal year 2025. See Note 5.

G. Interfund/Interagency Transactions and Balances

The Pension Trust Fund provides various administrative services to other TRS programs and accounts for these services as reciprocal interfund activity. These transactions are reported using the appropriate classification accounts for additions/revenues or deductions/expenses as if transacted with parties external to the State. They are not presented as transfers. The interfund receivables and payables related to reciprocal interfund activity are classified as receivables and accounts payable on the financial statements.

Interagency transactions have been classified using the above criteria for reciprocal interfund activity.

Note 2: Capital Assets

Capital assets are presented at historical cost or, if not purchased, at acquisition value. When appropriate, straight-line depreciation and amortization have been charged over the shorter of the estimated useful lives of the assets or the lease/subscription period.

All capital assets belong to either the Pension Trust Fund or the TRS-Care Fund. Asset and depreciation balances, capitalization thresholds, and depreciable lives for all capital asset classes are shown in the following tables.

Table 2.1: Capitalization of Assets

Asset Class	Capitalization Threshold \$	Depreciable Life
Land		N/A
Construction in Progress		N/A
Artwork		N/A
Buildings and Building Improvements	100,000	10-30 years
Furniture and Equipment	10,000	3-12 years
Vehicles, Boats, and Aircraft	10,000	7 years
Leasehold Improvements	100,000	10-22 years
Facilities and Other Improvements	100,000	10-20 years
Internally Generated Computer Software	1,000,000	5 years
Other Computer Software	100,000	5 years
Intangible Right to Use (IRTU) Buildings and Equipment	100,000	1-9 years
Subscription Assets (SBITA)	500,000	1-5 years

Table 2.2: Capital Asset Activity

Asset Class	Balance 9/1/2024	Adjustments	Reclasses & Completed CIP	Additions	Deletions	Balance 8/31/2025 (Exhibit I)
Non-Depreciable Assets						
Land and Land Improvements	\$ 12,833,676	\$	\$	\$ 26,596	\$	\$ 12,860,272
Construction in Progress	331,448,652		(324,932,815)	40,769,460		47,285,297
Artwork	124,136			90,000		214,136
Total Non-Depreciable Assets	\$ 344,406,464	\$ —	\$(324,932,815)	\$ 40,886,056	\$ —	\$ 60,359,705
Depreciable Assets						
Buildings and Building Improvements	\$ 232,518	\$	\$ 324,932,815	\$	\$	\$ 325,165,333
Furniture and Equipment	16,471,267			1,498,817	(12,609)	17,957,475
Vehicle, Boats, and Aircraft	116,994			10,670		127,664
Leasehold Improvements	3,712,318				(3,712,318)	—
Facilities and Other Improvements						—
Total Capital Assets Depreciated	\$ 20,533,097	\$ —	\$ 324,932,815	\$ 1,509,487	\$ (3,724,927)	\$ 343,250,472
Accumulated Depreciation						
Buildings and Building Improvements	\$ (10,877)	\$	\$	\$ (10,207,965)	\$	\$ (10,218,842)
Furniture and Equipment	(14,380,858)			(1,086,881)	12,609	(15,455,130)
Vehicles, Boats, and Aircraft	(50,196)			(11,254)		(61,450)
Leasehold Improvements	(3,320,649)			(9,333)	3,329,982	—
Facilities and Other Improvements						—
Total Accumulated Depreciation	\$ (17,762,580)	\$ —	\$ —	\$ (11,315,433)	\$ 3,342,591	\$ (25,735,422)
Total Net Depreciable Assets	\$ 2,770,517	\$ —	\$ 324,932,815	\$ (9,805,946)	\$ (382,336)	\$ 317,515,050
Intangible Assets						
Computer Software	\$ 78,938,778	\$	\$	\$ 173,333	\$	\$ 79,112,111
Accumulated Amortization						
Computer Software	(66,909,900)			(4,888,778)		(71,798,678)
Total Net Intangible Assets	\$ 12,028,878	\$ —	\$ —	\$ (4,715,445)	\$ —	\$ 7,313,433
Intangible RTU Assets						
RTU Buildings and Building Improvements	\$ 17,505,548	\$	\$	\$ 2,156,993	\$ (15,321,051)	\$ 4,341,490
RTU Equipment				1,439,953		1,439,953
RTU Subscription-Based Information Technology Arrangements (SBITA)	17,593,265			15,464,199	(7,918,847)	25,138,617
Total Intangible RTU Assets	\$ 35,098,813	\$ —	\$ —	\$ 19,061,145	\$ (23,239,898)	\$ 30,920,060
Accumulated Amortization						
RTU Buildings and Building Improvements	\$ (11,668,891)	\$	\$	\$ (6,027,711)	\$ 15,321,050	\$ (2,375,552)
RTU Equipment				(179,994)		(179,994)
RTU Subscription-Based Information Technology Arrangements (SBITA)	(10,385,320)			(7,709,219)	7,918,847	(10,175,692)
Total Accumulated Amortization Intangible RTU Assets	\$ (22,054,211)	\$ —	\$ —	\$ (13,916,924)	\$ 23,239,897	\$ (12,731,238)
Total Net RTU Assets	\$ 13,044,602	\$ —	\$ —	\$ 5,144,221	\$ (1)	\$ 18,188,822
Total Net Capital Assets	\$ 372,250,461	\$ —	\$ —	\$ 31,508,886	\$ (382,337)	\$ 403,377,010

Note 3: Deposits and Investments

A. Investment Policy and Target Asset Allocation

The Board of Trustees has the primary fiduciary responsibility for investing TRS trust assets in accordance with Article XVI, Section 67 of the Texas Constitution and with applicable law. The Board adopts the Investment Policy Statement which establishes investment objectives and policy, obtains expert advice and assistance, and oversees the employment of a qualified and competent investment staff (Investment Management Division) and legal staff. The Board also monitors the actions of staff, consultants, and advisors to ensure compliance with its policies. The current Investment Policy Statement has been in effect since June 3, 2025. Major changes to the Investment Policy Statement during fiscal year 2025 included changes to the System's Strategic Asset Allocation and reduction of the lower policy range for the All Country public equity class from 34% to 29% until October 1, 2027. For the fiscal year ended August 31, 2025, there were no significant violations of state statute, investment policy, or contractual provisions. The Statement in its entirety can be accessed at www.trs.texas.gov.

The total or overall investment portfolio includes all assets invested by TRS to provide retirement, death, health, and disability benefits administered by the System, and is structured and managed to achieve the following objectives:

- a. Control risk through proper diversification of asset classes and by establishing long-term risk and return expectations; and
- b. As applicable to the pension plan, achieve a long-term rate of return that:
 - i. Exceeds the assumed actuarial rate of return adopted by the Board;
 - ii. Exceeds the long-term rate of inflation by an annualized 5 percent; and
 - iii. Exceeds the return of the Fund Policy Benchmark.

Categories of permissible investments include cash equivalents, debt securities, private markets, derivative instruments, mutual funds, closed-end funds, publicly traded or Rule 144A assets, and commingled funds. The target asset allocation, long-term expected real rate of return, and expected contribution to long-term portfolio returns by asset class set forth in the Investment Policy Statement is shown as of August 31, 2025.

Table 3.A.1: Asset Allocations

Asset Class	Target Allocation %**	Long-Term Expected Geometric Real Rate of Return***	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
All Country	39.00 %	4.14 %	2.18 %
USA	0.00	3.85	0.00
Non-US Developed	5.00	4.60	0.31
Emerging Markets	1.00	4.71	0.07
Private Equity	12.00	6.80	1.19
Stable Value			
Government Bonds - Nominal	10.00	2.59	0.33
Government Bonds - Real	6.00	1.97	0.13
Absolute Return*	0.00	3.91	0.00
Stable Value Hedge Funds	5.00	1.68	0.09
Real Return			
Real Estate	15.00	4.60	0.86
Energy, Natural Resources & Infrastructure	6.00	4.86	0.36
Commodities	0.00	2.96	0.00
Risk Parity	5.00	4.38	0.26
Asset Allocation Leverage			
Cash	2.00	0.51	0.01
Asset Allocation Leverage	(6.00)	0.81	(0.05)
Inflation Expectation			2.30
Volatility Drag****			(0.71)
Expected Return	100.00 %		7.33 %
*Absolute Return includes Credit Sensitive Investments.			
**Target allocations are based on the FY2025 policy model.			
***Capital Market Assumptions (CMA) come from Meketa Investment Group's 2025 CMAs			
****The volatility drag results from the conversion between arithmetic and geometric mean returns.			

For the fiscal year ended August 31, 2025, the annual money-weighted rate of return on pension plan investments was 9.74 percent. The annual money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

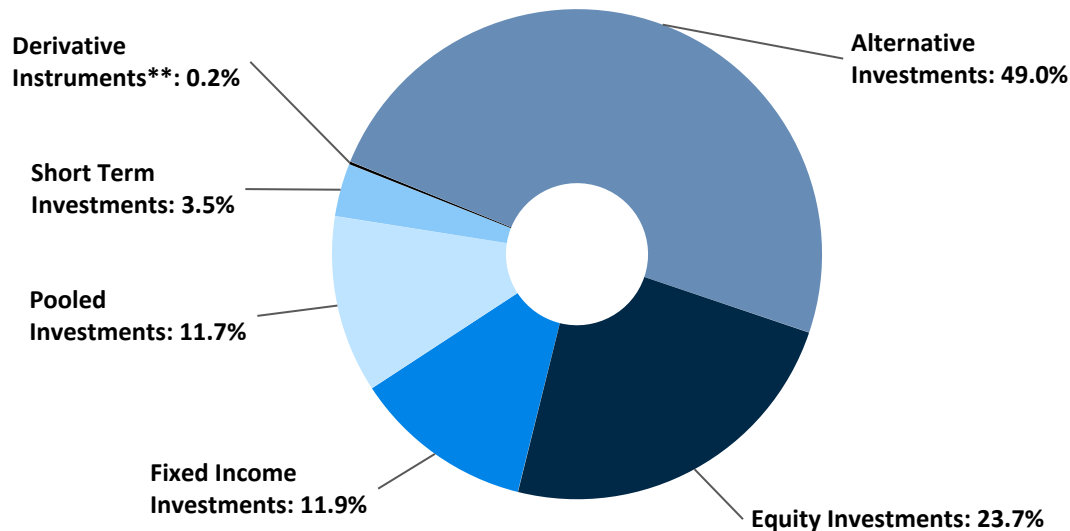
B. Cash and Deposits

Cash and deposits of the System are maintained in bank accounts and in the State of Texas Treasury. The Treasury invests funds in time deposits, repurchase and reverse repurchase agreements, obligations of the United States government, and obligations of federal credit organizations. The Treasury has an arrangement with financial institutions to collateralize state deposits in excess of depository insurance. As of August 31, 2025, the total carrying amount of the System's bank accounts is \$(326,524,085). The bank balance totaled \$(326,648,105), and cash on hand totaled \$3,149,785.

C. Investments

The chart below presents net investments of the System (excluding securities lending collateral and obligations, as well as securities sold short positions) allocated based on investment classifications within the Statement of Fiduciary Net Position as of August 31, 2025.

Asset Allocation of Investments based on the Statement of Fiduciary Net Position*



*An overview of each investment type is provided in Note 3.C. of the Notes to the Financial Statements, including the fair value of each component.

**Derivative instruments are reported on a net basis in the chart above. Please refer to Note 3.D. of the Notes to the Financial Statements for more information.

Fair Value Measurement Techniques

Fair value maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. A fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value, assigning the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Fair value inputs are categorized into the following three levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the System's measurement date;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly;
- Level 3 - Unobservable inputs for an asset or liability.

For investments that do not have a readily determinable fair value and fall outside of the fair value hierarchy, the System establishes fair value by utilizing the Net Asset Value Per Share (NAVPS), or its equivalent, as a practical expedient, provided all of the following criteria are met:

- Fair value is not readily determinable;
- The NAVPS is calculated consistently with the Financial Accounting Standards Board's measurement principles for investment companies (Accounting and Standards Codification Topic 946);
- The NAVPS represents a proportionate share of the net assets to which it is attributed;
- And the NAVPS is provided by the investee.

The System obtains the NAVPS from the most recent capital account statement or audited financial statement issued by a General Partner or Fund Administrator. If either statement's fiscal year-end does not coincide with the System's fiscal year-end, the NAVPS is adjusted for any distributions or contributions that occur subsequent to the statement's measurement date through the System's fiscal year-end.

Short-Term Investments

Short-Term Investments include Short-Term Foreign Currency Contracts, Short-Term Investment Funds (STIF), Short-Term Commingled Funds, and Treasury Bills.

Short-Term Foreign Currency Contracts are priced at the spot rate in active markets and valued at Level 1. U.S. Treasury Bills are priced at the last sale price of the primary exchange and valued at Level 1.

The STIF has similar characteristics of a money market fund and governed by SEC Rule 2a-7. It is priced at the NAVPS by the custodian bank, State Street Bank and Trust Company. Short-Term Commingled Funds are valued at the NAVPS by the General Partner or Fund Administrator.

Equity Investments

Equity Investments include both Domestic and International Equities.

Equities priced at the last sale price in their respective active markets are valued at Level 1.

Equities that are not actively traded and have a stale price as of the System's measurement date are valued at Level 3.

Fixed Income Investments

Fixed Income Investments include Asset and Mortgage Backed Bonds, Domestic Corporate Bonds, International Corporate Bonds, Sovereign Government Issue Bonds, U.S. Government Agency Bonds, U.S. Treasury Bonds, U.S. Treasury STRIPS, and U.S. TIPS.

U.S. Treasury Bonds priced at the last sale price of the primary exchange are valued at Level 1.

Fixed Income Investments priced using a bid evaluation matrix pricing technique that is based on their relationship to non-proprietary index market quotations, yields, maturities, call features, and ratings are valued at Level 2.

Corporate Bonds priced at Level 3 are valued by a third party.

Alternative Investments

Alternative Investments include Privately Held Equity, Privately Held Debt, Absolute Return, Hedge Funds, Energy, Natural Resources and Infrastructure, Private Equity, Real Estate, and Risk Parity.

Privately Held Equity and Debt are priced by a third party who uses a guideline market multiples approach and a sum of parts valuation analysis. Therefore, they are valued at Level 3.

All other Alternative Investments are valued at the NAVPS by the General Partners or Fund Administrators.

Derivative Instruments

Derivative Instruments include Forwards, Futures, Options, Rights, Swaps, and Warrants, and they are either executed on an exchange or in a bilateral deal in an over-the-counter (OTC) market with an International Swaps and Derivatives Association (ISDA) counterparty as a broker.

Derivative Instruments priced at the last sale price in their respective active markets are valued at Level 1.

Derivative Instruments that are valued using a matrix pricing technique that are based on their relationship to benchmark quoted prices are valued at Level 2. Options and Swaps priced at the last or last/bid price were valued at Level 2.

Derivative Instruments that are not actively traded and have a stale price as of the System's measurement date are valued at Level 3.

Pooled Investments

Pooled Investments include Commingled Equity, Commingled Fixed Income, and Mutual Funds and are priced at the NAVPS by the General Partners or Fund Administrators.

Other Fair Value Measurements

Invested Securities Lending Collateral is comprised of the reinvested cash collateral received from borrowers in the securities lending program. Securities priced at the last sale price in their respective active markets are valued at Level 1. Securities priced using a bid evaluation matrix pricing technique that is based on their relationships to non-proprietary index market quotations, yields, maturities, call features, and ratings are valued at Level 2. Securities priced at amortized cost and not exchange traded are valued at Level 3. Securities invested in STIF through the System's custodian bank is priced at NAVPS.

Securities Sold Short represent obligations to deliver equity securities. These obligations are priced at fair value at the last sale price in their respective active markets and valued at Level 1 in the fair value hierarchy.

Fair Value Measurements and Unfunded Commitments

The recurring fair value measurement of the System as of August 31, 2025 are reported on the following page.

The System manages unfunded capital commitments that it is legally obligated to fund when called by a General Partner. Funding of committed capital occurs over an extended time period and may take several years before the total allocation to each asset class is fully invested. Because an individual investment may begin to return capital to the System prior to the full funding of the System's commitment, the outstanding invested capital of the investment might at times be substantially less than the total commitment. The System's unfunded capital commitment balance is presented as of August 31, 2025. An unfunded capital commitment balance of \$16,682,818 has not yet been allocated to a specific Privately Held Equity Investment as of August 31, 2025.

The System also has agreements with certain General Partners who provide an option to invest in additional investment opportunities offered by these General Partners. As of August 31, 2025, these agreements totaled \$5,605,278,331.

As of August 31, 2025, the System has no plans to sell investments for an amount different from the NAVPS (or its equivalent), and all investments to be sold have been identified.

Table 3.C.1: Fair Value Measurement

Investments and Other Items	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Short-Term Investments				
Short-Term Foreign Currency Contracts	\$ (618,174)	\$ (618,174)	\$	
U.S. Treasury Bills	1,375,865,781	1,375,865,781		
Total Short-Term Investments	\$ 1,375,247,607	\$ 1,375,247,607	\$ —	\$ —
Equity Investments				
Domestic Equity	\$ 28,806,466,539	\$ 28,806,355,138	\$	\$ 111,401
International Equity	29,083,387,177	29,073,929,322		9,457,855
Total Equity Investments	\$ 57,889,853,716	\$ 57,880,284,460	\$ —	\$ 9,569,256
Fixed Income Investments				
Domestic Corporate Bonds	\$ 74,609	\$	\$ 74,603	\$ 6
Sovereign Government Issue Bonds	1,160,466,955		1,160,466,955	
U.S. Treasury Bonds	18,972,323,290	18,972,323,290		
U.S. Treasury STRIPS	14,499,051		14,499,051	
U.S. TIPS	8,929,199,071		8,929,199,071	
Total Fixed Income Investments	\$ 29,076,562,976	\$ 18,972,323,290	\$ 10,104,239,680	\$ 6
Alternative Investments				
Privately Held Equity	\$ 1,789,562,256	\$	\$	\$ 1,789,562,256
Total Alternative Investments	\$ 1,789,562,256	\$ —	\$ —	\$ 1,789,562,256
Derivative Instruments				
Forwards	\$ 23,171,497	\$	\$ 23,171,497	\$
Futures	434,223,082	434,223,082		
Options	5,053,853		5,053,853	
Rights	11,361	11,354		7
Swaps	572,460,574		572,460,574	
Warrants	133,499	133,497		2
Total Derivative Instruments	\$ 1,035,053,866	\$ 434,367,933	\$ 600,685,924	\$ 9
Total Investment Assets	\$ 91,166,280,421	\$ 78,662,223,290	\$ 10,704,925,604	\$ 1,799,131,527
Other Fair Value Measurements				
Invested Securities Lending Collateral*	\$ 4,302,152,429	\$	\$ 1,757,750,503	\$ 2,544,401,926
Total Other Fair Value Measurements	\$ 4,302,152,429	\$ —	\$ 1,757,750,503	\$ 2,544,401,926
Liabilities				
Securities Sold Short	\$ 3,428,080,529	\$ 3,427,879,376	\$	\$ 201,153
Derivative Instruments				
Forwards	\$ 30,980,984	\$	\$ 30,980,984	\$
Futures	135,722,090	135,722,090		
Options	220,393,898		220,393,898	
Rights	157	157		
Swaps	209,359,208		209,359,208	
Warrants	69	69		
Total Derivative Instruments	\$ 596,456,406	\$ 135,722,316	\$ 460,734,090	\$ —
Total Investment Liabilities	\$ 4,024,536,935	\$ 3,563,601,692	\$ 460,734,090	\$ 201,153
Totals	\$ 91,443,895,915	\$ 75,098,621,598	\$ 12,001,942,017	\$ 4,343,332,300

*Excludes receivables and payables related to the Securities Lending Pool.

Table 3.C.2: Net Asset Value and Unfunded Capital Commitments

Investments	Net Asset Value Per Share (NAVPS)		Unfunded Capital Commitments
Short-Term Investments			
Short-Term Investment Funds	\$	7,127,262,134	\$
Total Short-Term Investments	\$	7,127,262,134	\$ —
Alternative Investments			
Absolute Return	\$	8,591,669,285	\$ 3,482,869,954
Energy, Natural Resources, and Infrastructure		15,476,834,915	8,759,286,840
Hedge Funds		26,786,342,046	182,931,347
Private Equity		33,504,817,836	12,407,045,462
Real Estate		29,821,124,257	16,815,731,203
Risk Parity		3,380,880,231	
Total Alternative Investments	\$	117,561,668,570	\$ 41,647,864,806
Pooled Investments			
Commingled Domestic Equity	\$	9,418,695,099	\$ 8,518,397
Commingled Fixed Income		92,042,310	
Commingled International Equity		18,559,035,273	
Domestic Mutual Funds		510,001,277	
Total Pooled Investments	\$	28,579,773,959	\$ 8,518,397
Other Fair Value Measurements			
Invested Securities Lending Collateral*	\$	55,518,737	\$
Total Other Fair Value Measurements	\$	55,518,737	\$ —
Total	\$	153,324,223,400	\$ 41,656,383,203
*Excludes receivables and payables related to the Securities Lending Pool.			

*Excludes receivables and payables related to the Securities Lending Pool.

Significant Investment Strategies

The System achieves portfolio diversification by investing in a variety of strategies, geographies, and industry sectors for investments reported at the NAVPS.

Absolute Return

U.S. Investment Grade - Invests in U.S. dollar-denominated investment grade securities.

U.S. High Yield - Invests in U.S. dollar-denominated, high-yield corporate bonds issued in the U.S.

U.S. Securitized/Structured - Invests in credit backed by securities.

Non-U.S. Developed Fixed Income - Primarily invests in sovereign debt issued by developed countries outside of the U.S.

Emerging Market Debt - Invests in debt issued by corporations or governments in emerging market countries.

Partnerships - Invests in fixed income related portfolios managed by investment partners.

Commingled Equity, Fixed Income, and Mutual Funds

External Public Total Non-U.S. Developed - Invests in long positions in equity securities as well as certain derivative instruments in non-U.S. developed markets.

External Public Total U.S. - Invests in long positions in equity securities as well as certain derivative instruments in US markets.

External Public Total World Equity - Invests in equity securities in countries represented in the MSCI ACWI Index, as well as certain other global markets. Instruments used include but are not limited to ADRs, swaps, warrants, and other derivative instruments, money market instruments, and currency forwards and/or futures.

External Public Strategic Partnership - Allocations to strategic partners that have a broad mandate to invest in a variety of public markets.

External Public Total Emerging Markets - Invests mainly in equity and equity-related securities traded in the securities markets of newly industrializing countries and emerging markets.

Energy, Natural Resources, and Infrastructure

Energy Diversified - Invests in exploration, production, or distribution of oil, gas and other energy sources.

Infrastructure - Invests in infrastructure projects like roads, railways, ports, airports, telecommunications facilities, etc.

Natural Resources - Invests in companies engaged in extractive practices of commodities, including mining for coal, metallic ore, sand, gravel and oil shale; logging of naturally occurring trees; and drilling for oil and gas.

Hedge Funds

Commodities and Trends - Trades in a number of debt, equity, foreign exchange and commodity instruments and derivative instrument contracts relating to those instruments, including swaps, indices, forwards, futures and option contracts.

Equity Market Neutral - Seeks to exploit differences in stock prices by being long and short in stocks within the same sector, industry, market capitalization, country, etc.

Event Driven - Seeks to exploit pricing inefficiencies that may occur before or after a corporate event, such as an earnings call, bankruptcy, merger, acquisition, or spinoff.

Fixed Income - Assumes opposing positions in fixed income products to take advantage of small price discrepancies while limiting interest rate risk.

Long Short Equity - Involves buying long equities that are expected to increase in value and selling short equities that are expected to decrease in value.

Macro and Volatility - Invests in instruments whose prices fluctuate based on the changes in economic policies, along with the flow of capital around the globe.

Multi-Strategy - Engages in a variety of investment strategies with the objective to smooth returns, reduce volatility, and decrease asset-class and single-strategy risks. Strategies adopted in a multi-strategy fund may include, but are not limited to, convertible bond arbitrage, equity long/short, statistical arbitrage and merger arbitrage.

Other - Trades in a broad range of instruments.

Reinsurance - Provides property catastrophe and specialty reinsurance coverages to insurers and reinsurers on a worldwide basis.

Private Equity

Buyouts - Acquires shares of a company to gain a controlling interest.

Credit/Special Situations - Invests and trades in public and private debt obligations or equity securities or other indebtedness of companies undergoing financial distress, a turn-around in business operations, or companies which management believes are undervalued because of a discrete extraordinary event.

Emerging Managers - Trades in a broad range of instruments with emerging managers.

Venture/Growth Equity - Invests in companies with potential for significant growth.

Real Estate

Core - Invests in stable, fully leased, multi-tenant properties typically within strong, diversified metropolitan markets.

Emerging Managers - Trades in a broad range of instruments with emerging managers.

Opportunistic - Targets underperforming and/or under managed properties, or properties that are temporarily depressed in value.

Other - Trades in a broad range of instruments.

REIT - Invests in companies that own or finance income-producing real estate.

Special Situations - Typically provides both equity and debt capital to distressed properties.

Value Added - Involves buying a property, improving it in some way, and selling it at an opportune time for gain. Properties are considered value added when they exhibit management or operational problems, require physical improvement, and/or suffer from capital constraints.

Risk Parity

Targets specific levels of risk to certain factors and/or assets in order to achieve increased portfolio diversification.

Short-Term Investment and Commingled Funds

Invests in highly liquid short-term (cash-like) funds.

Redemptions

The System's Hedge Funds, Commingled Domestic Equity, and Commingled International Equity are subject to redemption restrictions that constrain the System's ability to redeem these types of Alternative and Pooled Investments. As of August 31, 2025 the redemption frequency, redemption notice period, redemption restrictions, such as lockups and gates, and an estimate of the eventual lapse of those lockups where applicable are reported in the following table.

Table 3.C.3: Redemptions and Terms

Fair Value	Redemption Frequency	Redemption Notice Period	Redemption Restrictions	Redemption Lockup Lapse
\$ 449,183,096	Two Years	105 Days	N/A	N/A
1,704,172,029	Quarterly	45 Days to 3 Months	Investor Level Gate 16.66% to 25%; Fund Level Gate 0% to 25%; Soft Lockup 0-12 Months	Lapsed
5,515,079,602	Monthly	10 to 60 Days	N/A	N/A
1,750,260,372	N/A	N/A	N/A	N/A
\$ 9,418,695,099	Total Commingled Domestic Equity			
\$ 893,586,030	Three Years	45 Days	Hard Lockup 36 Months	Lapsed
1,413,015,133	Annually	90 Days	Hard Lockup 24 Months	Lapses on 06/27/2026
844,683,435	Quarterly	60 Days	Investor Level Gate 25%	Lapsed
376,142,765	Monthly	30 to 90 Days	Investor Level Gate 0% to 20%; Soft Lockup 0-36 Months	Lapsed
10,908,227,902	Monthly	5 to 30 Days	N/A	N/A
1,793,416,710	Fortnightly	9 Days	Fund Level Gate 30%	Lapsed
1,335,239,250	Fortnightly	6 Days	N/A	N/A
726,894,766	Daily	5 Days	N/A	N/A
267,829,282	N/A	N/A	N/A	NA
\$ 18,559,035,273	Total Commingled International Equity			
6,514,143	Illiquid	Illiquid	Illiquid	Illiquid
632,741,279	Annually/Illiquid	90 Days to 10 Months; Illiquid	Investor Gate 50%; Fund Level Gate 35%; Illiquid	Lapsed/Illiquid
5,251,414	Three Years	90 Days	Hard Lockup 36 Months	Lapsed
650,393,628	Annually	61 to 90 Days	Fund Level Gate 0% to 33.33%; Hard Lockup 0-12 Months; Soft Lockup 0-6 Months	Lapsed
620,339,019	Annually	90 Days	N/A	N/A
1,589,881,265	Semiannually	60 to 90 Days	Investor Level Gate 12.5% to 16.67%; Fund Level Gate 0% to 10%; Hard Lockup 0-12 Months	Lapsed
544,973,760	Quarterly	90 Days	Soft Lockup 0-36 Months	Lapses on 09/30/2027
22,572,129	Quarterly	65 days	Investor Level Gate 25%; Hard Lockup 18 Months	Lapses on 12/31/26 and 3/31/27
753,739,407	Quarterly	90 Days	Hard Lockup 24 Months	Lapses on 11/29/2026
54,019,150	Quarterly	30 Days	Investor Level Gate 25%; Hard Lockup 12 Months	Lapses on 04/30/2026
538,293,046	Quarterly	30 Days	Investor Level Gate 25%; Hard Lockup 12 Months	Lapses on 02/28/2026
312,839,640	Quarterly	60 Days	Investor Level Gate 25%; Soft Lockup 0-12 Months	Lapses on 12/31/2025
12,197,457,216	Quarterly	30 to 90 Days	Investor Level Gate 0% to 25%; Fund Level Gate 0% to 25%; Hard Lockup 0-36 Months; Soft Lockup 0-12 Months	Lapsed
1,760,625,870	Quarterly	30 to 180 Days	N/A	N/A
699,398,457	Monthly/ Quarterly	30 Days	N/A	N/A
2,123,643,638	Monthly	30 to 90 Days	Investor Level Gate 0% to 33.33%; Fund Level Gate 0% to 35%; Hard Lockup 0-24 Months; Soft Lockup 0-12 Months	Lapsed
3,018,792,078	Monthly	5 to 31 Days	N/A	N/A
919,747,462	Fortnightly	7 Days	N/A	N/A
9,759,522	Daily	1 Day	N/A	N/A
325,359,923	N/A	N/A	N/A	N/A
\$ 26,786,342,046	Total Hedge Funds			
92,042,310	N/A	N/A	N/A	N/A
\$ 92,042,310	Total Commingled Fixed Income			

Liquidations

The System receives distributions through the liquidation of the underlying assets of the investees for a majority of its Alternative Investments since these investments can never be redeemed with the investees. The following table discloses the System's estimate of the period over which the underlying assets are expected to be liquidated by the investees as of August 31, 2025.

Table 3.C.4: Alternative Investments Liquidation Periods						
Investment Type	Less than 1 Year	1-5 Years	6-10 Years	Greater than 10 Years	N/A	Total
Absolute Return	\$ 1,636,045,606	\$ 4,607,019,732	\$ 1,011,261,042	\$ 1,039,977,202	\$ 297,365,703	\$ 8,591,669,285
Energy, Natural Resources, and Infrastructure	1,798,274,983	3,151,203,820	5,177,394,762	1,164,866,088	4,185,095,262	15,476,834,915
Hedge Funds		242,360,658			26,543,981,388	26,786,342,046
Private Equity	6,262,223,808	14,045,452,792	8,391,363,766	1,210,309,024	3,595,468,446	33,504,817,836
Privately Held Equity					1,789,562,256	1,789,562,256
Real Estate	6,202,181,847	10,785,517,238	6,988,391,139	3,973,140,382	1,871,893,651	29,821,124,257
Risk Parity					3,380,880,231	3,380,880,231
Total	\$ 15,898,726,244	\$ 32,831,554,240	\$ 21,568,410,709	\$ 7,388,292,696	\$ 41,664,246,937	\$119,351,230,826

D. Derivative Instruments

Derivative instruments are used to efficiently manage and reduce the risk of the overall investment portfolio. Through the use of derivative instruments, the risks that are bound together in traditional cash market investments can be separated and managed independently. The accumulated unrealized gains on Derivative Instruments are classified as Investment Assets and the accumulated unrealized losses as Investment Liabilities on the Statement of Fiduciary Net Position. The changes in their fair value are classified as Investment Revenue on the Statement of Changes in Fiduciary Net Position. The fair value, changes in fair value, and notional value of the System's Derivative Instruments, classified by derivative instrument type, are displayed in the following table as of August 31, 2025.

The System's over-the counter (OTC) Derivative Instruments include contingent features that require the System to post collateral in the event that the fair value surpasses a specified contractual threshold. As of August 31, 2025, the fair value of Derivative Instruments with these collateral posting provisions include \$567,127,996 in assets and \$455,834,450 in liabilities. The System posted \$1,536,434,655 in collateral and has not triggered any events that would require the posting of additional collateral to its counterparties.

Table 3.D.1: Derivative Instruments

Fiduciary Funds Derivative Instruments	Fair Value	Change in Fair Value Gain/(Loss)	Notional Value
Rights			
Rights Long	\$ 11,361	\$ 257,237	\$ 6,121,475
Rights Short	(157)	(427,252)	(13,432,271)
Total Rights	\$ 11,204	\$ (170,015)	
Warrants			
Warrants Long	\$ 133,499	\$ (69,473)	\$ 1,012,258
Warrants Short	(69)	93	(92)
Total Warrants	\$ 133,430	\$ (69,380)	
Futures			
Commodity Futures Long	\$ 38,641,409	\$ 281,006,776	\$ 487,713,924
Commodity Futures Short	(3,509,670)	(5,489,455)	(244,551,286)
Fixed Income Futures Long	(7,824,533)	(222,461,146)	6,554,371,944
Fixed Income Futures Short	(1,511,341)	49,965,862	(593,900,669)
Index Futures Long	337,252,876	633,845,946	446,284,200
Index Futures Short	(64,547,749)	(21,306,431)	(607,300)
Total Futures	\$ 298,500,992	\$ 715,561,552	
Forwards			
FX Forwards	\$ (7,809,487)	\$ (86,175,277)	\$ 5,999,955,351
Total Forwards	\$ (7,809,487)	\$ (86,175,277)	
Options			
Equity Options Written	\$ (220,393,898)	\$ (180,947,418)	\$ (6,479,937)
Equity Options Bought	5,053,853	(48,785,957)	6,107,037
Index Options Written		(1,412,069)	
Total Options	\$ (215,340,045)	\$ (231,145,444)	
Swaps			
Credit Default Swaps Written	\$ 26,830,344	\$ 7,783,506	\$ 581,821,028
Total Return Swaps Equity	510,858,467	1,800,964,869	(18,674,416,773)
Total Return Swaps Bond	(174,695,675)	(841,382,447)	4,034,363,043
Receive-fixed Interest Rate Swaps	108,230	108,230	3,434,000,000
Total Swaps	\$ 363,101,366	\$ 967,474,158	
Total	\$ 438,597,460	\$ 1,365,475,594	

E. Securities Lending

The System is authorized by Section 825.303, Govt Code, to lend securities in accordance with the Securities Lending Policy which was amended on December 9, 2022 and adopted by the Board of Trustees and as required by statute. The amendment provides an alternative source of Trust financing that will be used in accordance with the System's Investment Policy Statement. The System has contracted with State Street Bank and Trust Company, who is also the System's custodian bank, and eSecLending, LLC as the lending agents to administer the securities lending program for domestic and international equity and fixed income securities. TRS securities held by a prime broker are not eligible for securities lending by the prime broker. The Securities Lending Policy can be accessed at www.trs.texas.gov. There were no significant policy violations during the fiscal year.

Collateral received from borrowers is delivered to the lending agent in the form of cash or government securities eligible for book entry in either the Federal Reserve System or the Participants Trust Company, or their respective successors. The initial collateral delivered to secure a loan of domestic securities must have a fair value of at least

102 percent of the initial fair value of domestic loaned securities and at least 105 percent of the initial fair value of international loaned securities. Collateral is marked to market daily. If, while the loan is outstanding, the current fair value of the collateral initially delivered is less than 100 percent of the current fair value of the loaned domestic equity securities, international sovereign debts, and non-U.S. corporate debt securities, or less than 103 percent of the current fair value of the international equity securities, the lending agent must require the borrower to deliver additional collateral to restore the value to 102 percent or 105 percent of the current fair value of the loaned securities for domestic or international securities, respectively. The System is authorized to invest cash collateral in the following types of instruments: U.S. government securities or U.S. government-sponsored enterprise (GSE) securities, money market instruments, repurchase agreements, fixed or floating rate debt obligations, and derivative instruments.

The securities lending contracts require the custodian to indemnify the System against loss resulting from borrower default or failure of the agent to properly execute its responsibilities under the lending agreement as required by Section 825.303(b)(3), Govt Code. Non-cash collateral cannot be pledged or sold unless the borrower defaults. All securities loans can be terminated on demand by the System or the borrower, and there are no restrictions on the amount of loans that can be made. During the fiscal year, there were no borrower or custodian default losses, and no recovery of prior-period losses.

The par value, dollar-weighted average maturity of the collective cash collateral investment portfolio may not exceed 120 days. The expected final maturity of any individual fixed-rate instrument or floating-rate instrument may not exceed 37 months based on settlement date. As of August 31, 2025, the maturities of the investments made with cash collateral generally match the maturities of their securities loans, with the weighted average maturity of the invested cash collateral at 19.01 days, and the weighted average term of all securities on loan at 5 days.

As of August 31, 2025, the System reported Invested Securities Lending Collateral worth \$4,357,671,166. The System holds \$4,876,287,132 in cash collateral and \$1,624,194,884 in non-cash collateral. Securities on loan totaled \$6,641,011,454, which included \$307,439,643 lent to the lending agent. The System received \$516 million of cash collateral from eSecLending, LLC and invests it according to the System's Investment Policy Statement. The System's investments of this cash collateral are reported under the appropriate asset classes in Exhibit I Statement of Fiduciary Net Position. Securities on loan include investments in Domestic Equities, International Equities, and U.S. Treasury Bonds.

F. Deposit and Investment Risk Factors

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the System will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the System will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

Deposits

The System does not have a formal deposit policy for custodial credit risk. Deposits held at the State of Texas Treasury are not subject to custodial credit risk since the Treasury holds collateral in the System's name in excess of depository insurance. Deposits held in bank accounts in excess of depository insurance are uninsured and uncollateralized. As of August 31, 2025, \$5,953,386 of the System's bank balance was uninsured and uncollateralized.

Investments

The System has contracted with State Street Bank and Trust Company and Goldman Sachs to serve as custodians for the System's investments. The System does not have a formal investment policy for custodial credit risk. As of August 31, 2025, the Short-Term Investment Fund is held by the custodian in a 2a-7 like investment pool not evidenced by a security and is not exposed to custodial credit risk. These securities are held in the name of the

System by the custodian. All other investments are registered in the name of the Teachers Retirement System of Texas or in the name of the System's custodian.

Securities Lending

The System does not have a formal investment policy for custodial credit risk for its securities lending program. The System reinvests all cash collateral received in an unrated cash collateral pool held by the System's securities lending agent and is, therefore, not exposed to custodial credit risk. Since non-cash collateral is not reported on the balance sheet, it is exposed to custodial credit risk, as is the related underlying securities on loan. The following table shows the underlying securities for the non-cash collateral loans, which are held by the counterparty, the securities lending agent, but not in the System's name and are not insured as of August 31, 2025.

Table 3.F.1: Securities Lending Custodial Credit Risk (Excluding Cash)			
Investment Type	Securities on Loan Fair Value		Non-Cash Collateral Value
Domestic Equity	\$	784,226,638	\$ 794,718,702
International Equity		809,300,019	829,476,182
Total	\$	1,593,526,657	\$ 1,624,194,884

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Investments

The System does not have a formal credit risk policy for its investments. The credit rating and fair value of the System's Fixed Income Investments as of August 31, 2025 is disclosed in the following table. The investments were rated according to categories from Standard & Poor's and Moody's ratings, whichever is lower. NR represents unrated securities. WR represents the removal of a rating on either an obligation or an issuer due to inadequate information, bankruptcy, reorganization, liquidation, or maturity of obligation.

Credit ratings of U.S. Treasuries, U.S. Treasury STRIPS, and U.S. TIPS are not disclosed since these investments are explicitly guaranteed by the U.S. Government. The System's Short-Term Investment Funds and Short-Term Commingled Funds are unrated.

Table 3.F.2: Credit Risk: Fixed Income Credit Rating			
Rating	Fixed Income Investment Type		
	Domestic Corporate Bonds	Sovereign Government Issue Bonds*	Total
AAA/Aaa	\$	\$ 175,035,698	\$ 175,035,698
AA/Aa2		30,065,455	30,065,455
AA-/Aa3		482,859,545	482,859,545
BBB-/Baa3		152,901,070	152,901,070
NR	74,609	319,605,187	319,679,796
Total	\$ 74,609	\$ 1,160,466,955	\$ 1,160,541,564
*The Not Rated Sovereign Government Bonds are primarily issued in the United Kingdom and France. The ratings for these Sovereign Government Bonds were not available even though, in general, the credit rating for the Sovereign Government Bonds issued in these two countries is AA-/Aa3 as of August 31, 2025.			

Derivative Instruments

The maximum allowable unsecured counterparty exposure for over-the-counter (OTC) derivative instrument transactions is \$500 million, based on the total net fair value of all OTC positions held with each counterparty. The total counterparty exposure for each counterparty, including the collateralized portions of these agreements, may not exceed 5 percent of the System's total fund fair value. The minimum credit rating, based on a Nationally Recognized Statistical Rating Organization (NRSRO), must be rated at least A- or better at the inception of the contract. For any counterparty that experiences deterioration in credit quality that results in a NRSRO rating below the A- level, subsequent to the inception of transaction, additional eligible collateral may be posted, or the transaction may be terminated. All OTC derivative instruments must be governed by an International Swaps and Derivatives Association (ISDA) Master Agreement and Credit Support Annex or, if centrally cleared by clearing agreements, the close-out netting provisions and collateralization provisions must be included.

The following table discloses the net Derivative Instruments exposure to credit risk by counterparty and their corresponding credit rating by each of the Big Three credit rating agencies as of August 31, 2025.

The aggregate fair value of Derivative Instruments in asset positions as of August 31, 2025, was \$567,127,996, which represents the maximum amount of loss due to credit risk that would be recognized if all counterparties failed to perform as contracted. The exposure is reduced by \$331,105,476 of collateral held and \$235,634,028 of liabilities included in netting arrangements with those counterparties, resulting in a net exposure to credit risk of \$388,493.

Collateral held by the System in its custodial accounts are not available for use in any other purposes. If any, this collateral has been excluded from the Statement of Net Position as it does not represent an asset to the System. Additional collateral of 282,123,000 is held by the System and under the terms of the related ISDAs, may be rehypothecated by the System. Depending on the nature of the collateral held and the ability rehypothecate the collateral, this balance is included within short-term investments within the Statement of Net Position, and is offset by a related Collateral Obligations liability.

The System's net exposure to credit risk is limited to 5 percent of the fair value of the System's total fund value. Significant concentrations of net exposure to credit risk existed, but the net exposure for the counterparty did not surpass 5 percent of the System's total fund fair value. As of August 31, 2025, the credit risk exposure related to derivative counterparty is summarized in the following table.

Table 3.F.3: Credit Risk: Derivative Counterparty

Counterparty	Net Exposure	Percentage of Net Exposure	S&P Rating	Fitch Rating	Moody's Rating
BNP Paribas SA	\$ 43,133	11 %	A+	A+	A1
Macquarie Bank International Limited	99,072	26	A+	A+	Aa2
Morgan Stanley & Co. International PLC	59,802	15	A-	A+	A1
State Street Bank and Trust Company	186,486	48	AA-	AA	Aa2
Total	\$ 388,493	100 %			

Reverse Repurchase Agreements

TRS held \$19,420,349,098 in reverse repurchase agreements at August 31, 2025. The System's Investment Policy Statement permits TRS to enter into reverse repurchase agreements, that is, a sale of securities with a simultaneous agreement to repurchase them in the future at the same price plus a contract rate of interest. The fair value of the securities underlying reverse repurchase agreements normally exceeds the cash received, providing counterparties a margin against a decline in fair value of the securities. If a counterparty defaults on its obligations to resell these securities to TRS or provide securities or cash of equal value, the System would suffer an economic loss equal to the difference between the fair value plus accrued interest of the underlying securities and

the agreement obligation, including accrued interest. No losses were recognized during the year due to default by counterparties to reverse repurchase agreements.

The counterparty limits for reverse repurchase transactions and tri-party reverse repurchase transactions may not exceed 5 percent of the System's total fund fair value, unless the transactions are covered by a third-party indemnification agreement by an organization that bears a long-term NRSRO credit rating of A- or better and is enhanced by acceptable collateral. Each repurchase agreement will be entered into under the Public Securities Association (PSA) and International Securities Market Association (ISMA) Global Master Repurchase Agreement. Each Master Repurchase Agreement must also include a table that delineates the excess purchased securities margin (haircut) required, based on the collateral type, duration, and credit quality. There were no significant policy violations during the fiscal year. The System's counterparty credit exposure for reverse repurchase agreements at August 31, 2025 is summarized in the following table.

Table 3.F.4: Credit Risk: Reverse Repurchase Agreements

	Fair Value of Collateral Held by Counterparty*	Cash and Interest Due to Counterparty*	Net Credit Risk
Counterparty - Term Agreements			
California Public Employees' Retirement System	\$ 104,398,288	\$ 101,662,397	\$ 2,735,891
Goldman Sachs & Co., LLC	676,264,385	668,133,537	8,130,848
JP Morgan Securities, LLC	3,592,963,835	3,557,459,259	35,504,576
Morgan Stanley	1,973,522,518	1,970,541,592	2,980,926
Nomura Securities International, Inc.	1,195,801,107	1,178,142,292	17,658,815
Canadian Imperial Bank of Commerce	515,383,163	510,544,593	4,838,570
RBC Dominion Securities, Inc.	854,056,243	843,387,986	10,668,257
Texas Treasury Safekeeping Trust Company	1,342,542,038	1,316,332,427	26,209,611
Total Term Reverse Repurchase Agreements	\$ 10,254,931,577	\$ 10,146,204,083	\$ 108,727,494
Counterparty - Overnight Agreements			
State Street Bank & Trust Company	\$ 642,339,228	\$ 701,243,351	\$ (58,904,123)
Bank of New York Mellon	891,357,742	1,000,486,079	(109,128,337)
Invesco	1,595,789,958	1,524,721,049	71,068,909
Morgan Stanley Investment Management	1,525,161,617	1,501,101,231	24,060,386
Total Overnight Reverse Repurchase Agreements	\$ 4,654,648,545	\$ 4,727,551,710	\$ (72,903,165)
Total Reverse Repurchase Agreements*	\$ 14,909,580,122	\$ 14,873,755,793	\$ 35,824,329

*Includes accrued interest.

The cash proceeds from reverse repurchase agreements are reinvested by the System. Purchases made with the proceeds of reverse repurchase agreements are not necessarily restricted to certain investment types or maturities. The cash due to counterparties resulting from reverse repurchase agreements is reported as "Obligation Under Reverse Repurchase Agreements" and the interest due to counterparties is included in "Investment Payables" on the Statement of Fiduciary Net Position. The underlying assets, as well as the reinvested proceeds, are reported in the Investments section on the Statement of Fiduciary Net Position.

Securities Lending

Instruments having a maturity at the time of purchase of less than 13 months must be rated in one of the two highest short-term ratings categories of the following Nationally Recognized Statistical Ratings Organizations (NRSRO) - Moody's, Standard & Poor's, Fitch or Morningstar DBRS - or be considered by the Board of Trustees to be of comparable quality. Instruments having a maturity at the time of purchase greater than 13 months must be rated at the time of purchase within the highest major, long-term rating category of an NRSRO (e.g., Moody's A3 or Standard & Poor's A-), or, if unrated, be determined to be of comparable quality by the Board of Trustees. As of

August 31, 2025, there was no credit risk exposure because the amounts owed to borrowers exceeded the amounts owed to the System.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

Investments

The System does not have a formal interest rate risk policy for its investments. The following table presents the fair value and the weighted effective duration rate for the System's Fixed Income Investments that are subject to interest rate risk as of August 31, 2025.

Table 3.F.5: Interest Rate Risk: Fixed Income Weighted Effective Duration Rate			
Fixed Income Investment Type		Fair Value	Weighted Effective Duration Rate
Domestic Corporate Bonds	\$	74,609	0.00
U.S. Treasury STRIPS		14,499,051	15.03
U.S. Treasury Bonds		18,972,323,290	14.38
Sovereign Government Issue Bonds		1,160,466,955	9.80
U.S. TIPS		8,929,199,071	6.60
Total	\$	29,076,562,976	11.81

Derivative Instruments

The System does not have a formal interest rate risk policy for its Derivative instruments. The System's investments in Swaps are highly sensitive to interest rate changes because they are based on fluctuating rates such as Secured Overnight Financing Rates (SOFRs).

As the Rates fluctuate, the total expected cash flows will fluctuate. The reference rates, embedded options, fair value, and notional value of the System's Interest Rate and Return Swaps that are exposed to interest rate risk, as of August 31, 2025, are presented in the following table.

Table 3.F.6: Interest Rate Risk: Derivative Instruments by Maturities

Investment Maturities (in Years)							
Reference Rate & Embedded Options	Fair Value	Less than 1	1-5	6-10	Greater than 10	Notional Value	
Interest Rate Swaps							
Receive Fixed 4.28417%, Pay Variable 00-Month SOFR	\$ 41,472	\$ 41,472	\$	\$	\$	\$ 400,000,000	
Receive Fixed 4.25856%, Pay Variable 00-Month SOFR	\$ 22,365	\$ 22,365				750,000,000	
Receive Fixed 4.26986%, Pay Variable 00-Month SOFR	\$ 21,547	\$ 21,547				100,000,000	
Receive Fixed 4.34661%, Pay Variable 00-Month SOFR	\$ 10,171	\$ 10,171				350,000,000	
Receive Fixed 4.12300%, Pay Variable 00-Month SOFR	\$ 31,472	\$ 31,472				400,000,000	
Receive Fixed 4.29904%, Pay Variable 00-Month SOFR	\$ (3,637)	\$ (3,637)				250,000,000	
Receive Fixed 4.12817%, Pay Variable 00-Month SOFR	\$ 37,236	\$ 37,236				400,000,000	
Receive Fixed 4.20547%, Pay Variable 00-Month SOFR	\$ (3,910)	\$ (3,910)				180,000,000	
Receive Fixed 4.31010%, Pay Variable 00-Month SOFR	\$ (3,850)	\$ (3,850)				250,000,000	
Receive Fixed 4.22485%, Pay Variable 00-Month SOFR	\$ (44,636)	\$ (44,636)				354,000,000	
Subtotal	\$ 108,230	\$ 108,230	\$ —	\$ —	\$ —	\$ 3,434,000,000	

Table 3.F.6: Interest Rate Risk: Derivative Instruments by Maturities (Continued)

Investment Maturities (in Years)						
Reference Rate & Embedded Options	Fair Value	Less than 1	1-5	6-10	Greater than 10	Notional Value
Total Return Swaps						
Receive Equity, Pay Variable 00-Month FEDL	\$ 2,600,147	\$	\$ 2,600,147	\$	\$	\$ (224,984,953)
Receive Equity, Pay Variable 00-Month SOFR	7,105,576	7,105,576				(1,370,778,569)
Receive Equity, Pay Variable 12-Month FEDL	2,745,613	76,027	2,669,586			(113,022,709)
Receive Equity, Pay Variable 12-Month SOFR	444,154,820	444,154,820				(12,803,774,858)
Receive Variable 00-month FEDL, Pay Equity	14,188	14,188				25,279,610
Receive Variable 12-Month FEDL, Pay Equity	(160,401)	(160,401)				14,335,239
Receive Variable 00-Month BBSW, Pay Equity	(16,239)	(16,239)				1,527,845
Receive Variable 12-Month SOFR, PayEquity	(165,665,261)	(165,665,261)				3,687,589,754
Receive Variable 00-Month SOFR, PayEquity	(7,902,749)			(7,353,624)	(549,125)	153,082,710
Receive Variable 00-Month FEDL, PayEquity	(1,242,085)	(655,489)	(586,596)			61,886,900
Receive Variable 12-Month FEDL, PayEquity	624,387		624,387			57,964,333
Receive Variable 01-Month BBSW, PayEquity	(347,515)	(347,515)				32,696,653
Subtotal	\$ 281,910,481	\$ 284,505,706	\$ 5,307,524	\$ (7,353,624)	\$ (549,125)	\$(10,478,198,045)
Total	\$ 282,018,711	\$ 284,613,936	\$ 5,307,524	\$ (7,353,624)	\$ (549,125)	\$(7,044,198,045)

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of a deposit or an investment. The System does not have a formal deposit policy for foreign currency risk. The risk of holding investments in foreign currency is managed by applying currency hedge ratios to the System's public markets and private markets non-dollar exposures. Each currency hedge ratio is the percentage of aggregate, non-dollar currency exposure to be passively hedged, and the hedging horizon is intermediate (one to three years). The System's exposure to foreign currency risk as of August 31, 2025 is presented in the following table.

Table 3.F.7: Foreign Currency Risk

Currency by Country	Cash	Alternative Investments	Derivative Instruments*	Equity Investments*	Fixed Income Investments	Pooled Investments	Short-Term Investments	Total
Australia Dollar	\$ (431,657)	\$	\$ 2,902,539	\$ 1,543,565,861	\$ 184,603,531	\$	\$ 4,443	\$ 1,730,644,717
Brazil Real	10,605,241		1,617,066	156,631,862			(4)	168,854,165
Canada Dollar	(53,464,571)		9,716,965	2,891,512,497	74,604		(108,999)	2,847,730,496
Chile Peso	28,628		(26,676)	15,295,459				15,297,411
China Yuan Renminbi	(7,662,465)			1,239				(7,661,226)
China Yuan Renminbi Offshore	7,673,169		72,039					7,745,208
Colombia Peso	11		(75,152)	4,416,366				4,341,225
Czech Republic Koruna	24		354,339	13,432,420			(76)	13,786,707
Denmark Krone	54,796			319,834,614			(12,479)	319,876,931
Egypt Pound	125			2,101,085				2,101,210
Euro Member Countries	136,055,512	5,546,799,617	2,999,157	6,461,306,528	380,260,887	1,413,015,133	(247,455)	13,940,189,379
Hong Kong Dollar				1,122,364				1,122,364
Hungary Forint	23,892		(513,128)	10,902,768			(4)	10,413,528
India Rupee	4,331,603		(930,394)	1,461,292,754			(10,947)	1,464,683,016
Indonesia Rupiah	890,068		(153,123)	113,772,557			4	114,509,506
Israel Shekel	875,967		(3,179)	143,438,969			(27)	144,311,730
Japan Yen	(8,465,725)		30,434,974	4,223,899,791			(102,564)	4,245,766,476
Korea (South) Won	12,261,695		13,375,445	933,894,207				959,531,347
Kuwait Dinar	1,204,194			27,046,613			(1,517)	28,249,290
Malaysia Ringgit	269,405		133,401	86,035,151				86,437,957
Mexico Peso	1,649,824		92,385	177,543,759				179,285,968
New Zealand Dollar	209,094		(46,554)	18,613,334			(1,307)	18,774,567
Norway Krone	264,312		(84,895)	127,103,521			(5,660)	127,277,278
Philippines Peso	14,721		(289,573)	14,795,920				14,521,068
Poland Zloty	6		(405,970)	70,592,056			(22)	70,186,070
Qatar Riyal	119,467			58,368,118			(130)	58,487,455
Romania New Leu			(296,659)					(296,659)
Saudi Arabia Riyal	426,708			162,291,677				162,718,385
Singapore Dollar	1,597,932		(669,672)	257,982,413			(14,444)	258,896,229
South Africa Rand	(3,233,578)		2,518,883	231,080,065			4,141	230,369,511
Sweden Krona	(1,469,145)	20,807,964	(1,972,449)	552,577,248			(12,091)	569,931,527
Switzerland Franc	1,295,600		(1,270,906)	1,567,980,958			(104,484)	1,567,901,168
Taiwan New Dollar	1,921,293		(1,210,731)	1,382,322,600			(1,513)	1,383,031,649
Thailand Baht	714,442		(17,327)	75,183,387			347	75,880,849
Tunisia Dinar			7					7
Turkey Lira	867,717		82,847	26,848,910			(125)	27,799,349

Table 3.F.7: Foreign Currency Risk (Continued)

Currency by Country	Cash	Alternative Investments	Derivative Instruments*	Equity Investments*	Fixed Income Investments	Pooled Investments	Short-Term Investments	Total
United Arab Emirates Dirham	248,269			189,711,146				189,959,415
United Kingdom Pound	(5,132,255)	942,537,836	17,507,302	2,635,902,230	595,602,537		(3,263)	4,186,414,387
Total	\$103,744,319	\$6,510,145,417	\$ 73,840,961	\$25,958,400,447	\$ 1,160,541,559	\$1,413,015,133	\$ (618,176)	\$ 35,219,069,660

*Foreign currency exposure in Derivative Instruments is net of assets and liabilities in Derivative Instruments. Exposure in Equity Investments includes short positions in equity investments.

Note 4: Employee Compensable Leave

Annual leave, commonly referred to as vacation leave, and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by TRS employees. Employees accrue vacation time at a rate of 8 to 21 hours per month depending on state employment service years. The maximum number of hours that may be carried forward to the next fiscal year ranges from 180 hours to 532 hours based on state service years.

Overtime, under the Fair Labor Standards Act and state laws, can be accumulated in lieu of immediate payment as compensatory leave (at one and one-half hours for each overtime hour worked) for nonexempt employees. At termination or death, all overtime must be paid in full.

Compensatory leave is allowed for exempt employees who are not eligible for overtime pay. This leave is accumulated on an hour-for-hour basis and must be taken within one year from the date earned or it lapses.

Employees accrue sick leave from the first day of employment through the last day of attendance at work. A full-time employee accrues eight hours of sick leave on the first day of each month worked. There is no limitation on the amount to be carried forward into the next fiscal year. Once employment is terminated with the state of Texas, the employee is not entitled to payment for any sick leave accrued.

For financial accounting and reporting purposes of sick leave, TRS uses the last-in, first-out (LIFO) flows assumption. Under LIFO, the employee uses the current reporting period hours earned before using the accumulated balance from prior fiscal years. If hours used do not exceed hours earned in the current reporting period, no liability is recognized. For fiscal year 2025, TRS recognized no sick leave liability as hours earned exceeded hours used.

Accumulated compensable leave liabilities for annual leave, overtime, and compensatory leave are reported in the Statement of Fiduciary Net Position for the Pension and Other Post-Employment Benefits Trust Funds and in the Statement of Net Position for the Proprietary Funds. Compensable Leave Liability activity for the year ended August 31, 2025 were as follows.

Table 4.1: Compensable Leave Activity

Fund	Balance 9/1/2024	Adjustments	Additions	Reductions	Balance 8/31/2025	Amounts Due Within One Year	Amounts Due Thereafter
Pension Trust	\$ 19,215,525	\$ 1,883,110	\$ 17,942,917	\$ (18,370,536)	\$ 20,671,016	\$ 12,995,463	\$ 7,675,553
TRS-Care	1,688,777	12,238	1,665,112	(1,725,696)	1,640,431	1,076,754	563,677
TRS-Active Care	315,205	9,047	269,951	(274,946)	319,257	189,593	129,664
Total	\$ 21,219,507	\$ 1,904,395	\$ 19,877,980	\$ (20,371,178)	\$ 22,630,704	\$ 14,261,810	\$ 8,368,894

Note 5: Leases/SBITAs

Leases

The System has entered into various non-cancelable lease agreements to secure facilities and equipment for its operations, including office space in London, England through the Teacher Retirement Investment Company (TRICOT), regional office space in El Paso, a sale-leaseback transaction related to its former headquarters, data centers and postage machines. These agreements have terms that will expire in various years through 2029. In accordance with GASB Statement No. 87, *Leases*, the System recognizes right-to-use assets and lease liabilities based on the present value of expected payments over the lease term of the respective leases. The expected payments are discounted using the interest rate charged on the lease, if available, or are otherwise discounted using an estimated incremental borrowing rate. The System uses guidance from the State of Texas Comptroller's Office in determining the interest rate by which expected payments should be discounted when it was not stated in the lease agreement. The System does not have any leases featuring payments tied to an index or market rate or any leases subject to a residual value guarantee. See Note 2 - Capital Assets for information on leased assets and associated accumulated amortization.

Sale-leaseback on Headquarters

On October 4, 2022, the System entered into a sale-leaseback transaction on its Red River headquarters. The initial leaseback term was structured for two years with an additional one-year renewal option. Subsequently, an amended lease agreement extended the lease term through December 31, 2024, during which two of the five renewal periods were exercised, and the leaseback ultimately ended on June 30, 2025.

The initial lease agreement included off-market terms stating that the System shall not pay base rent during the lease period, but it shall cover its proportionate share of real estate taxes and operating expenses. Under the amended lease agreement, the System was not required to pay its proportionate share of taxes and landlord expenses for the fourth quarter of calendar year 2024.

As defined under GASB 87, a sale-leaseback transaction is considered to have off-market terms if there is a significant difference between the present value of the contractual lease payments and the estimated present value of what the lease payments for that asset would be at the market price. Accordingly, the System estimated the fair market value for rent at \$28 per square foot, relying on an appraisal report conducted before the sale. The economic substance of the amended lease transaction was recognized by calculating the fair market value for rent based on total rentable square footage of 198,972, resulting in a right-to-use asset of \$15,321,000.

Additionally, the sale transaction resulted in an adjusted gain of \$105,773,666, being systematically amortized over the amended term of the leaseback. As of August 31, 2025, the remaining gain of \$32,052,626 was recognized as an inflow of resources.

Subscription-Based Information Technology Arrangements (SBITAs)

The System has entered into certain non-cancelable subscription-based information technology arrangements to support its operations, including investment management tools, compliance and reporting solutions, due diligence and deal management platforms, analytic reporting software, and mainframe managed services. The subscriptions expire at various dates through 2030. In accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, the System records right-to-use assets and subscription liabilities based on the present value of expected payments over the subscription term of the respective software. The expected payments are discounted using an estimated incremental borrowing rate. The System uses guidance from the State of Texas Comptroller's Office in determining the interest rate by which expected payments should be discounted when it was not stated in the subscription agreement. Of these subscriptions, some arrangements call for payments that are partially or completely variable and therefore were not included in the right-to-use asset or lease liabilities. These variable subscription payments are derived from use of the underlying IT asset or number of user seats. The System recognized a total of \$10,041,872 as expenses from these variable payments for the year ended August 31, 2025. See Note 2 - Capital Assets for information on subscription assets and associated accumulated amortization.

Future commitments for leases and software subscriptions having remaining terms in excess of one year as of August 31, 2025 were as follows:

Table 5.1: Lease and Subscription Based Obligations

Building & Building Improvements Lease				Subscription-Based Information Technology Arrangements (SBITAs)		
Fiscal Year	Principal	Interest	Total Future Minimum Lease Payments	Principal	Interest	Total Future Minimum Subscription Payments
2026	\$ 1,708,464	\$ 79,555	\$ 1,788,019	\$ 6,058,130	\$ 460,743	\$ 6,518,873
2027	585,539	48,560	634,099	3,045,484	240,365	3,285,849
2028	557,926	31,389	589,315	1,776,041	108,511	1,884,552
2029	576,501	12,814	589,315	902,623	39,093	941,716
2030				144,734	5,672	150,406
2031						
Total	\$ 3,428,430	\$ 172,318	\$ 3,600,748	\$ 11,927,012	\$ 854,384	\$ 12,781,396

Lease and SBITA long-term liability activity for the year ended August 31, 2025, is summarized as follows:

Table 5.2: Summary of Right to Use Obligations

Obligations	Balance 9/1/2024	Additions	Reductions	Balance 8/31/2025	Amounts Due Within One Year	Amounts Due Thereafter
Lease Obligations	\$ 1,195,409	\$ 3,596,963	\$ (1,363,942)	\$ 3,428,430	\$ 1,708,464	\$ 1,719,966
SBITA Obligations	6,671,645	15,034,341	(9,778,974)	\$ 11,927,012	6,058,130	5,868,882
Total	\$ 7,867,054	\$ 18,631,304	\$ (11,142,916)	\$ 15,355,442	\$ 7,766,594	\$ 7,588,848

Note 6: Fringe Benefits Paid by the State of Texas and the Federal Government

The State has a joint contributory retirement plan for substantially all its employees. The employees of TRS participate in the same pension plan they administer (Note 11).

Federal legislation enacted in January 2006 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. TRS-Care's Employer Group Waiver Plan (EGWP) reimbursements include Medicare Part D direct subsidies, catastrophic reinsurance subsidies, and low income subsidies for a total of \$329,977,509.

Note 7: Contingent Liabilities

Sick leave, the accumulation of which is unlimited, is earned at the rate of eight hours per month and is taken only in the event of illness or paid to the estate of an employee in the event of death. Pursuant to Texas Government Code 661.033, the maximum sick leave that may be paid to an employee's estate is one-half of the employee's accumulated entitlement or 336 hours, whichever is less. The balance of vacation leave, the accumulation of which is limited based on years of service is also paid to the estate of an employee in the event of death. The System's policy is to recognize the cost of any sick leave when paid and to recognize the cost of any vacation leave when earned.

The System is contingently liable for retro-active retirement benefits payable to retiring members who complete the retirement process within one year of applying for retirement benefits. As of August 31, 2025, the maximum liability for pending retirement benefits payable is \$13.6 million.

In addition, under Texas Insurance Code - Not Codified, Article 3.51-7, the System is liable to pay a lump-sum death benefit of \$2,500 when added to the death benefit authorized under Texas Government Code, Title 8, Chapter 824, to the beneficiaries of deceased, retired employees.

A Performance Pay Plan was established by the Board in September 2007, and amended effective October 1, 2024, to enable the System to remain competitive in its efforts to attract, retain and motivate high caliber investment division staff. The purpose of the Plan is to award performance pay for Investment Management Division (IMD) employees based on specified performance criteria, which is an industry practice in the private sector and in the public sector. For the Performance Pay Plan year ending on September 30, 2025, the liability is estimated not to exceed \$57 million. Any potential awards are paid in the following years in which the Pension Trust Fund has a positive return, and employees must be employed by TRS on the designated dates in the Plan to receive payment. The Board of Trustees may cancel or modify the Plan at any time.

An Executive Director Performance Incentive Pay Plan was adopted effective July 1, 2016, and revised effective October 1, 2024 in order to remain competitive in its efforts to attract and retain high caliber executives. The purpose of the plan is designed to reward the Executive Director for performance based on key objectives tied to the overall success of TRS. The liability for plan year ending on September 30, 2025, is estimated not to exceed \$588,500. The Board of Trustees may cancel or modify the Plan at any time.

TRS is a defendant in litigation involving issues arising from its normal activities. The outcome of this litigation cannot be determined at this time. Based upon consultation with legal counsel, management believes there will be no material adverse effect on the basic financial statements as a result of the ultimate outcome of these matters.

Note 8: Continuance Subject to Review

As provided by Texas Government Code, Title 8, Section 825.006, "The Board of Trustees of the Teacher Retirement System of Texas is subject to review under Chapter 325 (Texas Sunset Act), but is not abolished under that chapter. The board shall be reviewed during the period in which state agencies abolished in 2035, and every 12th year after that year, are reviewed."

Note 9: Other Post-Employment Benefits (OPEB) Plan - TRS-Care

A. Plan Description

The Texas Public School Retired Employees Group Insurance Program (TRS-Care) is a multiple-employer, cost-sharing, defined benefit OPEB plan with a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

The Board of Trustees of TRS administers the TRS-Care program and the related fund in accordance with Texas Insurance Code Chapter 1575. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. The Board may adopt rules, plans, procedures, and orders reasonably necessary to administer the program, including minimum benefits and financing standards. Information regarding the TRS Board of Trustees and its composition can be found on page 3 and in Note 1.

B. Benefits Provided

TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional service centers, and other educational districts who are members of the TRS pension System. Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. TRS-Care Standard includes medical and prescription drug benefits. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension System. For more information on TRS-Care eligibility and detailed information on TRS-Care, please refer to the Benefits section or the TRS website.

The 88th Legislature amended the Texas Insurance Code Chapter 1575 via Senate Bill 1854 allowing TRS to offer coverage for dental and vision care to retirees. In accordance with Chapter 1575.1601, TRS established the TRS-Care Dental and TRS-Care Vision plans. TRS-Care Dental and TRS-Care Vision are optional plans that are available to retirees who are eligible for TRS-Care. This includes their dependents, surviving spouses, and surviving dependent children. Retirees do not have to be enrolled in TRS-Care medical and pharmacy plans to be eligible for TRS-Care Dental and TRS-Care Vision. The first enrollment period for the plans began in October 2024 and coverage started in January 2025.

The General Appropriations Act passed by the 88th Legislature included funding to maintain TRS-Care premiums at their current level through 2025. Also, the 86th Legislature passed Senate Bill 1682 which requires TRS to establish a contingency reserve in the TRS-Care fund equal to 60 days of expenditures. This amount is estimated at \$381,400,000 as of August 31, 2025.

C. Contributors to the Plan

Contributors to TRS-Care include active and retired members, employers, and the State of Texas as the only non-employer contributing entity.

During fiscal year 2025, the number of participating employers are presented in the following table.

Table 9.C.1: Number of Participating Employers	
Participating Employers	Number
Public Schools*	1,018
Charter Schools	197
Regional Service Centers	20
Other Education Districts	2
Total	1,237
*Excludes Windham School District which is not covered by TRS-Care.	

TRS-Care plan membership as of August 31, 2024 is shown in the following table. Because the actuarial valuation was based on a roll-forward from that date (See Section F), the counts are as of that date.

Table 9.C.2: TRS-Care Plan Membership Numbers by Category	
Membership Type	Number
Active plan members	780,592
Inactive plan members currently receiving benefits	186,658
Inactive plan members entitled to but not yet receiving benefits	15,881
Total	983,131

The Average Expected Remaining Service Life (AERSL) of 9.4638 years is based on the membership information as of the beginning of the fiscal year.

TRS-Care Dental and TRS-Care Vision are self-insured plans and only the enrollees contribute to the plans.

D. Contributions

Contribution rates for the TRS-Care plan are established in State Statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions; and contributions from the state, active employees, and participating employers are based on active employee compensation. The TRS Board does not have the authority to set or amend contribution rates.

At the inception of the plan, funding was projected to last 10 years through fiscal year 1995. The original funding was sufficient to maintain the solvency of the fund through fiscal year 2000. Since that time, appropriations and contributions have been established to fund the benefits for each successive biennium.

Section 1575.202 of the Texas Insurance Code establishes the State's contribution rate which is 1.25 percent of the employee's salary. Section 1575.203 establishes the active employee rate which is 0.65 percent of salary. Section 1575.204 establishes a public school contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the employer. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act, which is 0.75 percent of each active employee's pay for fiscal year 2025. The following table shows contributions to the TRS-Care plan by type of contributor.

Contributor	Rate	Amount
Active Employee	0.65 %	\$ 294,947,940
Non-Employer Contributing Entity (State)	1.25	526,551,253
Participating Employers	0.75	340,324,079
Federal/Private Funding*	1.25	40,656,324
Total		\$1,202,479,596
*Contributions paid from federal funds and private grants are remitted by the employer and paid at the State rate.		

All employers whose employees are covered by the TRS pension plan are also required to pay a surcharge of \$535 per month when employing a retiree of TRS. The TRS-Care surcharges for fiscal year 2025 totaled \$16,852,694.

TRS-Care Dental and TRS-Care Vision are self-insured plans. The plans are funded by the premiums paid by the enrollees.

The premium rates for Medicare and non-Medicare retirees and dental and vision enrollees are reflected in the following table.

Retiree Type	Medicare	Non-Medicare	TRS-Care Dental	TRS-Care Vision
Retiree or Surviving Spouse	\$ 75	\$ 200	\$ 41.64	\$ 6.89
Retiree and Spouse	280	689	83.29	13.79
Retiree or Surviving Spouse and Children	408	408	87.45	15.57
Retiree and Family	613	999	129.93	24.08

E. Net OPEB Liability

Components of the Net OPEB Liability of the TRS-Care plan as of August 31, 2025 are disclosed in the following table.

Table 9.E.1: Net OPEB Liability	
Components of Liability	Amount
Total OPEB Liability	\$ 30,497,077,953
Less: Plan Fiduciary Net Position	(5,569,790,466)
Net OPEB Liability	\$ 24,927,287,487
Net Position as a Percentage of Total OPEB Liability	18.26 %

The Net OPEB Liability decreased by \$5.42 billion, from \$30.4 billion as of August 31, 2024, to \$24.9 billion as of August 31, 2025. The decrease was primarily due to an increase in the discount rate.

F. Actuarial Methods and Assumptions

Roll Forward

The actuarial valuation was performed as of August 31, 2024. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2025.

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex.

Demographic Assumptions

The rates of mortality, retirement, termination and disability incidence are identical to the assumptions used to value the pension liabilities of the Teacher Retirement System of Texas (TRS). The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2021.

Mortality Assumptions

The active mortality rates were based on PUB(2010), Amount-Weighted, Below-Median Income, Teacher male and female tables (with a two-year set forward for males). The post-retirement mortality rates for healthy lives were based on the 2021 TRS of Texas Healthy Pensioner Mortality Tables. The rates were projected on a fully generational basis using the ultimate improvement rates from mortality projection scale MP-2021.

Election Rates

Normal Retirement - 62 percent participation rate prior to age 65 and 25 percent participation rate after age 65. Pre-65 retirees - 30 percent of pre-65 retirees are assumed to discontinue coverage at age 65.

Health Care Trend Rates

The initial medical trend rate was 7.35 percent for non-Medicare retirees and 9.00 percent for Medicare retirees. The initial prescription drug trend rate was 9.00 percent for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25 percent over a period of 14 years.

Table 9.F.1: Actuarial Methods and Assumptions

Component	Result
Valuation Date	August 31, 2024 rolled forward to August 31, 2025
Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.30%
Single Discount Rate	5.23% as of August 31, 2025
Aging Factors	Based on the Society of Actuaries' 2013 Study "Health Care Costs - From Birth to Death".
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Salary Increases	3.20% to 9.20%, including inflation
Ad Hoc Post-Employment Benefit Changes	None

Discount Rate

A single discount rate of 5.23 percent was used to measure the total OPEB liability. This was an increase of 1.36 percent in the discount rate since the previous year. Since the plan is a pay-as-you-go plan, the single discount rate is equal to the prevailing municipal bond rate.

G. Change of Assumptions Since the Prior Measurement Date

The single discount rate changed from 3.87 percent as of August 31, 2024, to 5.23 percent as of August 31, 2025. Additionally, the salary increase rates were revised to match those used in the pension valuation, and the health care trend rates were reset to reflect the plan's anticipated experience.

H. Sensitivity of the Net OPEB Liability to the Single Discount Rate Assumption

The following presents the Net OPEB Liability of the plan using the discount rate for 20-year, tax-exempt general obligation municipal bonds with an average AA credit rating, as well as what the Net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower, 4.23 percent, or one percentage point higher, 6.23 percent, than the AA credit rate. The source for the rate is the Fixed Income Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in the Bond Buyer's "20-Bond GO Index", as of August 31, 2025.

Table 9.H.1: Sensitivity of the Net OPEB Liability to the Single Discount Rate Assumption

1% Decrease 4.23%	Current Single Discount Rate 5.23%	1% Increase 6.23%
\$ 29,274,488,452	\$ 24,927,287,487	\$ 21,344,888,097

I. Sensitivity of the Net OPEB Liability to the Healthcare Cost Trend Rate Assumption

The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher than the assumed healthcare cost trend rate.

Table 9.I.1: Sensitivity of the Net OPEB Liability to the Healthcare Cost Trend Rate Assumption

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
\$ 20,611,363,637	\$ 24,927,287,487	\$ 30,407,237,425

Note 10: Other Post-Employment Benefits (OPEB) Plan - TRS Employees

A. Plan Description

The employees of TRS are provided post-employment health care and basic life insurance benefits through the Texas Employees Group Benefits Program (GBP). The GBP is administered by the board of trustees of the Employees Retirement System (ERS) of Texas and operates under the provisions of the Texas Insurance Code, Chapter 1551. The GBP is a cost-sharing, multiple-employer, post-employment benefit plan with a special funding situation. Benefit and contribution provisions of the plan are authorized by state law and may be amended by the Texas Legislature.

B. Benefits Provided

The Plan covers retired employees of the State and other entities as specified by the State legislature.

Eligibility is limited to retirees:

- with 10 or more years of service credit, and who are at least 65 years of age, or
- when the sum of a member's age and years of service credit equals or exceeds 80, and
- if the individual was employed, as the last state employment before retirement, by a state agency whose employees are authorized to participate in the group benefits program, or
- if the individual retires under the jurisdiction of the Employees Retirement System of Texas or the Teacher Retirement System of Texas

The benefits include a health plan providing medical and prescription drug coverage and \$2,500 of life insurance. A retiree may pay for spouse and dependent coverage as well as coverage for dental, vision, life and dependent life insurance.

C. Contributors to the Plan

Contributors to the plan include state agencies, universities, junior and community colleges, other entities, the State of Texas as the only non-employer contributing entity, active and retired employees and their dependents.

D. Contributions

Employer and employee contribution rates are determined annually by the ERS Board of Trustees based upon the total amount appropriated by the Texas Legislature. The State of Texas is the only non-employer contributing entity in the plan and is required to contribute the cost of the retiree's group health coverage to the plan. The amount the state will contribute to the monthly health insurance premium depends on whether the employee had fewer than five years of eligible service at a GBP-participating agency or institution as of September 1, 2014. If an employee had five years of service by that date, they are "grandfathered" and the state will pay 100 percent of the health insurance premium when they become eligible. 50 percent if they were a part-time employee in the last three months of employment. If an employee had fewer than five years of service as of September 1, 2014, the state's health insurance premium will be "tiered"; based on the number of years of participation in the GBP.

- 100 percent with at least 20 years of service
- 75 percent with 15 years of service
- 50 percent with 10 years of service

Employers are required to contribute 1 percent of base payroll for group health insurance. TRS pays the State contribution for its employees and retirees. For the fiscal year ended August 31, 2025, there are four programs offered by ERS. The table below represents contribution rates for the most prevalent program.

**Table 10.D.1: 2025 Contribution Rates
Health and Basic Life Premium**

Type of Coverage	Employer Pays	Employee Pays
Employee Only	\$ 624.82	\$
Employee + Spouse	982.82	358.00
Employee + Children	864.52	239.70
Employee + Family	1,222.52	597.70

TRS covers 100 percent of a member only premium and 50 percent of the additional premium for family coverage. The retiree contributes any premium over and above the System's contribution for additional coverage. The amount of TRS contributions recognized by the OPEB plan during the reporting period was \$13,513,227.36.

E. OPEB Plan Fiduciary Net Position

The fiduciary net position of the Employees Retirement System of Texas (ERS) and their OPEB plan has been determined using the full accrual basis of accounting and the economic resources measurement focus. For purposes of measuring the Net OPEB Liability, this includes deferred outflow of resources and deferred inflow of resources related to OPEB, OPEB expense, and information about assets, liabilities and additions to and deductions from ERS' fiduciary net position. Benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the plan.

The State Retiree Health Plan is a pay-as-you-go plan and does not accumulate funds in advance of retirement. The ERS Board of Trustees adopted an amendment to the investment policy in August 2022 requiring that all funds be invested in cash and equivalent securities.

F. Net OPEB Liability

At August 31, 2025, the amounts recognized by TRS as its proportionate share of the ERS Net OPEB Liability, the related State support and the Total Net OPEB Liability attributable to TRS are disclosed in the following table.

Table 10.F.1: ERS Net OPEB Liability

Components of the ERS OPEB Liability	Amount
TRS' proportionate share of the collective Net OPEB Liability	\$ 129,857,133
State's proportionate share of the collective Net OPEB Liability associated with TRS	N/A*
Total	\$ 129,857,133

*Pursuant to Texas Insurance Code, Sec. 1551.315, TRS paid the State contribution for TRS employees since they were compensated from funds not appropriated in the General Appropriations Act; the State was not allocated any proportionate share of TRS' Net OPEB Liability.

TRS' portion of the collective Net OPEB Liability at August 31, 2025 was 0.44311387 percent and was based on TRS' employer contributions to the OPEB plan relative to the employer contributions of all employers to the plan for the period September 1, 2023 through August 31, 2024. There was an increase of 0.03595096 percent in TRS' proportionate share from the prior year of 0.40716291 percent.

The Net OPEB Liability at August 31, 2025 was based on a measurement date of August 31, 2024, and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of August 31, 2024.

G. Actuarial Assumptions

Significant assumptions and other inputs used to measure the Total OPEB Liability for the Texas Employees Group Benefits Program (GBP) are disclosed in the following table.

Table 10.G.1: Group Benefits Program Actuarial Methods and Assumptions	
Component	Result
Valuation Date	August 31, 2024
Discount Rate	3.87%
Actuarial Cost Method	Entry Age
Salary Increases	2.30% to 8.95% including inflation
Inflation	2.30%
Ad Hoc Post-Employment Benefit Changes	None
Annual Healthcare Trend Rates	<u>HealthSelect</u> 5.60% for FY2026, 5.60% for FY2027, 5.25% for FY2028, 5.00% for FY2029, 4.75% for FY2030, 4.50% for FY2031 decreasing 10 basis points per year to an ultimate rate of 4.30% for FY2033 and later years <u>HealthSelect Medicare Advantage</u> 36.00% for FY2026, 8.00% for FY2027, 5.25% for FY2028, 5.00% for FY2029, 4.75% for FY2030, 4.50% for FY2031 decreasing 10 basis points per year to an ultimate rate of 4.30% for FY2033 and later years <u>Pharmacy</u> 11.50% for FY2026, 11.00% for FY2027, 10.00% for FY2028, 8.5% for FY2029, 7.00% for FY2030 decreasing 100 basis points per year to 5.00% for FY2032 and 4.30% for FY2033 and later years

Projections of the sharing of benefit-related costs are based on an established pattern of practice.

The sources of the mortality assumptions for State Agency Members are:

- For Service Retirees, Survivors and other Inactive Members - The 2020 State Retirees of Texas Mortality table with a 1 year set forward for male CPO/CO members and Ultimate MP-2021 Projection Scale projected from the year 2020
- For Disability Retirees - The 2020 State Retirees of Texas Mortality table with a 3 year set forward for males and females with minimum rates at all ages of 3 percent for males and 2.5 percent for females, and Ultimate MP-2021 Projection Scale projected from the year 2020
- For Active Members - Pub-2010 General Employees Active Member Mortality table for non-CPO/CO members and Pub-2010 Public Safety Active Member Mortality table for CPO/CO members with Ultimate MP-2021 Projection Scale projected from the year 2010

The sources of the mortality assumptions for Higher Education Members are:

- For Service Retirees, Survivors and other Inactive Members - Tables based on TRS experience with Ultimate MP-2021 Projection Scale from the year 2021
- Disability Retirees - Tables based on TRS experience with Ultimate MP-2021 Projection Scale from the year 2021 using a 3 year set forward and minimum mortality rates of four per 100 male members and two per 100 female members
- Active Members - Sex Distinct Pub-2010 Amount-Weighted Below-Median Income Teacher Mortality with a 2 year set forward for males with Ultimate MP-2021 Projection Scale from the year 2010

Many of the actuarial assumptions used in this valuation were based on the results of actuarial experience studies performed by the ERS retirement plan actuary as of August 31, 2023 and the TRS retirement plan actuary as of August 31, 2021.

Discount Rate

The discount rate used to measure the Total OPEB Liability was 3.87 percent. The change in the discount rate since the OPEB plan's prior fiscal year-end is an increase of 0.06 percent (from 3.81 percent to 3.87 percent).

Projected cash flows into the plan are equal to projected benefit payments out of the OPEB plan.

The long-term expected rate of return on OPEB plan investments, the assumed asset allocation and the arithmetic versus geometric means are not applicable since the plan operates on a pay-as-you-go basis and is not intended to accumulate assets.

The municipal bond rate was 3.87 percent and the source of the rate is the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. The bonds' average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corporation's AA rating.

The periods of projected benefit payments to which the long-term expected rate of return applies is zero years.

H. Sensitivity of the Net OPEB Liability

The sensitivity of the Net OPEB Liability to changes in the healthcare cost trend rate assumptions are disclosed in the following table.

Table 10.H.1: Sensitivity of the Net OPEB Liability to the Healthcare Cost Trend Rate Assumptions				
1% Decrease		Current Healthcare Cost Trend Rate		1% Increase
\$	111,423,951	\$	129,857,133	\$ 153,354,472

The sensitivity of the Net OPEB Liability to variations in the single discount rate assumption is disclosed in the following table.

Table 10.H.2: Sensitivity of the Net OPEB Liability to the Single Discount Rate Assumption				
1% Decrease		Current Single Discount Rate		1% Increase
2.87%		3.87%		4.87%
\$	151,089,523	\$	129,857,133	\$ 112,817,904

I. Changes of Assumptions Since the Prior Measurement Date

Demographic Assumptions

Since the last valuation was prepared for this plan, the following assumptions have been updated since the previous valuation to reflect recent plan experience and expected trends, as well as demographic assumptions recently adopted by the ERS Trustees for purposes of the retirement plan valuation:

- Percentage of current retirees and retiree spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and retiree spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- Proportion of future retirees assumed to be married and electing coverage for their spouse.
- Proportion of future retirees assumed to elect health coverage at retirement and proportion of future retirees expected to receive the Opt-Out Credit at retirement.
- Demographic assumptions, including the mortality projection scale for all State Agency members; base mortality for Judges; assumed rates of retirement for certain members who are Regular Class, Elected Class or Certified Peace Officers/Custodial Officers (CPO/CO); assumed rates of termination for certain members who are Regular Class, Judges or Certified Peace Officers/Custodial Officers (CPO/CO); and assumed rates of disability for all State Agency members.

Economic Assumptions

- The expenses directly related to the payment of GBP health benefits for (a) HealthSelect medical services and (b) prescription drug benefits under HealthSelect and HealthSelect Medicare Advantage have been updated since the previous valuation to reflect recent new administrative services contracts.
- Assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends have been updated since the previous valuation to reflect recent health plan experience and its effects on short-term expectations.
- The Patient-Centered Outcomes Research Institute fee payable under the Affordable Care Act and the rate of future increases in the fee have been updated to reflect the most recent available information.
- The discount rate was changed from 3.81 percent to 3.87 percent as a result of requirements by GASB Statement 75 to utilize the yield or index rate for 20-year, tax-exempt general obligation bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

J. Changes of Benefit Terms Since Prior Measurement Date

Minor benefit revisions have been adopted since the prior valuation. These changes, which are not expected to have a significant impact on plan costs for fiscal year 2025, are provided for in the fiscal year 2025 Assumed Per Capita Health Benefit Costs.

K. OPEB Expense and Deferred Inflow and Outflow of Resources

TRS recognized \$16,719,495 in OPEB expense during fiscal year 2025.

At August 31, 2025, TRS reported its proportionate share of the ERS collective deferred outflow and deferred inflow of resources related to OPEB from the sources listed in the following table.

Category	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$	\$ (2,142,491)
Changes of assumptions	7,109,617	(25,868,525)
Net difference between projected and actual earnings		(4,964)
Changes in proportion and differences between employer's contributions and proportionate share of contributions	43,012,978	
Employer contributions subsequent to the measurement date	12,924,060	
Total	\$ 63,046,655	\$ (28,015,980)

The OPEB expense that TRS will recognize in future years and the remaining balance of deferred outflow and deferred inflow of resources each year is disclosed in the following table.

Fiscal Year Ended August 31,	OPEB Expense
2026	\$ 5,625,165
2027	4,266,740
2028	4,071,538
2029	5,571,881
2030	2,571,291
Thereafter	
Total	\$ 22,106,615

L. OPEB Plan Financial Report

ERS issues a publicly available financial report that includes financial statements and required supplementary information for the GBP. The report may be obtained by visiting www.ers.texas.gov, by writing to the Finance Division of the Employees Retirement System of Texas at 200 East 18th Street, Austin, Texas 78701, or by calling 1-877-275-4377.

Note 11: TRS Pension Plan

A. Plan Description

The Teacher Retirement System of Texas (TRS or System or Plan) is a public employee retirement system (PERS) that is a multiple-employer, cost-sharing, defined benefit pension plan with a special funding situation. The Plan is administered by the Board of Trustees of TRS. Information regarding the Board and its composition can be found on page 3 or in Note 1.

Benefits are established or amended under the authority of the Texas Constitution, Article XVI, Section 67 and by the Legislature in the Texas Government Code, Title 8, Subtitle C. The Board of Trustees does not have the authority to establish or amend benefits.

B. Benefits Provided

TRS provides retirement, disability, and death benefits. Membership in the Plan includes all employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempt from membership under Texas Government Code, Title 8, Section 822.002. State law requires the plan to be actuarially sound in order for the legislature to consider a benefit enhancement, such as a supplemental payment to retirees.

C. Contributors to the Plan

Contributors to the Plan include active members, employers, and the State of Texas as the only non-employer contributing entity. The State is also the employer for senior colleges and universities, medical schools, and other entities, including TRS. In each respective role, the State contributes to the plan in accordance with State Statutes and the General Appropriations Act.

The number of participating employers during fiscal year 2025 are disclosed in the following table.

Table 11.C.1: Number of Participating Employers	
Employer Type	Number
Public Schools	1,019
Charter Schools	197
Community and Junior Colleges	50
Senior Colleges and Universities	48
Regional Service Centers	20
Medical Schools	9
Other Education Districts	2
Other Entities	1
Total	1,346

Plan membership as of August 31, 2024 is shown in the following table. Because the actuarial valuation was based on a roll forward from fiscal year 2024 (see Section F), the Plan membership counts are as of August 31, 2024.

Table 11.C.2: Pension Plan Membership Numbers by Category	
Pension Plan Member Type	Number
Inactive plan members or beneficiaries currently receiving benefits	508,701
Inactive plan members entitled to but not yet receiving benefits	578,035
Active plan members	970,874
Total	2,057,610

The Average Expected Remaining Service Life (AERSL) of 5.6120 years is based on membership information as of the beginning of the fiscal year.

D. Contributions

Contribution requirements are established or amended pursuant to the following state laws:

- Article 16, Section 67 of the Texas Constitution requires the legislature to establish a member contribution rate of not less than 6 percent of the member's annual compensation and a state contribution rate of not less than 6 percent and not more than 10 percent of the aggregate annual compensation paid to members of the System during the fiscal year.
- Government Code section 821.006 prohibits benefit improvements if it increases the amortization period of TRS' unfunded actuarial liability to greater than 31 years or, if the amortization period already exceeds 31 years, the period would be increased by such action. Actuarial implications of the funding provided in this manner are determined by the System's actuary.

As the non-employer contributing entity, the State of Texas contributes to the retirement System the current employer contribution rate times the aggregate annual compensation of all members of the Plan during the fiscal year, reduced by the employer contributions described below.

All participating employers and the State of Texas, as the employer for senior colleges, universities, and medical schools, are required to pay the employer contribution rate in the following situations:

- On the portion of a member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code
- During a new member's first 90 days of employment
- When any or all of an employee's salary is paid by federal, private, local or non-educational and general funds
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement System an amount equal to 50 percent of the state contribution rate for certain instructional or administrative employees and 100 percent of the state contribution rate for all other employees.

The following table shows contributions to the Plan by type of contributor for the fiscal year 2025.

Table 11.D.1: Contribution Rates and Amounts by Contributor		
Contributor	Contribution Rate	Amount
Member	8.25 %	\$ 5,093,206,594
Non-Employer Contributing Entity (State)	8.25	2,564,554,383
Employers	8.25	2,516,005,627
Total		\$10,173,766,604

Employers are also required to pay surcharges in the following cases:

- All public schools, charter schools and regional education service centers must contribute 2.0 percent of the member's salary beginning in fiscal year 2025.
- When employing a retiree of TRS, the employer shall pay an amount equal to the member contribution and the state contribution as an employment after retirement surcharge.

Employer surcharges paid for the fiscal year 2025 are shown below.

Table 11.D.2: Employer Surcharges		
Surcharge	Rate	Amount
Public Education Employers	2.00 %	\$ 705,362,179
Employment after Retirement - Employer	8.25	31,309,887
Employment after Retirement - Employee	8.25	31,309,887
Total		\$ 767,981,953

The current and future contribution rates are shown below.

Table 11.D.3: Contribution Rates by Contributor			
Fiscal Year	State	Public Education Employer	Active Employee
2025	8.25 %	2.00 %	8.25 %
2026	8.25	2.00	8.25
Note: SB12 of the 86th Texas Legislature establishes contribution rates through FY 2025. Additional rate changes will require Legislative action.			

E. Net Pension Liability

Components of the Net Pension Liability of the Plan as of August 31, 2025 are disclosed below.

Table 11.E.1: Net Pension Liability	
Components of Liability	Amount
Total Pension Liability	\$ 289,276,031,895
Less: Plan Fiduciary Net Position	(226,328,300,601)
Net Pension Liability	\$ 62,947,731,294
Net Position as Percentage of Total Pension Liability	78.24 %

F. Actuarial Methods and Assumptions

Roll Forward

The actuarial valuation was performed as of August 31, 2024. Update procedures were used to roll forward the total pension liability to August 31, 2025.

The total pension liability is determined by an annual actuarial valuation. The actuarial methods and assumptions were selected by the Board of Trustees based upon analysis and recommendations by the System's actuary. The Board of Trustees has sole authority to determine the actuarial assumptions used for the Plan. The actuarial methods and assumptions were primarily based on a study of actual experience for the four-year period ending August 31, 2021 and were adopted in July 2022.

The post-retirement mortality rates for healthy lives were based on the 2021 TRS of Texas Healthy Pensioners Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published projection scale ("U-MP"). The active mortality rates were based on the published PUB(2010) Mortality Tables for Teachers, below median, also with full generational mortality.

The long-term expected rate of return on pension plan investments is 7.00 percent. The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2025 are summarized in Note 3.

The following table discloses the assumptions that were applied to this measurement period.

Table 11.F.1: Actuarial Methods and Assumptions	
Component	Result
Valuation Date	August 31, 2024 rolled forward to August 31, 2025
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term Expected Rate	7.00%
Municipal Bond Rate as of August 30, 2025	5.23% - The source for the rate is the Bond Buyers 20 Index which represents the estimated yield of a portfolio of 20 general obligation bonds maturing in 20 years based on a survey of municipal bond traders.
Last year ending August 31 in Projection Period (100 years)	2124
Inflation	2.30%
Salary Increases	3.20% to 9.20% including inflation
Ad hoc post-employment benefit changes	None

Effective with the measurement date of August 31, 2025, the salary increase assumption was modified to reflect anticipated changes in future contribution levels resulting from the enactment of House Bill 2 (HB2) by the 2025 Texas Legislature. Except for the change in salary increase assumption, the actuarial assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2024. For a full description of these assumptions please see the actuarial valuation report dated November 21, 2024.

Discount Rate

A single discount rate of 7.00 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the Legislature during the 2019 legislative session. It is assumed that future employer and state contributions will be 9.54 percent of payroll in fiscal year 2026 and thereafter. This includes all employer and state contributions for active and rehired retirees.

Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Change of Assumptions Since the Prior Measurement Date

The 2025 Texas Legislature passed HB2, which modified the future compensation structure for active employees covered by the System. As a result, a new salary increase assumption was adopted for determining the Net Pension Liability as of the August 31, 2025 measurement date. All other actuarial assumptions and methods remain the same as used in the determination of the prior year's Net Pension Liability.

H. Changes in Benefit Provisions Since Prior Measurement Date

There have been no changes to the benefit provisions since the prior valuation.

I. Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption

The following table presents the net pension liability of the plan using the discount rate of 7.00 percent, and what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate.

Table 11.I.1: Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption					
1% Decrease		Current Single Discount Rate		1% Increase	
6.00%		7.00%		8.00%	
\$	101,448,913,430	\$	62,947,731,294	\$	30,904,183,880

J. Deferred Retirement Option Program

The Deferred Retirement Option Plan (DROP) was closed to new members on December 31, 2005. The Plan was available for active members who were eligible for normal age retirement with at least 25 years of credited service. Participation options were in 12-month increments for up to five years. For detailed information on the Plan, see the Summary of Benefits section. The balance in the DROP reserve account at August 31, 2025 was \$448,983.43 and had 2 members.

K. Funding Progress

The required Schedule of Changes in the Employer's Net Pension Liability and Related Ratios immediately following the Notes to the Financial Statements presents multi-year trend information about whether the net position of the Plan is increasing or decreasing relative to the pension liability over time.

Note 12: Risk Management

The 77th Texas Legislature enacted the Texas Active School Employees Uniform Group Benefits Act (H.B. 3343), establishing a new statewide health coverage program for public school employees and their dependents. TRS began administering this program, known as TRS-ActiveCare, September 1, 2002. The plan is available to all public school districts, charter schools with open enrollment, regional service centers, and certain other employers.

Claims for the health insurance coverages are recorded in the TRS-ActiveCare Plan. These coverages are provided through a self-funded health plan. For self-funded coverages, the System's liabilities are reported when it is both probable that a loss has occurred, and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Based on estimates performed by TRS' in-house actuary, liabilities are reevaluated periodically to consider current settlements, frequency of claims, past experience, and economic factors. Changes in the balances of the self-funded claims liabilities for the current fiscal year are presented in the following table.

Table 12.1: Changes in Health Care Claims Liabilities

	August 31, 2025		August 31, 2024	
Beginning Balance	\$	315,861,067	\$	313,322,761
Current-Year Claims and Changes in Estimates		2,655,931,047		2,354,028,825
Claims Payments		(2,650,653,817)		(2,351,490,519)
Ending Balance	\$	321,138,297	\$	315,861,067

There were no significant reductions in insurance coverage over the past fiscal year for the self-funded health plan. The balance of claims that have been incurred but not reported is \$238,824,744. Claim settlements did not exceed coverage in the past three fiscal years.

The System is exposed to the following types of claims for risk of loss:

- Health Insurance
- Property and Casualty
- Unemployment
- Workers' compensation

The System purchases commercial insurance to cover the risk of loss related to general liability, theft of, damage to, and destruction of assets, and natural disasters. The risk of financing for different types of coverages are presented in the following table.

Table 12.2: Summary of Risk Financing

Type of Coverage	Plan Name	Self-Funded	Risk Retained With
Health	TRS-ActiveCare	Yes	System
	HMOs	No	Insurance Carrier
Property and Casualty	N/A	No	Insurance Carrier
Unemployment	N/A	Yes	System
Workers Compensation	N/A	No	Insurance Carrier

Note 13: Component Units

A. Description

Teacher Retirement Investment Company of Texas, Ltd. (TRICOT) is a limited liability corporation organized under United Kingdom (UK) law that began operating in November 2015. TRS is the sole shareholder of TRICOT. TRS formed TRICOT for the purpose of increasing investment opportunities for the TRS portfolio. TRICOT is presented as a blended component unit in the Pension Trust Fund fiduciary fund type of TRS with a fiscal year-end of August 31.

B. Criteria for Inclusion as a Component Unit

TRS used the following criteria and determined TRICOT to be a component unit according to GASB 14, as modified by GASB 39 and 61:

- TRICOT is considered a special-purpose government entity engaged only in fiduciary activities on behalf of TRS.
- TRICOT is a part of the System. TRS maintains complete control over TRICOT and all related assets. If TRICOT were dissolved, any remaining assets, net of liabilities, would revert back to TRS.
- As a "private limited liability company" in the UK, TRICOT is legally separate according to GASB 14, paragraph 15.
- TRS' executive director, as a shareholder representative, appoints the sole director of TRICOT.
- TRICOT is financially dependent upon TRS and has no other sources of funding.
- TRICOT provides services exclusively to TRS.
- It would be misleading to exclude TRICOT in the financial statements.

Written requests for TRICOT's financial statements should be addressed to: Communications Division, Teacher Retirement System of Texas, 4655 Mueller Blvd, Austin, Texas 78723, 1-800-223-8778.

Note 14: Subsequent Events

Pursuant to Rider 20 of Senate Bill 1 (89th Legislature), the TRS Board of Directors submitted a letter in October 2025 to the Legislative Budget Board and the Office of the Governor with a fiduciary finding to accept the contingent appropriation provision in Rider 20 to fund and staff a new TRS Regional Office in the Rio Grande Valley region. The total increase approved in the contingent appropriation is \$3,635,000.00 for FY26 and \$1,500,000.00 for FY27, with 19 FTEs authorized for full-time staffing.

Note 15: Presentation Changes

Beginning in fiscal year 2025, assets and liabilities in derivative instruments are reported separately in accordance with the requirements from paragraph 19 of the Government Accounting Standard Board Statement No. 53. For comparative reporting purposes, the balances of derivative instruments as of August 31, 2024 are restated accordingly. This change does not have any impact on the ending balance of the Pension Trust Fund as of August 31, 2025 in Exhibit I Statement of Fiduciary Net Position. In addition, this error correction does not change the beginning balances of the Pension Trust Fund for fiscal year 2025 in Exhibit II Statement of Changes in Fiduciary Net Position.

Required Supplementary Information

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Schedule of Changes in the Employers' Net Pension Liability and Related Ratios

Pension Trust Fund

For the Fiscal Years Ended August 31

Last Ten Fiscal Years*

(Dollars in Thousands)**

	2025	2024	2023	2022
Total Pension Liability				
Service Cost	\$ 7,467,422	\$ 7,218,630	\$ 6,791,856	\$ 6,093,119
Interest on the Total Pension Liability	18,748,044	17,607,847	16,815,740	16,201,213
Benefit Changes		4,999,000		
Differences between Expected and Actual Experience	1,570,360	1,800,139	2,148,475	1,043,774
Changes of Actuarial Assumptions	4,926,668			6,651,511
Benefit Payments	(14,238,547)	(15,114,584)	(12,740,413)	(13,130,574)
Refunds of Member Accounts	(825,349)	(744,484)	(707,817)	(579,462)
Net Change in Total Pension Liability	\$ 17,648,598	\$ 15,766,548	\$ 12,307,841	\$ 16,279,582
Beginning Total Pension Liability	\$ 271,627,434	\$ 255,860,887	\$ 243,553,045	\$ 227,273,464
Ending Total Pension Liability (a)	\$ 289,276,032	\$ 271,627,434	\$ 255,860,887	\$ 243,553,045
Plan Fiduciary Net Position				
Employer Contributions	\$ 3,283,988	\$ 3,151,326	\$ 2,859,870	\$ 2,504,170
Member Contributions	5,093,207	4,921,798	4,492,518	4,213,622
Non-Employer Contributing Entity Contributions	2,564,554	2,483,581	2,279,409	2,153,483
Net Investment Income	20,038,964	23,789,442	6,885,963	(13,383,751)
Benefit Payments	(14,238,547)	(15,114,584)	(12,740,413)	(13,130,574)
Refunds of Member Accounts	(825,349)	(744,484)	(707,817)	(579,462)
Administrative Expenses	(106,916)	(84,717)	(85,188)	(62,053)
Other	(24,859)	4,970,360	576	663,179
Net Change in Plan Fiduciary Net Position***	\$ 15,785,042	\$ 23,372,723	\$ 2,984,918	\$ (17,621,385)
Beginning Plan Fiduciary Net Position	\$ 210,543,258	\$ 187,170,536	\$ 184,185,617	\$ 201,807,002
Ending Plan Fiduciary Net Position (b)	\$ 226,328,301	\$ 210,543,258	\$ 187,170,536	\$ 184,185,617
Ending Net Pension Liability (a)-(b)	\$ 62,947,731	\$ 61,084,176	\$ 68,690,351	\$ 59,367,428

*Schedule is presented on a prospective basis in accordance with GASB 67, paragraph 50.

**RSI tables are presented in thousands and may not foot due to rounding and will not tie back to the financial statements since they are presented in whole dollars.

***Prior period adjustment is reported in Net Change in Plan Fiduciary Net Position.

2021	2020	2019	2018	2017	2016
\$ 5,793,398	\$ 5,651,647	\$ 5,642,075	\$ 4,654,171	\$ 4,489,046	\$ 4,392,077
15,645,734	15,014,048	14,267,256	14,109,277	13,515,486	12,896,571
		588,828			
(1,004,527)	(259,157)	(982,694)		(969,831)	373,669
		(7,425,279)	22,106,679	700,880	
(11,686,211)	(10,972,292)	(11,253,729)	(10,172,997)	(9,775,775)	(9,379,123)
(449,136)	(421,366)	(486,461)	(422,336)	(420,421)	(373,419)
\$ 8,299,259	\$ 9,012,880	\$ 349,996	\$ 30,274,794	\$ 7,539,385	\$ 7,909,775
\$ 218,974,205	\$ 209,961,325	\$ 209,611,329	\$ 179,336,535	\$ 171,797,150	\$ 163,887,375
\$ 227,273,464	\$ 218,974,205	\$ 209,961,325	\$ 209,611,329	\$ 179,336,535	\$ 171,797,150
\$ 2,124,028	\$ 2,016,482	\$ 1,761,822	\$ 1,671,257	\$ 1,588,309	\$ 1,483,390
3,839,244	3,736,877	3,482,870	3,360,773	3,242,556	2,943,669
2,140,553	2,107,999	1,737,852	1,715,785	1,697,963	1,675,631
40,512,139	11,068,917	7,669,029	11,242,814	17,079,807	9,193,281
(11,686,211)	(10,972,292)	(11,253,729)	(10,172,997)	(9,775,775)	(9,379,123)
(449,136)	(421,366)	(486,461)	(422,336)	(420,421)	(373,419)
(71,360)	(67,136)	(60,486)	(64,926)	(44,190)	(44,403)
(18,500)	(31,435)	558,400	(123,390)	(14,964)	(29,095)
\$ 36,390,757	\$ 7,438,046	\$ 3,409,297	\$ 7,206,980	\$ 13,353,285	\$ 5,469,931
\$ 165,416,245	\$ 157,978,199	\$ 154,568,902	\$ 147,361,922	\$ 134,008,637	\$ 128,538,706
\$ 201,807,002	\$ 165,416,245	\$ 157,978,199	\$ 154,568,902	\$ 147,361,922	\$ 134,008,637
\$ 25,466,461	\$ 53,557,960	\$ 51,983,126	\$ 55,042,427	\$ 31,974,613	\$ 37,788,513

Notes to the Schedule of Changes in the Employers' Net Pension Liability and Related Ratios

2018 - Changes of assumptions: The discount rate changed from 8.0% as of August 31, 2017 to a blended rate of 6.907% as of August 31, 2018. The long-term assumed rate of return changed from 8.0% as of August 31, 2017 to 7.25% as of August 31, 2018. Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. The total pension liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.

2020 - Change of assumptions: The state and employer contribution rate changed from 6.8% to 7.5%. The 1.5% public education employer contribution applied to just employers whose employees were not covered by OASDI in 2019 and it changed in 2020 to apply to all public schools, charter schools and regional education centers irrespective of participation in OASDI.

2021 - Changes of assumptions: The public education employer contribution rate changed from 1.5% in 2020 to 1.6% in 2021.

2022 - Changes of assumptions: Demographic and economic assumptions were updated based on experience study performed for TRS for the period ending August 31, 2021. The primary change was the lowering of the discount rate from 7.25% to 7.00%.

2025 - Changes of assumptions: Salary increase assumption updated to reflect impact of 2025 legislation.

Schedule of the Net Pension Liability

Pension Trust Fund

For the Fiscal Years Ended August 31

Last Ten Fiscal Years*

Fiscal Year	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as a % of Total Pension Liability	Covered Payroll	Net Pension Liability as a % of Covered Payroll
2016	\$ 171,797,150,487	\$ 134,008,637,473	\$ 37,788,513,014	78.00 %	\$ 40,742,826,333	92.75 %
2017	179,336,534,819	147,361,922,120	31,974,612,699	82.17	42,111,120,273	75.93
2018	209,611,328,793	154,568,901,833	55,042,426,960	73.74	43,646,405,156	126.11
2019	209,961,325,288	157,978,199,075	51,983,126,213	75.24	45,232,074,364	114.93
2020	218,974,205,084	165,416,245,243	53,557,959,841	75.54	48,530,876,156	110.36
2021	227,273,463,630	201,807,002,496	25,466,461,134	88.79	49,860,307,091	51.08
2022	243,553,045,455	184,185,617,196	59,367,428,259	75.62	52,670,273,413	112.72
2023	255,860,886,500	187,170,535,558	68,690,350,942	73.15	56,156,478,463	122.32
2024	271,627,434,294	210,543,258,495	61,084,175,799	77.51	59,658,161,321	102.39
2025	289,276,031,895	226,328,300,601	62,947,731,294	78.24	61,735,837,503	101.96

*This schedule is presented on a prospective basis in accordance with GASB 67, paragraph 50.

Schedule of Employer and Non-Employer Contributing Entity Actuarially Determined Contributions (ADC)**Pension Trust Fund**

For the Fiscal Years Ended August 31

Last Ten Fiscal Years*

Fiscal Year		Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2016	\$	3,226,831,846	\$ 3,159,020,596	\$ 67,811,250	\$ 40,742,826,333	7.75 %
2017		3,343,622,950	3,286,271,953	57,350,997	42,111,120,273	7.80
2018		3,426,242,805	3,387,041,853	39,200,952	43,646,405,156	7.76
2019		4,288,000,650	3,499,674,404	788,326,246	45,232,074,364	7.74
2020		4,527,930,745	4,124,481,029	403,449,716	48,530,876,156	8.50
2021		4,522,329,853	4,264,580,994	257,748,859	49,860,307,091	8.55
2022		4,671,853,252	4,657,653,121	14,200,131	52,670,273,413	8.84
2023		5,318,018,510	5,139,278,899	178,739,611	56,156,478,463	9.15
2024		5,607,867,164	5,634,907,167	(27,040,003)	59,658,161,321	9.45
2025		5,803,168,725	5,848,541,963	(45,373,238)	61,735,837,503	9.47

*This schedule is presented on a prospective basis in accordance with GASB 67, paragraph 50.

Notes to the Schedule of Actuarially Determined Contributions

The following methods and assumptions were used to determine the Actuarially Determined Contributions.

Component	Result
Valuation Date	August 31, 2024 (to determine contribution rate for fiscal year ending August 31, 2025)
Actuarial Cost Method	Individual Entry Age Normal actuarial cost method
Amortization Method	Level Percentage of Payroll, Floating
Remaining Amortization Period	28 years based on increased employer and member contribution rates enacted during the 2019 legislative session.
Asset Valuation Method	5 year smoothed market
Inflation	2.30%
Salary Increases	2.95% to 8.95%, including inflation
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2022 valuation pursuant to an experience study conducted for the period ending on August 31, 2021.
Mortality	The active mortality rates were based on PUB (2010), Amount-Weighted, Below-Median Income, Teacher male and female tables (with a two-year set forward for males), also with full generational mortality using Scale UMP 2021. The post-retirement mortality rates for healthy lives were based on the 2021 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using Scale UMP 2021 (the ultimate rates of MP-2021) but with immediate convergence.
Benefit Changes	None
Notes	Actuarially determined contribution rates are calculated as of August 31 of the preceding fiscal year. Members and employers contribute based on statutorily fixed rates. The assumptions described above are based on the August 31, 2024 actuarial valuation on which the actuarially determined employer contributions is based.

Schedule of Investment Returns**Annual Money-Weighted Rate of Return, Net of Investment Expense****Pension Trust Fund**

For the Fiscal Years Ended August 31

Last Ten Fiscal Years

2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
9.7 %	12.8 %	3.8 %	(6.7)%	25.0 %	7.2 %	5.1 %	7.8 %	13.0 %	7.3 %

Schedule of Employer's (TRS) Proportionate Share of ERS' Net OPEB Liability**Pension Trust Fund**

For the Fiscal Years Ended August 31

Last Ten Fiscal Years*

Fiscal Year	Employer's (TRS) Proportionate Share of Collective Net OPEB Liability	Employer's (TRS) Proportionate Share of Collective Net OPEB Liability %	Employer's (TRS) Covered Payroll	Employer's Proportionate Share of Collective Net OPEB Liability as a % of Employer's (TRS) Covered Payroll	ERS Fiduciary Net Position as a % of Total OPEB Liability
2018	\$ 81,850,260	0.24022021 %	\$ 53,125,067	154.07 %	2.04 %
2019	85,009,492	0.28682846	60,679,696	140.10	1.27
2020	104,446,218	0.30219368	67,365,146	155.04	0.17
2021	105,874,471	0.32039840	75,970,957	139.36	0.32
2022	124,038,376	0.34574668	83,160,325	149.16	0.38
2023	104,206,608	0.36580452	92,074,281	113.18	0.57
2024	108,783,871	0.40716291	111,849,135	97.26	0.63
2025	129,857,133	0.44311387	138,097,189	94.03	0.47

The amounts presented above are as of the measurement date of the collective Net OPEB Liability for the respective fiscal year.

*This schedule will ultimately contain 10 years of information. Additional years will be presented on a prospective basis in accordance with GASB 75, paragraph 245.

Schedule of Employer's (TRS) Contributions to ERS' OPEB Plan**Pension Trust Fund**

For the Fiscal Years Ended August 31

Last Ten Fiscal Years*

Fiscal Year	Statutory Employer (TRS) Contributions	Actual Employer (TRS) Contributions**	Contributions Deficiency (Excess)	Employer's (TRS) Covered Payroll	Employer (TRS) Contributions as a % of Covered Payroll
2018	\$ 8,612,958	\$ 8,612,958	\$	\$ 60,679,696	14.19 %
2019	8,954,706	8,954,706		67,365,146	13.29
2020	9,628,763	9,628,763		75,970,957	12.67
2021	10,396,226	10,396,226		83,160,325	12.50
2022	10,089,742	10,089,742		92,074,281	10.96
2023	12,142,297	12,142,297		111,849,135	10.86
2024	13,513,227	13,513,227		138,097,189	9.79
2025	14,319,088	14,319,088		157,870,737	9.07

The amounts presented above are as of the employer's most recent fiscal year end.

*This schedule will ultimately contain 10 years of information. Additional years will be presented on a prospective basis in accordance with GASB 75, paragraph 245.

**Contributions are not based on a measurement of pay.

Schedule of Changes in Employers' Net OPEB Liability and Related Ratios**TRS-Care**

For the Fiscal Years Ended August 31

Last Ten Fiscal Years*

(Dollars in Thousands)**

	2025	2024	2023	2022
Total OPEB Liability				
Service Cost	\$ 1,483,361	\$ 1,097,420	\$ 1,167,928	\$ 2,329,444
Interest on the Total OPEB Liability	1,376,963	1,087,982	1,070,343	818,451
Changes of Benefit Terms				
Differences between Expected and Actual Experience	(3,495,225)	5,756,395	(2,155,815)	(4,519,113)
Changes of Actuarial Assumptions	(3,377,335)	1,665,088	(573,519)	(12,067,408)
Benefit Payments	(658,864)	(466,777)	(542,810)	(613,142)
Net Change in Total OPEB Liability	\$ (4,671,101)	\$ 9,140,108	\$ (1,033,872)	\$ (14,051,769)
Beginning Total OPEB Liability	\$ 35,168,179	\$ 26,028,070	\$ 27,061,943	\$ 41,113,711
Ending Total OPEB Liability (a)	\$ 30,497,078	\$ 35,168,179	\$ 26,028,070	\$ 27,061,943
Plan Fiduciary Net Position				
Employer Contributions	\$ 397,833	\$ 404,083	\$ 393,951	\$ 370,736
Non-Employer Contributing Entity Contributions	526,551	505,173	495,642	534,341
Member Contributions	294,948	290,205	277,468	263,328
Net Investment Income	217,628	202,197	130,069	13,538
Benefit Payments***	(658,864)	(466,777)	(542,810)	(613,142)
Administrative Expense	(28,174)	(23,132)	(22,800)	(18,466)
Other	3,222	15,132	40,306	28,360
Net Change in Plan Fiduciary Net Position	\$ 753,144	\$ 926,881	\$ 771,828	\$ 578,695
Beginning Plan Fiduciary Net Position	\$ 4,816,646	\$ 3,889,765	\$ 3,117,937	\$ 2,539,242
Ending Plan Fiduciary Net Position (b)	\$ 5,569,790	\$ 4,816,646	\$ 3,889,765	\$ 3,117,937
Ending Net OPEB Liability (a)-(b)	\$ 24,927,287	\$ 30,351,532	\$ 22,138,305	\$ 23,944,005

*This schedule will ultimately contain 10 years of information. Additional years will be presented on a prospective basis in accordance with GASB 74, paragraph 62.

**RSI tables are presented in thousands and may not foot due to rounding and will not tie back to the financial statements since they are presented in whole dollars.

***Benefit Payments are shown net of Health Care Premiums paid by Retirees.

2021	2020	2019	2018
\$ 2,123,507	\$ 2,580,691	\$ 2,306,961	\$ 2,284,418
951,216	1,304,452	1,904,512	1,524,880
(4,029,450)	(11,973,222)	(7,950,584)	2,979,259
2,553,299	64,950	2,133,219	936,862
(495,695)	(549,284)	(540,351)	(881,714)
\$ 1,102,877	\$ (8,572,413)	\$ (2,146,243)	\$ 6,843,705
\$ 40,010,834	\$ 48,583,247	\$ 50,729,490	\$ 43,885,785
\$ 41,113,711	\$ 40,010,834	\$ 48,583,247	\$ 50,729,490
\$ 334,028	\$ 324,974	\$ 305,363	\$ 296,098
452,858	666,588	482,056	789,870
250,413	243,532	227,338	221,325
9,227	25,537	25,047	10,127
(495,696)	(549,284)	(540,351)	(881,714)
(7,906)	(7,069)	(6,006)	(6,672)
	18		(29,995)
\$ 542,924	\$ 704,296	\$ 493,447	\$ 399,039
\$ 1,996,318	\$ 1,292,022	\$ 798,575	\$ 399,536
\$ 2,539,242	\$ 1,996,318	\$ 1,292,022	\$ 798,575
\$ 38,574,469	\$ 38,014,516	\$ 47,291,225	\$ 49,930,915

Notes to the Schedule of Changes in Employers' Net OPEB Liability and Related Ratios

2018: Changes of Assumptions: The discount rate changed from 3.42% as of August 31, 2017 to 3.69% as of August 31, 2018, updated the health care trend rate assumption, and revised demographic and economic assumptions based on the TRS experience study.

2019: Changes of Assumptions: The discount rate changed from 3.69% as of August 31, 2018 to 2.63% as of August 31, 2019, lowered the participation rates and updated the health care trend rate assumption.

2020: Changes of Assumptions: The discount rate changed from 2.63% as of August 31, 2019 to 2.33% as of August 31, 2020, lowered the participation rate assumption for employees who retire after the age of 65, and lowered the ultimate health care trend rate assumption to reflect the repeal of the excise (Cadillac) tax on high-cost employer health plans.

2021: Changes of Assumptions: The discount rate changed from 2.33% as of August 31, 2020 to 1.95% as of August 31, 2021.

2022: Changes of Assumptions: The discount rate changed from 1.95% as of August 31, 2021 to 3.91% as of August 31, 2022, lowered the participation rates, and updated the healthcare trend rate assumption.

2023: Changes of Assumptions: The discount rate changed from 3.91% as of August 31, 2022 to 4.13% as of August 31, 2023, revised demographic and economic assumptions based on the TRS experience study.

2024: Changes of Assumptions: The discount rate changed from 4.13% as of August 31, 2023 to 3.87% as of August 31, 2024, the tables used to model the impact of aging on the underlying claims were revised.

2025: Changes of Assumptions: The discount rate changed from 3.87% as of August 31, 2024 to 5.23% as of August 31, 2025, revised the salary increase rates to match those used in the TRS pension valuation and updates to the health care trend assumptions.

Schedule of the Net OPEB Liability

TRS-Care

For the Fiscal Years Ended August 31

Last Ten Fiscal Years*

Fiscal Year	Total OPEB Liability	Plan Net Position	Net OPEB Liability	Plan Net Position as a % of Total OPEB Liability	Covered Payroll	Net OPEB Liability as a % of Covered Payroll
2017	\$ 43,885,784,621	\$ 399,535,986	\$ 43,486,248,635	0.91 %	\$ 32,806,335,231	132.55 %
2018	50,729,490,103	798,574,633	49,930,915,470	1.57	34,050,058,000	146.64
2019	48,583,247,239	1,292,022,349	47,291,224,890	2.66	34,975,146,769	135.21
2020	40,010,833,815	1,996,317,932	38,014,515,883	4.99	37,466,480,000	101.46
2021	41,113,711,083	2,539,242,470	38,574,468,613	6.18	38,525,164,923	100.13
2022	27,061,942,520	3,117,937,218	23,944,005,302	11.52	40,512,069,077	59.10
2023	26,028,070,267	3,889,765,203	22,138,305,064	14.94	42,687,428,308	51.86
2024	35,168,178,563	4,816,646,311	30,351,532,252	13.70	44,646,883,538	67.98
2025	30,497,077,953	5,569,790,466	24,927,287,487	18.26	45,376,606,154	54.93

*This schedule will ultimately contain 10 years of information. Additional years will be presented on a prospective basis in accordance with GASB 74, paragraph 62.

Other Supplementary Information

Schedule 1: Schedule of Administrative and Investing Activity Expenses 106

Schedule 2: Schedule of Professional and Consulting Services..... 108

Schedule 1**Schedule of Administrative and Investing Activity Expenses****All Funds**

For the Fiscal Year Ended August 31, 2025

Pension Trust Fund						
	Benefits	Investments	TRS-Care	TRS-ActiveCare	Total	
Administrative Expenses						
Personnel Services						
Salaries and Wages	\$ 60,844,849	\$ 123,881,689	\$ 13,997,358	\$ 3,266,598	\$ 201,990,494	
Payroll Related Costs	2,690,403	8,769,493	1,793,620	335,476	13,588,992	
Total Personnel Services	\$ 63,535,252	\$ 132,651,182	\$ 15,790,978	\$ 3,602,074	\$ 215,579,486	
Total Professional Fees and Services	\$ 3,085,710	\$ 12,020,326	\$ 4,771,748	\$ 1,912,541	\$ 21,790,325	
Other Operating Expenses						
Travel	\$ 275,403	\$ 1,247,044	\$ 125,030	\$ 41,523	\$ 1,689,000	
Materials and Supplies						
Consumable Supplies and Fuels	390,243	95,605	210,540	1,665	698,053	
Subscriptions and Reference Information	1,585,288	2,426,786	215,811	60,417	4,288,302	
Postage, Mailing and Delivery Services	1,591,741	174,824	1,334,345	3,009	3,103,919	
Furniture and Equipment - Expensed	1,101,700	1,341,706	137,619	30,838	2,611,863	
Communications and Utilities	1,209,648	16,827,686	105,888	59,287	18,202,509	
Repairs and Maintenance						
Software Purchases and Maintenance	4,084,359	4,948,882	511,215	108,740	9,653,196	
Computer Hardware Maintenance	858,014				858,014	
Buildings and Equipment Maintenance	212,326	956,318	104,291	22,224	1,295,159	
Rentals and Leases	1,016,929	47,328	266,106	558	1,330,921	
Printing and Reproduction	20,858	104	12,679		33,641	
Depreciation Expense	11,307,594	7,840			11,315,434	
Amortization Expense	12,062,256	4,137,771	2,605,673		18,805,700	
Other Expenses						
Dues, Fees and Staff Development	195,187	445,009	39,744	26,928	706,868	
Insurance Premiums	608,187	511,506	60,194	13,153	1,193,040	
Miscellaneous Expenses	3,775,056	7,618,565	1,882,306	399,923	13,675,850	
Total Other Operating Expenses	\$ 40,294,789	\$ 40,786,974	\$ 7,611,441	\$ 768,265	\$ 89,461,469	
Total Administrative Expenses	\$ 106,915,751	\$ 185,458,482	\$ 28,174,167	\$ 6,282,880	\$ 326,831,280	

Schedule 1**Schedule of Administrative and Investing Activity Expenses****All Funds**

For the Fiscal Year Ended August 31, 2025

	Pension Trust Fund				
	Benefits	Investments	TRS-Care	TRS-ActiveCare	Total
Investment Fees					
Prime Service Fees	\$	\$ 19,779,832	\$	\$	\$ 19,779,832
Investment Interest Expenses		711,413,769			711,413,769
Research Fees		1,367,100			1,367,100
External Manager Fees*		85,897,235			85,897,235
External Legal Fees		6,395,713			6,395,713
Custody Service Fees		11,801,567			11,801,567
Collateral Administrative Service Fees		621,600			621,600
Other Investment Fees		258,144,382			258,144,382
Total Investment Fees	\$	— \$1,095,421,198	\$	— \$	— \$1,095,421,198
Total Administrative Expenses and Investment Fees**	\$ 106,915,751	\$1,280,879,680	\$ 28,174,167	\$ 6,282,880	\$1,422,252,478

*For more information on External Manager Fees, including fees that are netted against returns, please refer to the Investment Section.

** Pension Trust Fund - Investments reported as Investing Activity Expenses under Investment Income on Exhibit II.

Schedule 2**Schedule of Professional and Consulting Services****All Funds**

For the Fiscal Year Ended August 31, 2025

	Amount		Amount
Architectural & Engineering Services		Aon Investments USA Inc	850,000
Page Southerland Page Inc	\$ 293,497	Keith C Brown	80,000
Less: Capitalized Expenses	(293,497)	Total Investment Consulting Services	\$ 3,042,850
Total Architectural & Engineering Services	\$ —		
Consulting Services		IT Consulting Services	
Square One Consultants Inc	\$ 885,620	Accenture	\$ 2,746,609
New Horizon Strategies LLC	111,235	Blue Hill Data Services	2,333,870
Mercer (US) Inc	108,861	Advanced Call Center Technologies LLC	1,849,005
Leanne Lowish Consulting	103,750	Gartner Inc	733,214
Focus Consulting Group Inc	90,628	Ondaro LLC	613,808
Coleman & Associates Consultants	85,560	Promet Solutions	536,302
Flint Avenue LLC	41,995	Info-Tech Research Group Inc	221,721
Glocap Search LLC	33,000	Acachi LLC	155,008
Cengage Learning Inc	15,375	Lionpoint Holdings Inc	87,579
Brightleaf Group Inc	15,101	GTS Technology Solutions Inc	68,687
Leslie Ann Wolke	10,100	Executive Information Systems LLC	24,505
Less: Capitalized Expenses	(885,620)	Adjacent Technologies Inc	24,450
Total Consulting Services	\$ 615,605	SHI Government Solutions Inc	21,324
Financial & Accounting Services		Norex Inc	18,800
Ernst & Young LLP	\$ 1,609,687	Kudelski Security Inc	18,500
Milliman Inc	967,283	Optimum Consultancy Services	14,750
Segal Company (Southeast) Inc	928,761	Solid Border Inc	14,250
Health Management System Inc	522,334	Less: Capitalized Expenses	(2,776,100)
Epic Holdings Inc	399,684	Total IT Consulting Services	\$ 6,706,282
Gabriel Roeder Smith & Company	379,037	Legal Services	
Texas State Auditor's Office	340,405	BLA Schwartz PC	\$ 320,000
Health Strategy LLC	264,400	Norton Rose Fulbright US LLP	134,761
Alliant Insurance Services Inc	189,325	Ice Miller LLP	97,184
Crowe LLP	57,300	Cohen Milstein Sellers & Toll PLLC	90,167
Global Upside LLC	23,663	Jae Law Group PLLC	11,635
Total Financial & Accounting Services	\$ 5,681,879	Less: Capitalized Expenses	(119,983)
Investment Consulting Services		Total Legal Services	\$ 533,764
Albourne	\$ 2,112,850	Medical Services	
		Alice D Cox MD	\$ 51,500

	Amount
Brian C Buck MD	51,500
David E Rothschild MD	51,500
Total Medical Services	\$ 154,500

Other Professional Services

Novo Construction Inc	\$ 24,747,262
Aquila Commercial LLC	2,941,004
Texas Dept of Information Resources	763,692
Shorenstein Realty Services LP	744,433
HM Revenue & Customs	470,940
Mclagan Partners Inc	405,000
Institutional Shareholder Services Inc	229,290
Valuation Research Corporation	157,500
Elite Research LLC	153,829
Perryman Consultants Inc	137,200
Citibank NA	99,413
Hatwell Group LLC	98,326
City of Westminster	97,522
CEM Benchmarking Inc	95,000
International Center for Management	75,400
F Guerra Deberry LLC	75,241
Kambrian Corporation	63,761
Business Intelligence Advisors Inc	62,500
Aquila Management Services LLC	43,151
Institutional Limited Partners Association	35,485
Workers Assistance Program Inc	32,061
Carahsoft Technology Corporation	30,986
New Horizons Learning LLC	30,567
The Escal Institute of Advanced Technology	30,384
Morgan Spencer Ltd	29,348
Learnings & Entertainments LLC	27,000
Franklin Covey Client Sales Inc	25,379
Beyond Blue Corporation	25,000
The McCombs School of Business Foundation	22,500
Korn Ferry (US)	19,598
University of Texas at Austin	16,454
Department of State Health Services	13,400
Langrand and Company LLC	12,603
O'Reilly Media Inc	11,611
LexisNexis Risk Solutions FL Inc	10,336

	Amount
Performance Training Resources LLC	10,207
Aggregate Payees less than \$10,000	102,909
Plus: Expense Accruals	395,334
Less: Capitalized Expenses	(27,286,181)
Total Other Professional Services	\$ 5,055,445

Total Professional and Consulting Services	\$ 21,790,325
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Investment Section



In an average day, the Investment Management Division executes and settles 1,028 trades.



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Executive Director

Jase Auby
Chief Investment Officer

For Fiscal Year 2025, investment performance was strong, with the TRS Pension Trust Fund achieving a 9.77% return and closing the year with \$225.3 billion in assets under management, a \$15.8 billion increase from the prior year, net of benefit payments. Over longer periods, returns also exceeded expectations, with five-year and ten-year annualized returns of 8.44% and 8.27%, respectively, both outperforming the pension trust fund's long-term assumed rate of 7.00%. Investment earnings continued to play a vital role in the fund's sustainability, accounting for more than 64% of total pension fund revenue and supporting over \$1 billion paid per month in annuity payments.

Global equity markets were the primary driver of strong results. Favorable market conditions supported by easing inflation, steady corporate earnings, and expectations for lower interest rates in the U.S. and Europe propelled global stock performance. The S&P 500 Index gained 15.88% for the year ended August 31, 2025, driven by robust earnings, multiple expansion, and continued momentum in technology sectors such as artificial intelligence, cloud computing, and semiconductors.

TRS' Public Equity portfolio generated a 16.18% return for the year. Public Equities represented 43.51% of total assets managed, or \$98.0 billion, including \$48.0 billion managed internally. The \$19.6 billion Government Bonds-Nominal portfolio return declined to -7.12% due to inflation. Since the Government Bonds-Real allocation launched in October 2024, to hedge against inflation risk, the \$7.0 billion Government-Bonds-Real portfolio produced a 3.30% return. The bond allocation continues to serve as a defensive component that enhances diversification and provides liquidity. Other Stable Value investments performed well, with Stable Value Hedge Funds and Absolute Return strategies gaining 9.43% and 17.34%, respectively, bringing their combined assets to \$19.8 billion.

Private Markets generated a five-year return of 10.95%, reflecting steady long-term performance. Over the past year, underlying portfolio results were mixed: Energy, Natural Resources, and Infrastructure delivered a strong one-year return of 13.41%, Private Equity returned 9.54%, while Real Estate posted a -2.65% return.

- Energy, Natural Resources, and Infrastructure continued to outperform, driven by resilient demand and significant investments in Texas. This mirrors broader market trends, where infrastructure and energy assets benefited from the global push for energy transition and digital infrastructure, as well as elevated commodity prices.
- Private Equity rebounded from the negative returns seen in 2022. The exit environment in 2024 was restricted, with deal activity and fundraising subdued due to higher interest rates and valuation disconnects between buyers and sellers. However, distributions to investors improved, and capital deployment increased as managers adapted to structurally higher rates.
- Real Estate faced headwinds from elevated interest rates and a challenging lending environment, which negatively impacted property values and returns. Market-wide, real estate valuations neared their bottoms, with wide dispersion among sectors and regions. Adding to these challenges, the Life Sciences and Media sectors also faced significant headwinds, further affecting overall performance. Despite these obstacles, TRS' real estate portfolio remains well positioned.

The Risk and Portfolio Management team maintained close oversight of key risk measures and ensured compliance with investment policies. The Risk Parity portfolio, totaling \$10.9 billion or 4.8% of total assets, returned 9.63% for the year, with its diversified strategies contributing positively to overall fund performance. Liquidity remained well-positioned, supporting \$15.2 billion paid in annual benefit payments to TRS retirees.

TRS remains committed to prudent, long-term stewardship of the pension trust fund, ensuring the financial security of the members and retirees it serves. If we can provide you with additional information on TRS' performance, please let us know.

Prepared by:

TRS Investment Management Division Staff

Basis of presentation: Master custodian records. The time weighted method is used to calculate the rates of return.

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Report on Investment Activities

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A. Investment Policy

The Board of Trustees (Board) has the primary fiduciary responsibility for investing the Teacher Retirement System of Texas (TRS or System) trust assets in accordance with Article XVI, Section 67 of the Texas Constitution and with applicable law. The Board establishes investment objectives and policy, obtains expert advice and assistance, and oversees the employment of a qualified and competent investment staff, the Investment Management Division (IMD), and legal staff. The Board also monitors the actions of staff, consultants and advisors to ensure compliance with its policies. The Board has a Policy Committee of the Board, an Investment Management Committee of the Board and a Risk Management Committee of the Board, each of which is a standing committee of the Board charged with those responsibilities set forth in the Bylaws of the Board. The Board and the IMD are assisted by outside investment consultants and internal and external legal counsel.

The total or overall investment portfolio includes all assets invested by TRS to provide retirement, death, health, and disability benefits administered by the System, and is structured and managed to achieve the following objectives:

- a. Control risk through proper diversification of asset classes and by establishing long-term risk and return expectations; and
- b. As applicable to the pension plan, achieve a long-term rate of return that:
 - i. Exceeds the assumed actuarial rate of return adopted by the Board;
 - ii. Exceeds the long-term rate of inflation by an annualized 5 percent; and
 - iii. Exceeds the return of the Fund Policy Benchmark.

B. Portfolio Structure

TRS follows a diversified investment approach that focuses on the three most common economic scenarios. Scenario One is characterized by favorable Gross Domestic Product (GDP) growth and moderate inflation as measured by the Consumer Price Index (CPI), which has been the prevailing economic condition 68 percent of the time since 1948. Scenario Two is one of low GDP growth and high inflation, which has occurred 18 percent of the time. Finally, Scenario Three is characterized by stagnant GDP growth and low inflation, which has occurred 14 percent of the time. TRS is positioned to take advantage of any of these various market scenarios.

TRS' long-term asset allocation target is 57 percent to Global Equity markets, which should perform well under Scenario One, 21 percent to Real Return, which should perform well in Scenario Two, 21 percent to a Stable Value portfolio, which should perform well and minimize downside risk in Scenario Three, and 5 percent to the Risk Parity strategy, which has a balanced exposure to all three economic scenarios. A negative 4 percent of Net Asset Allocation Leverage reflects the allocation to the combined cash and investment exposure in excess of 100 percent.

C. Asset Allocation

The normal portfolio mix represents the portfolio that is expected to meet the Board's actuarial return objectives for the Pension Trust Fund within the risk tolerances specified in the Investment Policy Statement. Each asset class allocation percentage has a "long-term target" position within the overall portfolio and a maximum and minimum range around that target allocation. All percentages refer to fair value.

Generally Accepted Accounting Principles (GAAP) and the Governmental Accounting Standards Board (GASB) require that investments be reported at fair value in the basic financial statements (Exhibit 1 and Note 3). However, the System's asset allocation is based on fair value, which includes investment-related cash, receivables, and payables, and securities sold short. These items cannot be included as part of the fair value of investments under GAAP. Table 1 presents the asset allocation policy ranges and fair values as of August 31, 2025. A reconciliation to fair value is provided following Table 1.

Table 1: Asset Allocation as of August 31, 2025

Asset Class	Policy Range			Actual Value	
	Minimum Range %	Maximum Range %	Target %	Fair Value	% of Total Fund
Global Equity					
All Country	29.00	44.00	39.00	\$ 83,719,213,946	37.16
USA	(5.00)	5.00	0.00	(411,681)	0.00
Non-US Developed	0.00	10.00	5.00	12,112,675,836	5.38
Emerging Markets	(4.00)	6.00	1.00	2,192,889,003	0.97
Private Equity	7.00	19.00	12.00	34,503,010,043	15.32
Total Global Equity	50.00	64.00	57.00	\$ 132,527,377,147	58.83
Stable Value					
Government Bonds - Nominal	0.00	15.00	10.00	\$ 19,608,694,478	8.70
Government Bonds - Real	0.00	11.00	6.00	7,044,086,359	3.13
Absolute Return	0.00	10.00	0.00	8,805,958,168	3.91
Stable Value Hedge Funds	0.00	10.00	5.00	10,959,484,454	4.87
Total Stable Value	14.00	28.00	21.00	\$ 46,418,223,459	20.61
Real Return					
Real Estate	10.00	20.00	15.00	\$ 30,227,903,379	13.42
Energy, Natural Resources & Infrastructure	1.00	11.00	6.00	15,494,993,430	6.88
Commodities	0.00	5.00	0.00	365,189,612	0.16
Total Real Return	14.00	28.00	21.00	\$ 46,088,086,421	20.46
Risk Parity	0.00	10.00	5.00	\$ 10,856,592,326	4.82
Asset Allocation Leverage					
Cash	0.00	7.00	2.00	\$ 4,403,904,338	1.95
Asset Allocation Leverage	N/A	N/A	(6.00)	(15,019,295,911)	(6.67)
Net Asset Allocation Leverage	N/A	N/A	(4.00)	\$ (10,615,391,573)	(4.72)
Total Fund Fair Value			100.00	\$ 225,274,887,780	100.00
Reconciling Items					
Investment Related Cash				\$ 333,333,853	
Investment Related Receivables				(6,384,525,343)	
Investment Related Payables				1,484,279,761	
Total Reconciling Items				\$ (4,566,911,729)	
Total Fund Fair Value of Investment Asset Net of Investment Liability (Exhibit 1)				\$ 220,707,976,051	

Table 2: Investment Summary as of August 31 (Dollars in Billions)

Asset Class	Fair Value				
	2015	2020	2022	2024	2025
Global Equity					
All Country	N/A	N/A	N/A	N/A \$	69.470
USA ¹	\$ 26.355	\$ 26.006	\$ 24.647	\$ 29.127	0.000
Non-US Developed ¹	20.175	21.237	19.934	24.292	12.112
Emerging Markets ¹	11.437	15.090	14.859	16.319	2.193
Directional Hedge Funds ^{1, 4}	6.222	5.589	6.711	11.155	14.249
Private Equity	16.032	23.927	31.550	33.539	34.503
Total Global Equity	\$ 80.221	\$ 91.849	\$ 97.701	\$ 114.432	\$ 132.527
Stable Value					
Government Bonds-Nominal ²	\$ 16.980	\$ 23.680	\$ 24.330	\$ 29.504	19.609
Government Bonds - Real	N/A	N/A	N/A	N/A	7.044
Stable Value Hedge Funds ⁴	5.395	8.219	9.518	9.940	10.959
Absolute Return ⁴	2.961	6.052	5.241	7.342	8.806
Total Stable Value	\$ 25.336	\$ 37.951	\$ 39.089	\$ 46.786	\$ 46.418
Real Return					
Real Estate ⁴	\$ 16.495	\$ 22.023	\$ 30.016	\$ 29.602	30.228
Energy, Natural Resources & Infrastructure ⁴	2.259	8.225	11.371	14.481	15.495
Commodities	0.244	0.342	0.366	0.273	0.365
Total Real Return	\$ 18.998	\$ 30.590	\$ 41.753	\$ 44.356	\$ 46.088
Total Risk Parity⁴	\$ 2.715	\$ 13.256	\$ 13.197	\$ 15.247	\$ 10.857
Asset Allocation Leverage					
Asset Allocation Leverage	N/A \$	(11.551) \$	(11.184) \$	(13.505) \$	(15.019)
Cash ³	\$ 0.673	2.546	2.953	2.225	4.404
Net Asset Allocation Leverage	N/A \$	(9.005) \$	(8.231) \$	(11.280) \$	(10.615)
Total Fund	\$ 127.943	\$ 164.641	\$ 183.509	\$ 209.541	\$ 225.275

¹Beginning in Fiscal Year 2020, Directional Hedge Funds were allocated across USA, Non US-Developed, and Emerging Market Equities.

²Beginning in Fiscal Year 2020, TIPS and US Treasuries were combined under the Stable Value Allocation into Government Bonds.

³Cash was included with the Stable Value Allocation through FY2018.

⁴Allocation includes Alternative Investments.

Table 3: Investment Allocations as of August 31

Asset Class	% of Total Fund				
	2015	2020	2022	2024	2025
Global Equity					
All Country	N/A	N/A	N/A	N/A	30.84 %
USA ¹	20.60 %	15.80 %	13.43 %	13.90 %	0.00
Non-US Developed ¹	15.77	12.90	10.86	11.59	5.38
Emerging Markets ¹	8.94	9.16	8.10	7.79	0.97
Directional Hedge Funds ^{1, 4}	4.86	3.39	3.66	5.32	6.32
Private Equity ⁴	12.53	14.53	17.19	16.01	15.32
Total Global Equity	62.70 %	55.78 %	53.24 %	54.61 %	58.83 %
Stable Value					
Government Bonds-Nominal ²	13.27 %	14.38 %	13.25 %	14.08 %	8.70 %
Government Bonds - Real	N/A	N/A	N/A	N/A	3.13
Stable Value Hedge Funds ⁴	4.22	4.99	5.19	4.75	4.87
Absolute Return ⁴	2.31	3.68	2.86	3.50	3.91
Total Stable Value	19.80 %	23.05 %	21.30 %	22.33 %	20.61 %
Real Return					
Real Estate ⁴	12.89 %	13.38 %	16.35 %	14.13 %	13.42 %
Energy, Natural Resources & Infrastructure ⁴	1.77	5.00	6.20	6.91	6.88
Commodities	0.19	0.21	0.20	0.13	0.16
Total Real Return	14.85 %	18.59 %	22.75 %	21.17 %	20.46 %
Total Risk Parity⁴	2.12 %	8.05 %	7.19 %	7.28 %	4.82 %
Asset Allocation Leverage					
Asset Allocation Leverage	N/A	(7.02)%	(6.09)%	(6.45)%	(6.67)%
Cash ³	0.53 %	1.55	1.61	1.06	1.95
Net Asset Allocation Leverage	0.53 %	(5.47)%	(4.48)%	(5.39)%	(4.72)%
Total Fund	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %

¹Beginning in Fiscal Year 2020, Directional Hedge Funds were allocated across USA, Non US-Developed, and Emerging Market Equities.

²Beginning in Fiscal Year 2020, TIPS and US Treasuries were combined under the Stable Value Allocation into Government Bonds.

³Cash was included with the Stable Value Allocation through FY2018.

⁴Allocation includes Alternative Investments.

D. Largest Holdings

Fixed Income Investments

Table 4 discloses the Fund's ten largest fixed income investments as of August 31, 2025 reported at GAAP fair value which constitute 14.81 percent of all fixed income securities. A complete list of fixed income investments is available by contacting the TRS Communications Division.

Rank	Fixed Income Investments	Par Value	GAAP Fair Value	% of Total Fixed Income Investments
1	U.S. Treasury Bond 4.75% Due 11/15/2053	\$ 597,080,000	\$ 580,473,713	2.00 %
2	U.S. Treasury Bond 2.375% Due 05/15/2051	794,000,000	493,272,500	1.70
3	U.S. Treasury Bond 1.75% Due 08/15/2041	700,000,000	463,421,875	1.59
4	U.S. Treasury Bond 2% Due 11/15/2041	598,700,000	410,390,141	1.41
5	U.S. Treasury Bond 3% Due 02/15/2049	552,100,000	400,962,625	1.38
6	U.S. Treasury Bond 1.375% Due 08/15/2050	828,900,000	400,462,313	1.38
7	U.S. Treasury Bond 2% Due 08/15/2051	708,320,000	399,758,100	1.37
8	U.S. Treasury Bond 4% Due 11/15/2052	453,200,000	388,902,250	1.34
9	U.S. Treasury Bond 1.875% Due 02/15/2051	701,230,000	385,676,500	1.33
10	Inflation Index Bond 2.125% Due 01/15/2035	371,779,070	382,039,303	1.31
Total Top Ten		\$ 6,305,309,070	\$ 4,305,359,320	14.81 %
Total Fixed Income Investments			\$ 29,076,562,976	

Equity Investments

Table 5 discloses the Fund's ten largest equity investments as of August 31, 2025 reported at GAAP fair value which constitute 13.26 percent of the Fund's total equity exposure.

A complete list of equity investments is available by contacting the TRS Communications Division.

Rank	Equity Investments	Total Shares	GAAP Fair Value	% of Total Equity Investments
1	Nvidia Corp	8,133,551	\$ 1,416,701,913	2.45 %
2	Microsoft Corporation	2,464,707	1,248,842,390	2.16
3	Apple, Inc.	4,784,453	1,110,662,919	1.92
4	Taiwan Semiconductor Manufacturing Company	20,113,339	763,227,179	1.32
5	Amazon, Inc.	3,199,343	732,649,547	1.27
6	Broadcom, Inc.	1,880,781	559,325,462	0.97
7	Meta Platforms, Inc.	744,133	549,691,047	0.95
8	Alphabet, Inc.	2,531,886	539,063,848	0.93
9	Vanguard S&P 500 ETF	681,104	403,949,160	0.70
10	iShares Core S&P Mid-Cap ETF	5,250,656	342,132,745	0.59
Total Top Ten		49,783,953	\$ 7,666,246,210	13.26 %
Total Equity Investments			\$ 57,889,853,716	

E. Investment Results

Performance Reporting

Each asset class is described by an associated benchmark that describes, in general terms, the opportunity set and return characteristics associated with the asset class. For certain private or more complex asset classes, the benchmark serves as a proxy for expected returns rather than an approximation of the actual investments that will characterize that component of the portfolio. Those benchmarks are identified in Table 6 and are referred to as the "Policy Benchmarks".

Table 6: Policy Benchmarks

Asset Class	Benchmark Portfolio
Global Equity	
All Country	MSCI All Country World Investable ex China and Hong Kong
USA	MSCI USA Investable Market
Non-US Developed	MSCI EAFE and Canada Investable market ex Hong Kong
Emerging Markets	MSCI EM Investable Market ex China
Private Equity	Customized State Street Private Equity Index lagged one quarter
Stable Value	
Government Bonds - Nominal	Bloomberg US Long Treasury Index
Government Bonds - Real	Bloomberg US Treasury TIPS Index
Absolute Return	SOFR plus 4%
Stable Value Hedge Funds	SOFR plus 2.5%
Real Return	
Real Estate	NCREIF ODCE lagged one quarter
Energy, Natural Resources & Infrastructure	40% Cambridge Associates Natural Resources 40% Cambridge Associates Infrastructure 20% quarterly Consumer Price Index lagged one quarter
Commodities	Goldman Sachs Commodity Index
Risk Parity	
Risk Parity	HFR Risk Parity Vol 12 Institutional Index
Asset Allocation Leverage	
Cash	FTSE 3 Month Treasury Bill
Asset Allocation Leverage	SOFR plus 26.161 bp

Performance Results

Investment performance is calculated using a time-weighted rate of return. Returns are calculated by State Street Bank and Trust Company, TRS' custodian bank, independently and using industry best practices. The total time-weighted rates of return have been adjusted for cash flows and are calculated net of bank fees, external manager fees, external legal and research fees, and external custodial fees.

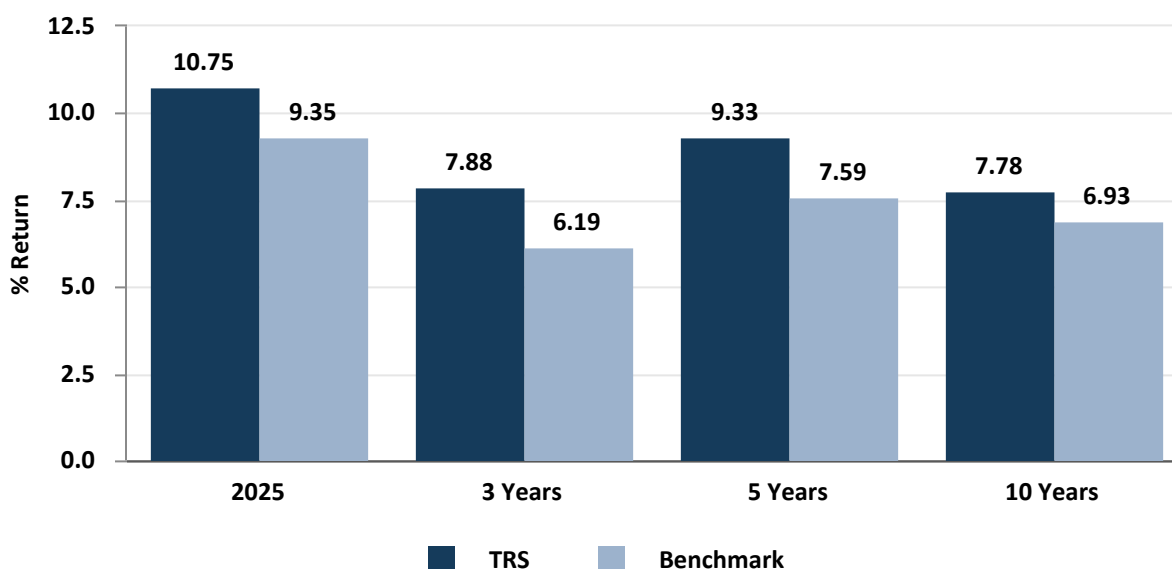
Administrative expenses for the IMD are not netted against or included in performance calculations.

Due to TRS' fiscal year ending on August 31, 2025, the most complete performance and benchmark information by asset class is available as of June 30, 2025, presented in Table 7. For a complete list of benchmark composites, contact the TRS Communications Division.

Table 7: Investment Performance: Time-Weighted Returns as of June 30, 2025

Asset Class	2025	3 Years	5 Years	10 Years
Global Equity				
All Country	N/A	N/A	N/A	N/A
All Country Benchmark	N/A	N/A	N/A	N/A
USA	N/A	N/A	N/A	N/A
USA Composite Benchmark	15.17 %	19.17 %	16.09 %	13.06 %
Non-US Developed	24.30	18.77	12.97	7.41
Non-US Developed Composite Benchmark	18.24	15.48	11.33	6.58
Emerging Markets	9.15	9.35	7.29	5.50
Emerging Markets Composite Benchmark	10.84	9.08	6.43	4.65
Private Equity	7.30	4.03	15.58	12.04
Private Equity Composite Benchmark	7.60	3.85	16.14	12.25
Total Global Equity	14.37 %	12.78 %	14.19 %	9.72 %
Global Equity Composite Benchmark	13.15 %	12.11 %	13.74 %	9.83 %
Stable Value				
Government Bonds - Nominal	(1.37)%	(6.29)%	(9.87)%	(0.59)%
Treasury Benchmark	1.56	(3.69)	(8.22)	0.14
Government Bonds - Real	N/A	N/A	N/A	N/A
TIPS Benchmark	N/A	N/A	N/A	N/A
Absolute Return	24.06	16.09	13.93	9.27
Absolute Return Composite Benchmark	9.17	9.10	6.63	5.06
Stable Value Hedge Funds	8.14	8.00	9.31	6.69
Stable Value Hedge Funds Composite Benchmark	7.06	5.89	6.45	3.93
Total Stable Value	6.10 %	0.57 %	(2.05)%	2.81 %
Stable Value Composite Benchmark	4.90 %	(0.69)%	(4.41)%	1.33 %
Real Return				
Real Estate	(2.25)%	(2.76)%	5.63 %	7.61 %
Real Estate Composite Benchmark	1.17	(5.07)	2.01	4.71
Energy, Natural Resources & Infrastructure	13.20	11.58	14.21	N/A
Energy, Natural Resources & Infrastructure Composite Benchmark	5.35	6.54	11.50	N/A
Commodities	5.24	0.24	6.02	2.95
Commodities Composite Benchmark	0.25	(0.37)	17.69	1.45
Total Real Return	2.52 %	1.40 %	8.16 %	7.43 %
Real Return Composite Benchmark	2.52 %	(1.67)%	4.75 %	4.95 %
Risk Parity	10.47 %	6.55 %	5.14 %	4.73 %
Risk Parity Benchmark	8.32 %	4.38 %	3.33 %	4.09 %
Investment Exposure	10.08 %	7.34 %	8.75 %	N/A
Investment Exposure Benchmark	9.36 %	5.99 %	7.27 %	N/A
Asset Allocation Leverage				
Cash	5.13 %	5.60 %	3.59 %	2.69 %
Cash Composite Benchmark	4.88	4.75	2.88	2.02
Asset Allocation Leverage	N/A	N/A	N/A	0.17
AA Leverage Benchmark	5.11	5.04	3.13	N/A
TRS	10.75 %	7.88 %	9.33 %	7.78 %
Custom Benchmark	9.35 %	6.19 %	7.59 %	6.93 %

Time-Weighted Returns as of June 30, 2025



F. Fees and Commissions

Investment Manager Fees

Management Fees that are paid from the Pension Trust Fund are charged by the manager or general partner to cover normal operating costs and the expenses of administering the partnership. The manager or general partner usually receives an annual management fee paid in quarterly, but sometimes in semi-annual or annual installments, from the limited partners. Management fees are typically 1.5 percent to 2 percent of the investment or the investment commitment during the investment period and are sometimes scaled down after the investment period. The management fee rate, basis for the calculation, and specific terms are agreed to in the Limited Partnership Agreement (LPA).

Performance fees/carried interest are accrued and paid based on the amount of profit or returns in excess of a benchmark or hurdle rate established in the LPA. Certain other management fees are charged by investment partnerships and netted against the investment earnings of the partnership. For investments in private markets, Performance Fees/Carried Interest represent the general partner's share of the partnership's profits, which is typically 20 percent, with 80 percent going to limited partners, such as TRS.

Carried interest is calculated and paid as partnership investments are realized, and carried interest on the unrealized investments is accrued over the life of the partnership based on the current valuation.

Fees paid from the Pension Trust Fund are booked as expenses on the Statement of Changes in Net Position. Fees netted against returns are charged by investment partnerships and netted against the investment earnings of the partnership. Generally, the information for fees netted against returns are requested and received from Fund general partners on a quarterly basis. Due to the timing of information received from Fund general partners, fees paid or accrued in conjunction with investment activities, along with the related fair value of assets under management, is presented for the twelve months ended June 30, 2025 in Table 8.

The amount of fees paid from the Pension Trust Fund and booked as expenses in Table 8 are for the twelve months ended June 30, 2025. The amount of fees paid from the Pension Trust Fund and booked as expenses for the fiscal year ended August 31, 2025, which appear in Exhibit II and Schedule 1 as External Manager Fees, amounted to \$85,897,235, which includes \$47,510,342 in management fees and \$38,386,893 in performance fees.

Table 8: Investment Manager Fees**For the Twelve Months Ended June 30, 2025**

Asset Class	Fair Value of Assets Under Management	Fees Paid from the Pension Trust Fund		Fees Netted Against Returns	
		Management Fees	Performance Fees	Management Fees	Performance Fees/Carried Interest
Global Equity					
All Country	\$ 81,257,630,089	\$ 36,780,667	\$ 22,455,207	\$ 192,901,556	\$ 470,080,723
USA	64,053	1,328,142		13,113,873	45,962,771
Non-US Developed	11,779,080,326			12,497,817	65,559,476
Emerging Markets	2,158,641,860	1,165,213	5,053,537	442,977	2,603,910
Private Equity	33,678,280,373			230,602,520	309,926,785
Total Global Equity	\$ 128,873,696,701	\$ 39,274,022	\$ 27,508,744	\$ 449,558,743	\$ 894,133,665
Stable Value					
Government Bonds-Nominal	\$ 19,656,436,316	\$ 1,729,532	\$ 1,124,970	\$	
Government Bonds-Real	6,873,037,934	700,529	455,657		
Absolute Return	8,615,682,367	231,314	150,457	21,106,854	14,633,125
Stable Value Hedge Funds	10,987,031,496			153,276,607	180,368,091
Total Stable Value	\$ 46,132,188,113	\$ 2,661,375	\$ 1,731,084	\$ 174,383,461	\$ 195,001,216
Real Return					
Real Estate	\$ 30,000,239,096	\$ 1,577,662	\$ 9,147,065	\$ 213,165,133	\$ 37,249,310
Energy, Natural Resources & Infrastructure	14,438,010,814			104,201,288	119,101,365
Commodities	312,037,486				
Total Real Return	\$ 44,750,287,396	\$ 1,577,662	\$ 9,147,065	\$ 317,366,421	\$ 156,350,675
Total Risk Parity	\$ 10,551,841,834	\$ 4,379,811	\$ —	\$ 14,876,180	\$ —
Asset Allocation Leverage	\$ (13,965,035,035)				
Cash	4,621,780,972				
Total Asset Allocation Leverage	\$ (9,343,254,063)				
Total Fund	\$ 220,964,759,981	\$ 47,892,870	\$ 38,386,893	\$ 956,184,805	\$ 1,245,485,556

External Managers

TRS engages investment managers to administer and search for investment opportunities in the private markets. As of August 31, 2025, the names of these investment managers are listed in Table 9.

Table 9: External Managers

1 Seed Partners LLC	Bridgewater Associates	Fortress Investment Group
10T	Brigham Royalties Management, LLC	Forum Partners
Abacus Capital Group	Brockton Capital	Freestone Grove Partners
Actis	Cantillon Capital Management	Galaxy Digital Capital Management LP
Advent International	Carlyle Group	GCM Grosvenor Capital Management
Aeolus Capital Management	Carrhae Capital LLC	General Catalyst Group Management, LLC
AEW Capital Management, LP	Caxton Associates LP	Global Infrastructure Management, LLC
Affinius Capital Management LLC	CBRE Global Investors	Goldman Sachs
AGR Ag Infrastructure (TIAA)	CCMP Capital Advisors	Gores Group
Alpine Investors	Cerberus Capital Management II, L.P.	Graham Partners, Inc.
Alterna Capital Partners	Certares Management	Great Hill Equity Partners
Alterra Property Group	Charterhouse Group	Greenbelt Capital Partners
Altimeter Capital Management, LP	CIFC Asset Management	Greenbriar Equity Group
American Securities Associates	CIM Group	GreenPoint Group, LP
Amulet Capital Partners	Cinven Capital Management	Greystar Real Estate Partners, LLC
Antin Infrastructure Partners SAS	Citadel Wellington LLC	Gridiron Capital, LLC
Apollo Global Management	Clayton, Dubilier & Rice, LLC	Groupe Alpha Accueil
AQR Capital Management, LLC	Clearlake Capital Group	GTCR
Aquatic Capital Management LLC	CoinFund	Harrison Street
ArcLight Capital Partners, LLC	Crestline Investors	Havenpark Management LLC
Arrowstreet Capital LP	Crestview Advisors	Hawkeye Partners
Avenue Capital Management	CSF Asset Management Vehicle, LLC	Heitman Capital Management
AXA Investment Managers	CVC Capital Partners	Hellman & Friedman
Bain Capital	Deer Park Road Corporation	Hg Pooled Management Limited
Baker Brothers Advisors	DigitalBridge	Hines
Balyasny Asset Management	Distributed Global	Hony Capital
Banner Oak Capital Partners	DivcoWest	I Squared Capital
Baring Asset Management	EIG Energy Partners	IDR Investment Management
Bayview Asset Management	EIV Capital	Inceptiv Management, LP
BFAM Partners	Elliott Investment Management	InfraVia Capital Partners
BlackRock	Eminence	Insight Partners
Blackstone Group	EnCap/EnCap Flatrock	Invesco Advisers, Inc.
Blockchain Capital	EQT/BPEA	Iron Point Partners
Blue Owl Capital	Equity International Management	J.H. Whitney & Co
Bluemountain Capital Management	ExodusPoint Capital Management LP	JP Morgan Investment Management
Brandes Investment Partners	Falfurrias Management Partners LP	Kayne Private Energy Income Manager, L.P.
BRE LP	Faropoint Ventures, LLC	Kelso & Company
Bregal Investments LLP	Fir Tree Partners	King Street Capital Management
Bridge Industrial	First Reserve	Kingswood Capital Management, L.P.
Bridgepoint/ECP	Formentera Partners, LP	Knox Lane LLC

Table 9: External Managers (Continued)

Kohlberg Kravis Roberts & Co	Orchard Asia	Starwood Capital Group
LaSalle Investment Management	Orchard Global Asset Management	Stellex Capital Management
Lazard	Oxbow Capital Management	StepStone Group LP
Lead Edge Capital	Pacific Investment Management Company LLC	Stockbridge Capital Group
Leonard Green & Partners, L.P.	PAG Investment Advisors	Stonepeak Partners
Lightspeed Venture Partners	PAI Partners	Stratford Company
Lindsay Goldberg	Paine Schwartz Partners	Systematica Investment Management
Lion Capital	Parvus Asset Management	TA Associates
Lionstone Investments	Patria Investimentos	Tallvine Partners Management LP
Littlejohn & Co. LLC	PCCP Equity X Manager, LLC	Teays River Investment
Lone Star	PDT Partners	Temerity Strategic Partners
LuminArx	Peak Rock Capital	The Davis Companies
Luxor Capital Group	Pennybacker Capital	Theleme Partners LLP
Mack Real Estate Group	Permira	Thoma Bravo
Macquarie Asset Management	Pershing Square Capital	TPG Capital
Madison International Realty	PGIM Real Estate	Tricon Capital Group
Madrone Reinsurance Partners	Pharo Management	Trinity Hunt Partners
Magnetar	Pickering Energy Partners	Trinsic Residential Group
Man Group	Platinum Equity	Tristan Capital Partners
Marathon Asset Management	Polaris Venture Partners	Triton Capital Partners
Marshall Wace	Pollen Street Capital Limited	Two Sigma
Meritech Sub-Management Corporation	Polymer Capital Management	Valeas Capital Partners
Mesarete Capital LLP	Principal Global Investors	Valor Management LLC
Millennium Management	Providence Equity Partners	Vaughan Nelson
Monashee Capital	Providence Strategic Growth Capital Partners	VEPF Management, L.P.
Morgan Creek Capital Partners	Quantum Energy Partners	Verition
Morgan Stanley	Radical Ventures Investments Inc.	Voss Capital
MSD Real Estate Management, LLC	Readystate Asset Management	Walton Street Capital
Nautic Partners	Reservoir Capital Group	Warburg Pincus
Neuberger Berman	REVCAP Advisors	Wayzata Investment Partners
New Enterprise Associates	Ridgewood Energy Corporation	Wellington
NGP Energy Capital Management, L.L.C.	Riverbend Energy Group, L.L.C.	Westbrook Partners
Normandy Real Estate Partners	Riverstone Holdings	Wheelock Street Capital
North Island Ventures	Roark Capital Group	Whitebox Advisors
Northampton Capital Partners LLC	Senator Investment Group	WindAcre
Oak Investment Partners	Silver Lake Partners	Wolverine Asset Management
Oakley Capital Limited	Sixth Street Partners	XN LP
Oaktree Capital Management, L.P.	Soroban Capital Partners	
Oasis Management Co Ltd	Starboard	
Onex Corporation	Stark Investments	

Broker Commissions

Broker commissions are the incremental direct costs incurred to purchase, sell, or transfer investment assets and liabilities. Table 10 presents the commissions paid to brokers for the fiscal year ended August 31, 2025. Over 12.2 billion shares were traded by 139 brokers, and commissions paid amounted to \$62,634,878.

For the fiscal year ended August 31, 2025, a portion of the total commissions was paid through various Commission Sharing Arrangements (CSA) and Commission Recapture Arrangements (CRA). CSA proceeds generated \$7,711,857 and were used in accordance with Section 28(e) of the Securities Exchange Act of 1934 to acquire research services from various investment-related firms, totaling \$5,021,000. CRA proceeds generated \$15,495 and were not used to acquire any services. Unspent CSA proceeds, totaling \$5,296,545, and unspent CRA proceeds, totaling \$36,194, were held by State Street Bank and Trust Company as the Fund's CSA and CRA Administrator.

Vendor paid expenses are legal arrangements that are used to acquire investment-related items other than those paid for with commission credit proceeds. For fiscal year 2025, the Fund did not receive any benefit from this arrangement.

Table 10: Broker Commissions for the Fiscal Year Ended August 31, 2025

Brokerage Firm	Shares Traded*	Commissions Paid**
Goldman Sachs & Co., LLC	1,044,513,824	\$ 8,456,142
J.P. Morgan Securities, LLC	1,153,560,616	6,026,043
Citigroup Global Markets, Inc.	1,628,861,915	5,433,181
Jefferies, LLC	601,916,978	4,174,802
BNY Mellon Capital Markets, LLC	800,445,511	3,729,420
Morgan Stanley & Co., LLC	1,143,170,626	3,503,803
UBS Securities, LLC	898,085,568	3,494,955
Goldman Sachs International	83,071,692	2,365,730
BofA Securities, Inc.	235,284,208	2,349,145
UBS AG	278,852,260	2,290,912
Summary of remaining 129 brokerage firms	4,294,278,458	20,810,745
Total	12,162,041,656	\$ 62,634,878

* Shares traded exclude transactions with \$0 commissions paid.

** Commissions paid per share is less than \$0.01.

Table 11: Broker Commissions by Asset Class for the Fiscal Year Ended August 31, 2025		
Asset Class	Shares Traded*	Commissions Paid**
Global Equity		
USA	11,450,646	\$ 108,223
Non-US Developed	2,271,463,107	10,861,003
Emerging Markets	4,374,517,352	8,858,897
Private Equity	8,111,831	47,492
All Country	5,429,655,140	40,358,167
Total Global Equity	12,095,198,076	\$ 60,233,782
Stable Value		
Absolute Return	1,092,525	\$ 279,964
Government Bonds - Nominal	239,341	165,110
Total Stable Value	1,331,866	\$ 445,074
Real Return		
Real Estate	32,971,838	\$ 508,682
Energy, Natural Resources & Infrastructure	2,258,807	31,431
Commodities	21,200,239	387,889
Total Real Return	56,430,884	\$ 928,002
Risk Parity	9,080,830	\$ 1,028,020
Total Risk Parity	9,080,830	\$ 1,028,020
Total	12,162,041,656	\$ 62,634,878
* Shares traded exclude transactions with \$0 commissions paid.		
**Commissions paid per share is less than \$0.01.		

G. Performance Pay Plan (PPP)

To remain competitive in attracting and retaining high caliber talent in the Investment Management Division (IMD), the TRS Board of Trustees established the Performance Pay Plan (PPP) in September 2007. PPP is an incentive compensation plan that reinforces long-term investment performance and aligns compensation with the TRS Pension Trust Fund's (Trust) overall performance. The plan year begins on October 1st and ends on September 30th of the following year.

The potential award for each participant in PPP is based on the participant's annual base salary, a maximum potential award percentage for the participant, and the results of the performance measurement metrics assigned to the participant. Participants' potential awards are prorated if they join the PPP, receive a promotion, or transfer within the Investment Management Division during the plan year. The performance metrics is a combination of investment performance against established benchmarks and selected peer groups, as well as qualitative performance based on participants' job performance. The weights of these metrics vary by participants' investment title.

The Trust's investment performance returns are determined based on 33% of one-year and 67% of three-year returns. However, the weights are adjusted to prorate between the years that the returns are available if the return history is less than 3 years. The weight is 100% if only one year history is available.

The award payout schedule is one year. Potential awards will continue to be paid only in a payout period when the Trust return is positive. If the Trust return is negative, potential awards will be reported as contingent liabilities and paid in subsequent plan year when the Trust return is positive. Participants will receive their prior potential awards only if they are still employed by TRS, subject to the plan requirements.

The award payments made in Fiscal Year 2025 include \$39,175,645 in US Dollar and £465,806 in British Pound. As of August 31, 2025, the contingent liability of potential PPP awards for Plan Year 2024 – 2025 is projected not to exceed \$57 million.

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Actuarial Section



\$16M

On average, TRS Health plans pay
\$16M in claims per day.

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November 21, 2024

Board of Trustees
Teacher Retirement System of Texas
1000 Red River Street
Austin, TX 78701-2698

Subject: Actuary's Certification of the Actuarial Valuation as of August 31, 2024

We certify that the information included herein and contained in the 2024 Actuarial Valuation Report is accurate and fairly presents the actuarial position of the Teacher Retirement System of Texas (TRS) Pension Fund (Fund) as of August 31, 2024. This report was prepared at the request of the Board of Trustees (Board) and is intended for use by the TRS staff and those designated or approved by the Board. This report may be provided to parties other than TRS staff only in its entirety and only with the permission of the Board.

All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion, the results presented comply with the requirements of the Texas statutes and, where applicable, the Internal Revenue Code, ERISA, and the Statements of the Governmental Accounting Standards Board. The undersigned are independent actuaries. Mr. Newton is an Enrolled Actuary, a member of the American Academy of Actuaries and is qualified to give a Statement of Actuarial Opinion. All are experienced in performing valuations for large public retirement systems.

ACTUARIAL VALUATIONS

The primary purpose of the valuation report is to determine the adequacy of the statutory contribution rates through measuring the resulting funding period, to describe the current financial condition of the Fund, and to analyze changes in the Fund's condition. In addition, the report provides various summaries of the data. This report may not be appropriate for other purposes. The information required by the Fund in connection with Governmental Accounting Standards Board Statement No. 67 (GASB No. 67) will be provided under separate cover. Valuations are prepared annually, as of August 31 of each year, the last day of the Fund's plan and fiscal year.

FINANCING OBJECTIVE OF THE PLAN

The employee, employer, and State contribution rates are established by State law that, over time, are intended to remain level as a percent of payroll and provide assets to cover benefits when due.

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November 21, 2024
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The assessment of the current contribution rates performed in this actuarial valuation are intended to ensure they provide for the normal cost plus fully amortizing the unfunded actuarial accrued liability (UAAL) over a reasonable time.

The 2019 Legislature increased contribution rates for the State, employers, and the members in a phased-in schedule that will be completed in Fiscal Year 2025 (rates after Fiscal Year 2025 will remain at the Fiscal Year 2025 level). The State's base rate of 8.00% in Fiscal Year 2023 became 8.25% in Fiscal Year 2024. In addition, covered public education employers contributed 1.90% of salary (capped at the minimum salary schedule) in Fiscal Year 2024 and this will increase to 2.00% in Fiscal Year 2025. These employer contributions are assumed to be approximately 1.18% of total payroll at the end of the phase-in. Combined, these contributions are ultimately assumed to be approximately 9.43% of total payroll. Over the same period, the member contribution rate has increased from 7.70% to the current 8.25% in Fiscal Year 2024. In addition to these contributions, there are contributions made on behalf of members who are receiving a pension but who have also returned to work. These contributions are assumed to be approximately 0.09% of total payroll. As a result, for Fiscal Year 2025 and thereafter, the Fund is expected to receive a total contribution rate of 17.77% of pay. All funding calculations in this report assume the rate will remain at that level thereafter.

In 2019, the Board adopted a funding policy per Texas Government Code Sec. 802.2011. In it, the Board Policy states that *"A declining UAAL over time will evidence that contribution and benefit policies are being implemented consistent with Tex. Gov't Code § 802.2011."* In the portion of the Board Policy titled *"Achieving the Stated Funding Objective of at Least 100% Funded"*, the policy indicates that after the phase-in of contributions in SB 12, if at any time the annual valuation of TRS does not project the UAAL to begin to decline in the next 5 years, the next LAR request for TRS will include an increase in contribution rates so that the UAAL would be projected to begin to decline the year following the legislative session. Thus, this valuation is also assessing whether the UAAL is decreasing, or if it is not decreasing, how soon before it is expected to begin to do so.

PROGRESS TOWARD REALIZATION OF FINANCING OBJECTIVE

Based on this actuarial valuation as of August 31, 2024, the Fund's UAAL has increased to \$60.6 billion compared to \$57.9 billion as of August 31, 2023. The primary reason for the increase is an approximate \$1.5 billion loss on the liability side associated with higher-than-expected salary increases for continuing active employees. In addition, there was continued recognition of the investment experience for Fiscal Year 2022 which produced a loss on the actuarial value of assets of \$0.7 billion.

The total contribution rate pattern discussed above is sufficient to pay this normal cost and amortize the current UAAL of the Fund over a period of 28 years based on the smoothed asset value as of the valuation date. Therefore, the financing objectives of the Statute are expected to be met (assuming all assumptions are realized).

However, based on the contribution schedule established in 2019, the UAAL was anticipated to grow in nominal dollars through 2028 before beginning to decline annually after that. As of 2024, the UAAL

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is \$5.9 billion greater than originally projected in the 2019 Legislative impact statement for SB 12 and is currently expected to peak in 2031. The change in the assumed investment return from 7.25% to 7.00% during the 2021 experience investigation makes up all of this difference. The 7.00% assumption continues to be the more appropriate forward-looking assumption. However, at this time the UAAL is not expected to begin to decrease in the next five years. A contribution rate increase of 0.97% of payroll is necessary beginning in Fiscal Year 2026 for the UAAL to be expected to begin decreasing. Alternatively, a level dollar automatically adjusting payment structure, similar to the one passed in HB 600 in the 88th Legislative Session, would also be expected to move the UAAL towards full amortization, although it would take longer than five years before the UAAL would begin to decline.

The actuarial valuation report as of August 31, 2024 reveals that the funded ratio (the ratio of actuarial assets to actuarial accrued liability) is 77.8%, increasing from 77.5% last year. The funded status is one of many metrics used to show trends and develop future expectations about the health of the Fund. The funded status measure itself is not appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations or assessing the need for or the amount of future contributions since it does not reflect normal cost contributions, the timing of amortization payments, or future experience other than expected.

Please note these expectations are based on the current benefit provisions, assumptions, contribution rates and a level active population. Any additional benefit enhancements (ad hoc Cost of Living Adjustments or "COLAs") granted without additional funding would increase the ultimate UAAL and extend the funding period before the funding status begins to improve. Thus, we continue to advise against any future benefit enhancements without additional sources of funding that cover the cost of the enhancement.

PLAN PROVISIONS

The plan provisions used in the actuarial valuation are described in Appendix 1 of the valuation report. Except as noted below, there have been no changes to the ongoing benefit provisions of the Fund since the prior valuation.

The 88th Texas Legislature (2023) passed two benefit enhancements for eligible retired public and higher education employees. The first was a one-time stipend to be paid in early Fiscal Year 2024. The legislation also provided for a one-time contribution expected to equal to the total amount of the stipend. The second enhancement was an ad hoc COLA which permanently increased the benefits of certain retirees. However, this benefit increase was contingent upon an amendment to the Texas Constitution which was approved by voters in the November 2023 election. Therefore, the COLA was paid to the eligible retirees and an additional contribution equal to the present value of the COLA was made from the State's general fund in Fiscal Year 2024. Since both benefit enhancements and the one-time contributions to pay for them occurred after August 31, 2023, they are first reflected in this valuation.



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DISCLOSURE OF PENSION INFORMATION

Beginning with Fiscal Year 2014, the Fund began reporting financial information in accordance with GASB Statement No. 67. The disclosure information for GASB No. 67 is provided in a separate report and is not contained herein.

This report should not be relied on for any purpose other than the purpose described above. Determinations of the financial results associated with the benefits described in this report in a manner other than the intended purpose may produce significantly different results.

ACTUARIAL METHODS AND ASSUMPTIONS

The actuarial methods and assumptions have been selected by the Board based upon our analysis and recommendations. These assumptions and methods are detailed in Appendix 2 of this valuation report. The Board has sole authority to determine the actuarial assumptions used for the plan. The actuarial methods and assumptions are primarily based on a study of actual experience for the period ending August 31, 2021 and adopted on July 15, 2022. The most notable change was a reduction in the assumed invested return from 7.25% to 7.00%. Please see our experience study report dated July 15, 2022 for more information on the rationale for the current assumptions. In our opinion, the actuarial assumptions and methods used in this funding valuation meet the parameters set by the Actuarial Standards of Practice (ASOP) issued by the Actuarial Standards Board (ASB) for such purposes.

The results of the actuarial valuation are dependent on the actuarial assumptions used. Actual results can and almost certainly will differ, as actual experience deviates from the assumptions. Even seemingly minor changes in the assumptions can materially change the liabilities, calculated contribution rates and funding periods. To illustrate this point, on page 9 of this report we have shown illustrative results based on future investment experience deviating from the assumptions. Based on the scope of this engagement, we have not performed analysis on the potential range of future measurements based on other factors. The actuarial calculations are intended to provide information for rational decision making.

In our opinion, the actuarial assumptions used are appropriate for purposes of the valuation and are internally consistent and reasonably related to the experience of the Fund and to reasonable expectations.

This report was prepared using our proprietary valuation model and related software which in our professional judgment has the capability to provide results that are consistent with the purposes of the valuation. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.



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Data

Member data for retired, active and inactive members was supplied as of August 31, 2024 by the TRS staff. The staff also supplied asset information as of August 31, 2024. While GRS did not audit this data, we did apply a number of tests to the data and concluded that it was reasonable and consistent with the prior year's data. It is also our understanding that TRS' auditor has attested to this information. GRS is not responsible for the accuracy or completeness of the information provided to us by TRS.

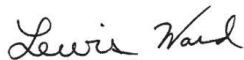
The following schedules in the Actuarial Section of the TRS Annual Comprehensive Financial Report were prepared by GRS:

- Actuarial Present Value of Future Benefits
- Schedule of Retirees and Beneficiaries Added to and Removed from Rolls
- Schedule of Funding Progress
- Post-Retirement Mortality
- Rates of Retirement
- Probability of Decrement due to Withdrawal
- Active Mortality

All other schedules shown in the actuarial section were prepared by TRS staff based upon our work. For further information please see the full actuarial valuation report.

This document and the PowerPoint presentation of the actuarial valuation results presented to the TRS Board in December 2024 comprise the full actuarial report.

Respectfully submitted,
Gabriel, Roeder, Smith & Company



Lewis Ward
Consultant



Joseph P. Newton, FSA, EA, MAAA
Pension Market Leader and Actuary

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Actuarial Disclosure

The Actuarial Section is based on a valuation as of August 31, 2024.

Table 1: Actuarial Present Value of Future Benefits
(With Comparative Data for August 31, 2023)

	2024	2023
Present Value of Benefits Presently Being Paid		
Service Retirement Benefits	\$ 131,030,875,199	\$ 121,228,651,468
Disability Retirement Benefits	1,302,190,997	1,253,162,105
Death Benefits	1,196,279,980	1,134,410,754
Present Survivor Benefits	398,458,981	372,296,035
Total Present Value of Benefits Presently Being Paid	\$ 133,927,805,157	\$ 123,988,520,362
Present Value of Benefits Payable in the Future to Present Active Members		
Service Retirement Benefits	\$ 159,529,210,880	\$ 153,452,492,658
Disability Retirement Benefits	6,018,789,085	5,411,262,155
Termination Benefits	19,588,651,118	18,201,090,371
Death and Survivor Benefits	2,747,848,684	2,634,107,756
Total Active Member Liabilities	\$ 187,884,499,767	\$ 179,698,952,940
Present Value of Benefits Payable in the Future to Present Inactive Members		
Inactive Vested Participants	\$ 7,509,703,539	\$ 7,103,073,295
Refunds of Contributions to Inactive Non-vested Members	1,218,489,735	1,138,614,072
Future Survivor Benefits Payable On Behalf of Present Annuitants	2,079,196,524	1,995,830,968
Total Inactive Liabilities	\$ 10,807,389,798	\$ 10,237,518,335
Total Actuarial Present Value of Future Benefits	\$ 332,619,694,722	\$ 313,924,991,637

Table 2: Summary of Cost Items
(With Comparative Data for August 31, 2023)

	2024	2023
Present Value of Future Benefits	\$ 332,619,694,722	\$ 313,924,991,637
Present Value of Future Normal Costs	(59,524,634,671)	(56,381,732,199)
Actuarial Accrued Liability	\$ 273,095,060,051	\$ 257,543,259,438
Actuarial Value of Assets	\$ (212,520,440,440)	\$ (199,663,655,982)
Unfunded Actuarial Accrued Liability	\$ 60,574,619,611	\$ 57,879,603,456

Financing Objective and Funding Policy

The financing objective of the pension plan is the responsibility of the legislature. The contribution rates are established by the Legislature, that over time, are intended to remain level as a percent of payroll, and provide assets to cover benefits when due.

The funding policy of the pension plan is the responsibility of the TRS Board of Trustees. The Board supports contribution and benefit policies that will systematically decrease the Unfunded Actuarial Accrued Liability (UAAL) over time in order to achieve a funded ratio of the System that is equal to or greater than 100 percent. A declining UAAL over time will evidence that contribution and benefit policies are being implemented consistent with Texas Government Code §802.2011.

The contribution rates and scheduled increases, as described in Texas Government Code §§825.402, 825.4035, and 825.404 are expected to eliminate the UAAL over a period of 29 years.

Contribution rates may not be reduced or eliminated, and benefits may not be improved, if as a result of the particular action, the time required to amortize the unfunded actuarial liabilities of the System, would be increased to a period that exceeds 31 years. For detailed information, see Note 11.

Plan Provisions

For plan provisions, see Note 11.

Actuarial Methods and Assumptions

The actuarial valuation for the TRS pension fund was prepared by Gabriel, Roeder, Smith & Company (GRS). The actuary relied on membership data and asset information provided by TRS staff. While GRS did not audit this data, a number of tests to the data were performed, and concluded it was reasonable and consistent with the prior year's data.

Since the data in this report is based on the roll-forward method, the results of the data collected as of August 31, 2025 will not be reported herein.

The actuarial methods and assumptions have been selected by the TRS Board of Trustees based upon GRS analysis and recommendations. The Board has sole authority to determine the actuarial assumptions used for the plan. The actuarial methods and assumptions are primarily based on a study of actual experience for the period ending August 31, 2021 and adopted on July 15, 2022.

The results of the actuarial valuation are dependent on the assumptions used. Actual results can and almost certainly will differ, as actual experience deviates from the assumptions. Seemingly minor changes in assumptions can materially change the liabilities, calculated contribution rates, and funding periods.

The actuarial cost method used for both financial reporting purposes and funding purposes was the Individual Entry Age Normal method as prescribed by GASB 67. The Individual EAN cost method is used because it creates the most level funding requirement across the generations of members and stakeholders. Under Individual EAN, the normal cost for each member is based on the benefit tier for that member.

The actuarial assumptions used for funding purposes were the same assumptions used for financial reporting purposes.

A. Investment Rate of Return

The investment rate of return for the fiscal year ending August 31, 2024 was 7.00 percent, compounded annually, which was composed of an assumed 2.30 percent inflation rate and a 4.70 percent real rate of return, net of investment expenses. This was the same rate used to discount the actuarial accrued liability. The rate of return for fiscal year 2024 was used because of the selection of the Roll Forward Method for GASB 67.

B. Post-Retirement Mortality, Assumed Retirement Age, Disability Retirement, Death, and Withdrawal from System

Rates and scales were developed based on the experience in the actuarial investigation as of August 31, 2021, with values at specimen ages shown in the tables below.

Table 3: Post Retirement Mortality Projections

Age	Male Members	Female Members
40	0.000595	0.000408
50	0.001734	0.001067
60	0.005887	0.004147
70	0.012897	0.008246
80	0.043322	0.029884
90	0.155022	0.114234
100	0.377793	0.315134
110	0.559043	0.507609
120	1.000000	1.000000

For members hired after August 31, 2007 and who are vested as of August 31, 2014, the retirement rates for members once they reach unreduced retirement eligibility at age 60 are increased 10 percent for each year the member is beyond the Rule of 80 (i.e., if the member reached the Rule of 80 at age 58 then the probability of retirement at age 60 is 120 percent of the rate shown in Table 4 below).

For members hired after August 31, 2007 and who are not vested as of August 2014 or for members hired after August 2014, the retirement rates for members once they reach unreduced retirement eligibility at age 62 are increased 10 percent for each year the member is beyond the Rule of 80 (i.e., if the member reached the Rule of 80 at age 58, then the probability of retirement at age 62 is 140 percent of the rate shown in Table 4 below). The following table shows the probability of retirement at the various age brackets.

Table 4: Assumed Retirement Age

Normal Retirement			Early Retirement		
Age	Male	Female	Age	Male	Female
50-52	0.11	0.11	45-59	0.01	0.01
53	0.11	0.12	60	0.01	0.01
54	0.11	0.13	61	0.02	0.02
55	0.11	0.14	62	0.03	0.03
56	0.12	0.15	63	0.04	0.04
57	0.13	0.15	64	0.05	0.05
58	0.14	0.16			
59	0.15	0.17			
60	0.15	0.18			
61	0.16	0.19			
62	0.17	0.19			
63	0.18	0.20			
64	0.19	0.21			
65-69	0.23	0.25			
70-74	0.25	0.25			
75+	1.00	1.00			

The disability retirement rates for members once they reach the Rule of 80 but not eligible for unreduced retirement are adjusted by an additional 1 percent. Table 5 below shows the rates of disability retirement by age.

Table 5: Probability of Decrement Due to Disability		
	For Service ≥ 10	For Service < 10
Age	Male/Female	Male/Female
20	0.000149	0.000006
30	0.000249	0.000010
40	0.000332	0.000013
50	0.001692	0.000068
60	0.005945	0.000238

The probability of decrement due to death is shown in Table 6 below.

Table 6: Probability of Decrement Due to Death *		
Age	Male Members	Female Members
20	0.000243	0.000109
30	0.000285	0.000142
40	0.000561	0.000335
50	0.001508	0.000779
60	0.003629	0.001710
70	0.009714	0.005238
80	0.036378	0.020075
90	0.157653	0.095668

*Based on the PUB(2010), Amount-Weighted, Below-Median Income, Teacher, Male and Female tables, with a 2-year set forward for male. The rates are projected on a fully generational basis by the long-term rates of the most recently published projection scale MP 2021 to account for future mortality improvements.

The probability of decrement due to termination is shown in Table 7 below.

Table 7: Probability of Decrement Due to Termination	
Years of Service	Male/Female Members
1	0.143011
2	0.121016
3	0.101138
4	0.080224
5	0.072583
6	0.064553
7	0.056077
8	0.049875
9	0.044869
10	0.041029

C. Rates of Salary Increase

The rates of salary increase in Table 8 below reflects an inflation rate of 2.30 percent, plus productivity component of 0.65 percent, plus step-rate/promotional component as shown.

Table 8: Rates of Salary Increase Due to Merit and Promotion			
Years of Service	Merit, Promotion, Longevity	General	Total
1	6.00 %	2.95 %	8.95 %
2	2.50	2.95	5.45
3	1.80	2.95	4.75
4	1.50	2.95	4.45
5	1.30	2.95	4.25
6	1.20	2.95	4.15
7	1.10	2.95	4.05
8	1.00	2.95	3.95
9	0.95	2.95	3.90
10	0.90	2.95	3.85
11	0.85	2.95	3.80
12	0.80	2.95	3.75
13	0.75	2.95	3.70
14	0.65	2.95	3.60
15	0.60	2.95	3.55
16	0.55	2.95	3.50
17	0.45	2.95	3.40
18	0.40	2.95	3.35
19	0.35	2.95	3.30
20	0.30	2.95	3.25
21	0.25	2.95	3.20
22	0.20	2.95	3.15
23	0.15	2.95	3.10
24	0.10	2.95	3.05
25 & up		2.95	2.95

D. Actuarial Value of Assets

The intent of the actuarial asset valuation method is to smooth out year-to-year fluctuations in market rates of return. The actuarial value of assets is equal to the market value of assets less a five year phase-in of the excess/ (shortfall) between expected investment returns and actual income. The actual calculation is based on the difference between actual market value and the expected actuarial value of assets each year and recognizes the cumulative excess return (or shortfall) over a minimum rate of 20 percent per year. Each year a base is set up to reflect this difference. If the current year's base is of the opposite sign from the remaining deferred bases then it is offset against any prior deferred bases of the opposite sign. Any remaining bases are then recognized over the remaining number of years. This is intended to ensure the smoothed value of assets will converge towards the market value in a reasonable and finite amount of time.

Expected earnings are determined using the assumed investment rate of return and the beginning of year actuarial value of assets adjusted for receipts and disbursements during the year. The returns are computed net of investment expenses.

Independent Actuarial Review

Texas Government Code 825.206 (f) requires TRS to audit its actuarial valuation (AV) at least every five years, or in conjunction with an actuarial experience study. On December 8, 2023, the Board of Trustees passed a resolution to select a firm through a competitive bid process to conduct the required actuarial valuation audit and selected Milliman, Inc. to audit the August 31, 2023 actuarial valuation performed by Gabriel, Roeder, Smith, and Company (GRS) for TRS.

Milliman's audit aimed to independently calculate the results of the August 31, 2023, actuarial valuation and assumptions used, providing an opinion on the reasonableness and accuracy of the actuarial assumptions, cost methods, valuation results, and contribution rates. Milliman's review concluded that the August 31, 2023, actuarial valuation of TRS was reasonable. The actuarial valuation report was based on reasonable assumptions and methods and complies with Actuarial Standards of Practice. Recommendations were made to enhance future actuarial valuation reports to improve overall communication and disclosure. The full audit report and the 2023 actuarial valuation are available on the TRS website.

Funding of Unfunded Actuarial Accrued Liability

The Unfunded Actuarial Accrued Liability (UAAL) is funded by the excess of future State and employer contributions required by law over the amount of such contributions required to fund the normal cost of benefits.

The normal cost for the System is deemed to be equal to the average cost of benefits for active members at each valuation date. The normal cost to pay for the benefits earned under the retirement System is 12.10 percent of pay. This amount includes employee contributions and an adjustment to cover annual administrative expenses. It is estimated that administrative expense will be approximately 0.14 percent of payroll. This estimate is based on the last three years of actual history for the System. Thus, for fiscal year 2024, the total normal cost is 12.24 percent of pay and the net employer normal cost is 3.99 percent of pay based on the fiscal year 2025 member contribution rate of 8.25 percent.

The actuarial accrued liability for benefits payable in the future to present active members is calculated as the present value of benefits payable in the future to present active members less the present value of future normal costs.

From an actuarial perspective, the contribution rate in excess of the System's normal cost should be sufficient to amortize the UAAL over a reasonable period of time. Based on the future increases in the member and employer contribution rates, the contributions in excess of the System's normal cost is sufficient to amortize the System's UAAL over a period of 28 years (assuming all actuarial assumptions are exactly met).

The active member valuation data is shown in Table 9 below.

Valuation Year	Active Members	Annualized Payroll in Thousands	Average Annual Salary	Annual % Increase in Average Salary	Number of Participating Employers
2015	828,851	\$ 37,121,750	\$ 44,787	(2.0)%	1,347
2016	847,631	39,281,763	46,343	3.5	1,332
2017	864,233	40,904,148	47,330	2.1	1,325
2018	872,978	42,105,475	48,232	1.9	1,326
2019	884,522	43,779,416	49,495	2.6	1,332
2020	914,741	47,088,122	51,477	4.0	1,340
2021	918,539	49,354,938	53,732	4.4	1,344
2022	928,415	50,849,290	54,770	1.9	1,348
2023	953,293	54,434,937	57,102	2.6	1,350
2024	970,872	57,485,331	59,210	3.7	1,349

The Schedule of retirees, beneficiaries and disabled participants added to and removed from the rolls is shown in Table 10.

Valuation as of August 31	Added to Rolls		Removed from Rolls		Rolls - End of Year		Average Annual Benefits	% Increase Average Annual Benefits
	Number	Annual Benefits	Number	Annual Benefits	Number	Annual Benefits		
2015	25,134	\$ 604,436,264	10,578	\$ 191,966,951	377,738	\$8,734,949,742	\$ 23,124	5.0 %
2016	27,018	673,313,552	10,842	195,097,916	393,914	9,213,165,378	23,389	5.5
2017	24,739	613,145,920	10,885	203,792,399	407,768	9,622,518,899	23,598	4.4
2018	24,317	611,173,964	11,627	219,236,845	420,458	10,014,456,018	23,818	4.1
2019	25,420	642,167,173	11,452	217,977,284	434,426	10,438,645,907	24,029	4.2
2020	24,197	630,241,319	13,349	256,566,773	445,274	10,812,320,453	24,282	3.6
2021	28,174	748,954,294	15,315	290,713,672	458,133	11,270,561,075	24,601	4.2
2022	32,756	877,905,521	14,937	287,276,320	475,952	11,861,190,276	24,921	5.2
2023	28,283	773,088,024	14,314	285,168,950	489,921	12,349,109,350	25,206	4.1
2024	33,805	1,335,075,185	15,025	298,397,246	508,701	13,385,787,289	26,314	8.4

The analysis of financial trends is shown in Table 11.

As of August 31	Investment Gains/ (Losses)	Contribution Experience	Assumption Changes	Liability Experience	Net Increase/ (Decrease)	Beginning UAAL	Ending UAAL
2015	\$ (1.237)	\$ 0.912	\$ 0.682	\$ (1.501)	\$ 1.330	\$ 31.638	\$ 32.968
2016	(1.504)	0.525		(0.460)	2.485	32.968	35.453
2017	0.270	0.415	(0.701)	0.828	0.018	35.453	35.471
2018	0.173	0.371	(10.592)	0.095	10.694	35.471	46.165
2019	(0.564)	0.961	(1.997)	0.200	3.321	46.165	49.486
2020	(0.645)	1.338		0.863	1.119	49.486	50.605
2021	5.302	1.315	(0.272)	(0.757)	(2.957)	50.605	47.648
2022	(2.431)	0.222		(1.352)	4.004	47.648	51.652
2023	(3.731)	0.805		(1.691)	6.228	51.652	57.880
2024	(0.659)	0.731		(1.305)	2.695	57.880	60.575

*Resulting from differences between assumed experience and actual experience. Calculated on a 5-year smoothed market basis.

Solvency Test

A short-term solvency test is one means of checking a retirement System's progress under its funding program. The schedule below provides a historical illustration of a short-term solvency test for TRS wherein present assets are compared with:

- active member contributions on deposit
- the liabilities for future benefits to present annuitants (Retirees and Beneficiaries)
- the liabilities for active members under the entry age normal actuarial cost method including a projection of future salary increases and anticipated future service Active Members-State Financed Portion

Under the level percent of payroll financing followed by TRS, liabilities for active member contributions on deposit and the liabilities for future benefits to present retirees and beneficiaries will be fully covered by present assets except in rare circumstances. In addition, liabilities for active member benefits earned or to be earned in the future will be partially covered by the remainder of present assets. Generally, if the System has been using level cost financing, the funded portion of active member benefits will increase over time. The solvency test is shown in Table 12.

Table 12: Solvency Test (Dollars in Millions)

Aggregate Actuarial Accrued Liabilities For					Portion of Aggregate Actuarial Accrued Liabilities Covered by Valuation Assets			
Valuation as of August 31	Active Member Contributions (1)	Retirees and Beneficiaries (2)	Active Members (State Financed Portion) (3)	Valuation Assets	Active Member Contributions (1)	Retirees and Beneficiaries (2)	Active Members (State Financed Portion) (3)	
2015	\$ 33,856	\$ 82,535	\$ 50,062	\$ 133,485	100 %	100 %	34.1 %	
2016	34,803	86,986	52,451	138,786	100	100	32.4	
2017	36,513	90,573	54,667	146,282	100	100	35.1	
2018	37,834	101,911	60,472	154,051	100	100	23.7	
2019	39,212	105,702	64,806	160,233	100	100	23.6	
2020	41,470	109,030	67,538	167,432	100	100	25.1	
2021	43,906	113,352	70,989	180,599	100	100	32.9	
2022	45,700	121,489	78,372	193,909	100	100	34.1	
2023	48,096	125,984	83,463	199,664	100	100	30.7	
2024	50,180	136,007	86,908	212,520	100	100	30.3	

Schedule of Funding Progress

Taking into account only the dollar amounts of aggregate actuarial accrued liabilities and Unfunded Actuarial Accrued Liabilities (UAAL) can be misleading. The dollar amounts of these two items can be increasing at a time when their actual substance may be decreasing. Dividing valuation asset dollars by aggregate actuarial accrued liability dollars and dividing UAAL dollars by active member payroll dollars provide clarifying indices. The larger the ratio of valuation assets to aggregate actuarial accrued liabilities, the stronger the System.

Observation of these relative indices over a period of years will give an indication of whether the System is becoming stronger or weaker. The schedule of funding progress is shown in Table 13.

The 10-year Schedule of Actuarially Determined Contributions is located in the Required Supplementary Information section.

Table 13: Schedule of Funding Progress (Dollars in Millions)

Valuation as of August 31	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio Assets as a % of AAL	Covered Payroll	UAAL as a % of Covered Payroll
[1]	[2]	[3]	[4]	[5]	[6]	[7]
2015	\$ 133,485	\$ 166,453	\$ 32,968	80.2 %	\$ 39,620	83.2 %
2016	138,786	174,239	35,453	79.7	42,376	83.7
2017	146,282	181,753	35,471	80.5	43,164	82.2
2018	154,051	200,216	46,165	76.9	44,956	102.7
2019	160,233	209,720	49,486	76.4	47,414	104.4
2020	167,432	218,038	50,605	76.8	49,987	101.2
2021	180,599	228,247	47,648	79.1	51,356	92.8
2022	193,909	245,561	51,652	79.0	54,198	95.3
2023	199,664	257,543	57,880	77.5	57,785	100.2
2024	212,520	273,095	60,575	77.8	61,388	98.7

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November 13, 2024

Board of Trustees
Teacher Retirement System of Texas
1000 Red River Street
Austin, TX 78701-2698

Subject: Actuary's Certification of the GASB Statement No. 74 Actuarial Valuation as of August 31, 2024 for TRS-Care

Submitted in this report are the results of an Actuarial Valuation of the liabilities associated with the employer financed retiree health benefits provided through TRS-Care, a benefit program designed to provide post-retirement medical benefits for certain members of the Teacher Retirement System of Texas (TRS). The date of the valuation was August 31, 2023. Update procedures were used to roll forward the total OPEB liability to August 31, 2024. This report was prepared at the request of TRS.

The actuarial calculations were prepared for purposes of complying with the requirements of Statement No. 74 of the Governmental Accounting Standards Board (GASB). The calculations reported herein have been made on a basis consistent with our understanding of this accounting standard. Determinations of the liability associated with the benefits described in this report for purposes other than satisfying the financial reporting requirements of TRS-Care and participating employers may produce significantly different results. Actuarial valuations of the post-retirement benefits are performed annually.

The valuation was based upon information, furnished by TRS, concerning retiree health benefits, members' census, and financial data. Data was checked for internal consistency but was not otherwise audited. Certain actuarial assumptions applicable only to the TRS-Care OPEB valuation have changed since the prior report. These changes are disclosed in the assumptions section of this report.

The following Annual Comprehensive Financial Report (ACFR) schedules were prepared by GRS and can be found in Sections D and E of this report:

1. Actuarial Assumptions and Methods
2. Schedule of Retirees and Beneficiaries Added and Removed from Rolls

GRS is not responsible for any trend data schedules not found in this report.

5605 North MacArthur Boulevard | Suite 870 | Irving, Texas 75038-2631

Board of Trustees
Teacher Retirement System of Texas
November 13, 2024
Page 2

The current objective is to fund the Trust in order to maintain benefits through individual biennial periods. There is no arrangement into which the participating employers would make contributions to advance-fund the obligation. However, a Trust does exist into which participating employers are making contributions based on the current funding policy.

The Net OPEB Liability (NOL) increased by \$8.21 billion, from \$22.1 billion as of August 31, 2023 to \$30.4 billion as of August 31, 2024. The increase was primarily due to lowering the Medicare retiree premiums effective January 1, 2025 and declines in the discount rate.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in plan provisions or applicable law.

This report was prepared using our proprietary valuation model and related software which in our professional judgment has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

To the best of our knowledge, this report is complete and accurate. The assumptions and methods used for financial reporting purposes are reasonable and in accordance with generally accepted actuarial principles set by the Actuarial Standards of Practice (ASOPs). Joseph Newton and Blake Orth are members of the American Academy of Actuaries and meet the Qualification Standards of the Academy of Actuaries to render the actuarial opinion herein. The signing individuals are independent of the plan sponsor.

Respectfully submitted,
Gabriel, Roeder, Smith & Company



Joseph P. Newton, FSA, EA, FCA, MAAA
Pension Market Leader



Blake Orth, FSA, EA, MAAA
Consultant and Actuary



Actuarial Disclosure

The Actuarial Section is based on a valuation as of August 31, 2024.

Funding Objective and Funding Policy

The current funding objective for the TRS-Care OPEB Trust fund is to provide sufficient funding through individual biennial legislative periods. There is no arrangement where the participating employers would make contributions to advance-fund the obligation. However, participating employers and the State are making contributions based on the current funding policy. The Texas Legislature is responsible for establishing and maintaining the funding policy.

There was not an actuarial valuation prepared for funding purposes because the TRS-Care plan is a pay-as-you-go-plan.

The actuarial valuation of TRS-Care for financial reporting purposes was prepared by Gabriel, Roeder, Smith & Company. The valuation was based on information provided by TRS concerning retiree health benefits, member census and financial data. While not auditing the data, the actuary checks for internal consistency.

The actuarial calculations were prepared for purposes of complying with the requirements of GASB Statement No. 74 for financial reporting purposes only. The calculation of the plan's liability is not applicable for funding purposes of the plan. A calculation of the Plan's liability for purposes other than satisfying the requirements of GASB Statement No. 74 may produce significantly different results.

The TRS-Care OPEB plan is discussed in detail in Note 9 and provides the following information.

- Plan provisions
- Identification of the Plan type
- Number of covered individuals

Table 1: Retirees and Beneficiaries Added to and Removed from Membership

Valuation as of August 31	Added to Rolls		Removed from Rolls		Rolls - End of Year		% Increase in Annual Allowances	Average Annual Allowances
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances*		
2015	19,171	\$ 106,177,651	11,116	\$ 31,400,277	259,578	\$1,050,329,854	12.5 %	\$ 4,046
2016	20,883	120,035,127	12,250	48,462,388	268,211	1,132,169,358	8	4,221
2017	19,121	105,535,109	13,113	59,695,737	274,219	986,039,302	(13)	3,596
2018	11,101	79,394,032	48,958	150,243,653	236,362	955,490,192	(3)	4,042
2019	14,066	95,931,742	21,253	69,775,594	229,175	839,871,317	(12)	3,665
2020	13,222	88,444,718	18,420	55,330,044	223,977	810,214,242	(4)	3,617
2021	14,086	101,038,519	15,596	47,372,703	222,467	818,071,372	1	3,677
2022	16,212	113,328,143	16,906	55,044,005	221,773	806,426,537	(1)	3,636
2023	12,104	100,377,443	14,305	49,149,837	219,572	816,330,849	1	3,718
2024	12,878	109,857,772	13,828	62,215,089	218,622	1,022,748,936	25	4,678

*Expected employer provided claims and expenses (net of retiree premiums). Headcounts include dependents. Annual allowances in Column (7) include increases due to health care inflation and the impact of plan changes. As a result, the annual allowances are not equal to the beginning of year allowances plus the "Added to Rolls" allowances minus the "Removed from Rolls" allowances.

Statistical Section



500

On average, TRS receives 500 calls a day to its Health counseling team.

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Statistical Section Overview

The Statistical Section presents additional information to provide financial statement users with added historical perspective, context, and detail to assist in using the information in the Basic Financial Statements, Notes to the Financial Statements, and Required Supplementary Information to understand and assess the System's financial condition. Information is presented for the Pension Trust Fund, TRS-Care, and TRS-ActiveCare.

Financial Trends

The financial trend schedules assist users in understanding and assessing how the System's financial position has changed over time and include:

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Revenues, Expenses, and Changes in Net Position - TRS-ActiveCare 160

Benefit and Refund Deductions from Net Position by Type - Pension Trust Fund 162

Benefit Deductions from Net Position by Type - TRS-Care 162

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Operating Information

The operating information schedules provide information containing contextual data about the System's benefit operations, resources, and the benefit services it provides and include:

Average Benefit Payments - Pension Trust Fund 164

Average Monthly Benefits - Pension Trust Fund 165

Average Benefit Payments - TRS-Care and TRS-ActiveCare 166

Health Benefits by Plan - TRS-Care and TRS-ActiveCare 167

Retired Members by Type of Benefit - Pension Trust Fund 170

Principal Participating Employers - Pension Trust Fund and TRS-Care 171

In addition, a complete list of participating employers has been included. The information was derived from internal sources.

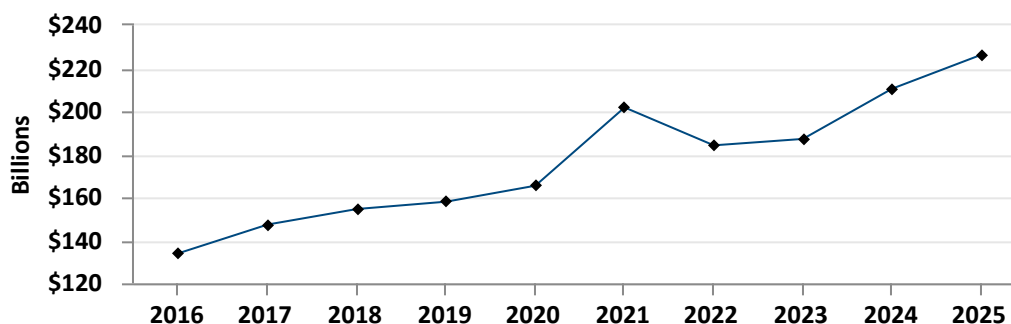
Changes in Fiduciary Net Position

Pension Trust Fund

For the Fiscal Years Ended August 31

	2025	2024	2023	2022
Additions				
Member Contributions	\$ 5,093,206,594	\$ 4,921,798,309	\$ 4,492,518,277	\$ 4,213,621,873
Non-Employer Contributing Entity Contributions	2,568,867,833	2,487,915,776	2,284,112,296	2,158,359,554
Supplemental Appropriation - Non-Employer Contributing Entity				
Employer Contributions	3,283,987,580	3,151,326,299	2,859,869,972	2,504,170,115
Purchase of Service Credit	53,249,465	48,033,531	53,930,495	51,266,001
Contributions from ERS	34,818,850	33,311,509	32,321,050	30,915,887
Net Investment Income	20,038,963,937	23,789,442,449	6,885,962,989	(13,383,750,566)
Supplemental Funding - Appropriations		5,000,000,000		701,100,535
Gain on Capital Assets	32,800,195	27,156,818	46,564,222	
Miscellaneous Revenue	241,709	1,158,272	971,611	5,953,359
Total Additions	\$ 31,106,136,163	\$ 39,460,142,963	\$ 16,656,250,912	\$ (3,718,363,242)
Deductions				
Benefits	\$ 14,242,714,842	\$ 15,118,754,650	\$ 12,744,916,100	\$ 13,130,573,776
Refunds of Contributions	825,348,691	744,483,839	707,816,831	579,461,885
Service Contributions Transferred to ERS	129,395,278	125,380,115	121,931,871	117,818,933
Other Post-Employment Benefits Expense	16,719,495	14,084,381	12,241,646	12,595,488
Administrative Expenses, Excluding Investing Activity Expenses	106,915,751	84,717,041	85,187,739	62,052,780
Total Deductions	\$ 15,321,094,057	\$ 16,087,420,026	\$ 13,672,094,187	\$ 13,902,502,862
Net Increase (Decrease)	\$ 15,785,042,106	\$ 23,372,722,937	\$ 2,984,156,725	\$ (17,620,866,104)
Beginning Net Position	\$ 210,543,258,495	\$ 187,170,535,558	\$ 184,185,617,196	\$ 201,807,002,496
Prior Period Adjustments			761,637	(519,196)
Beginning Net Position, as Restated	\$ 210,543,258,495	\$ 187,170,535,558	\$ 184,186,378,833	\$ 201,806,483,300
Ending Net Position	\$ 226,328,300,601	\$ 210,543,258,495	\$ 187,170,535,558	\$ 184,185,617,196

Net Position
Pension Trust Fund
Last Ten Years



2021	2020	2019	2018	2017	2016
\$ 3,839,243,646	\$ 3,736,877,464	\$ 3,482,869,726	\$ 3,360,773,197	\$ 3,242,556,261	\$ 2,943,669,320
1,883,257,341	1,848,502,439	1,741,178,188	1,715,784,550	1,697,962,608	1,675,631,248
261,000,000	263,000,000				
2,124,027,701	2,016,481,636	1,761,821,902	1,671,257,303	1,588,309,345	1,483,389,348
70,618,789	46,272,689	42,205,185	41,538,371	55,092,741	37,389,534
29,400,741	27,607,824	26,464,135	27,670,302	24,974,328	23,950,878
40,512,139,247	11,068,916,613	7,669,028,874	11,242,813,657	17,079,807,347	9,193,280,560
		588,827,787			
3,130,786	10,266,475	3,844,018	8,108,248	1,299,284	1,993,029
\$ 48,722,818,251	\$ 19,017,925,140	\$ 15,316,239,815	\$ 18,067,945,628	\$ 23,690,001,914	\$ 15,359,303,917
\$ 11,689,780,302	\$ 10,975,638,999	\$ 11,256,781,486	\$ 10,176,447,093	\$ 9,778,497,039	\$ 9,382,696,876
449,135,634	421,366,179	486,460,902	422,335,740	420,421,056	373,418,687
112,530,025	108,003,549	103,044,924	97,333,401	93,609,174	88,854,383
9,255,187	7,734,365	4,438,264	4,380,304		
71,359,850	67,135,880	60,485,645	64,926,169	44,189,998	44,402,710
\$ 12,332,060,998	\$ 11,579,878,972	\$ 11,911,211,221	\$ 10,765,422,707	\$ 10,336,717,267	\$ 9,889,372,656
\$ 36,390,757,253	\$ 7,438,046,168	\$ 3,405,028,594	\$ 7,302,522,921	\$ 13,353,284,647	\$ 5,469,931,261
\$ 165,416,245,243	\$ 157,978,199,075	\$ 154,568,901,833	\$ 147,361,922,120	\$ 134,008,637,473	\$ 128,538,706,212
		4,268,648	(95,543,208)		
\$ 165,416,245,243	\$ 157,978,199,075	\$ 154,573,170,481	\$ 147,266,378,912	\$ 134,008,637,473	\$ 128,538,706,212
\$ 201,807,002,496	\$ 165,416,245,243	\$ 157,978,199,075	\$ 154,568,901,833	\$ 147,361,922,120	\$ 134,008,637,473

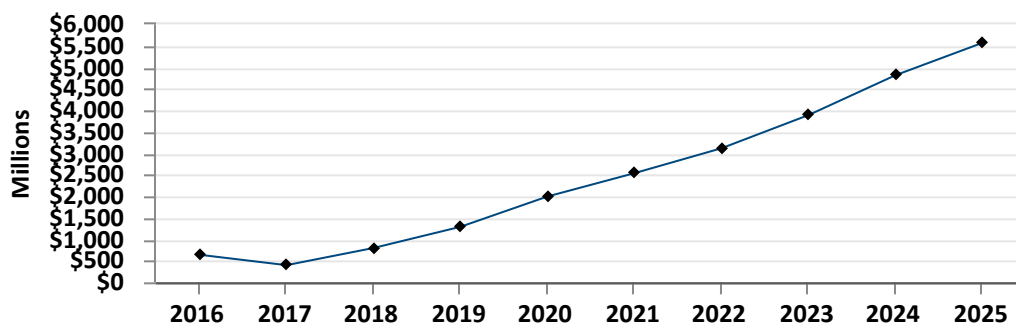
Changes in Fiduciary Net Position

TRS-Care

For Fiscal Years Ended August 31

	2025	2024	2023	2022
Additions				
Member Contributions	\$ 294,947,940	\$ 290,204,743	\$ 277,468,284	\$ 263,328,449
Non-Employer Contributing Entity - State Contributions	526,551,253	505,172,755	474,356,993	451,341,296
Employer Contributions	397,833,097	404,082,886	393,951,333	370,735,616
Supplemental Appropriation - Non-Employer Contributing Entity				
Federal Revenue	329,977,509	221,928,259	188,172,734	141,003,332
Rebate and Discount Income	693,568,184	645,294,092	578,020,367	508,931,631
Supplemental Funding - Appropriations			21,285,114	83,000,000
Investment Income	217,628,208	202,197,474	130,069,098	13,537,557
Miscellaneous Revenue	3,221,559	15,132,300	40,306,480	28,359,830
Total Additions	\$ 2,463,727,750	\$ 2,284,012,509	\$ 2,103,630,403	\$ 1,860,237,711
Deductions				
Health Care Claims	\$ 2,060,138,577	\$ 1,898,949,514	\$ 1,781,336,522	\$ 1,635,849,839
Less: Health Care Premiums Paid by Retirees	(398,015,264)	(583,752,411)	(502,154,458)	(399,788,260)
Health Care Claims Processing and Other	20,281,064	18,797,385	29,815,788	27,009,784
Insurance Premium Payments	5,051	5,051	5,051	5,998
Administrative Expenses	28,174,167	23,131,862	22,799,515	18,465,602
Total Deductions	\$ 1,710,583,595	\$ 1,357,131,401	\$ 1,331,802,418	\$ 1,281,542,963
Net Increase (Decrease)	\$ 753,144,155	\$ 926,881,108	\$ 771,827,985	\$ 578,694,748
Beginning Net Position	\$ 4,816,646,311	\$ 3,889,765,203	\$ 3,117,937,218	\$ 2,539,242,470
Prior Period Adjustments				
Beginning Net Position, as Restated	\$ 4,816,646,311	\$ 3,889,765,203	\$ 3,117,937,218	\$ 2,539,242,470
Ending Net Position	\$ 5,569,790,466	\$ 4,816,646,311	\$ 3,889,765,203	\$ 3,117,937,218

Net Position
TRS-Care
Last Ten Years



2021	2020	2019	2018	2017	2016
\$ 250,413,572	\$ 243,532,120	\$ 227,338,454	\$ 221,325,377	\$ 213,241,179	\$ 208,581,990
447,337,574	435,768,774	404,936,501	395,588,628	303,760,632	297,070,920
334,027,999	324,973,591	305,363,084	296,098,420	215,360,520	212,936,351
		73,641,562		15,559,552	
173,912,657	186,169,146	220,783,898	103,402,579	101,718,551	124,739,649
416,754,264	423,426,202	356,439,596	284,291,173	291,725,635	218,995,436
5,520,343	230,756,971		394,600,000		
9,226,940	25,536,560	25,046,771	10,127,259	4,696,973	5,421,446
	17,879		803,022	529,020	89,388
\$ 1,637,193,349	\$ 1,870,181,243	\$ 1,613,549,866	\$ 1,706,236,458	\$ 1,146,592,062	\$ 1,067,835,180
\$ 1,553,439,820	\$ 1,538,211,599	\$ 1,515,397,609	\$ 1,593,381,709	\$ 1,678,892,217	\$ 1,651,712,836
(533,595,349)	(499,057,861)	(517,965,033)	(488,069,004)	(404,027,710)	(374,736,269)
51,028,376	68,252,843	44,868,838	80,585,608	46,931,559	48,361,151
15,489,580	51,410,469	71,794,507	83,828,910	61,792,671	69,228,872
7,906,384	7,068,610	6,006,229	6,672,488	4,953,492	4,701,677
\$ 1,094,268,811	\$ 1,165,885,660	\$ 1,120,102,150	\$ 1,276,399,711	\$ 1,388,542,229	\$ 1,399,268,267
\$ 542,924,538	\$ 704,295,583	\$ 493,447,716	\$ 429,836,747	\$ (241,950,167)	\$ (331,433,087)
\$ 1,996,317,932	\$ 1,292,022,349	\$ 798,574,633	\$ 399,535,986	\$ 641,486,153	\$ 972,919,240
			(30,798,100)		
\$ 1,996,317,932	\$ 1,292,022,349	\$ 798,574,633	\$ 368,737,886	\$ 641,486,153	\$ 972,919,240
\$ 2,539,242,470	\$ 1,996,317,932	\$ 1,292,022,349	\$ 798,574,633	\$ 399,535,986	\$ 641,486,153

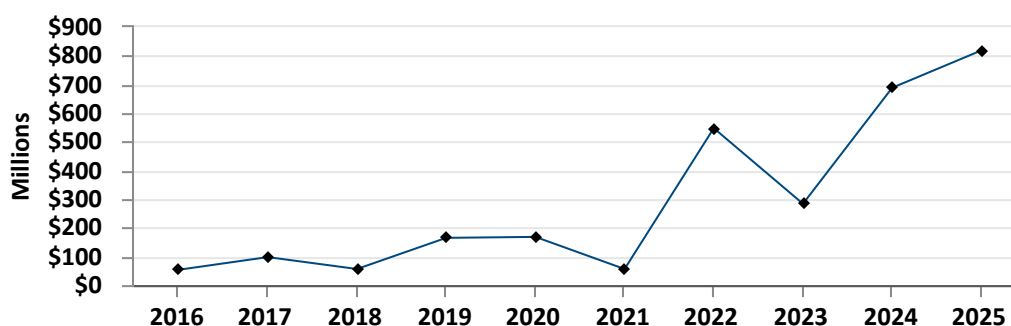
Revenues, Expenses, and Changes in Net Position

TRS-ActiveCare

For the Fiscal Years Ended August 31

	2025	2024	2023	2022
Revenues				
Health Care Premiums	\$ 2,045,518,099	\$ 1,907,469,935	\$ 1,830,920,436	\$ 2,044,855,892
Rebate and Discount Income	341,407,107	289,318,116	227,883,761	174,729,133
Administrative Fees and Non-Operating Revenue	1,495,527			
Investment Income	38,487,178	48,200,848	27,739,321	1,656,096
Supplemental Funding - Appropriations	369,224,574	588,518,000		638,337,761
Total Revenues	\$ 2,796,132,485	\$ 2,833,506,899	\$ 2,086,543,518	\$ 2,859,578,882
Expenses				
Health Care Claims	\$ 2,573,490,646	\$ 2,276,218,388	\$ 2,192,774,626	\$ 2,151,584,283
Health Care Claims Processing and Other	78,523,694	76,403,986	68,514,436	65,957,031
Premium Payments to HMOs	7,555,814	72,524,931	83,782,801	146,752,232
Administrative Expenses	6,282,880	3,719,750	5,174,665	3,988,314
Total Expenses	\$ 2,665,853,034	\$ 2,428,867,055	\$ 2,350,246,528	\$ 2,368,281,860
Change in Net Position	\$ 130,279,451	\$ 404,639,844	\$ (263,703,010)	\$ 491,297,022
Beginning Net Position	\$ 688,476,809	\$ 283,836,965	\$ 547,539,975	\$ 56,242,953
Ending Net Position	\$ 818,756,260	\$ 688,476,809	\$ 283,836,965	\$ 547,539,975

Net Position
TRS-ActiveCare
Last Ten Years



2021	2020	2019	2018	2017	2016
\$ 2,031,686,347	\$ 2,158,997,317	\$ 2,170,132,057	\$ 2,171,125,097	\$ 2,119,959,039	\$ 2,055,658,822
147,047,176	145,208,054	157,307,700	144,543,929	120,049,492	17,904,885
142,718	413,313	685,623	259,417	321,030	356,054
2,121,724	7,853,806	10,623,456	6,883,872	4,668,888	3,079,039
\$ 2,180,997,965	\$ 2,312,472,490	\$ 2,338,748,836	\$ 2,322,812,315	\$ 2,244,998,449	\$ 2,076,998,800
\$ 2,041,118,606	\$ 1,932,461,054	\$ 1,863,374,439	\$ 2,002,142,744	\$ 1,846,526,430	\$ 1,768,287,120
74,546,983	116,068,297	119,811,563	121,483,408	123,783,747	125,802,110
173,297,782	256,850,839	243,198,667	237,386,929	227,088,895	214,529,160
4,090,985	3,746,187	3,703,320	3,311,679	3,345,442	2,644,792
\$ 2,293,054,356	\$ 2,309,126,377	\$ 2,230,087,989	\$ 2,364,324,760	\$ 2,200,744,514	\$ 2,111,263,182
\$ (112,056,391)	\$ 3,346,113	\$ 108,660,847	\$ (41,512,445)	\$ 44,253,935	\$ (34,264,382)
\$ 168,299,344	\$ 164,953,231	\$ 56,292,384	\$ 97,804,829	\$ 53,550,894	\$ 87,815,276
\$ 56,242,953	\$ 168,299,344	\$ 164,953,231	\$ 56,292,384	\$ 97,804,829	\$ 53,550,894

Benefit and Refund Deductions from Net Position by Type**Pension Trust Fund**

For the Fiscal Years Ended August 31

	2025	2024	2023	2022
Benefits				
Service Retirements	\$ 13,293,416,869	\$ 14,178,741,202	\$ 11,898,734,057	\$ 12,015,079,659
Deferred Retirement Option	132,335	259,054	1,003,473	1,279,319
Partial Lump Sum Option	361,110,106	341,660,695	276,821,363	285,250,124
Disability Retirements	220,511,421	237,122,390	201,842,583	211,456,609
Death and Survivor Benefits				
Annual Salary	63,836,130	49,846,394	76,474,258	289,644,144
Survivor Annuities	148,083,317	145,091,256	144,888,040	167,196,397
Life Annuities	117,413,584	128,690,006	108,994,190	121,098,941
60 Monthly Payments	24,532,517	24,213,566	22,231,013	23,231,822
Remainder of Contributions	9,510,390	8,959,916	9,424,092	11,656,703
Total Benefits	\$ 14,238,546,669	\$ 15,114,584,479	\$ 12,740,413,069	\$ 13,125,893,718
Refunds				
Death	\$ 9,390,279	\$ 10,430,901	\$ 11,293,669	\$ 14,993,742
Separation	815,958,412	734,052,938	696,523,162	564,468,143
Total Refunds	\$ 825,348,691	\$ 744,483,839	\$ 707,816,831	\$ 579,461,885

Benefit Deductions from Net Position by Type**TRS-Care**

For the Fiscal Years Ended August 31

	2025	2024	2023	2022
Claims				
Medical Claims and Insurance Premiums	\$ 649,922,953	\$ 607,421,361	\$ 590,230,636	\$ 551,757,337
Prescription Drugs	872,609,166	804,882,404	739,387,636	694,534,458
Dental	18,439,749			
Vision	2,935,337			
Total Claims	\$ 1,543,907,205	\$ 1,412,303,765	\$ 1,329,618,272	\$ 1,246,291,795

Benefit Deductions from Net Position by Type**TRS-ActiveCare**

For Fiscal Years Ended August 31

	2025	2024	2023	2022
Claims				
Medical Claims and Insurance Premiums	\$ 1,970,897,737	\$ 1,815,187,212	\$ 1,768,883,147	\$ 1,838,495,829
Prescription Drugs	275,892,826	251,690,274	288,020,255	293,845,034
Total Claims	\$ 2,246,790,563	\$ 2,066,877,486	\$ 2,056,903,402	\$ 2,132,340,863

2021	2020	2019	2018	2017	2016
\$ 10,881,357,829	\$ 10,272,047,096	\$ 10,503,570,237	\$ 9,495,487,665	\$ 9,059,855,790	\$ 8,633,505,859
1,778,707	2,488,283	2,871,239	3,407,936	5,231,060	5,166,851
312,957,038	237,796,738	258,417,662	234,071,031	263,705,342	300,420,702
191,856,226	189,250,368	199,708,594	181,817,426	177,627,306	173,464,936
45,040,179	38,560,083	45,133,662	35,735,208	44,398,830	44,952,730
127,921,344	116,051,294	116,094,299	106,201,977	109,519,771	108,509,074
99,935,054	93,091,163	102,595,155	94,809,551	93,714,871	92,087,967
18,063,389	15,786,007	17,326,148	16,184,228	15,518,472	15,523,059
7,301,288	7,221,136	8,011,977	5,281,986	6,204,030	5,491,553
\$ 11,686,211,054	\$ 10,972,292,168	\$ 11,253,728,973	\$ 10,172,997,008	\$ 9,775,775,472	\$ 9,379,122,731
\$ 8,444,658	\$ 5,536,660	\$ 6,060,703	\$ 5,574,637	\$ 6,371,748	\$ 7,379,576
440,690,976	415,829,519	480,400,199	416,761,103	414,049,308	366,039,111
\$ 449,135,634	\$ 421,366,179	\$ 486,460,902	\$ 422,335,740	\$ 420,421,056	\$ 373,418,687

2021	2020	2019	2018	2017	2016
\$ 605,096,859	\$ 659,834,968	\$ 688,148,610	\$ 840,420,584	\$ 807,831,048	\$ 858,985,138
705,239,917	668,307,637	648,749,351	669,082,905	734,805,874	716,536,786
\$ 1,310,336,776	\$ 1,328,142,605	\$ 1,336,897,961	\$ 1,509,503,489	\$ 1,542,636,922	\$ 1,575,521,924

2021	2020	2019	2018	2017	2016
\$ 1,790,208,094	\$ 1,780,181,703	\$ 1,702,719,298	\$ 1,826,632,040	\$ 1,653,483,496	\$ 1,644,795,868
285,092,898	271,480,530	254,168,852	275,730,514	306,703,364	325,475,512
\$ 2,075,300,992	\$ 2,051,662,233	\$ 1,956,888,150	\$ 2,102,362,554	\$ 1,960,186,860	\$ 1,970,271,380

Average Benefit Payments**Pension Trust Fund**

Last Ten Fiscal Years

Retirements Effective	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	30+
2025						
Average Monthly Benefit*	\$ 562	\$ 1,088	\$ 1,776	\$ 2,511	\$ 3,572	\$ 4,669
Average Final Average Salary	\$ 42,338	\$ 49,055	\$ 54,238	\$ 60,072	\$ 70,872	\$ 79,392
Number of Retirees	2,888	2,537	3,386	3,887	4,588	3,628
2024						
Average Monthly Benefit*	\$ 543	\$ 1,055	\$ 1,794	\$ 2,492	\$ 3,505	\$ 4,523
Average Final Average Salary	\$ 41,287	\$ 47,534	\$ 54,905	\$ 59,453	\$ 69,146	\$ 76,204
Number of Retirees	3,008	2,647	3,927	4,751	5,695	4,585
2023						
Average Monthly Benefit*	\$ 544	\$ 1,035	\$ 1,706	\$ 2,385	\$ 3,411	\$ 4,471
Average Final Average Salary	\$ 40,993	\$ 46,118	\$ 52,731	\$ 57,008	\$ 67,079	\$ 74,784
Number of Retirees	2,783	2,509	3,588	4,791	5,216	4,348
2022						
Average Monthly Benefit*	\$ 513	\$ 1,037	\$ 1,664	\$ 2,306	\$ 3,273	\$ 4,344
Average Final Average Salary	\$ 39,050	\$ 46,028	\$ 51,210	\$ 55,159	\$ 64,573	\$ 72,390
Number of Retirees	2,736	2,539	3,863	5,355	5,874	5,016
2021						
Average Monthly Benefit*	\$ 516	\$ 997	\$ 1,621	\$ 2,250	\$ 3,150	\$ 4,261
Average Final Average Salary	\$ 39,374	\$ 44,309	\$ 50,428	\$ 53,695	\$ 61,963	\$ 70,809
Number of Retirees	2,393	2,759	3,821	5,204	5,494	5,206
2020						
Average Monthly Benefit*	\$ 522	\$ 997	\$ 1,620	\$ 2,273	\$ 3,155	\$ 4,318
Average Final Average Salary	\$ 39,228	\$ 43,805	\$ 49,611	\$ 53,502	\$ 61,075	\$ 69,981
Number of Retirees	1,938	2,496	3,411	4,188	4,626	4,257
2019						
Average Monthly Benefit*	\$ 491	\$ 967	\$ 1,544	\$ 2,162	\$ 3,144	\$ 4,231
Average Final Average Salary	\$ 37,290	\$ 43,719	\$ 48,187	\$ 51,412	\$ 61,096	\$ 69,230
Number of Retirees	2,159	2,613	3,318	4,358	4,542	4,068
2018						
Average Monthly Benefit*	\$ 489	\$ 926	\$ 1,462	\$ 2,172	\$ 3,067	\$ 4,235
Average Final Average Salary	\$ 36,780	\$ 42,880	\$ 46,298	\$ 51,604	\$ 59,756	\$ 69,066
Number of Retirees	2,067	2,476	3,402	4,244	4,321	4,191
2017						
Average Monthly Benefit*	\$ 455	\$ 886	\$ 1,439	\$ 2,122	\$ 3,024	\$ 4,142
Average Final Average Salary	\$ 34,646	\$ 41,484	\$ 45,946	\$ 50,617	\$ 58,755	\$ 67,598
Number of Retirees	2,210	2,452	3,522	4,330	4,568	4,632
2016						
Average Monthly Benefit*	\$ 453	\$ 855	\$ 1,378	\$ 2,094	\$ 2,956	\$ 4,146
Average Final Average Salary	\$ 33,903	\$ 40,401	\$ 44,703	\$ 50,295	\$ 57,750	\$ 67,429
Number of Retirees	2,181	2,277	3,195	4,299	4,290	4,668

*Average monthly benefits have been reduced for Partial Lump Sum Option payments of \$300.4, \$263.7, \$234.1, \$258.4, \$237.8, \$313.0, \$285.3, \$276.8, \$285.7 and \$361.1 million in fiscal years 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, and 2025, respectively.

Average Monthly Benefits**Pension Trust Fund**

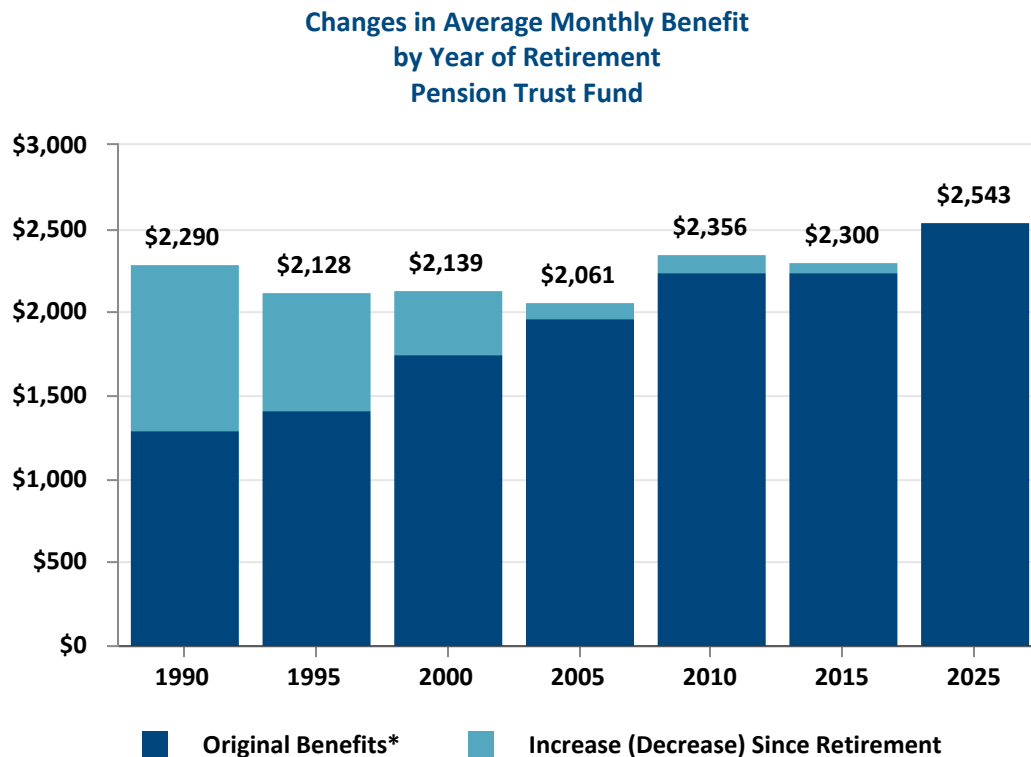
For Fiscal Years Ended August 31

	1990	1995	2000	2005	2010	2015	2025
Benefits							
Original Benefits*	\$ 1,294	\$ 1,412	\$ 1,748	\$ 1,964	\$ 2,249	\$ 2,245	\$ 2,545
Increase (Decrease) Since Retirement	996	716	391	97	107	55	(2)
Current Benefits	\$ 2,290	\$ 2,128	\$ 2,139	\$ 2,061	\$ 2,356	\$ 2,300	\$ 2,543
Number of Retirees**	1,000	2,515	6,906	7,980	13,709	18,549	20,846

*Before adjustment for the Partial Lump Sum Option, average original benefits were \$1,890, \$2,147, \$2,432, \$2,354, and \$2,643 for fiscal years 2000, 2005, 2010, 2015, and 2025, respectively.

**For each of the retirement years shown, number of service retirees currently receiving benefits.

The following graph of service retiree accounts as of August 31, 2025 reflects benefit increases and decreases since retirement.



Average Benefit Payments				
TRS-Care				
Last Ten Fiscal Years				
Fiscal Year	Average Benefit Per Participant	Benefit Payments	Average Participants	
2025	\$ 7,112	\$ 1,543,907,205	217,076	
2024	6,582	1,412,303,765	214,560	
2023	6,161	1,329,618,272	215,824	
2022	5,604	1,246,291,795	222,402	
2021	5,862	1,310,336,776	223,514	
2020	5,917	1,328,142,605	224,476	
2019	5,818	1,336,897,961	229,775	
2018	6,074	1,509,503,489	248,515	
2017	5,755	1,542,636,922	268,066	
2016	6,062	1,575,521,924	259,889	

Average Benefit Payments				
TRS-ActiveCare				
Last Ten Fiscal Years				
Fiscal Year	Average Benefit Per Participant	Benefit Payments	Average Participants	
2025	\$ 5,465	\$ 2,246,790,563	411,134	
2024	4,937	2,066,877,486	418,622	
2023	4,843	2,056,903,402	424,696	
2022	4,806	2,132,340,863	443,679	
2021	4,398	2,075,300,992	471,822	
2020	4,312	2,051,662,233	475,749	
2019	4,051	1,956,888,150	483,113	
2018	4,267	2,102,362,554	492,746	
2017	3,932	1,960,186,861	498,462	
2016	4,053	1,970,271,380	486,139	

Health Benefits by Plan**TRS-Care****As of August 31, 2025**

TRS-Care Plans	TRS-Care Under-65 Retirees	TRS-Care Medicare Advantage	TRS-Care Alternative	
Count of Retirees	43,326	132,996	2,756	
Count of Members	57,615	156,513	2,948	
Medical			Plan Description	
Individual/Family Deductible	\$1,650/\$3,300	\$400 / N/A	This is NOT a plan members can specifically request or enroll in. An individual will be eligible to enroll in the Alternative Medical Plan if: (1) the individual is eligible to enroll in TRS-Care; and (2) the individual is eligible for Medicare and either: (i) does not have reasonable access to a particular provider, as determined by TRS; or (ii) as of January 1, 2018, does not have Medicare Part B coverage and the individual’s ability to obtain Medicare Part B coverage is cost prohibitive, as determined by TRS. (3) the individual has Medicare Part A only and the individual’s ability to obtain Medicare Part B coverage is cost prohibitive, as determined by TRS.	
Individual/Family Out-of-Pocket Maximum	\$5,650/\$11,300	\$3,500 / N/A		
Coinsurance	20% after deductible	5% after deductible		
Primary Care Physician	20% after deductible	\$5 copay		
Specialist Care Visit	20% after deductible	\$10 copay, after deductible		
Urgent Care Visit	20% after deductible	\$35 copay		
Pharmacy				
Pharmacy Deductible	Integrated with Medical	\$0		
Generics (30 Day / 90 Day)	20% after deductible	\$5/\$15 copay		
Preferred Brand	20% after deductible	\$25/\$70 copay		
Non-preferred Brand	20% after deductible	\$50/\$125 copay		
Specialty Drug	20% after deductible	\$50/ N/A		
TRS-Care Dental				
MetLife PDP Plus Network				
Count of Retirees	46,496			
Count of Members	58,457			
Individual/Family Deductible	\$50/\$150			
	\$1,500 per person (+\$250 increase next year if 2 exams/cleanings are received, max increase: \$500)			
Annual Maximum Benefit				
Type	In-Network	Out-of-Network		
Type A (Preventive)	100%	100%		
Type B (Basic)	70%	70%		
Type C (Major)	50%	50%		

Health Benefits by Plan (Continued)**TRS-Care Vision****Superior Vision by MetLife**

Count of Retirees	44,570
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Count of Members	55,919
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Eye Exam	Once every 12 months, \$15 copay, Retinal imaging: up to \$39 copay
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Frames	\$150 allowance + 20% off amount over allowance, Extra \$25 allowance at select providers
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Lenses	Covered in full for standard single, bifocal, trifocal, lenticular
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Lens Enhancements	Progressive lenses covered to \$225, other enhancements mostly covered or discounted
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Contact Lenses (instead of glasses)	\$150 allowance for elective, necessary lenses covered in full with authorization
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Laser Vision Correction	20–35% off LASIK at 1,000+ locations
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Hearing Discounts	Available through Your Hearing Network
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Out-of-Network Reimbursement	Eye exam up to \$40, Frames up to \$75, Lenses \$30–\$100, Contacts up to \$100 (elective), \$210 (necessary)
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Health Benefits by Plan**TRS-ActiveCare****As of August 31, 2025**

TRS-ActiveCare Plans	TRS-ActiveCare Primary	TRS-ActiveCare Primary+	TRS-ActiveCare HD*	TRS-ActiveCare 2*	South Texas Blue Essentials HMO	West Texas Blue Essentials HMO
Count of Employees	123,991	63,275	74,575	2,577	347	177
Count of Members	191,542	101,842	112,808	4,174	467	301
Medical						
Individual/Family Deductible	\$2,500/ \$5,000	\$1,200/ \$2,400	\$3,200/ \$6,400	\$1,000/ \$3,000	\$500/ \$1,000	\$950/ \$2,850
Individual/Family Out-of-Pocket Maximum	\$8,050/ \$16,100	\$6,900/ \$13,800	\$8,050/ \$16,100	\$7,900/ \$15,800	\$4,500/ \$9,000	\$7,450/ \$14,900
Coinsurance	30% after deductible	20% after deductible	30% after deductible	20% after deductible	20% after deductible	25% after deductible
Primary Care Physician	\$30 copay	\$15 copay	30% after deductible	\$30 copay	\$25 copay	\$20 copay
Specialist Care Visit	\$70 copay	\$70 copay	30% after deductible	\$70 copay	\$60 copay	\$70 copay
Urgent Care Visit	\$50 copay	\$50 copay	30% after deductible	\$50 copay	\$75 copay	\$50 copay
Pharmacy						
Pharmacy Deductible	Integrated with Medical	\$200 brand deductible	Integrated with Medical	\$200 brand deductible	\$100	\$150
Generics (30 Day / 90 Day)	\$15/\$45 copay	\$15/\$45 copay	20% after deductible	\$20/\$45 copay	\$10/\$30 copay	\$5/\$12.50 copay
Preferred Brand	30% after deductible	25% after deductible	25% after deductible	25% after deductible	\$40/120 copay	30% after Brand deductible
Non-preferred Brand	50% after deductible	50% after deductible	50% after deductible	50% after deductible	\$65/\$195 copay	50% after Brand deductible
Specialty Drug	30% after deductible	30% after deductible	20% after deductible	30% after deductible	20% after deductible	15%/25% after deductible

*The benefits outlined above are for Blue Cross Blue Shield of Texas in-network providers. In addition, TRS-ActiveCare HD and TRS-ActiveCare 2 have limited coverage for out of network services.

Retired Members by Type of Retirement Benefit
Pension Trust Fund
For the Fiscal Year Ended August 31, 2025

Amounts of Monthly Benefits	Number of Retired Members	Type of Retirement*						
		1	2	3	4	5	6	7
\$ 1-200	13,917	5,604	5,872	111	2,255	44	17	14
201-400	47,223	13,043	11,178	476	3,598	801	1,285	16,842
401-600	29,325	15,695	8,678	993	3,340	458	161	
601-800	27,803	17,490	5,878	1,079	2,712	484	160	
801-1,000	27,458	19,254	4,060	1,021	2,493	494	136	
1,001-1,200	26,321	19,547	2,952	896	2,397	423	106	
1,201-1,400	22,873	17,582	1,911	745	2,253	324	58	
1,401-1,600	21,692	16,834	1,726	680	2,106	306	40	
1,601-1,800	21,240	16,817	1,670	592	1,844	268	49	
1,801-2,000	21,683	17,776	1,402	527	1,676	272	30	
2,001-3,000	113,717	100,630	3,737	1,486	6,688	1,129	47	
3,001-4,000	85,171	79,906	825	307	3,511	615	7	
4,001-5,000	38,670	36,929	162	47	1,279	251	2	
Over 5,000	26,564	25,506	72	10	806	169	1	
Totals	523,657	402,613	50,123	8,970	36,958	6,038	2,099	16,856
*Type of Retirement:								
1 Normal Retirement of Age and Service			5 Survivor Payment, Death in Service					
2 Early Retirement			6 Survivor Payment, After Disability Retirement					
3 Disability Retirement			7 Survivor Payment, After Service Retirement					
4 Survivor Payment, Joint Life or Guarantee								

Retired Members by Type of Benefit Option
Pension Trust Fund
For the Fiscal Year Ended August 31, 2025

Amounts of Monthly Benefits	Number of Retired Members	Option Selected*					
		1	2	3	4	5	6
\$ 1-200	13,917	6,017	4,683	1,751	454	975	37
201-400	47,223	12,684	9,158	3,587	1,162	2,015	18,617
401-600	29,325	13,004	8,988	4,110	1,295	1,928	
601-800	27,803	12,268	8,376	4,317	1,209	1,633	
801-1,000	27,458	12,191	8,089	4,540	1,217	1,421	
1,001-1,200	26,321	11,111	8,055	4,603	1,115	1,437	
1,201-1,400	22,873	9,388	7,347	4,164	905	1,069	
1,401-1,600	21,692	8,689	7,000	4,138	871	994	
1,601-1,800	21,240	8,430	6,992	3,986	811	1,021	
1,801-2,000	21,683	8,492	7,347	4,097	723	1,024	
2,001-3,000	113,717	42,816	40,983	21,170	3,568	5,180	
3,001-4,000	85,171	32,566	29,668	16,703	2,438	3,796	
4,001-5,000	38,670	15,479	12,518	8,177	1,022	1,474	
Over 5,000	26,564	10,232	8,938	6,013	555	826	
Totals	523,657	203,367	168,142	91,356	17,345	24,793	18,654
*Option Selected:							
Option 1 - Life Annuity				Option 4 - 5-year Guarantee			
Option 2 - Joint to Survivor				Option 5 - 10-year Guarantee			
Option 3 - Joint to Survivor 50% / Joint to Survivor 75%				Option 6 - Survivor Benefit			

Principal Participating Employers
Pension Trust Fund
For the Fiscal Years Ended August 31

Participating Reporting Entity	2025			2016		
	Covered Employees	Rank	Percentage of Total Covered Employment	Covered Employees	Rank	Percentage of Total Covered Employment
Houston ISD	28,002	1	2.44 %	24,326	1	2.80 %
UT MD Anderson Cancer Center	26,942	2	2.35	19,103	3	2.20
UT SW Medical Center	24,051	3	2.10	11,353	8	1.30
Dallas ISD	22,968	4	2.00	20,260	2	2.33
Cypress Fairbanks ISD	18,753	5	1.63	14,792	4	1.70
UT at Austin	16,584	6	1.44	10,263	9	1.18
Northside ISD - San Antonio	16,396	7	1.43	13,691	5	1.57
Katy ISD	15,789	8	1.38			
UT Medical Branch at Galveston	15,738	9	1.37	10,108	10	1.16
Austin ISD	12,370	10	1.08	12,077	6	1.39
Fort Worth ISD				11,545	7	1.33
All Others	950,238		82.78	722,322		83.04
Total	1,147,831		100.00 %	869,840		100.00 %

Source: Information submitted to TRS by participating employers

Principal Participating Employers
TRS-Care
For the Fiscal Years Ended August 31

Participating Reporting Entity	2025			2016		
	Covered OPEB Employees	Rank	Percentage of Total Covered OPEB Employment	Covered OPEB Employees	Rank	Percentage of Total Covered OPEB Employment
Houston ISD	27,998	1	3.09 %	24,326	1	3.40 %
Dallas ISD	22,968	2	2.54	20,260	2	2.84
Cypress Fairbanks ISD	18,753	3	2.07	14,792	3	2.07
Northside ISD - San Antonio	16,396	4	1.81	13,691	4	1.92
Katy ISD	15,789	5	1.75	9,588	8	1.34
Austin ISD	12,368	6	1.37	12,077	5	1.69
Fort Bend ISD	11,997	7	1.33	8,801	10	1.23
IDEA Public Schools	11,758	8	1.30			
Forth Worth ISD	11,200	9	1.24	11,545	6	1.62
Conroe ISD	10,449	10	1.15			
Aldine ISD				9,658	7	1.35
North East ISD				9,285	9	1.30
All Others	745,137		82.35	579,917		81.24
Total	904,813		100.00 %	713,940		100.00 %

Source: Information submitted to TRS by participating employers

List of Participating Employers

Public Schools		
Abbott ISD	Azle ISD	Boys Ranch ISD
Abernathy ISD	Baird ISD	Brackett ISD
Abilene ISD	Ballinger ISD	Brady ISD
Academy ISD	Balморhea ISD	Brazos ISD
Adrian ISD	Bandera ISD	Brazosport ISD
Agua Dulce ISD	Bangs ISD	Breckenridge ISD
Alamo Heights ISD	Banquete ISD	Bremond ISD
Alba - Golden ISD	Barbers Hill ISD	Brenham ISD
Albany ISD	Bartlett ISD	Bridge City ISD
Aldine ISD	Bastrop ISD	Bridgeport ISD
Aledo ISD	Bay City ISD	Broaddus ISD
Alice ISD	Beaumont ISD	Brock ISD
Alief ISD	Beckville ISD	Bronte ISD
Allen ISD	Beeville ISD	Brookeland ISD
Alpine ISD	Bellevue ISD	Brookesmith ISD
Alto ISD	Bells ISD	Brooks County ISD
Alvarado ISD	Bellville ISD	Brownfield ISD
Alvin ISD	Belton ISD	Brownsboro ISD
Alvord ISD	Ben Bolt - Palito Blanco ISD	Brownsville ISD
Amarillo ISD	Benavides ISD	Brownwood ISD
Amherst ISD	Benjamin ISD	Bruceville - Eddy ISD
Anahuac ISD	Big Sandy ISD - Big Sandy	Bryan ISD
Anderson - Shiro CISD	Big Sandy ISD - Dallardsville	Bryson ISD
Andrews ISD	Big Spring ISD	Buckholts ISD
Angleton ISD	Birdville ISD	Buena Vista ISD
Anna ISD	Bishop CISD	Buffalo ISD
Anson ISD	Blackwell CISD	Bullard ISD
Anthony ISD	Blanco ISD	Buna ISD
Anton ISD	Bland ISD	Burkburnett ISD
Apple Springs ISD	Blanket ISD	Burkeville ISD
Aquilla ISD	Bloomburg ISD	Burleson ISD
Aransas Pass ISD	Blooming Grove ISD	Burnet CISD
Archer City ISD	Bloomington ISD	Burton ISD
Argyle ISD	Blue Ridge ISD	Bushland ISD
Arlington ISD	Bluff Dale ISD	Bynum ISD
Arp ISD	Blum ISD	Caddo Mills ISD
Aspermont ISD	Boerne ISD	Calallen ISD
Athens ISD	Boles ISD	Caldwell ISD
Atlanta ISD	Boling ISD	Calhoun County ISD
Aubrey ISD	Bonham ISD	Callisburg ISD
Austin ISD	Booker ISD	Calvert ISD
Austwell - Tivoli ISD	Borden County ISD	Cameron ISD
Avalon ISD	Borger ISD	Campbell ISD
Avery ISD	Bosqueville ISD	Canadian ISD
Avinger ISD	Bovina ISD	Canton ISD
Axtell ISD	Bowie ISD	Canutillo ISD
	Boyd ISD	Canyon ISD

List of Participating Employers

Carlisle ISD	Colmesneil ISD	Darrouzett ISD
Carrizo Springs CISD	Colorado ISD	Dawson ISD - Dawson
Carroll ISD	Columbia - Brazoria ISD	Dawson ISD - Welch
Carrollton - Farmers Branch ISD	Columbus ISD	Dayton ISD
Carthage ISD	Comal ISD	De Leon ISD
Castleberry ISD	Comanche ISD	Decatur ISD
Cayuga ISD	Comfort ISD	Deer Park ISD
Cedar Hill ISD	Commerce ISD	DeKalb ISD
Celeste ISD	Community ISD	Del Valle ISD
Celina ISD	Como - Pickton CISD	Dell City ISD
Center ISD	Comstock ISD	Denison ISD
Center Point ISD	Connally ISD	Denton ISD
Centerville ISD - Centerville	Conroe ISD	Denver City ISD
Centerville ISD - Groveton	Coolidge ISD	DeSoto ISD
Central ISD	Cooper ISD	Detroit ISD
Central Heights ISD	Coppell ISD	Devers ISD
Channelview ISD	Copperas Cove ISD	Devine ISD
Channing ISD	Corpus Christi ISD	Dew ISD
Chapel Hill ISD - Mount Pleasant	Corrigan - Camden ISD	Deweyville ISD
Chapel Hill ISD - Tyler	Corsicana ISD	D'Hanis ISD
Charlotte ISD	Cotton Center ISD	Diboll ISD
Cherokee ISD	Cotulla ISD	Dickinson ISD
Chester ISD	Coupland ISD	Dilley ISD
Chico ISD	Covington ISD	Dime Box ISD
Childress ISD	Crandall ISD	Dimmitt ISD
Chillicothe ISD	Crane ISD	Divide ISD
Chilton ISD	Cranfills Gap ISD	Dodd City ISD
China Spring ISD	Crawford ISD	Donna ISD
Chireno ISD	Crockett ISD	Doss Consolidated CSD
Chisum ISD	Crockett County Consolidated CSD	Douglass ISD
Christoval ISD	Crosby ISD	Dripping Springs ISD
Cisco ISD	Crosbyton CISD	Driscoll ISD
City View ISD	Cross Plains ISD	Dublin ISD
Clarendon CISD	Cross Roads ISD	Dumas ISD
Clarksville ISD	Crowell ISD	Duncanville ISD
Claude ISD	Crowley ISD	Eagle Mountain - Saginaw ISD
Clear Creek ISD	Crystal City ISD	Eagle Pass ISD
Cleburne ISD	Cuero ISD	Eanes ISD
Cleveland ISD	Culberson County - Allamoore ISD	Early ISD
Clifton ISD	Cumby Collegiate ISD	East Bernard ISD
Clint ISD	Cushing ISD	East Central ISD
Clyde CISD	Cypress - Fairbanks ISD	East Chambers ISD
Coahoma ISD	Daingerfield - Lone Star ISD	Eastland ISD
Coldspring - Oakhurst CISD	Dalhart ISD	Ector ISD
Coleman ISD	Dallas ISD	Ector County ISD
College Station ISD	Damon ISD	Edcouch - Elsa ISD
Collinsville ISD	Danbury ISD	Eden CISD

List of Participating Employers

Edgewood ISD - Edgewood	Frenship ISD	Greenwood ISD
Edgewood ISD - San Antonio	Friendswood ISD	Gregory - Portland ISD
Edinburg CISD	Friona ISD	Groesbeck ISD
Edna ISD	Frisco ISD	Groom ISD
El Campo ISD	Frost ISD	Groveton ISD
El Paso ISD	Fruitvale ISD	Gruver ISD
Electra ISD	Gainesville ISD	Gunter ISD
Elgin ISD	Galena Park ISD	Gustine ISD
Elkhart ISD	Galveston ISD	Guthrie CSD
Elysian Fields ISD	Ganado ISD	Hale Center ISD
Ennis ISD	Garland ISD	Hallettsville ISD
Era ISD	Garner ISD	Hallsburg ISD
Eula ISD	Garrison ISD	Hallsville ISD
Eustace ISD	Gary ISD	Hamilton ISD
Evadale ISD	Gatesville ISD	Hamlin Collegiate ISD
Evant ISD	Gause ISD	Hamshire - Fannett ISD
Everman ISD	George West ISD	Happy ISD
Excelsior ISD	Georgetown ISD	Hardin ISD
Ezzell ISD	Gholson ISD	Hardin - Jefferson ISD
Fabens ISD	Giddings ISD	Harlandale ISD
Fairfield ISD	Gilmer ISD	Harleton ISD
Falls City ISD	Gladewater ISD	Harlingen CISD
Fannindel ISD	Glasscock County ISD	Harmony ISD
Farmersville ISD	Glen Rose ISD	Harper ISD
Farwell ISD	Godley ISD	Harrold ISD
Fayetteville ISD	Goldburg ISD	Hart ISD
Ferris ISD	Goldthwaite ISD	Hartley ISD
Flatonia ISD	Goliad ISD	Harts Bluff ISD
Florence ISD	Gonzales ISD	Haskell CISD
Floresville ISD	Goodrich ISD	Hawkins ISD
Flour Bluff ISD	Goose Creek CISD	Hawley ISD
Floydada Collegiate ISD	Gordon ISD	Hays CISD
Follett ISD	Gorman ISD	Hearne ISD
Forestburg ISD	Grady ISD	Hedley ISD
Forney ISD	Graford ISD	Hemphill ISD
Forsan ISD	Graham ISD	Hempstead ISD
Fort Bend ISD	Granbury ISD	Henderson ISD
Fort Davis ISD	Grand Prairie ISD	Henrietta ISD
Fort Elliott CISD	Grand Saline ISD	Hereford ISD
Fort Hancock ISD	Grandfalls - Royalty ISD	Hermleigh ISD
Fort Sam Houston ISD	Grandview ISD	Hico ISD
Fort Stockton ISD	Grandview - Hopkins ISD	Hidalgo ISD
Fort Worth ISD	Granger ISD	High Island ISD
Franklin ISD	Grape Creek ISD	Highland ISD
Frankston ISD	Grapeland ISD	Highland Park ISD - Amarillo
Fredericksburg ISD	Grapevine - Colleyville ISD	Highland Park ISD - Dallas
Freer ISD	Greenville ISD	Hillsboro ISD

List of Participating Employers

Hitchcock ISD	Judson ISD	Laneville ISD
Holland ISD	Junction ISD	LaPoynor ISD
Holliday ISD	Karnack ISD	Laredo ISD
Hondo ISD	Karnes City ISD	Lasara ISD
Honey Grove ISD	Katy ISD	Latexo ISD
Hooks ISD	Kaufman ISD	Lazbuddie ISD
Houston ISD	Keene ISD	Leakey ISD
Howe ISD	Keller ISD	Leander ISD
Hubbard ISD - DeKalb	Kelton ISD	Leary ISD
Hubbard ISD - Hubbard	Kemp ISD	Lefors ISD
Huckabay ISD	Kenedy ISD	Leggett ISD
Hudson ISD	Kenedy County Wide CSD	Leon ISD
Huffman ISD	Kennard ISD	Leonard ISD
Hughes Springs ISD	Kennedale ISD	Levelland ISD
Hull - Daisetta ISD	Kerens ISD	Leveretts Chapel ISD
Humble ISD	Kermit ISD	Lewisville ISD
Hunt ISD	Kerrville ISD	Lexington ISD
Huntington ISD	Kilgore ISD	Liberty ISD
Huntsville ISD	Killeen ISD	Liberty - Eylau ISD
Hurst - Euless - Bedford ISD	Kingsville ISD	Liberty Hill ISD
Hutto ISD	Kirbyville CISD	Lindale ISD
Idalou ISD	Klein ISD	Linden - Kildare CISD
Industrial ISD	Klondike ISD	Lindsay ISD
Ingleside ISD	Knippa ISD	Lingleville ISD
Ingram ISD	Knox City - O'Brien CISD	Lipan ISD
Iola ISD	Kopperl ISD	Little Cypress - Mauriceville CISD
Iowa Park CISD	Kountze ISD	Little Elm ISD
Ira ISD	Kress ISD	Littlefield ISD
Iraan - Sheffield Collegiate ISD	Krum ISD	Livingston ISD
Iredell ISD	La Feria ISD	Llano ISD
Irion County ISD	La Gloria ISD	Lockhart ISD
Irving ISD	La Grange ISD	Lockney ISD
Italy ISD	La Joya ISD	Lohn ISD
Itasca ISD	La Porte ISD	Lometa ISD
Jacksboro ISD	La Pryor ISD	London ISD
Jacksonville ISD	La Vega ISD	Lone Oak ISD
Jarrell ISD	La Vernia ISD	Longview ISD
Jasper ISD	La Villa ISD	Loop ISD
Jayton - Girard ISD	Lackland ISD	Loraine ISD
Jefferson ISD	Lago Vista ISD	Lorena ISD
Jim Hogg County ISD	Lake Dallas ISD	Lorenzo ISD
Jim Ned CISD	Lake Travis ISD	Los Fresnos CISD
Joaquin ISD	Lake Worth ISD	Louise ISD
Johnson City ISD	Lamar CISD	Lovejoy ISD
Jonesboro ISD	Lamesa ISD	Lovelady ISD
Joshua ISD	Lampasas ISD	Lubbock ISD
Jourdanton ISD	Lancaster ISD	Lubbock - Cooper ISD

List of Participating Employers

Lueders - Avoca ISD	Mexia ISD	New Caney ISD
Lufkin ISD	Meyersville ISD	New Deal ISD
Luling ISD	Miami ISD	New Diana ISD
Lumberton ISD	Midland ISD	New Home ISD
Lyford CISD	Midlothian ISD	New Summerfield ISD
Lytle ISD	Midway ISD - Henrietta	New Waverly ISD
Mabank ISD	Midway ISD - Woodway	Newcastle ISD
Madisonville CISD	Milano ISD	Newton ISD
Magnolia ISD	Mildred ISD	Nixon - Smiley CISD
Malakoff ISD	Miles ISD	Nocona ISD
Malone ISD	Milford ISD	Nordheim ISD
Malta ISD	Miller Grove ISD	Normangee ISD
Manor ISD	Millsap ISD	North East ISD
Mansfield ISD	Mineola ISD	North Hopkins ISD
Marathon ISD	Mineral Wells ISD	North Lamar ISD
Marble Falls ISD	Mission CISD	North Zulch ISD
Marfa ISD	Monahans - Wickett - Pyote ISD	Northside ISD - San Antonio
Marion ISD	Montague ISD	Northside ISD - Vernon
Marlin ISD	Monte Alto ISD	Northwest ISD
Marshall ISD	Montgomery ISD	Nueces Canyon CISD
Mart ISD	Moody ISD	Nursery ISD
Martins Mill ISD	Moran ISD	Oakwood ISD
Martinsville ISD	Morgan ISD	Odem - Edroy ISD
Mason ISD	Morgan Mill ISD	O'Donnell ISD
Matagorda ISD	Morton ISD	Oglesby ISD
Mathis ISD	Motley County ISD	Olfen ISD
Maud ISD	Moulton ISD	Olney ISD
May ISD	Mount Calm ISD	Olton ISD
Maypearl ISD	Mount Enterprise ISD	Onalaska ISD
McAllen ISD	Mount Pleasant ISD	Orange Grove ISD
McCamey ISD	Mount Vernon ISD	Orangefield ISD
McDade ISD	Muenster ISD	Ore City ISD
McGregor ISD	Muleshoe ISD	Overton ISD
McKinney ISD	Mullin ISD	Paducah ISD
McLean ISD	Mumford ISD	Paint Creek ISD
McLeod ISD	Munday CISD	Paint Rock ISD
McMullen County ISD	Murchison ISD	Palacios ISD
Meadow ISD	Nacogdoches ISD	Palestine ISD
Medina ISD	Natalia ISD	Palmer ISD
Medina Valley ISD	Navarro ISD	Palo Pinto ISD
Melissa ISD	Navasota ISD	Pampa ISD
Memphis ISD	Nazareth ISD	Panhandle ISD
Menard ISD	Neches ISD	Panther Creek CISD
Mercedes ISD	Nederland ISD	Paradise ISD
Meridian ISD	Needville ISD	Paris ISD
Merkel ISD	New Boston ISD	Pasadena ISD
Mesquite ISD	New Braunfels ISD	Patton Springs ISD

List of Participating Employers

Pawnee ISD	Rains ISD	Runge ISD
Pearland ISD	Ralls ISD	Rusk ISD
Pearsall ISD	Ramirez Common School District	S&S CISD
Peaster ISD	Randolph Field ISD	Sabinal ISD
Pecos - Barstow - Toyah ISD	Ranger ISD	Sabine ISD
Penelope ISD	Rankin ISD	Sabine Pass ISD
Perrin - Whitt CISD	Raymondville ISD	Saint Jo ISD
Perryton ISD	Reagan County ISD	Salado ISD
Petersburg ISD	Red Lick ISD	Saltillo ISD
Petrolia CISD	Red Oak ISD	Sam Rayburn ISD
Pettus ISD	Redwater ISD	San Angelo ISD
Pewitt CISD	Refugio ISD	San Antonio ISD
Pflugerville ISD	Ricardo ISD	San Augustine ISD
Pharr - San Juan - Alamo ISD	Rice CISD	San Benito CISD
Pilot Point ISD	Rice ISD	San Diego ISD
Pine Tree ISD	Richards ISD	San Elizario ISD
Pittsburg ISD	Richardson ISD	San Felipe - Del Rio CISD
Plains ISD	Richland Springs ISD	San Isidro ISD
Plainview ISD	Riesel ISD	San Marcos CISD
Plano ISD	Rio Grande City Grulla ISD	San Perlita ISD
Pleasant Grove ISD	Rio Hondo ISD	San Saba ISD
Pleasanton ISD	Rio Vista ISD	San Vicente ISD
Plemons - Stinnett - Phillips CISD	Rising Star ISD	Sands CISD
Point Isabel ISD	River Road ISD	Sanford - Fritch ISD
Ponder ISD	Rivercrest ISD	Sanger ISD
Poolville ISD	Riviera ISD	Santa Anna ISD
Port Aransas ISD	Robert Lee ISD	Santa Fe ISD
Port Arthur ISD	Robinson ISD	Santa Gertrudis ISD
Port Neches - Groves ISD	Robstown ISD	Santa Maria ISD
Post ISD	Roby CISD	Santa Rosa ISD
Poteet ISD	Rochelle ISD	Santo ISD
Poth ISD	Rockdale ISD	Savoy ISD
Pottsboro ISD	Rockport - Fulton ISD	Schertz - Cibolo - Universal City ISD
Prairie Lea ISD	Rocksprings ISD	Schleicher County ISD
Prairie Valley ISD	Rockwall ISD	Schulenburg ISD
Prairiland ISD	Rogers ISD	Scurry - Rosser ISD
Premont ISD	Roma ISD	Seagraves ISD
Presidio ISD	Roosevelt ISD	Sealy ISD
Priddy ISD	Ropes ISD	Seguin ISD
Princeton ISD	Roscoe Collegiate ISD	Seminole ISD
Pringle - Morse CISD	Rosebud - Lott ISD	Seymour ISD
Progreso ISD	Rotan ISD	Shallowater ISD
Prosper ISD	Round Rock ISD	Shamrock ISD
Quanah ISD	Round Top - Carmine ISD	Sharyland ISD
Queen City ISD	Royal ISD	Shelbyville ISD
Quinlan ISD	Royse City ISD	Sheldon ISD
Quitman ISD	Rule ISD	Shepherd ISD

List of Participating Employers

Sherman ISD	Sunnyvale ISD	Valentine ISD
Shiner ISD	Sunray Collegiate ISD	Valley Mills ISD
Sidney ISD	Sweeny ISD	Valley View ISD - Pharr
Sierra Blanca ISD	Sweet Home ISD	Valley View ISD - Valley View
Silsbee ISD	Sweetwater ISD	Van ISD
Silverton ISD	Taft ISD	Van Alstyne ISD
Simms ISD	Tahoka ISD	Van Vleck ISD
Sinton ISD	Tarkington ISD	Vega ISD
Sivells Bend ISD	Tatum ISD	Venus ISD
Skidmore - Tynan ISD	Taylor ISD	Veribest ISD
Slaton ISD	Teague ISD	Vernon ISD
Slidell ISD	Temple ISD	Victoria ISD
Slocum ISD	Tenaha ISD	Vidor ISD
Smithville ISD	Terlingua CSD	Vysehrad ISD
Smyer ISD	Terrell ISD	Waco ISD
Snook ISD	Terrell County ISD	Waelder ISD
Snyder ISD	Texarkana ISD	Walcott ISD
Socorro ISD	Texas City ISD	Wall ISD
Somerset ISD	Texhoma ISD	Waller ISD
Somerville ISD	Texline ISD	Walnut Bend ISD
Sonora ISD	Thorndale ISD	Walnut Springs ISD
South San Antonio ISD	Thrall ISD	Warren ISD
South Texas ISD	Three Rivers ISD	Waskom ISD
Southland ISD	Three Way ISD	Water Valley ISD
Southside ISD	Throckmorton Collegiate ISD	Waxahachie ISD
Southwest ISD	Tidehaven ISD	Weatherford ISD
Spearman ISD	Timpson ISD	Webb CISD
Splendora ISD	Tioga ISD	Weimar ISD
Spring ISD	Tolar ISD	Wellington ISD
Spring Branch ISD	Tom Bean ISD	Wellman - Union ISD
Spring Hill ISD	Tomball ISD	Wells ISD
Springlake - Earth ISD	Tornillo ISD	Weslaco ISD
Springtown ISD	Trent ISD	West ISD
Spur ISD	Trenton ISD	West Hardin County CISD
Spurger ISD	Trinidad ISD	West Orange - Cove CISD
Stafford Municipal School District	Trinity ISD	West Oso ISD
Stamford ISD	Troup ISD	West Rusk County CISD
Stanton ISD	Troy ISD	West Sabine ISD
Stephenville ISD	Tulia ISD	Westbrook ISD
Sterling City ISD	Tuloso - Midway ISD	Westhoff ISD
Stockdale ISD	Turkey - Quitaque ISD	Westphalia ISD
Stratford ISD	Tyler ISD	Westwood ISD
Strawn ISD	Union Grove ISD	Wharton ISD
Sudan ISD	Union Hill ISD	Wheeler ISD
Sulphur Bluff ISD	United ISD	White Deer ISD
Sulphur Springs ISD	Utopia ISD	White Oak ISD
Sundown ISD	Uvalde CISD	White Settlement ISD

List of Participating Employers

Whiteface CISD	Amigos Por Vida - Friends for Life Charter School	Eleanor Kolitz Hebrew Language Academy
Whitehouse ISD	Aristoi Classical Academy	Elevate Collegiate Charter School
Whitesboro ISD	Arlington Classics Academy	Erath Excels Academy Inc
Whitewright ISD	Arrow Academy	Essence Preparatory Charter School
Whitharal ISD	Austin Achieve Public Schools	Etoile Academy Charter School
Whitney ISD	Austin Discovery School	Evolution Academy Charter School
Wichita Falls ISD	BakerRipley Community Schools	Excellence in Leadership Academy
Wildorado ISD	Basis Texas	Faith Family Academy
Willis ISD	Beatrice Mayes Institute Charter School	Fort Worth Academy Fine Arts
Wills Point ISD	Ben Milam International Academy	Friends of P-Tech
Wilson ISD	Beta Academy	Gateway Charter Academy
Wimberley ISD	Betty M Condra School for Education Innovation	George Gervin Academy
Windham School District	Bexar County Academy	George I Sanchez Charter School
Windthorst ISD	Big Springs Charter School	Golden Rule Charter School
Wink - Loving ISD	Bloom Academy Charter School	Goodwater Montessori School
Winnsboro ISD	Bob Hope School	Great Hearts America - Texas
Winona ISD	Brazos River Charter School	Greenleaf - Easterseals Central Texas
Winters ISD	Brazos School for Inquiry & Creativity	Harmony Public Schools - Central Texas
Woden ISD	Bridgeway Preparatory Academy	Harmony Public Schools - Houston North
Wolfe City ISD	Brillante Academy	Harmony Public Schools - Houston South
Woodsboro ISD	Burnham Wood Charter School District	Harmony Public Schools - Houston West
Woodson ISD	Calvin Nelms Charter Schools	Harmony Public Schools - North Texas
Woodville ISD	Carver Center	Harmony Public Schools - South Texas
Wortham ISD	Cedars International Academy	Harmony Public Schools - West Texas
Wylie ISD - Abilene	Celebrate Dyslexia Schools	Henry Ford Academy Alameda School for Art + Design
Wylie ISD - Wylie	Chaparral Star Academy	Heritage Academy
Yantis ISD	Cityscape Schools Inc	Heritage Classical Academy
Yoakum ISD	Collegiate Edu-Nation	Horizon Montessori Public Schools
Yorktown ISD	Compass Academy Charter School	Houston Classical Charter School
Ysleta ISD	Compass Rose Public Schools	Houston Gateway Academy Inc
Zapata County ISD	Comquest Academy	Houston Heights High School
Zavalla ISD	Corpus Christi Montessori School	Idea Public Schools
Zephyr ISD	Crosstimbers Academy	Inspire Academies
	Cumberland Academy	Inspired Vision Academy
Charter Schools	Democracy Prep Public Schools	International Leadership of Texas
A Plus Academy	Doral Academy of Texas	Jean Massieu Academy
A Plus Unlimited Potential	Dr M L Garza-Gonzalez Charter School	Jubilee Academies
Academy of Accelerated Learning Inc	Draw Academy	Katherine Anne Porter School
Academy of Dallas	East Fort Worth Montessori Academy	Ki Charter
Academy of Visual and Performing Arts	East Texas Advanced Academies	KIPP Texas Public Schools
Accelerated Intermediate Academy	East Texas Charter Schools	La Academia De Estrellas
Advantage Academy	Education Center International Academy	La Fe Preparatory School
Alief Montessori Community School	El Paso Academy	Leadership Academy Network
Ambassadors Preparatory Academy	El Paso Leadership Academy	Leadership Prep School

List of Participating Employers

Legacy Preparatory	San Antonio Preparatory Charter School	Valere Public Schools Inc
Legacy School of Sport Sciences	School of Science & Technology	Valor Education
Legacy Traditional Schools - Texas	School of Science and Technology Discovery	Vanguard Academy
Life School	Seashore Charter Schools	Village Tech Schools
Lighthouse Public Schools	Ser-Ninos Charter School	Vista Del Futuro Charter School
Longview LEAP	Somerset Academies of Texas	Wayside Schools
Manara Academy	Southwest Preparatory School	Westlake Academy
Meadowland Charter District	Southwest Public Schools	Winfree Academy Charter Schools
Meridian World School LLC	St Anthony School	Yellowstone College Preparatory
Meyerpark Charter	St Mary's Academy Charter School	YES Prep Public Schools
Midland Academy Charter School	Step Charter School	
Montessori For All	Tekoa Academy of Accelerated Studies Stem School	Community and Junior Colleges
Moody Early Childhood Center	Texans Can Academies	Alamo Community College District
New Frontiers Public Schools	Texas A&M - San Antonio Institute for School & Community Partnership	Alvin Community College
New Heights	Texas College Preparatory Academies	Amarillo College
Newman International Academy	Texas Council for International Studies	Angelina College
North Texas Collegiate Academy	Texas Empowerment Academy	Austin Community College
Nova Academy	Texas Leadership Public Schools	Blinn College
Nova Academy Southeast	Texas Preparatory School	Brazosport College
NYOS Charter School	Texas School of the Arts	Central Texas College
Odyssey Academy	The Ehrhart School	Cisco College
Orenda Charter School	The Excel Center for Adults	Clarendon College
Panola Charter School	The Gathering Place	Coastal Bend College
Pathway Academy	The Lawson Academy	College of the Mainland
Paul Quinn College	The Possible Dream	Collin County Community College District
Pegasus School of Liberal Arts and Sciences	The Pro-Vision Academy	Dallas College
Permian Basin Innovation Zone	The Rhodes School for the Performing Arts	Del Mar College
Pineywoods Community Academy	The Texas Girls School	El Paso Community College
Pioneer Technology & Arts Academy	The Varnett Public School	Frank Phillips College
Por Vida Academy	Third Future Schools - Texas	Galveston College
Prelude Preparatory Charter School	Thrive Center for Success	Grayson College
Premier High Schools	Treetops School International	Hill College
Priority Charter Schools	Trinity Basin Preparatory	Houston Community College
Promesa Academy Charter School	Trinity Charter School	Howard County Junior College District
Public School Partners	Triumph Public High Schools - Central Texas	Kilgore College
Ranch Academy	Triumph Public High Schools - Lubbock	Laredo College
Rapoport Academy Public School	Triumph Public High Schools - Rio Grande Valley	Lee College
Raul Yzaguirre Schools for Success	Triumph Public High Schools - West Texas	Lone Star College System
Reve Preparatory Charter School	Trivium Academy	McLennan Community College
Richard Milburn Academy/Texas Inc	Two Dimensions Preparatory Academy	Midland College
Ridgeline Education Corporation	Ume Preparatory Academy	Navarro College
Rise Academy	Universal Academy	North Central Texas College
Rocketship Public Schools	Unparalleled Preparatory Academy	Northeast Texas Community College
Royal Public Schools	Up Excellence Academy	Odessa College
Rural Schools Innovation Zone	Uplift Education	Panola College

List of Participating Employers

Paris Junior College	Texas A&M University - Galveston	Region 03 Education Service Center
Ranger College	Texas A&M University - Kingsville	Region 04 Education Service Center
San Jacinto Community College District	Texas A&M University - San Antonio	Region 05 Education Service Center
South Plains College	Texas A&M University - Texarkana	Region 06 Education Service Center
South Texas College	Texas A&M University Systems Office	Region 07 Education Service Center
Southwest Texas College	Texas Division of Emergency Management	Region 08 Education Service Center
Tarrant County College District	Texas Southern University	Region 09 Education Service Center
Temple College	Texas State Technical College	Region 10 Education Service Center
Texarkana College	Texas State University - San Marcos	Region 11 Education Service Center
Texas Southmost College	Texas State University System	Region 12 Education Service Center
Trinity Valley Community College	Texas Tech University	Region 13 Education Service Center
Tyler Junior College	Texas Woman's University	Region 14 Education Service Center
Vernon College	University of Houston	Region 15 Education Service Center
Victoria College	University of North Texas	Region 16 Education Service Center
Weatherford College	University of North Texas at Dallas	Region 17 Education Service Center
Western Texas College	University of North Texas System Admin	Region 18 Education Service Center
Wharton County Junior College	University of Texas at Arlington	Region 19 Education Service Center
	University of Texas at Austin	Region 20 Education Service Center
Senior Colleges and Universities		
Angelo State University	University of Texas at Dallas	Other Education Districts
East Texas A&M University	University of Texas at El Paso	
Lamar Institute of Technology	University of Texas at San Antonio	
Lamar State College - Orange	University of Texas at Tyler	
Lamar State College - Port Arthur	University of Texas Permian Basin	
Lamar University - Beaumont	University of Texas Rio Grande Valley	Other Entities
Midwestern State University	University of Texas System	
Prairie View A&M University	West Texas A&M University	Teacher Retirement System of Texas
Sam Houston State University	Medical Schools	
Stephen F Austin State University	Texas A&M University System Health Science Center	
Sul Ross State University	Texas A&M Veterinary Medical Diagnostic Laboratory	
Tarleton State University	University of North Texas Health Science Center at Fort Worth	
Texas A&M Agrilife Extension Service	University of Texas Health Science Center at Houston	
Texas A&M Agrilife Research	University of Texas Health Science Center at San Antonio	
Texas A&M Engineering Experiment Station	University of Texas Health Science Center at Tyler	
Texas A&M Engineering Extension Service	University of Texas MD Anderson Cancer Center	
Texas A&M Forest Service	University of Texas Medical Branch at Galveston	
Texas A&M International University	University of Texas Southwestern Medical Center	
Texas A&M Transportation Institute	Regional Service Centers	
Texas A&M University	Region 01 Education Service Center	
Texas A&M University - Central Texas	Region 02 Education Service Center	
Texas A&M University - Corpus Christi		

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Benefits Section



The MyTRS member portal averages
7,800 logins per day.

Changes in State Law

A. Healthcare-Related Statutes

The 89th Regular Session of the Texas Legislature passed the following major bills that impact the TRS-Care and TRS-ActiveCare benefit plans.

New Benefit Mandates

Senate Bill 1257

SB 1257 adds a new Chapter 1373 to Subtitle E of Title 8 of the Insurance Code to require health benefit plans that provide coverage, or have ever provided coverage, for gender transition procedures or treatments to provide:

- a. Coverage for all adverse consequences related to the gender transition procedure or treatment, including short-term or long-term side effects;
- b. Any testing or screening necessary to monitor the mental and physical health of the enrollee on at least an annual basis, without regard to the sex or gender identity designation in the enrollee's medical record; and
- c. Any procedure, treatment, or therapy to manage, reverse, reconstruct, or recover from a gender transition procedure or treatment.

These benefits shall be provided even if the original transition or treatments occurred prior to enrollment with the plan.

House Bill 3057

HB 3057 adds a new Subchapter E-2 to Chapter 1369 of the Insurance Code to establish that a health benefit plan that provides coverage for chimeric antigen receptor T-cell (CAR T) therapy must provide coverage for such therapy that is:

- a. Medically necessary; and
- b. Administered by a health care provider that is:
 - i. Qualified as a certified health care facility in accordance with the procedure for the chimeric antigen receptor T-cell therapy product license approved by the U.S. Food and Drug Administration; and
 - ii. Participating in the health benefit plan's network with respect to any other service.

The Insurance Commissioner is required to adopt rules as necessary to administer the new Subchapter E-2.

Senate Bill 1236

SB 1236 makes several changes to different sections of Chapter 1369 of the Insurance Code. Some of those changes will impact TRS directly, either because they specifically mention TRS' health plans, or because our PBMs follow those rules when they make pharmacy audits for us. However, other parts will not impact TRS directly.

This bill will have the following direct impacts on TRS' health plans:

- Will add ID card requirements with which TRS-Care Standard and TRS-ActiveCare Primary and Primary+ will have to comply.
- Has the potential to have a direct impact on requirements and changes that our PBMs will follow when performing audits against pharmacies on TRS' behalf.

This bill will have indirect impacts on the TRS' health plans as it adds requirements to pharmacy network contracting that our PBMs will have to follow.

Senate Bill 527

SB 527 adds a new Subchapter G to Chapter 1367 of the Insurance Code to prohibit a health benefit plan that provides coverage for general anesthesia from excluding coverage for medically necessary general anesthesia services in connection with the dental services provided to a covered individual if:

- a. The individual is:
 - i. Younger than 13 years of age; and
 - ii. Unable to undergo the dental service without general anesthesia due to a documented physical, mental, or medical reason; and
- b. The anesthesia is performed by a qualified provider of anesthesia services.

The bill does not require a health benefit plan to provide coverage for dental care or procedures. TRS' plans will have to expand benefits to comply with the requirements of this bill.

New Health Plan Administration Laws

House Bill 388

HB 388 adds Subchapter D to Chapter 1203 of the Insurance Code, which would require health benefit plans issuers that issue health benefit plans that include coordination of benefit provision to use a uniform coordination of benefits questionnaire to be adopted by the Commissioner and provide that questionnaire to health care providers as appropriate. The Texas Commissioner of Insurance, in collaboration with appropriate stakeholders, would adopt rules establishing a uniform coordination of benefits questionnaire.

Senate Bill 2544

SB 2544 amends Section 1467.054(a) of the Insurance Code to add language that establishes that an out-of-network facility provider may request mandatory mediation under Subchapter B of Chapter 1467, as long as it is no later than the 180th day after the date the provider receives an initial payment for a health care or medical service or supply. This bill imposes a time limit in which a facility may request a mediation. The facility will have up to the 180th day from the day it receives the initial payment from the health plan to request the mediation.

These requirements shall apply to a health benefit plan that is delivered, issued for delivery, or renewed on or after January 1, 2026.

House Bill 3812

HB 3812 amends Section 4201.152 of the Insurance Code to establish that the physician under which a utilization review agent conducts utilization reviews may not hold a license to practice administrative medicine under Section 155.009 of the Occupations Code. The bill also amends several sections of Subchapter N of Chapter 4201 of the Insurance Code to require, among other things, that managed care organization and insurers will have to include, when analyzing if a provider is entitled to an exemption from preauthorization requirements for a specified service, the claims submitted by the provider to the analyzing organization's "affiliates" (as that term is defined in the bill), not only the ones submitted by the provider to the analyzing organization itself, even for those health plans not otherwise subject to Subchapter N. The new process will also require that the provider needs to have provided a particular health care service at least 5 times during an evaluation period to be considered for an exemption. However, when it relates to rescinding a preauthorization exemption, if the provider did not submit the 5 claims that would be required to grant an exemption, then the health maintenance organization or insurer has to use all the claims submitted by the provider during the most recent evaluation period.

Senate Bill 916

SB 916 amends several sections of diverse statutes with difference purposes.

Amends Section 773.061 of the Health and Safety Code by adding a Subsection (a-1) to provide that the Department of State Health Services may revoke, suspend, or refuse to renew a license or certificate of a provider of emergency medical services, even if it is operated by a governmental entity, if the department confirms that the provider has:

- a. Intentionally submitted incorrect information under Section 38.006 of the Insurance Code. Such section allows a political subdivision of the state to submit to the Department of Insurance a rate set, controlled, or regulated by the political subdivision for emergency medical services.
- b. Engaged in a pattern of violations to Sections 1271.159, 1275.054, 1301.166, 1551.231, 1575.174, or 1579.112 of the Insurance Code. All these Sections are practically identical, and the ones that pertain to TRS are Sections 1575.174 and 1579.112. These sections impose obligations upon TRS-Care and TRS-ActiveCare and also upon out-of-network emergency medical services providers. On one hand, the Sections impose on our plans the obligation to pay for out-of-network emergency medical services at certain rates, including the rates required by the political subdivisions under Section 38.006. On the other hand, the Sections require the out-of-network emergency medical services providers to accept the payment made by our plans as payment in full and prohibits them from balance billing the members except for applicable cost-shares under the members' plan. They require that any dispute about the claim payment between our plans and the emergency medical service provider be resolved directly with our plans and to hold the members harmless.

The bill also amends Section 38.006(b) to extend the sunset date of that Section from September 1, 2025, to September 1, 2027. This is the section that allows a political subdivision to establish their own rates for out-of-network emergency medical services.

The bill also amends Sections 1575.174(c) and (f), and 1579.112(c) and (f), to make identical changes to the almost identical TRS-Care and TRS-ActiveCare sections. These amendments make the following changes:

- a. Transfers from TRS to the political subdivision the power to adjust the rates annually for out-of-network emergency medical services announced by the political subdivision in the Department of Insurance's website.
- b. The adjustment will be the lesser of:
 - i. The Medicare Ambulance Inflation Factor, or
 - ii. 10% of the provider's previous calendar year rates.
- c. Extends the sunset date of these statutes from September 1, 2025 to September 1, 2027.

With respect to the adjustment mentioned above, the bill changes the adjustment index from the Medicare Inflation Index (also known as the Medicare Economic Index or MEI), which is a measure used to estimate the annual changes in a physician's operating costs used to establish appropriate Medicare physician payment updates, to the Medicare Ambulance Inflation Factor (AIF), which is a percentage that CMS uses to update the payment limits for ambulance services. The AIF is based on the Consumer Price Index (CPI-U) and a productivity adjustment.

TRS-ActiveCare Amendments

House Bill 3126

HB 3126 adds a new Section 1579.1551 to Subchapter D of Chapter 1579 of the Insurance Code to allow an entity that discontinued participation in TRS-ActiveCare effective September 1, 2022, to be able to elect to return to the program before the expiration of the 5-year exclusion period if:

- a. They provide a written notice to TRS no later than December 31, 2025, to begin participation on September 1, 2026 and
- b. Comply with any other requirements established by TRS for program participation.

TRS will be able to impose on such early returning entities a risk stabilization fee on the premiums for the plan year that begins on September 1, 2026.

An entity that elects to return early will not be able to leave TRS-ActiveCare until September 1, 2031.

TRS is authorized to impose additional requirements, conditions, and deadlines under this new section by rule.

The new Section 1579.1551 has a September 1, 2031, sunset date.

B. Pensions

Additional Funding to Public School Districts and Open-Enrollment Charter Schools (House Bill 2)

In 2025, the 89th Regular Session of the Texas Legislature passed HB 2, which provided significant additional funding to public school districts and open-enrollment charter schools, including through the creation of new funding allotments. Increased compensation paid to school district employees under the new teacher retention allotment (Section 48.158, Education Code) and the support staff retention allotment (Section 48.1581, Education Code) are considered creditable compensation for TRS purposes. The TRS retirement plan actuary determined that the increases in creditable compensation provided by these two allotments over time will negatively impact the TRS pension fund and are expected to increase the projected funding period to 35 years.

In addition, HB 2 repealed the prohibition on employers passing through the pension and healthcare surcharges to retirees.

Changes in Federal Law

A. Investments

Implementation of Rulemaking Under the Dodd-Frank Wall Street Reform and Consumer Protection Act (2010) (Dodd-Frank)

During this fiscal year, TRS continued implementing the sixth phase of the Uncleared Margin Rules (UMR) for uncleared derivatives applicable to TRS's counterparty banks under International Swaps and Derivatives Association (ISDA) agreements. Specifically, the sixth phase of UMR addresses the implementation of Regulatory Initial Margin (Reg IM) which requires non-netted posting and segregation of initial margin per 80 Federal Register 74840 (November 30, 2015) and 81 Federal Register 636 (January 6, 2016). In cooperation with TRS's counterparties, TRS will amend its agreements to account for the new requirements and also put into place arrangements for third-party custody of Reg IM.

Outbound Investments

On October 28, 2024, the U.S. Department of Treasury issued a final rule (the "Final Rule") that prohibits or requires notification of certain U.S. investments completed on or after January 2, 2025, in Chinese and Chinese controlled entities involved in semiconductors, quantum information technologies and artificial intelligence. U.S. limited partners, such as TRS, are responsible for adhering to the Final Rule when investing with non-U.S. managers. TRS is including certain representations in its form investment documents for U.S. fund to confirm that

the fund is a U.S. person and is in material compliance with applicable laws and regulations and is requesting contractual assurance from non-U.S. funds that its capital will not be used by the fund to engage in prohibited or notifiable transactions as described in the Final Rule. TRS is coordinating these requirements with state law restrictions.

B. Health Care Benefits

Mental Health Parity and Addiction Equity Act (MHPAEA)

Through the Consolidated Appropriations Act of 2023, Congress amended Section 2722 of the Public Health Service Act (42 USC § 300gg-21) to eliminate the ability of nonfederal governmental plans to exclude themselves from the requirements of MHPAEA, starting on or after December 29, 2022. Although TRS maintained robust parity in benefits between its medical/surgical benefits and its mental health/substance use disorder benefits, TRS excluded itself from the provisions of MHPAEA. Because of this change, TRS will not be able to exclude itself anymore, which means that TRS now has to come into full compliance with MHPAEA and its most recent rules. The Departments of Labor, Health and Human Services, and Treasury proposed a new rule under this act on July 25, 2023, and issued a technical release seeking feedback on new data requirements related to provider networks. The rule's comment period ended on October 17, 2023, but the final rule has not been published yet. Once finalized, the new rule is scheduled to become effective on January 1, 2025.

In general, MHPAEA requires health benefit plans that provide mental health and substance use disorder benefits to ensure that those benefits have certain levels of parity with its medical/surgical benefit counterparts. The parity measures must take into consideration financial requirements (such as deductibles and cost sharing), quantitative treatment limitations (such as day or visit limitations), and non-quantitative treatment limitations (NQTLs), such as prior authorizations, standards for provider admissions to participate in networks, and methodologies to determine provider reimbursement rates. To attain such parity and monitor its compliance with MHPAEA, health benefit plans are required to conduct their own comparative analyses which must be made available to the regulators upon request.

Among other things, the new rules will include very specific requirements for the content of comparative analyses, and the process for making such analyses available to the regulators and beneficiaries upon request. Also, eating disorders and autism spectrum disorders will be considered mental health conditions protected under the MHPAEA and health benefit plans will no longer be allowed to put them in the medical/surgical benefit category. Failure to produce sufficient comparative analyses can result in the regulators prohibiting the plan from imposing a restriction until the plan can demonstrate compliance or remedy the violation.

TRS will be monitoring the discussion and the new compliance requirements.

C. Pension

Tax Laws, Regulations, and Guidance

The Social Security Fairness Act of 2023 (SSFA) was enacted on January 5, 2025. The SSFA repealed the Windfall Elimination Provision (WEP) and Government Pension Offset (GPO) effective for Social Security payments payable for months after December 2023.

D. Other Developments

Data Privacy and Security

To date, there is no comprehensive federal data privacy law in the United States. When the Texas Data Privacy and Security Act went into effect on July 1, 2024, TRS confirmed that its contract terms require vendors with whom TRS contracts to comply with this law, and the comprehensive privacy laws of the other 18 states that have passed such laws.

The Data Use and Access Act (“DUAA”), amending the U.K. General Data Protection Act (“GDPR”), went into effect on June 19, 2025, with changes to be phased in through 2026. Highlights of the DUAA that apply to TRS’s U.K. subsidiary, TRICOT, include maintaining the privacy standards of the U.K. GDPR, while recognizing some new legitimate interests for data use, clarifying time limits for response to subject access requests, and permitting certain automated decision-making with safeguards. TRS amended its TRICOT policies to capture the DUAA provisions.

The European Union Artificial Intelligence Act (EU AI Act) was entered into force on August 1, 2024. TRS continues to monitor how the EU AI Act may apply to TRS, TRICOT, and their vendors as its provisions are implemented and it is phased into effect through 2030.

Texas House Bill 149, the Texas Responsible Artificial Intelligence Act, passed in the 2025 legislative session and will become effective on January 1, 2026. It establishes a regulatory framework for the use, development, and deployment of artificial intelligence. TRS has developed a plan to implement applicable provisions.

Texas Senate Bill 1964, a bill specifically regulating the use of artificial intelligence systems and data management by governmental entities, takes effect on September 1, 2025. Its focus is to prevent “unlawful harm” to an individual when using artificial intelligence to make consequential decisions that affect that individual. Among other provisions, this bill will require TRS to implement an artificial intelligence code of ethics, minimum standards for certain “heightened scrutiny” artificial intelligence systems, and training, all of which will be developed by the Texas Department of Information Resources (DIR). TRS is developing a plan for implementation upon receipt from DIR.

Texas House Bill 150, establishing the Texas Cyber Command, takes effect September 1, 2025. It establishes a state agency responsible for preventing and responding to cybersecurity incidents in the state. TRS may utilize the resources of the cyber command, assist the cyber command as requested, and comply with the minimum standards and training requirements as they are promulgated.

Texas House Bill 1500, effective September 1, 2025, requires TRS to perform biennial data governance and information security assessments and a penetration test. In addition, the bill requires all TRS employees and officers to complete annual certified cybersecurity training. TRS has already completed some of these requirements in 2025 and has developed an implementation plan to complete the remaining tasks.

Market Abuse Regulation (MAR)

MAR took effect on July 3, 2016, and contains the rules on insider dealing, unlawful disclosure of inside information and market manipulation that applies in the European Union. It affects any firm that trades on an in-scope European Economic Area (EEA) market, regardless of whether the firm is within the EEA. MAR includes compliance and legal provisions that are similar to U.S. insider trading laws as well as additional requirements such as “market soundings” that involve the communication of potentially insider information by the sell side to the buy side.

Markets in Financial Instruments Directive II (MiFID II)

MiFID II took effect on January 3, 2018 and regulates certain investment services across the EEA. In particular, it requires unbundling of trading costs between research and execution services and fees such that EEA managers must either pay for research themselves or set up a research payment account, where the budget has been agreed with the client. Many managers have determined to pay for research themselves, which has led to a drop in research budgets. Some US managers have adopted a similar approach.

Summary of Benefits

The Teacher Retirement System of Texas (TRS) administers the TRS Pension Trust Fund, a defined benefit retirement plan that is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Pension Trust Fund provides service retirement, disability retirement, death, and survivor benefits to eligible employees of public and higher education in Texas. The TRS Benefits Handbook, a general information booklet, is available to TRS members, annuitants, and the public on the TRS website, www.trs.texas.gov.

TRS also administers two separate health care related trust funds:

- TRS-ActiveCare is the statewide health plan for eligible active public education employees of participating employers and their eligible dependents.
- TRS-Care is the statewide health plan for eligible retired public education employees and their eligible dependents.

Retirement Plan Benefits

This summary of benefits is based on statutory provisions of the plan, effective for fiscal year 2025.

A. Service Retirement

Normal Retirement Eligibility

For members whose membership began prior to September 1, 2007, who had at least five years of service credit as of August 31, 2014, and who maintained membership until retirement:

- Age 65 with at least five years of credited service, or
- The sum of the member's age and years of credited service equals or exceeds 80 with at least five years of credited service.

For members whose membership began on or after September 1, 2007 but prior to September 1, 2014, who had at least five years of service credit as of August 31, 2014, and who maintained membership until retirement:

- Age 65 with at least five years of credited service, or
- Age 60 and the sum of the member's age and years of credited service equals or exceeds 80 with at least five years of credited service.

For members who did not have at least five years of service credit as of August 31, 2014, who established TRS membership on or after September 1, 2014, or who had at least five years of service credit as of August 31, 2014 but terminated membership in TRS by withdrawal of accumulated contributions and later resumed TRS membership:

- Age 65 with at least five years of credited service, or
- Age 62 and the sum of the member's age and years of credited service equals or exceeds 80 with at least five years of credited service.

Standard Annuity

A monthly benefit payable at retirement throughout the retiree's lifetime and calculated according to the statutory benefit formula.

Benefit Formula

The annual standard annuity is based on the average of the five highest annual creditable salaries multiplied by the years of credited service multiplied by 2.3 percent. For members who are grandfathered, the three highest annual salaries are used in the benefit formula.

Minimum Benefit

\$150 per month less any reduction for early age retirement or optional annuity selection.

Early Age Retirement Eligibility

For members whose membership began prior to September 1, 2007, who had at least five years of service credit as of August 31, 2014, and who maintained membership until retirement:

- At least 55 with five or more years of service credit, but the sum of the member's age and years of service credit total less than 80, or
- 30 or more years of service credit, but the sum of the member's age and years of service credit total less than 80.

For members whose membership began on or after September 1, 2007 but prior to September 1, 2014, who had at least five years of service credit as of August 31, 2014, and who maintained membership until retirement:

- At least 55 with five or more years of service credit, but the sum of the member's age and years of service credit total less than 80, or
- 30 or more years of service credit, but the sum of the member's age and years of service credit total less than 80, and the member is less than age 60, or
- The sum of the member's age and years of service credit total at least 80, but the member is less than age 60.

For members who met the requirements to be grandfathered before September 1, 2005, there is no reduction to their benefit based on actuarial tables if they are at least age 55, the sum of their age and years of service credit total at least 80, and they are below age 60. These members are still considered early-age retirees.

For members who did not have at least five years of service credit as of August 31, 2014, who established TRS membership on or after September 1, 2014, or who had at least five years of service credit as of August 31, 2014 but terminated membership in TRS by withdrawal of accumulated contributions and later resumed TRS membership:

- At least 55 with five or more years of service credit, but the sum of the member's age and years of service credit total less than 80, or
- 30 or more years of service credit, but the sum of the member's age and years of service credit total less than 80, and the member is less than age 62, or
- The sum of the member's age and years of service credit total at least 80, but the member is less than age 62.

For members who met the requirements to be grandfathered before September 1, 2005, there is no reduction to their benefit based on actuarial tables if they are at least age 55, have at least 20 years of service credit, the sum of their age and years of service credit total at least 80, and they are below age 62. These members are still considered early-age retirees.

Early Age Retirement Benefit

The standard annuity amount calculated under the benefit formula (or the minimum benefit, if applicable) and used to determine the amount of any optional retirement annuity is reduced for early age retirement. The amount of the reduction varies depending on age, years of service credit, and whether a member is grandfathered.

B. Disability Retirement

Eligibility

Physical or mental disability precludes the member's continued performance of current duties and the disability is probably permanent, as certified by the TRS Medical Board.

Benefit

For disabled members with at least 10 years of credited service, the greater of the standard annuity unreduced for early age or \$150 per month minimum benefit, less any reduction for the selection of an optional annuity. For disabled members with fewer than 10 years of credited service, \$150 per month. The minimum benefit amounts are subject to reduction for the selection of an optional retirement annuity.

Duration

For retirees with 10 or more years of credited service, payments continue for as long as the disability continues. For those with fewer than 10 years of credited service, payments continue for the life of the retiree, the duration of the disability, or the number of months of credited service, whichever is shorter.

Earnings Limit

Disability retirees who applied and retired after August 31, 2007 are subject to an annual limit on earnings from any employment. The current limit is the greater of the highest annual salary before retirement or \$40,000. Excess earnings will cause benefits to be forfeited until such time as the excess earnings cease or are reduced to an allowable amount.

C. Annuity Payment Options

All service and eligible disability retirees may select an optional form of payment that reduces the standard annuity by application of actuarial reduction factors in order to continue payment to a beneficiary after the retiree's death. Actuarial factors for disability retirees are the same as those for service retirees. The available options include 100, 75, and 50 percent joint and survivor annuities, and five and ten year guaranteed period annuities. Selection of a 100 or 75 percent joint and survivor annuity and a five or ten year guaranteed period annuity may not be allowed in certain situations based on the minimum distribution provisions of federal tax law.

D. The Pop-Up Provision

If a designated beneficiary under any of the joint and survivor options dies while the retiree is still living, the retiree's future monthly payment increases to the amount of the standard annuity.

E. Partial Lump Sum Option

Under the Partial Lump Sum Option (PLSO), available for election at the time of retirement, eligible members may elect to receive an actuarially reduced service retirement annuity plus a lump sum distribution.

Members may elect to receive a PLSO if they are eligible for service retirement, meet the Rule of 90 (age and years of service credit equal at least 90), are not participating in the Deferred Retirement Option Plan (DROP), and are not retiring with disability retirement benefits. Grandfathered members may elect PLSO at retirement if they are eligible for normal age service retirement under the pre-September 1, 2005 law (age 65 with at least five years of credited service, or the sum of the member's age and years of credited service equals or exceeds 80 with at least five years of credited service), are not participating in DROP, and are not retiring with disability retirement benefits. Members retiring under the proportionate retirement program are not eligible to elect the PLSO.

Partial lump sum distributions equal to 12, 24, or 36 months of a standard service retirement annuity may be selected. When a member selects this option, the monthly annuity is actuarially reduced to reflect the lump sum distribution. Flexible annual distribution options are available, including rollovers to another eligible retirement plan.

F. Deferred Retirement Option Plan

The TRS Pension Plan permitted eligible members to participate in a Deferred Retirement Option Plan (DROP) by enrolling no later than December 31, 2005. DROP participants continued employment while accumulating a portion of their standard retirement annuity in a special account that is disbursed beginning at the time of their retirement or death.

Members who elected DROP chose to participate in 12-month increments for up to five years. During DROP participation, the member did not accrue additional service credit for their pension annuity, nor is any compensation earned during DROP participation considered in calculating the standard pension annuity.

During DROP participation, the member's statutory contributions to TRS continue. However, contributions were not credited to the member's contribution account and are not refundable.

Interest on the DROP account balance prior to September 1, 2014 was computed at an annual rate of five percent. Subsequent to that date, the interest rate changed to two percent.

Members who participated in DROP but continued working in membership eligible employment after the close of their participation period earn post-DROP retirement benefits based solely on creditable compensation received and service credit earned after their DROP participation period ended. Post-DROP benefits are distributed with the retirement and DROP benefits. Although the DROP plan is closed to new participants, there are two members who participated and have not yet retired, and TRS is currently paying four retirees from their DROP accounts. The final payments will be issued for these accounts with one ending CY2026, 2 in CY27, and the final payment for the fourth annuitant will be calendar year 2030. The elections for the DROP payouts are selected at the time of retirement.

G. Minimum Service Credit Required for Service Retirement Benefits

Under current law, a member who has completed at least five years of credited service has earned a right to service retirement benefits after reaching eligible retirement age, provided that the member's accumulated contributions are not withdrawn from the System.

Service credited in another retirement system that participates in the Proportionate Retirement Program may be combined with TRS service credit to determine eligibility for TRS service retirement benefits. Any qualifying USERRA military service, up to a maximum of five years, may also be counted in determining eligibility for TRS service retirement benefits. The USERRA service and/or compensation credit may also be purchased to increase the amount of the retirement benefit or may simply be verified and used to establish eligibility.

An eligible member must apply for benefits and meet other requirements, such as termination of Texas public education employment, in order to begin receiving benefits.

H. Death and Survivor Benefits

Active Members

The beneficiary of an active member may elect to receive one of the following benefits in the event of the member's death before retirement in any of the following situations:

- if the member dies during a school year in which the member performed service, or
- if the member was absent from service because of sickness, accident, or another reason TRS determines is involuntary, or
- in furtherance of the objectives or welfare of the public school system, or
- if the member dies when eligible to retire, or
- would have become eligible without further service before the fifth anniversary of the member's last day of service as a member
- if the member dies while performing qualified military service as defined by applicable federal law

- when the member is absent from service as described by law, such as when the absence is due to sickness, accident, or other involuntary cause
- when the member is within five years of being eligible to retire when leaving employment.

Benefit Options

- A lump sum payment equal to twice the member's annual rate of compensation or \$80,000, whichever is less, or
- Sixty monthly payments equal to the member's standard annuity without reduction for early age, provided the member had at least five years of service credit at the time of death, or
- Lifetime payments equal to a 100 percent joint and survivor annuity, provided the member had at least five years of service credit, and is subject to any reduction applicable for early age. This benefit is only available when there is a sole beneficiary, or
- An amount equal to a return of the member's contributions with accumulated interest, or
- Survivor benefits of \$2,500 lump sum payment plus a monthly benefit to eligible beneficiaries. For example, \$350 per month to a beneficiary spouse with minor children, continuing until the youngest child reaches age 18. When the spouse turns age 65, or when the youngest child reaches age 18, whichever is later, the spouse would begin receiving \$250 per month for life.

In addition to these five options, a lump sum death benefit of \$160,000 is available if the active member is employed in a TRS-covered position and dies as the result of a physical assault during the performance of the employee's regular job duties. The beneficiary of a DROP participant will receive the accumulated DROP account balance, payable as a lump sum or in periodic installments.

Retirees

In addition to any joint and survivor or guaranteed period annuity that may be payable under an optional form of payment a retiree elected, the beneficiary of a service or disability retiree is entitled to a \$10,000 lump sum payment. Eligible survivors may select alternate payment options in lieu of the lump sum benefit. The alternate payment options include a lump sum payment of \$2,500 plus an applicable monthly survivor benefit.

If total payments made before death to a retiree and, when applicable, to a beneficiary for an optional service retirement annuity, are less than accumulated contributions at retirement, an amount equal to the remainder of the balance of accumulated contributions is paid to the beneficiary or as otherwise provided by law. Should a retiree die prior to receiving all PLSO payments that are due, TRS will pay any remaining PLSO payments in a single lump sum payment to the beneficiary. If the retiree participated in DROP and died before receiving all DROP distributions, any unpaid DROP payments are paid to the beneficiary designated by the retiree.

I. Grandfathered Provisions

A person who, as a member, met any one of the following criteria on or before August 31, 2005, is grandfathered under plan provisions repealed with respect to non-grandfathered members:

- the member was at least 50 years old, or
- the member's age and years of service credit equaled at least 70 ("Rule of 70"), or
- the member had at least 25 years of service credit.

Members who are grandfathered will have their benefits determined in the following manner:

- Final Average Salary at retirement will be determined by the highest three years (instead of five years) of salary.
- Preservation of certain retirement reduction factors means that members age 55 or older with 20 to 24 years of credited service who take early retirement will receive a lesser reduction to their annuities than those members who are not grandfathered.

- Partial Lump Sum Option eligibility will require either age 65 with at least five years of service credit, or a combined age plus years of credited service that equals at least 80 ("Rule of 80") instead of 90.

Health Benefits

A. Active Public School Employee Health Coverage

TRS administers TRS-ActiveCare, a statewide health plan for eligible employees of participating employers, which includes school districts, charter schools, and regional education service centers (ESCS). The plan went into effect on September 1, 2002. The plan initially focused on smaller districts, where affordable health coverage was often harder to find, and later expanded to include larger school districts. Participating districts were not allowed to leave the health plan. This changed in plan year 2022-23, when legislative changes allowed districts to opt out of TRS-ActiveCare but required them to remain out for at least five plan years to ensure stability for the plan. Similarly, non-participating employers were allowed to opt into TRS-ActiveCare with a five-year commitment. Today, 79% of Texas public school employers participate in TRS-ActiveCare.

Employees can choose from at least three plan options: one high-deductible plan and two primary care provider-driven plans. In certain geographic areas, employees also may enroll in a health maintenance organization (HMO). Beginning with the 2022-23 plan year, TRS-ActiveCare rates are set on a regional basis to reflect where employees live and work. Each of the 20 different regional Education Service Centers (ESCs) have the same plan options and provider access though they have different rates. In 2022, TRS received federal funds to offset COVID-19 related expenses. Following that, the Texas Legislature appropriated funds to limit premium increases in TRS-ActiveCare, including \$588.5 million for the 2024-25 biennium and \$369.2 million for the 2026-27 biennium.

TRS-ActiveCare provides cost-effective coverage for employers. The most popular plan costs an average of 14% less than comparable plans. Over the last decade, TRS has seen cost growth that is 42% less than the cost growth of other large employer health plans. Due to the value it provides, TRS-ActiveCare has seen growing interest from new districts, with 10 new employers joining in the 2024-25 plan year, as well as interest from districts that previously left the plan. The 89th Texas Legislature passed House Bill 3126 to provide employers who left TRS-ActiveCare in plan year 2022-23 with the opportunity to rejoin the plan a year earlier than the law had previously prescribed. To ensure that TRS-ActiveCare has the revenue needed to account for the projected costs and potential claim volatility of returning employers, HB 3126 allowed TRS to establish a one-time risk stabilization fee to include with the employer's regional rates for the 2026-2027 plan year. Employers that want to re-join TRS-ActiveCare early must submit notice to TRS no later than December 31, 2025.

For information on TRS-ActiveCare, please refer to the TRS website.

B. Retiree Health Coverage

TRS administers TRS-Care, a health plan for eligible retired public education employees and their eligible dependents established in 1985. TRS-Care covers a substantial portion of retired Texas public education employees.

TRS-Care Standard Member Rewards Start September 1, 2025: This new program offers up to \$599 in annual cash rewards to participants for choosing high-quality, cost-effective care, helping reduce members' coinsurance costs and TRS claims, which promotes affordability and supports long-term stability of the plan.

Limited-Time Enrollment Opportunity ends March 31, 2026: After lowering premiums in 2025 by up to 45% for retirees covered by the TRS-Care Medicare Advantage Plan, TRS provided an enrollment opportunity to allow Medicare-eligible TRS retirees and their eligible dependents to enroll in or rejoin TRS-Care Medicare Advantage with lower premiums. This opportunity opened October 1, 2024 and closes March 31, 2026. As of August 1, 2025, TRS sent more than 4,000 applications and enrolled over 1,100 members in TRS-Care Medicare Advantage.

TRS-Care Dental & Vision Enters Second Year: TRS introduced TRS-Care Dental & Vision in 2025. These optional, stand-alone plans administered by MetLife are designed to enhance the everyday health and well-being of TRS

retirees and their eligible dependents. Enrollment in these plans does not require participation in TRS-Care medical or prescription coverage.

- **Strong First-Year Adoption:** The inaugural plan year saw over 106,000 enrollments across both plans, underscoring the value retirees place on accessible dental and vision care, and the effectiveness of TRS's outreach and engagement efforts.
- **Stable Premiums for 2026:** For the second plan year, TRS-Care Dental & Vision premiums will remain unchanged, reinforcing TRS's commitment to affordability and financial predictability for retirees.
- **Online Enrollment Launching for the 2026 Plan Year:** To make enrolling easy, TRS members can now enroll online via MyTRS.Texas.gov in a few simple steps or by mailing a completed application. Annual enrollment for 2026 is October 1, 2025 to December 8, 2025, and coverage starts January 1, 2026.

For information on TRS-Care eligibility, please refer to the TRS website.



All in a Day's Work

As a part of the 2025 Annual Comprehensive Financial Report, we are pleased to highlight our commitment to members every day.



Teacher Retirement System of Texas

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