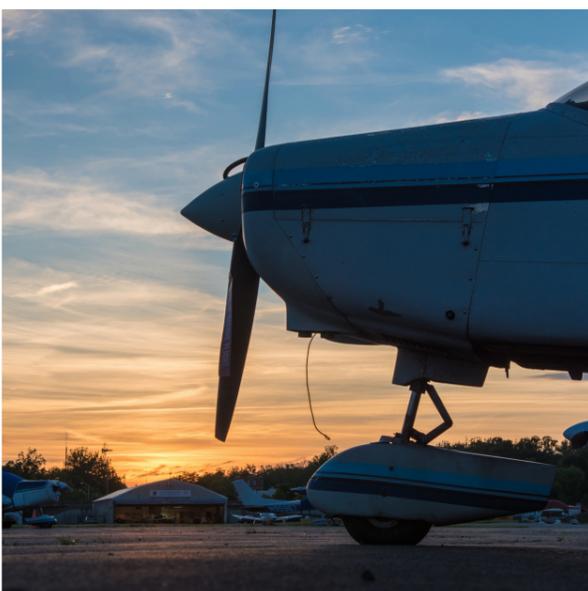


Popular Annual Financial Report

For the year ended June 30, 2025



 **Employees' Retirement System**
Maryland – National Capital Park and Planning Commission

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MSSION

To prudently manage, protect, diversify, and administer the Fund for the sole benefit of its members and beneficiaries and to ensure sufficient assets are available to pay the promised benefits.

CORE VALUES

- Quality Customer Service
- Accountability and Transparency
- Professionalism and Respect
- Trustworthiness and Stewardship

The Popular Annual Financial Report (“PAFR”) summarizes the Maryland-National Capital Park and Planning Commission (“Commission”) Employees’ Retirement System’s (“ERS”) more detailed 2025 Annual Comprehensive Financial Report (“ACFR”) which is prepared in conformity with generally accepted accounting principles. The ACFR provides in-depth information about the financial, investment, and actuarial aspects of the ERS.

About the Employees’ Retirement System

The Commission is a body corporate of the State of Maryland, established by the Maryland General Assembly in 1927.

To provide its employees with financial security at retirement, on July 1, 1972 the Commission established the ERS, a single employer defined pension plan, in accordance with a Trust Agreement between the Commission and the ERS Board of Trustees (“Board”). The Trust Agreement sets forth the powers, duties, and liabilities of the Board as they administer the Trust Fund from which members of the ERS receive retirement benefits. The Commission retains the power to amend or terminate the ERS but may not alter the powers of the Board without its consent.

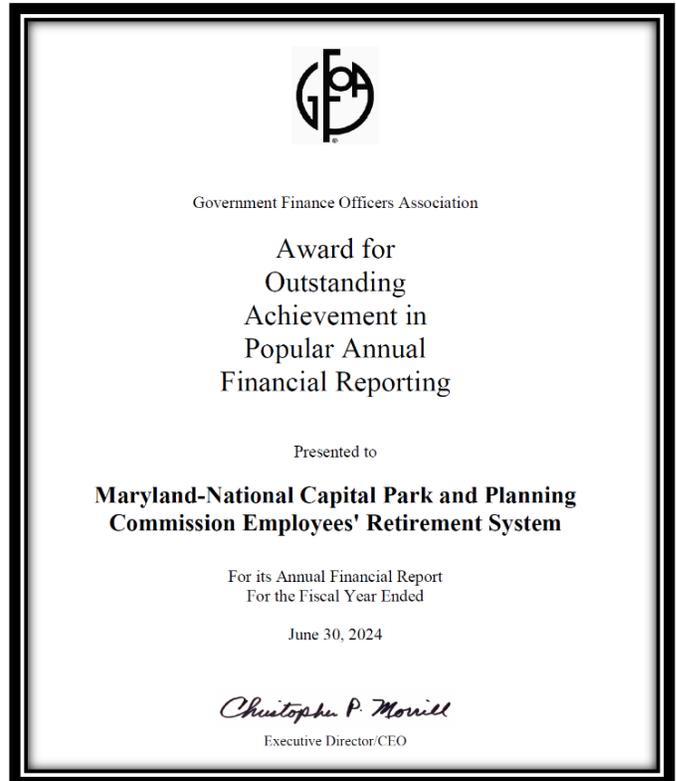
The ERS consists of five defined benefit pension plans sponsored by the Commission for its employees. Three of the Plans, A, B, and D are closed, and two Plans, C and E, are open for park police and general employees, respectively. The ERS provides normal and early retirement benefits, spouse and children survivor benefits, active member death benefits, and post-retirement death benefits for its members.

The administrative operations of the ERS are the responsibility of the Executive Director and the staff who are employed by the Board.

Awards for Excellence

The Popular Annual Financial Report (“PAFR”) summarizes and explains the information contained in the Annual Comprehensive Financial Reports for the last fiscal year, along with other information on the Employees’ Retirement System (“ERS”) finances, in easily understood terms. The PAFR represents the ongoing commitment of the Board of Trustees to keep the employees, residents and public informed about the ERS finances, and to be accountable in all respects for the receipt and expenditure of public funds.

The ERS has received the Award for Outstanding Achievement in Popular Annual Financial Reporting from the Government Finance Officers Association annually since 2008. This respected recognition demonstrates the ERS’ commitment to prepare a high quality PAFR.



For the last 21 years, the ERS has been recognized by the Public Pension Coordinating Council for the Public Pension Standards Award For Funding and Administration. The Standards serve as a benchmark by which all public defined benefit plans should be measured.

A Letter to Our Members

Board of Trustees

Darryl Barnes
Chairman, Prince George's
County Commissioner

James Hedrick
Vice-Chair, Montgomery
County Commissioner

William Spencer
Acting Executive Director
Ex-Officio

Gavin Cohen
Secretary-Treasurer
Ex-Officio

Anton White
FOP
Represented Trustee

Lisa Blackwell-Brown
MCGEO
Represented Trustee

Theodore J. Russell III
Prince George's County
Open Trustee

Caroline McCarthy
Montgomery County
Open Trustee

Elaine A. Stookey
Bi-County
Open Trustee

Pamela F. Gogol
Montgomery County
Public Member

Sheila Morgan-Johnson
Prince George's County
Public Member



To Our Members, Retirees and Beneficiaries:

We are pleased to present the 2025 Popular Annual Financial Report for the Maryland-National Capital Park and Planning Commission Employees' Retirement System. This Annual Report provides a more condensed version of the more detailed Annual Comprehensive Financial Report. Most importantly, this report helps to simplify the key data points of the Fund to help members and citizens understand the

financial health and status of the retirement fund.

In fiscal year 2025, the retirement system paid approximately \$74.2 million in pension benefits to retirees and beneficiaries. To fund these benefits the System's investment portfolio generated a return of 9.5%, surpassing the actuarial return assumption of 6.7%. The market value of the assets increased from approximately \$1.17 billion in fiscal year 2024 to approximately \$1.25 billion in fiscal year 2025.

In addition, as of the valuation date June 30, 2025, the ratio of actuarial assets to actuarial accrued liabilities stood at 88.17%, reflecting a one percent increase over the previous year. This places the ERS among the top tier of its peer group.

Diversifying investments across various asset classes is essential for constructing a resilient portfolio capable of navigating market fluctuations and ensuring growth. In fiscal year 2025, the ERS engaged its investment consultant to conduct an Asset-Liability Study, offering a thorough strategic evaluation of the Plan's investment holdings and future liabilities. Following this analysis, the Board of Trustees approved a revised asset allocation policy designed to strengthen protection against inflation and market volatility relative to the previous strategy.

While the PAFR is not audited, the financial information is derived from the audited 2025 Annual Comprehensive Financial Report (ACFR). We encourage you to consider the information in this report in conjunction with the ACFR, which can be found on our website at www.ers.mncppc.org/about-ers.

We are committed to providing retirement security for M-NCPPC public servants. Strong governance and responsible stewardship are essential to the successful operation of the Employees' Retirement System.

Regards,



Darryl Barnes
Chairman, Board of Trustees

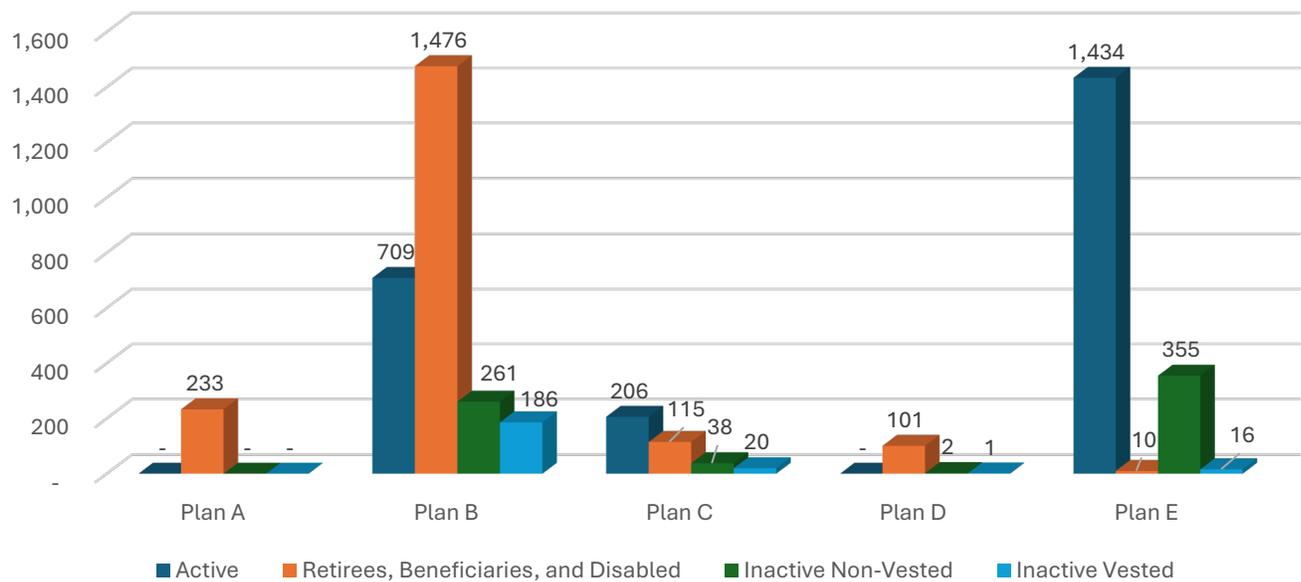


Jaclyn F. Harris
Jaclyn F. Harris
Executive Director

Membership

	June 30, 2024	June 30, 2023	June 30, 2022	% change 2024	% change 2023
Total Membership	5,163	4,945	4,768	4.41	3.71
Active	2,349	2,192	2,127	7.16	3.06
Retirees, Beneficiaries, and Disabled	1,935	1,898	1,825	1.95	4.00
Inactive Non-Vested	656	622	581	5.47	7.06
Inactive Vested	223	233	235	(4.29)	(0.85)
Active Members	2,349	2,192	2,127	7.16	3.06
Average Age	46.88	47.18	47.52	(0.64)	(0.72)
Average Years of Service	10.03	10.33	11.07	(2.90)	(6.68)
Average Annual Salary	\$90,798	\$90,379	\$82,228	0.46	9.91
Active Members Eligible for Normal Retirement within the Next 5 Years	584	596	628	(2.01)	(5.10)
Number Receiving Benefits	1,910	1,874	1,804	1.92	3.88
Average Monthly Benefit	\$3,089	\$2,970	\$2,851	4.01	4.17
Average Final Average Salary	\$73,296	\$71,907	\$70,243	1.93	2.37
Average Years of Service	22.7	22.7	22.6	0.00	0.44

Membership By Plan



Financial Summary

Statement of Fiduciary Net Position (condensed) For Fiscal Year Ended June 30th (amounts expressed in millions)

	2025	2025 Amount Change	2025 % change	2024	2024 Amount Change	2024 % change	2023
ASSETS							
Investments, at fair value	\$1,208.8	\$70.0	6.1%	\$1,138.8	\$39.3	3.6 %	\$1,099.5
Receivables	1.5	-	-	1.5	0.1	7.1	1.4
Securities lending collateral	39.8	11.1	39.2	28.6	(3.5)	(10.9)	32.1
Other assets	0.6	(0.1)	(12.5)	0.8	(0.3)	(27.3)	1.1
TOTAL ASSETS	1,250.7	81.0	6.9	1,169.7	35.6	3.1	1,134.1
LIABILITIES							
Payables and accrued liabilities	2.6	(4.8)	(64.9)	7.4	4.80	184.6	2.6
Payable for securities lending collateral	40.5	11.1	37.8	29.4	(3.30)	(10.1)	32.7
TOTAL LIABILITIES	43.0	6.2	16.9	36.8	1.5	4.4	35.3
NET POSITION	\$1,207.7	\$74.8	6.6%	\$1,132.9	\$34.1	3.1%	\$1,098.8

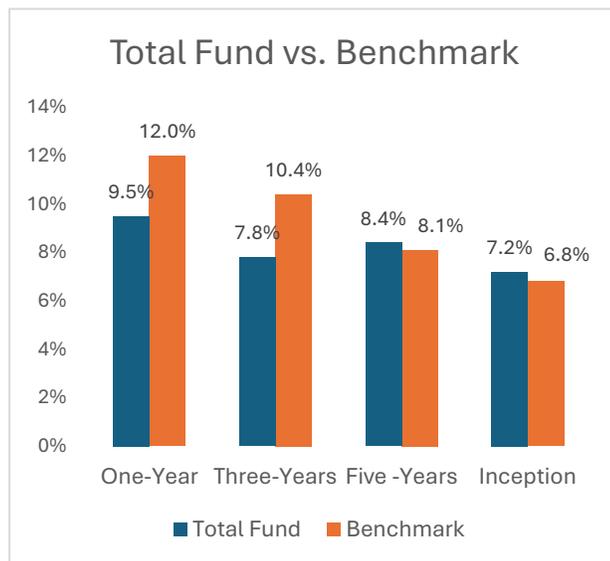
Statement of Changes in Fiduciary Net Position (condensed) For the Fiscal Year Ended June 30th (amounts expressed in millions)

	2025	2025 Amount Change	2025 % change	2024	2024 Amount Change	2024 % change	2023
ADDITIONS							
Employee Contributions	\$10.4	\$1.0	10.6%	\$9.4	\$1.1	13.3%	8.3
Employer Contributions	35.6	7.2	25.4	28.4	2.7	10.5	25.7
Net investment gain	106.7	35.2	49.2	71.5	(7.5)	(9.5)	79.0
TOTAL ADDITIONS	152.7	\$43.4	39.7	109.3	(3.7)	(3.3)	113.0
DEDUCTIONS							
Benefit payments	74.3	3.0	4.2	71.3	4.7	7.0	66.6
Refunds of contributions	0.6	(0.4)	(37.9)	1.0	(0.2)	(19.0)	1.2
Administrative expenses	3.0	.1	2.2	2.9	0.3	15.2	2.6
TOTAL DEDUCTIONS	77.9	2.7	3.6	75.2	4.8	6.9	70.4
INCREASE IN NET POSITION	74.8	40.7	119.2	34.1	(8.5)	(20.0)	42.7
NET POSITION							
BEGINNING OF YEAR	1,132.9	34.10	3.1	1,098.8	42.70	4.0	1,056.1
END OF YEAR	\$1,207.7	\$74.8	6.6%	\$1,132.9	\$34.1	3.1%	\$1,098.8

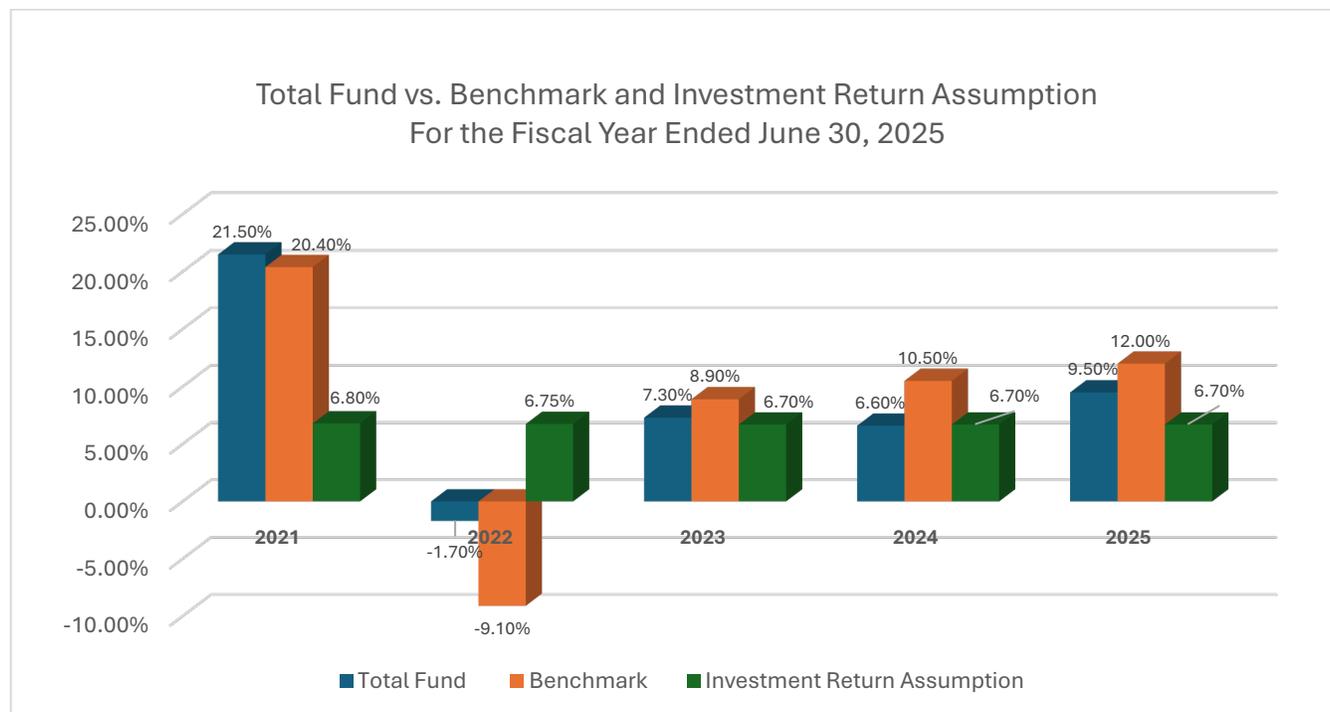
Investment Performance

Investment returns are reported net of investment expenses, on an average annualized basis. The total fund is measured against a policy benchmark and asset classes are measured against a relevant broad market benchmark. Benchmarks are standards used to measure investment performance. The investment portfolio was valued at \$1.25 billion as of June 30, 2025.

For the one-year ended June 30, 2025, the total fund returned 9.5% compared to the policy benchmark return of 12.0% and the assumed rate of return of 6.70%. Over the past one-year the plan's public equities and fixed income portfolio posted positive returns, which was attributed to strong investment performance. For the three-years, five-years, and since inception periods ended June 30, 2025, total portfolio returns were 7.8%, 8.4%, and 7.2%, respectively. Strong U.S. and non-U.S. equity contributed to longer-term performance.



The chart below shows the returns compared to the policy benchmark and investment return assumption for the last 5 years. Return on investments in excess of the investment return assumption decreases the actuarial accrued liabilities and contributions to the Plan.



Actuarial Summary

Schedule of Funding Progress (amounts expressed in millions)

The funded ratio is a measure of a plan's health and is a gauge of progress in accumulating assets to pay the promised benefits. The funded ratio can change annually based on changes in liabilities, investment returns, actuarial assumptions, employee demographics, and more. Analysis of the trend overtime indicates whether the ERS is becoming stronger or weaker. Generally, the greater the funded ratio is, the stronger the plan. The ERS' ability to provide benefits is strong and secure because the Commission has consistently funded as required by the determination of the actuarial valuation completed each year for the following year funding purposes.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Actuarial Accrued Unfunded Liability (b) – (a)	Funded Ratio % (a)/(b)
07/01/2016	856.28	949.30	93.02	90.20
07/01/2017	899.34	991.62	92.28	90.69
07/01/2018	943.07	993.32	50.25	94.94
07/01/2019	968.14	1,043.82	75.68	92.75
07/01/2020	995.04	1,091.54	96.20	91.18
06/30/2021	1,060.87	1,145.82	84.95	92.59
06/30/2022	1,101.80	1,209.53	107.73	91.09
06/30/2023	1,136.16	1,293.75	157.59	87.82
06/30/2024	1,176.83	1,349.94	173.11	87.18
06/30/2025	1,239.51	1,405.79	166.28	88.17

Benefit Payment Summary

Average Monthly Benefit Payment

Years of Credited Service ---

As of June 30, 2024	0-5	6-10	11-15	16-20	21-25	26-30	>30	Total
Number of Retirees and Survivors	63	213	229	265	324	436	380	1,910
Average monthly benefit	\$ 588	\$ 803	\$ 1,349	\$ 2,031	\$ 3,286	\$ 4,116	\$ 5,224	\$ 3,089
Average final average salary	\$ 51,923	\$ 53,380	\$ 62,502	\$ 68,637	\$ 79,647	\$ 78,803	\$ 87,551	\$ 73,296
Average years of service	4.5	8.6	13.5	18.6	23.5	29.1	34.1	22.7

Years of Credited Service ---

As of June 30, 2023	0-5	6-10	11-15	16-20	21-25	26-30	>30	Total
Number of Retirees and Survivors	65	208	227	257	317	432	368	1,874
Average monthly benefit	\$ 539	\$ 764	\$ 1,293	\$ 1,963	\$ 3,179	\$ 3,979	\$ 5,018	\$ 2,970
Average final average salary	\$ 50,386	\$ 52,435	\$ 60,945	\$ 67,872	\$ 77,406	\$ 77,053	\$ 86,225	\$ 71,907
Average years of service	4.5	8.6	13.6	18.6	23.5	29.1	34.1	22.7

Member Resources

The ERS is the Commission's primary retirement plan for its employees. The ERS is a defined benefit plan which means the benefit paid at retirement is a guaranteed benefit, based on salary and credited service. The benefits are not determined by employee contributions or investment earnings.

Detailed information regarding membership and retirement benefits can be found in the Summary Plan Description (SPD). SPDs are available for each plan and provide a detailed look at the benefit formula, eligibility requirements, contributions, credited service, and death benefits. SPDs can be found on the ERS' website along with other valuable information.



The ERS provides the resources below to help members plan for a secure retirement.

- Onsite Workshops
- One-on-One and Retirement Counseling (by appointment only)
- Annual Benefit Statement
- Popular Annual Financial Report
- Annual Comprehensive Financial Report
- Summary Plan Description
- Plan Document
- Articles published in the Commission's *Update* Newsletter - ERS Lifetimes
- Retirement Benefit Estimate
- MemberDirect Portal

MemberDirect provides Active Members secure access to view account balance information, including years of credited service; view annual benefit statements; run benefits estimates; and communicate with ERS Staff and receive electronic notifications.

Questions?

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