



Sunset over Wichita Mountains Wildlife Refuge near Lawton, Oklahoma

POPULAR ANNUAL FINANCIAL REPORT



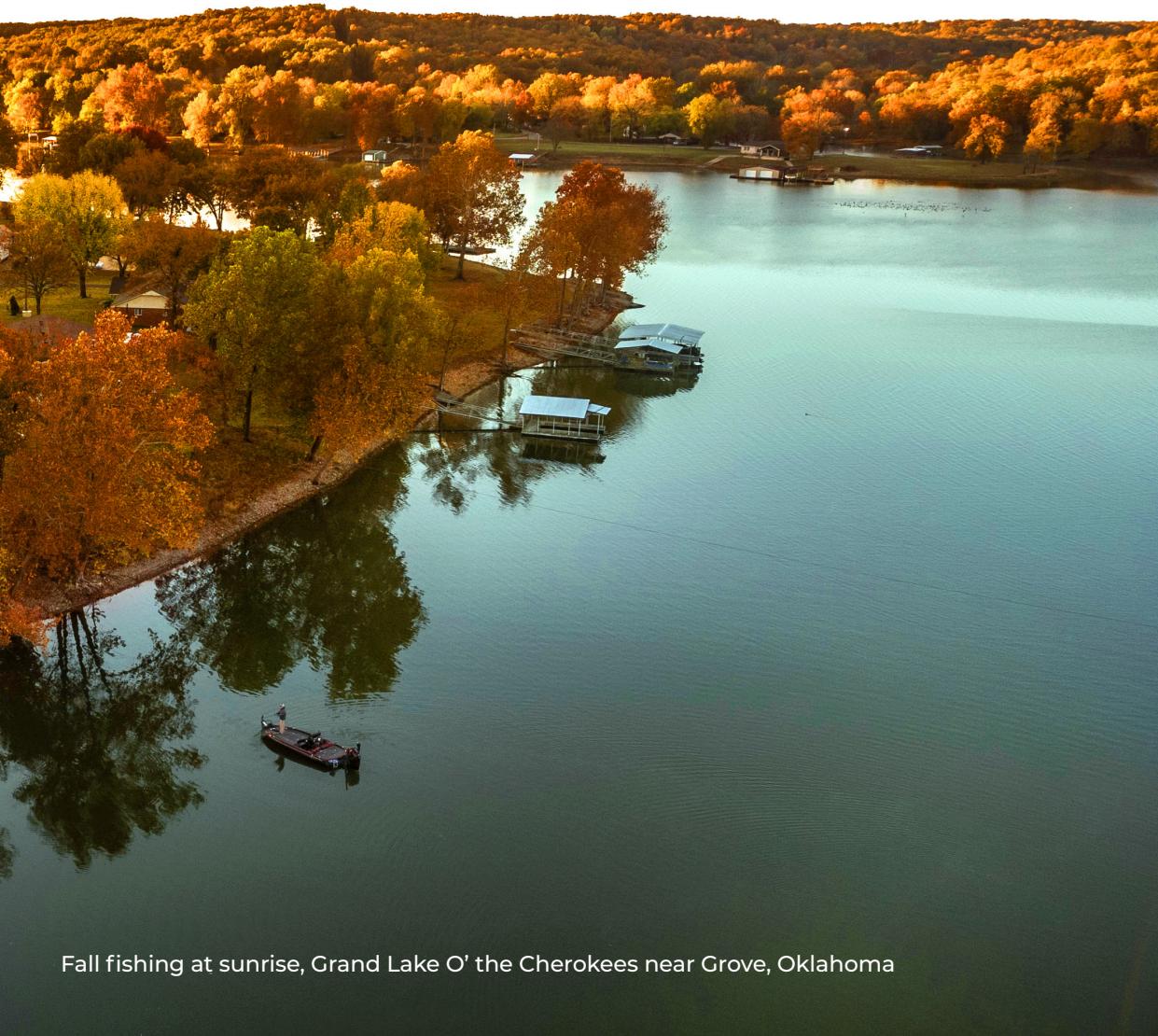
FOR THE FISCAL YEAR ENDED JUNE 30, 2025



TEACHERS' RETIREMENT SYSTEM
OF OKLAHOMA



TEACHERS' RETIREMENT SYSTEM
OF OKLAHOMA



Fall fishing at sunrise, Grand Lake O' the Cherokees near Grove, Oklahoma

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SARAH GREEN
EXECUTIVE DIRECTOR, TRS



This publication is a summarized version of TRS' [Annual Comprehensive Financial Report \(ACFR\)](#), written in lay-person's terms. It is not presented in a manner which conforms with generally accepted accounting principles (GAAP). TRS' ACFR is prepared to conform to GAAP and is available on our website at www.Oklahoma.gov/trs

MESSAGE FROM THE EXECUTIVE DIRECTOR

Dear Members,

The Teachers' Retirement System of Oklahoma is pleased to present our Popular Annual Financial Report (PAFR) for Fiscal Year 2025.

A Historic Milestone

In FY25, TRS reached its strongest financial position in more than 80 years. This achievement reflects sustained investment performance and the success of 2011 pension reforms that established dedicated state funding and modernized plan benefits.

Our Transformation

In 2010, TRS faced significant challenges: a funding ratio of just 48%, over \$10.4 billion in unfunded liabilities, and a 62-year timeline to reach full funding. Today, the contrast is striking. TRS has achieved an **80%** funding ratio – the highest in our history. We've reduced unfunded liabilities to \$6.1 billion, and now project full funding by 2034 - just 9 years away.

Serving Oklahoma's Educators

TRS is governed by a 15-member Board of Trustees, which sets policy and oversees operations consistent with its fiduciary obligations under applicable law. As of June

30, 2025, TRS serves **210,405** members through 597 participating employers, including state institutions of higher education, local school districts, charter schools, and career technology centers.

Economic Impact

TRS continues to strengthen Oklahoma's economy. In FY25, we distributed **\$1.48 billion** in benefit payments to in-state retirees and beneficiaries, supporting local communities and generating state tax revenue. Our forty-year annualized return remains strong at **9.2%**, exceeding our actuarially assumed rate of return of 7%.

Our Commitment

Our mission is clear: **We collect, protect, and grow assets to provide a secure retirement income for public education employees.** We remain committed to maintaining TRS' fiscal strength for generations to come.

Sincerely,

Sarah Green
Executive Director

Who We Are

TRS was established in 1942 by a citizen-initiated petition to amend the state's constitution to authorize the state to provide retirement benefits for teachers and other employees in the public schools, colleges, universities, and state agencies devoted to public education. Official operations began July 1, 1943.

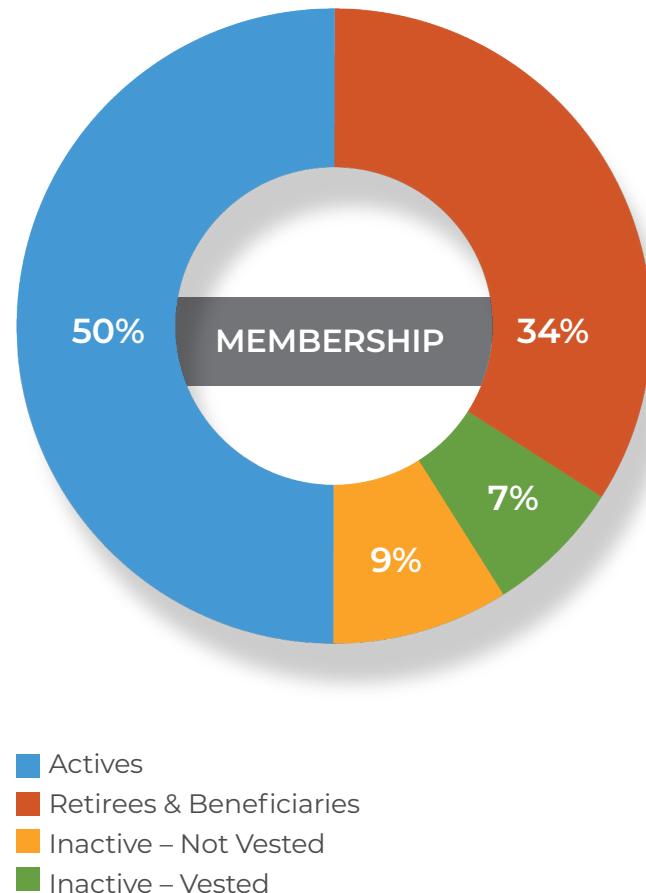
TRS directs a defined benefit plan, with eligibility for benefits based on factors such as age, years of service, and membership date. Eligible members receive a service retirement with options for joint annuitant coverage, disability retirement, death benefits, and credit towards health insurance premiums in retirement.

TRS is funded through a combination of investment earnings, member contributions, employer contributions, and dedicated state revenue.

Member Snapshot

Membership in TRS is mandatory for administrators, teachers, certified counselors, supervisors, certified librarians, registered nurses, college professors, and college presidents employed by a public education entity in the state of Oklahoma. Membership is optional for other public education employees working twenty hours or more per week.

210,405
TOTAL MEMBERS



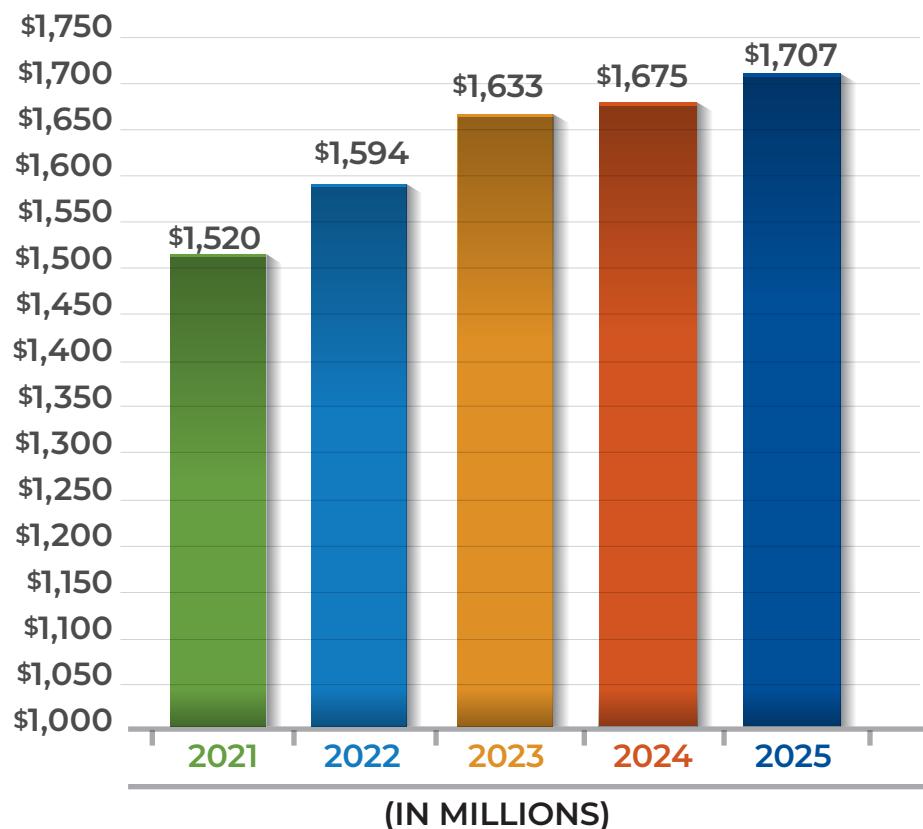
Benefits Paid to Members

The Schedule of Benefit Payments to the right provides information on the total benefit expenses incurred by the Plan consisting of age and service, disability, and beneficiary death benefits. These totals have risen considerably from \$1.52 billion in FY2021 to \$1.71 billion* in FY2025 due to an increase in retirements and death events.

Members qualify for full retirement benefits at their specified normal retirement age or, for any person who became a member prior to July 1, 1992, when the sum of the member's age and years of credited service equals 80 (Rule of 80), and for any person who became a member after June 30, 1992, when the member's age and years of credited service equals 90 (Rule of 90). Normal retirement age under the Plan is 62 or Rule of 80/90 if the participant became a member prior to November 1, 2011, or age 65 or Rule of 90 minimum age 60 if the participant became a member on or after November 1, 2011.

If a member is active in-service at the time of death, the member's beneficiary will receive an \$18,000 benefit, plus the contributions and interest in the member's account. Upon the death of a retiree, the beneficiary will receive a \$5,000 benefit plus the survivor benefits provided by retiree's chosen retirement plan.

SCHEDULE OF BENEFIT PAYMENTS

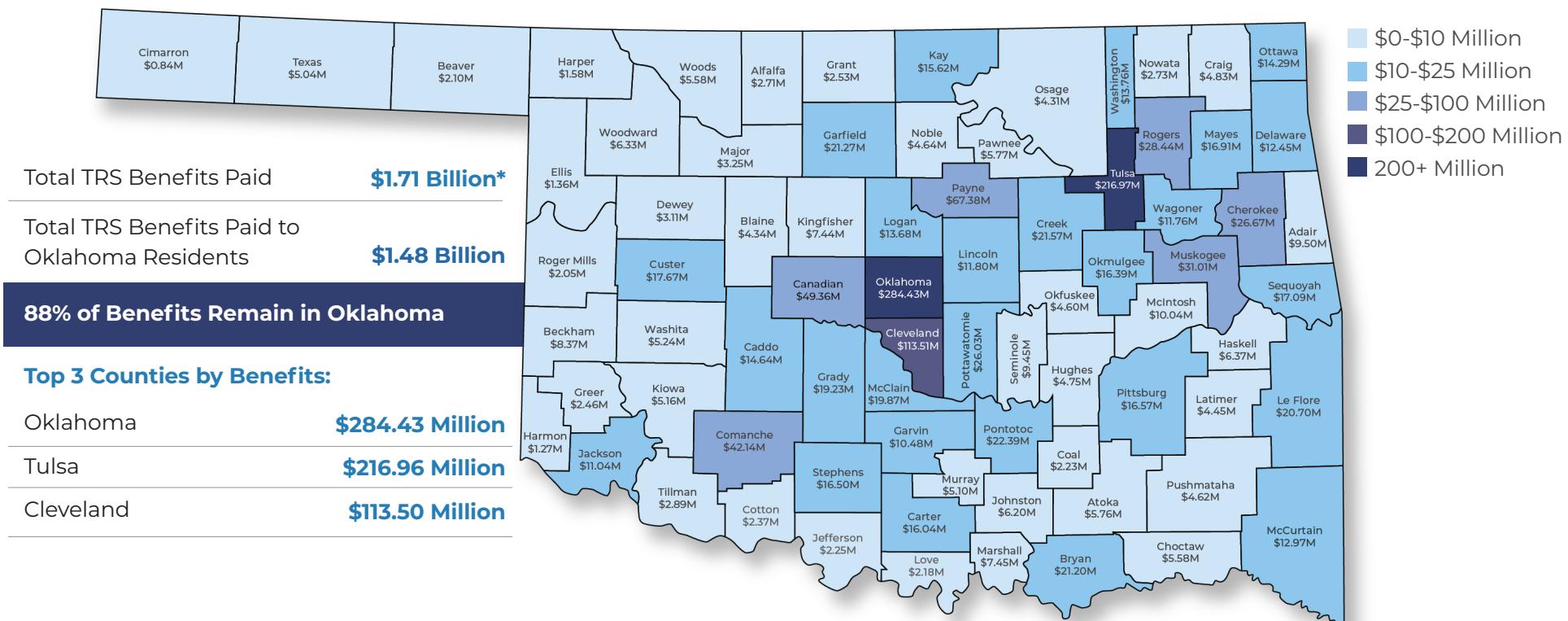


*Benefit payments includes the total of all benefit payments (DB pension + OPEB (insurance)).

Economic Impact

TRS contributes to Oklahoma's economy through the benefits it pays to its members and beneficiaries, who then spend that money in the communities in which they live. Of the \$1.71 billion* in benefits payments made in FY2025, TRS paid approximately \$1.48 billion in payments to in-state retirees and beneficiaries who are projected to return an impressive 88% or over \$1.30 billion back into Oklahoma's economy through direct household spending.

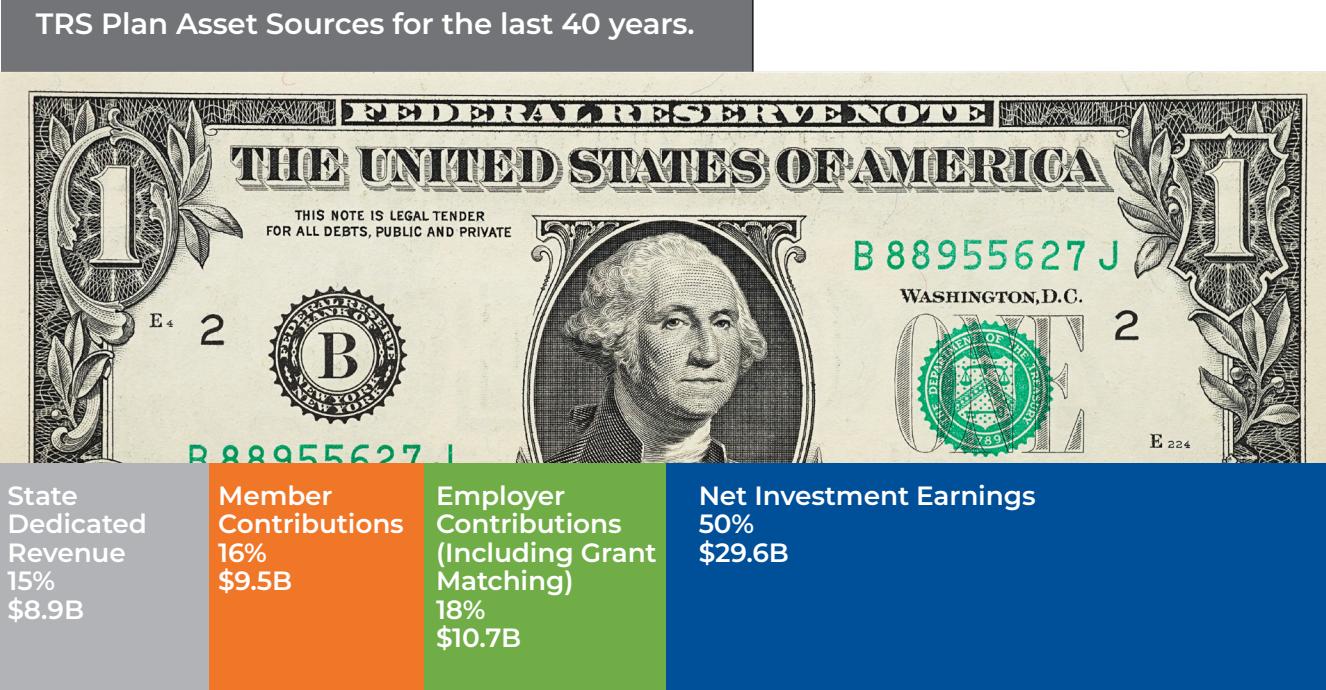
2025 TRS Retirees in the State of Oklahoma by County



How Benefits are Funded

Over the last 40 years, approximately 50% of retirement benefit payments have been funded by investment returns with the remainder coming from a combination of member, employer, and state contributions, as shown in the graphic below.

A pension fund is well funded when it has enough money in reserve to meet all expected future obligations to participants. It requires revenue sources sufficient to keep up with future obligations. The funding objective for TRS is to meet long-term benefit promises through contributions that remain approximately level as a percent of member payroll. The greater the level of funding, the larger the ratio of assets accumulated to the actuarial accrued liability and the greater the level of investment potential.



Funded Ratio

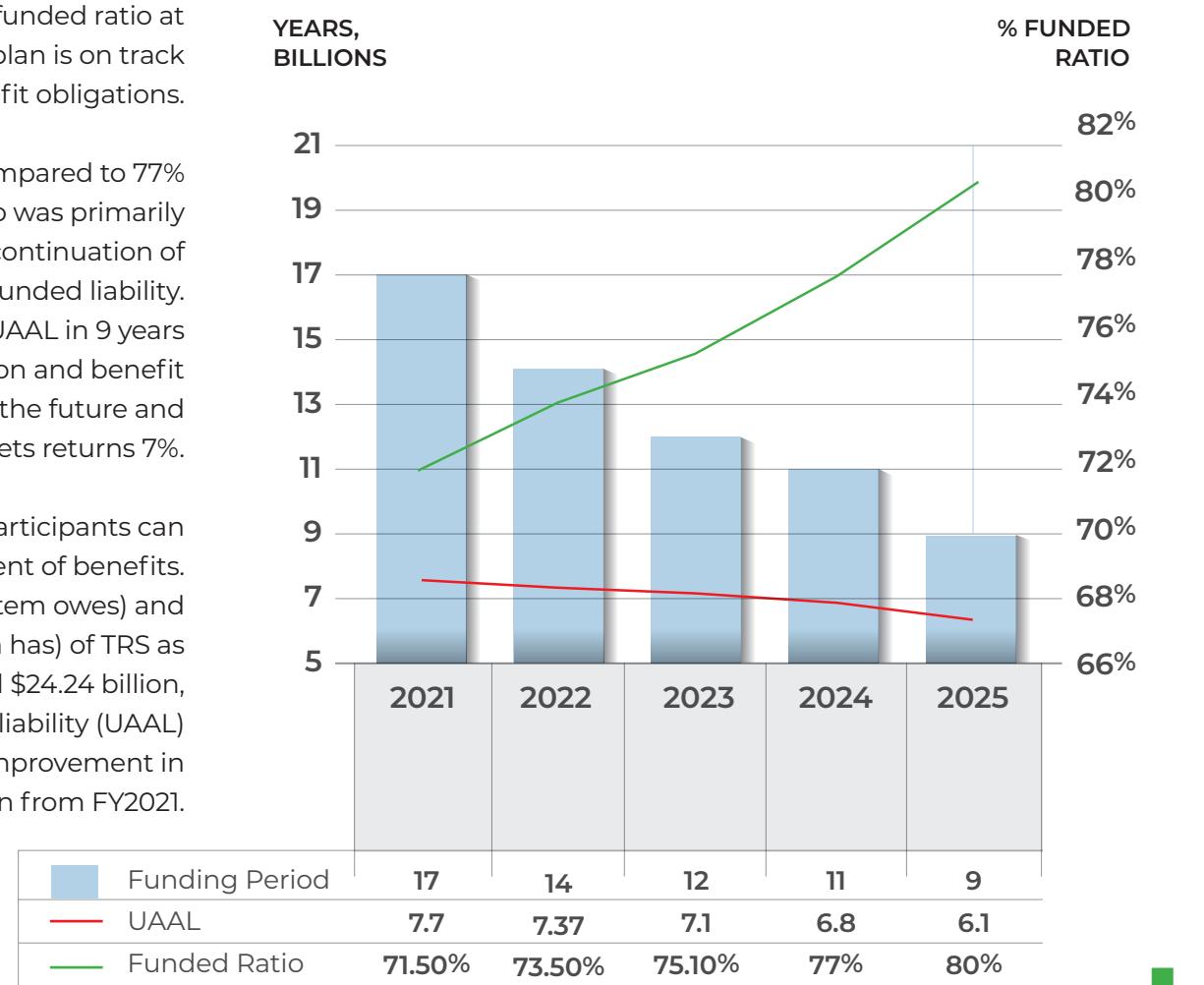
The funded ratio is a financial metric that is equal to the ratio of a pension plan's assets to its accrued liabilities, as of a point in time. Assets are the value of the investments that the System has accumulated. Liabilities are the present value of the future benefits that have been accrued to date. The funded ratio is used to assess the financial health of a pension plan. A funded ratio at or around 100% is desirable and indicates that the plan is on track to meet its future benefit obligations.

TRS' funded ratio was **80%** as of June 30, 2025, compared to 77% on June 30, 2024. The improvement in funded ratio was primarily due to strong investment earnings and the continuation of dedicated revenue earmarked to pay down the unfunded liability.

The System is expected to eliminate the current UAAL in 9 years – by 2034 – based upon the current contribution and benefit provisions, assuming no actuarial gains or losses in the future and assuming the actuarial value of assets returns 7%.

The advantage of a well-funded plan is that the participants can look at assets that are committed to the payment of benefits. The actuarial accrued liability (the amount the System owes) and actuarial value of assets (the amount the System has) of TRS as of June 30, 2025, amounted to \$30.32 billion and \$24.24 billion, respectively, for an unfunded actuarial accrued liability (UAAL) of \$6.08 billion in FY2025. This is a significant improvement in decreasing the UAAL of \$7.70 billion from FY2021.

2021 vs. 2025 STATISTICS



Fiduciary Net Position

The “Fiduciary Net Position” is the net worth of the System’s funds and a key component of its financial statements – providing a snapshot of the financial health of the System. It is calculated by taking the amount of assets of TRS and subtracting liabilities restricted for payment of monthly retirement benefits and other qualified distributions. A summary of net position restricted for benefits on June 30, 2025, 2024, and 2023, is shown to the right.

As of June 30, 2025, TRS’ net position was approximately **\$25.18** billion, up from \$22.96 billion in FY2024.

For simplicity, the 401(a) and OPEB assets & liabilities on these schedules are combined. A separate schedule for the OPEB plan is on page **13** of the PAFR.

CONDENSED SCHEDULE OF FIDUCIARY NET POSITION

JUNE 30

| ASSETS: | 2025 | 2024 | 2023 |
|---|-------------------------|-------------------------|-------------------------|
| Cash | \$27,801,437 | \$129,988,131 | \$25,777,679 |
| Receivables | 591,643,977 | 597,742,856 | 748,999,072 |
| Investments | 25,378,623,676 | 22,928,209,708 | 20,880,364,644 |
| Securities lending assets | 915,592,397 | 580,077,664 | 642,265,795 |
| Capital assets, net | 4,282,142 | 4,403,118 | 3,386,951 |
| Total assets | 26,917,943,629 | 24,240,421,477 | 22,300,794,141 |
| LIABILITIES: | | | |
| Other liabilities | 821,090,799 | 696,726,961 | 804,893,250 |
| Sec. lending collateral | 915,592,397 | 580,077,664 | 642,265,795 |
| Total liabilities | 1,736,683,196 | 1,276,804,625 | 1,447,159,045 |
| Ending net position restricted for pensions | \$25,181,260,433 | \$22,963,616,852 | \$20,853,635,096 |

Changes in Fiduciary Net Position

For FY2025, the System's fiduciary net position increased by \$2,217,643,581 - primarily due to strong investment performance.

Deductions to fiduciary net position are generally incurred for the purpose for which TRS was created: namely the payment of benefits to retirees and beneficiaries. In FY2025, payments for retirement, death, and survivor benefits increased \$32,115,692 or 1.9%.

Refunds and withdrawals increased by \$3,945,796 or 7.6% due in part to an improved process for administering Required Minimum Distributions to eligible members.

Administrative costs increased by \$961,742 or 12%, attributable in large part to the Plan continuing its multi-year pension administration system modernization project.

CONDENSED SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION

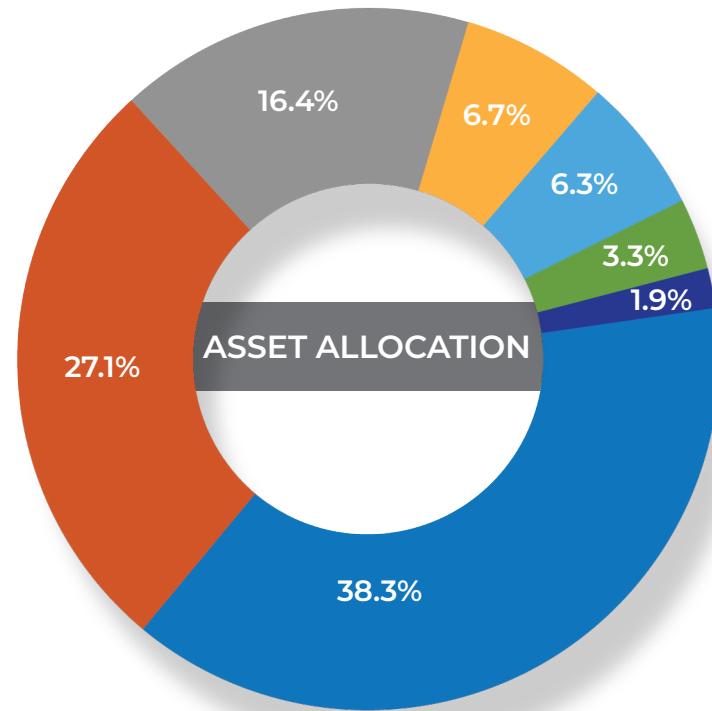
| JUNE 30 | | | | |
|--------------------------------|---------------------|------------------------|------------------------|------------------------|
| ADDITIONS: | OPEB Plan | DB Plan | 2025 | 2024 |
| Member contributions | – | 421,373,893 | \$421,373,893 | \$413,180,064 |
| Employer contributions | – | 572,395,798 | 572,395,798 | 560,654,723 |
| Federal Matching Contributions | – | 40,271,720 | 40,271,720 | 49,147,060 |
| Dedicated state revenue | – | 456,176,761 | 456,176,761 | 459,746,415 |
| Total Contributions | – | \$1,490,218,172 | \$1,490,218,172 | \$1,482,728,262 |
| DEDUCTIONS: | | | | |
| Benefits payments | \$32,796,826 | \$1,674,635,592 | \$1,707,432,418 | \$1,675,316,726 |
| Refunds of contributions | – | 55,965,182 | 55,965,182 | 52,019,426 |
| Total Payments | \$32,796,826 | \$1,730,600,774 | \$1,763,397,600 | \$1,727,336,152 |

Investments

The Board of Trustees follows the "Prudent Investor" standard which is considered the highest standard in making investment decisions for the Plan. To protect and grow the fund, the Board and its advisors maintain a diversified portfolio across multiple asset classes, reducing risk while pursuing strong longterm returns.

ASSET ALLOCATION

The following chart represents the actual asset allocation of TRS' portfolio as of June 30, 2025. Public stocks (equities) make up 54.7% of the portfolio, public bonds (fixed income) make up 27.1% of the portfolio, with the remaining assets spread across private markets including real estate, private equity, and private credit. The portfolio maintains a small cash balance to manage its liquidity needs.



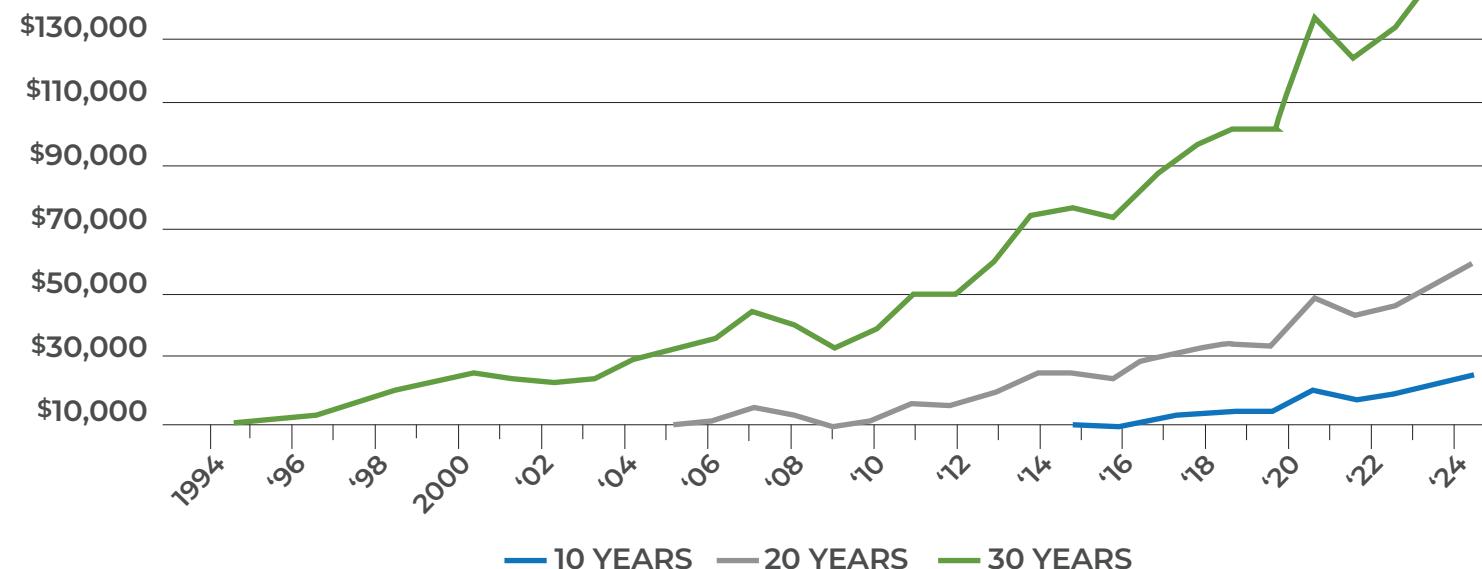
- Domestic Equity
- Fixed Income
- International Equity
- Real Estate
- Private Equity
- Private Debt
- Cash

Investment Performance

Investment performance for fiscal year 2025 was strong, with a total return of 10.72%, significantly exceeding the 7% target. Relative to our pension fund peers with assets of at least one billion dollars, the fund ranked in the top 37th percentile of investment performance for the most recent fiscal year. While the fund's annual return exceeded our target, it trailed the policy benchmark return of 12.6%. This gap was largely due to the exceptional performance of a handful of large technology stocks that drove market returns and led to limited activity in private markets.

The chart below shows how a \$10,000 investment in the TRS portfolio has performed over the past 10, 20, and 30 years.

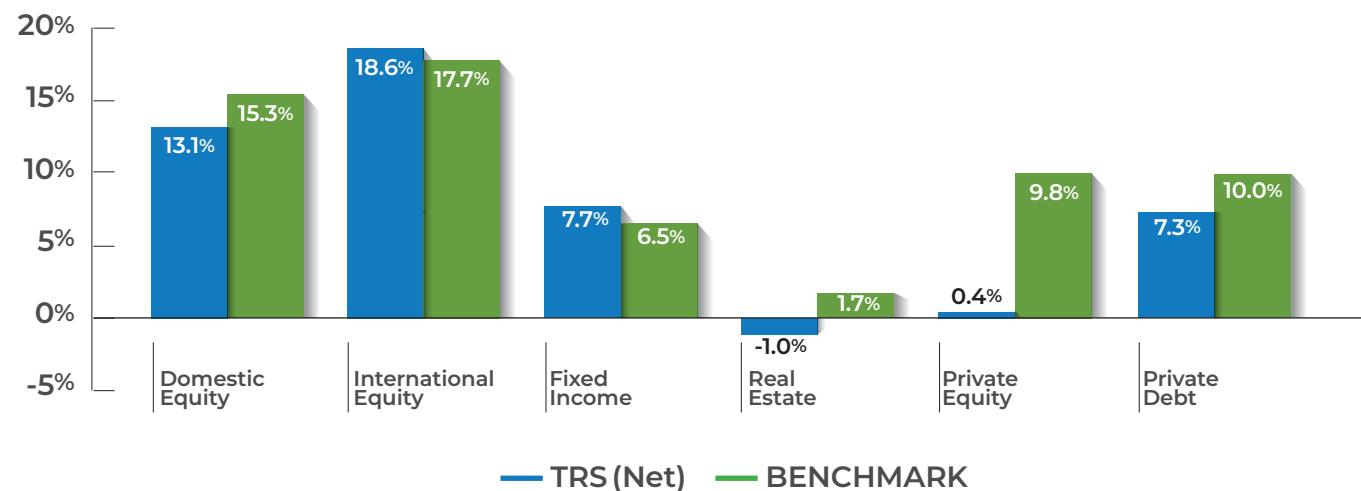
Continuous Growth of a \$10,000 Investment



Investment Performance (cont.)

During fiscal year 2025, domestic equities, the largest allocation, delivered excellent results with a return of 13.1%. The real estate portfolio, which is still in its early stages, faced headwinds from broader challenges in the commercial real estate market. Private equity investments typically show returns on a delayed basis, which creates short-term performance gaps when compared to public market benchmarks.

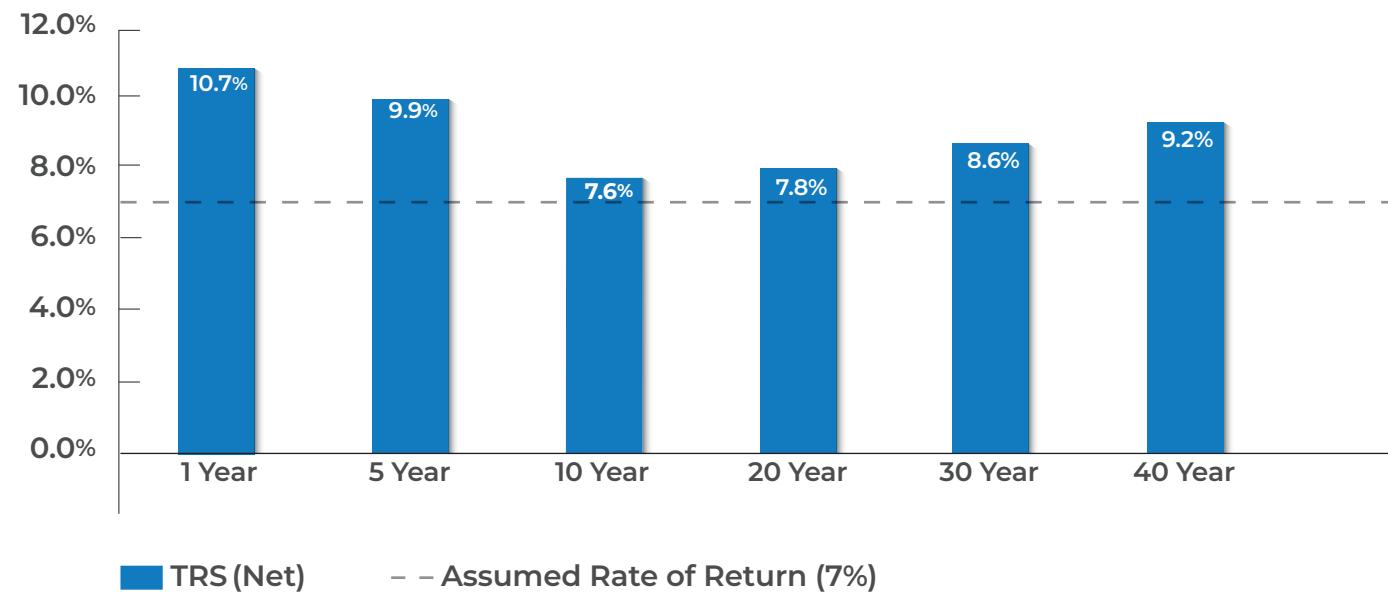
Strategy Performance FY2025



Investment Performance (cont.)

Over the past four decades, TRS has delivered a 9.2% average annual return, exceeding our 7% investment target and ranking among the top-performing public pension systems in the nation with assets over \$1 billion. This long-term track record demonstrates our commitment to prudent investing and securing the financial future of Oklahoma's educators.

Historical Return Summary



GASB Accounting Standards for Other Post-Employment Benefits (OPEB)

TRS provides a monthly health insurance subsidy to retirees who keep their employer-based health insurance in retirement. The amount varies from \$100-\$105 based on the credited service years of the retiree and their benefit amount. It is paid directly to the insurer or the retiree's former employer.

TRS must follow accounting standards established by the Governmental Accounting Standards Board (GASB). In FY 2017 TRS implemented GASB 74 that applies to accounting for "other post-employment benefits" or OPEB which requires TRS to treat this supplemental benefit like a separate benefit plan for accounting purposes.

The liabilities to TRS from these OPEB payments must be separately stated, and an amount of assets must be identified that are available to pay the benefits. The schedules to the right are the OPEB "net position" and the "changes in net position". In FY 2018 GASB 75 was also implemented statewide meaning that many TRS employers had to reflect their proportionate share of OPEB liabilities in their financial statements.

CONDENSED SCHEDULE OF OPEB NET POSITION

JUNE 30, 2025

| | |
|-----------------------|---------------|
| Assets | \$547,883,037 |
| Liabilities | \$36,216,334 |
| Net Position for OPEB | \$511,666,703 |

CONDENSED SCHEDULE OF CHANGES IN OPEB NET POSITION

JUNE 30, 2025

| | |
|------------------------------|--------------|
| Additions | \$52,129,606 |
| Deductions | \$32,796,826 |
| Net increase in Net Position | \$19,332,780 |

TRS Impact

Throughout the year TRS hosts and attends educational seminars and webinars to help support our mission, along with charitable events that support Oklahoma's communities.



Members gain important knowledge about their retirement benefits during one of many seminars held across Oklahoma.



TRS Members and Staff attend the Francis Tuttle Technology Center Seminar.

Community Spotlight

Giving Back to the Community

2025 Inaugural SCC Leadership Reception



Pictured:
Sarah Green, Executive Director;
Erica Williams, Member Resource Specialist;
Kylah Barrett, State Charitable Campaign Resources Development Account Executive;
Rod Boles, Communication and Education Manager

Giving back to our community is at the heart of what TRS does. We are excited to announce that during the 2024 Oklahoma State Charitable Campaign with @United Way, TRS was presented with the Community Hero Award for raising the largest amount of charitable contributions in the "Agencies with under 60 employees" category—more than double the amount of the runner-up!



TRS Staff, family, and friends

During Earth Day, our TRS staff, friends, and family were able to collect about 5 trash bags full of litter along a mile stretch of the Oklahoma River. Just one of the many ways we're helping to keep our community beautiful!



Sunrise on Lake Texoma near Kingston, Oklahoma



**TEACHERS' RETIREMENT SYSTEM
OF OKLAHOMA**

Post Office Box 53524
Oklahoma City OK 73152-3524

**Have Questions? Need Help?
Here's how you can get in touch with us:**

In person: 301 NW 63rd Street, Suite 500,
Oklahoma City, OK 73116-7921
On the phone: 405-521-2387
On the web: oklahoma.gov/TRS