



Executive Update

September 22, 2025

Dear Employers,

First, I'd like to extend our heartfelt condolences to the Northern York Regional Police Department, York County's Sheriff's Department, their families, and the community following last week's tragedy in York. PMRS honors the lives of the three fallen officers and holds for the two critically injured officers in our thoughts.

The PMRS Board met last week, and I'd like to share several important updates regarding our continued progress and strategic direction.

As of June 2025, our portfolio has grown to \$3.73 billion, with a \$226 million investment gain, 6.5%, in the second quarter. This strong performance was driven by international equities and real assets. We continue to be on target with our long-term growth strategy. To further strengthen our portfolio through diversification, PMRS is preparing to expand into private market asset classes.

Our auditors presented the Annual Comprehensive Financial Report and SOC audit results at this week's board meeting. I'm proud to report that PMRS received clean audits with no findings or comments for the fourth consecutive year – a testament to the diligence and excellence of our financial reporting.

The board considered the potential distribution of 2024 excess interest. Given current market volatility and uncertainty around its impact on our portfolio, the board decided to defer distribution at this time. Additionally, the 2025 regular interest rate will remain at 5.5%.

Our actuary completed an experience study covering January 1, 2019, through December 31, 2023. The resulting assumption updates will affect contribution rates for the Defined Benefit (DB) plans and annuity conversions for Cash Balance plans. These updates reflect a data-driven approach that prioritizes actual experiences over assumptions and considers emerging trends.

- Aggregate MMO for all municipal DB plans is expected to increase about \$1 million from \$63 million to \$64 million (1.6% increase)
- The actual impact will vary by plan, depending on participant demographics and plan provisions.

The new assumptions will take effect on January 1, 2026.

Last week our executive team held an agency-wide meeting to review our accomplishments and progress so far this year. PMRS staff continues to embrace collaboration and innovation, with a steadfast focus on empowering our members through educational initiatives - like our pre-retirement seminars.

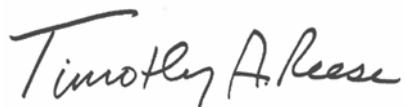
Following the success from last year's event, our client relations team is hosting another pre-retirement seminar on Saturday, November 1, 2025 at the Gettysburg Wyndham Conference Center. This seminar is designed for members within five years of retirement and offers valuable insights to help them prepare for the next chapter.

When I joined PMRS as a consultant, my goal was to help stabilize and realign the agency. With that foundation in place, my vision shifted toward long-term asset growth and operational excellence. Last week, the board approved the addition of five new positions – an essential step to support our expanding membership and plan growth.

Our progress reaffirms our mission and strengthens our commitment to administering secure pensions for our members.

Thank you for your continued trust and support.

Sincerely,

A handwritten signature in black ink that reads "Timothy A. Reese". The signature is fluid and cursive, with "Timothy" on the top line and "A. Reese" on the bottom line.

Timothy A. Reese

Chief Executive Officer

Pennsylvania Municipal Retirement System