KPMG

NEW YORK STATE AND LOCAL RETIREMENT SYSTEM

Basic Financial Statements, Required Supplementary Information, and Other Supplementary Information

March 31, 2026

(With Independent Auditors' Reports Thereon, in Accordance With *Government Auditing Standards)*

NEW YORK STATE AND LOCAL RETIREMENT SYSTEM

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KPMG LLP
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Albany, NY 12207-2974

Independent Auditors' Report

The Trustee
New York State and Local Retirement System:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the New York State and Local Retirement System (the System) as of and for the year ended March 31, 2026, 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 fiduciary net position of the System as of March 31, 2026, and the changes in its fiduciary net position for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

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 Auditors' 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, 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.

Auditors' 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 auditors' 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 Accounting 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

U.S. generally accepted accounting principles require that the management's discussion and analysis, schedule of changes in employers' net pension liability (asset) and the related ratios, schedule of employer contributions, schedule of investment returns, and notes to required supplementary information 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 schedule of administrative expenses, schedule of investment expenses and schedule of consulting fees 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 schedule of administrative expenses, schedule of investment expenses and schedule of consulting fees are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2026 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.

KPMG LLP

Albany, New York
July 24, 2026

The following overview of the financial activity of the New York State and Local Retirement System (the System) for the fiscal year ended March 31, 2026 is intended to provide the reader with an analysis of the System's overall financial position. The System is comprised of the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS). The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all assets and record changes in fiduciary net position allocated to the System. This management's discussion and analysis should be read in conjunction with the basic financial statements of the System, which follow.

Financial Highlights

The fiduciary net position of the System held in trust to pay pension benefits was $294.4 billion as of March 31, 2026 and $273.1 billion as of March 31, 2025. This amount reflects an increase of $21.3 billion from the prior fiscal year. This change is primarily the result of the net appreciation of the fair value of the investment portfolio. The Fund continues to diversify and monitor downside risks. Net appreciation in fair value of investments for the fiscal years ended March 31, 2026 and 2025 was $25.8 billion and $11.2 billion, respectively.

- The System's investments reported a positive money-weighted rate of return, net of investment expense, of 11.91 percent for the fiscal year ended March 31, 2026 and 5.74 percent for the fiscal year ended March 31, 2025.
- Retirement and death benefits paid during the fiscal year ended March 31, 2026 to 535,427 annuitants totaled $17.5 billion, as compared to $16.8 billion paid to 528,789 annuitants for the fiscal year ended March 31, 2025. The increase is primarily due to the number of new retirees.
- Contributions from employers increased to $7.1 billion for the fiscal year ended March 31, 2026, from $6.2 billion for the fiscal year ended March 31, 2025. The increase in employer contributions was related to an increase in contribution rates from the previous year.
- The Net Pension Liability (NPL) for ERS was $5.6 billion for the measurement period ended March 31, 2026 as compared to $17.1 billion for the measurement period ended March 31, 2025. The fiduciary net position, restricted for pension benefits as of March 31, 2026, was $248.1 billion, which represents 97.8 percent of the calculated total pension liability for ERS. This NPL is allocated to participating employers and reported in their financial statements pursuant to Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*.
- The NPL for PFRS was $4.1 billion for the measurement period ended March 31, 2026 as compared to $6.1 billion for the measurement period ended March 31, 2025. The fiduciary net position, restricted for pension benefits as of March 31, 2026, was $46.3 billion, which represents 91.8 percent of the calculated total pension liability for PFRS. This NPL is allocated to participating employers and reported in their financial statements pursuant to GASB Statement No. 68.

Overview of the Financial Statements

The financial statements consist of the combining basic statement of fiduciary net position, the combining basic statement of changes in fiduciary net position, and the notes to the basic financial statements. The required supplementary information that appears after the notes to the basic financial statements is not a required part of the basic financial statements, but is supplementary information required by the GASB. The other supplementary information following the required supplementary information is not required, but management has chosen to include such information to increase transparency.

The combining basic statement of fiduciary net position reflects the resources available to pay members, retirees and beneficiaries at the close of the System's fiscal year. This statement also provides information about the fair value and composition of the System's fiduciary net position.

The combining basic statement of changes in fiduciary net position presents the changes to the System's fiduciary net position for the fiscal year, including net investment income, which includes net appreciation in fair value of the investment portfolio, and contributions from members and employers. Benefits and administrative expenses paid by the System are included under the deductions section of the statement.

The notes to the basic financial statements are an integral part of the basic financial statements and provide additional information about the plans, policies, and performance of the System.

The required supplementary information includes: Management's Discussion and Analysis, Schedule of Changes in the Employers' Net Pension Liability (Asset) and Related Ratios, Schedule of Employer Contributions and Schedule of Investment Returns and related notes to the required supplementary information.

The additional supplementary information includes: Schedule of Administrative Expenses, Schedule of Investment Expenses, and Schedule of Consulting Fees.

Analysis of the Overall Financial Position of the System

The purpose of the System's investments is to provide for long-term growth, while also ensuring a reliable cash flow that meets the funding requirements of the near-term pension obligations. To achieve these goals, the investments are allocated to a variety of asset types and strategies in order to meet the System's current funding needs as well as future growth requirements. Equity-related investments are included for their long-term return and growth characteristics. While a majority of fixed income and debt-related investments are generally included in the allocation for their ability to control investment risk and provide for a reliable cash flow that meets the funding requirements, a portion is strategically invested in more actively traded markets. It is important to note that the change from year to year is due not only to changes in fair values but also to purchases, sales, and redemptions. Tables 1, 2, and 3 summarize and compare financial data for the current and prior years.

Table 1

Summary schedule of fiduciary net position as of March 31, 2026, as compared to March 31, 2025:

	2026	2025	Dollar change	Percentage change
		(Dollars in thousands)		
Assets:				
Investments	$ 294,737,677	$ 273,287,505	$ 21,450,172	7.8%
Securities lending collateral – invested	33,377,430	31,014,692	2,362,738	7.6
Receivables and other assets	3,194,726	3,327,499	(132,773)	(4.0)
Total assets	331,309,833	307,629,696	23,680,137	7.7
Liabilities:				
Securities lending obligations	33,387,171	31,020,296	2,366,875	7.6
Payables and other liabilities	3,502,702	3,513,268	(10,566)	(0.3)
Total liabilities	36,889,873	34,533,564	2,356,309	6.8
Net position, restricted for pension benefits	$ 294,419,960	$ 273,096,132	$ 21,323,828	7.8%

The fiduciary net position of the System totaled $294.4 billion as of March 31, 2026, an increase of $21.3 billion from the prior fiscal year, primarily attributable to the appreciation of invested assets.

Table 2

Schedule of invested assets as of March 31, 2026, as compared to March 31, 2025:

	2026	2025	Dollar change	Percentage change
		(Dollars in thousands)		
Domestic equity	$ 72,688,760	$ 68,606,641	$ 4,082,119	6.0%
Global fixed income	58,364,103	54,580,487	3,783,616	6.9
International equity	43,064,676	37,621,185	5,443,491	14.5
Private equity	41,413,802	40,828,024	585,778	1.4
Real estate	30,041,093	27,812,442	2,228,651	8.0
Short-term investments	7,939,473	7,111,806	827,667	11.6
Real assets	12,572,203	11,159,333	1,412,870	12.7
Opportunistic/ARS investments	12,452,358	10,266,527	2,185,831	21.3
Mortgage loans	1,426,125	1,409,980	16,145	1.1
Credit	14,775,084	13,891,080	884,004	6.4
Total investments	$ 294,737,677	$ 273,287,505	$ 21,450,172	7.8%

Four asset classes had percentage increases over 10 percent: opportunistic/absolute return strategy (ARS or OARS) investments, international equity, real assets, and short-term investments – collectively these portfolios represent 25.8% of the Fund. Increases in the alternative portfolios reflect asset appreciation and new allocations. Growth in public equities reflects strong performance of public markets.

Table 3

Summary schedule of changes in fiduciary net position for the year ended March 31, 2026, as compared to the year ended March 31, 2025:

	2026	2025	Dollar change	Percentage change
		(Dollars in thousands)		
Additions:				
Net investment income	$ 30,775,149	$ 15,655,913	$ 15,119,236	96.6%
Total contributions	8,354,951	7,266,217	1,088,734	15.0
Total additions	39,130,100	22,922,130	16,207,970	70.7
Deductions:				
Total benefits paid	17,545,987	16,890,335	655,652	3.9
Administrative expenses	260,285	303,359	(43,074)	(14.2)
Total deductions	17,806,272	17,193,694	612,578	3.6
Net increase	21,323,828	5,728,436	15,595,392	272.2
Net position, restricted for pension benefits – beginning of year	273,096,132	267,367,696	5,728,436	2.1
Net position, restricted for pension benefits – end of year	$ 294,419,960	$ 273,096,132	$ 21,323,828	7.8%

The change in net investment income is primarily attributable to the net appreciation in fair value of investments from 2025 to 2026. The increase in total benefits paid is attributable to the number of new retirees.

Economic Factors and Rates of Return

The Fund announced a positive investment performance for the fiscal year ended March 31, 2026, with a time-weighted rate of return of positive 11.94 percent. All asset class portfolios reported positive returns. Strong performance across asset classes helped drive the Fund's investment returns higher over the past year, consumer spending remained strong, and many companies reported better than expected earnings. Public equities led the Fund's positive performance, providing a return of 20.37 percent supported by strong earnings, substantial AI-related investment, and diminished tariff related concerns. We continue to closely monitor geopolitical tensions, labor markets, and monetary policy.

(Continued)

Requests for Information

This financial report is designed to provide a general overview of the System's finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244-001. The report can also be accessed on the Comptroller's website at: www.osc.state.ny.us/retire/about_us/financial_statements_index.php.

NEW YORK STATE AND LOCAL RETIREMENT SYSTEM

Combining Basic Statement of Fiduciary Net Position

March 31, 2026

(Dollars in thousands)

	Employees' Retirement System	Police and Fire Retirement System	Total
Assets:			
Investments (notes 2(b), 4, 5, 8, and 11):			
Domestic equity	$ 61,256,994	$ 11,431,766	$ 72,688,760
Global fixed income	49,185,177	9,178,926	58,364,103
Private equity	34,900,651	6,513,151	41,413,802
International equity	36,291,892	6,772,784	43,064,676
Real estate	25,316,528	4,724,565	30,041,093
Credit	12,451,406	2,323,678	14,775,084
Real assets	10,594,972	1,977,231	12,572,203
Opportunistic/ARS	10,493,975	1,958,383	12,452,358
Short-term	6,690,832	1,248,641	7,939,473
Mortgage loans	1,201,838	224,287	1,426,125
Total investments	248,384,265	46,353,412	294,737,677
Securities lending collateral – invested (notes 7 and 8)	28,128,160	5,249,270	33,377,430
Forward foreign exchange contracts (notes 6 and 8)	5,949	1,110	7,059
Receivables:			
Employers' contributions	127,841	135,094	262,935
Members' contributions	25,699	2,258	27,957
Member loans	1,040,251	24,026	1,064,277
Investment income	476,052	88,841	564,893
Investment sales	178,436	33,300	211,736
Other	436,943	79,562	516,505
Total receivables	2,285,222	363,081	2,648,303
Capital assets, at cost, net of accumulated depreciation	454,538	84,826	539,364
Total assets	279,258,134	52,051,699	331,309,833
Liabilities:			
Securities lending obligations (notes 7 and 8)	28,136,369	5,250,802	33,387,171
Forward foreign exchange contracts (notes 6 and 8)	5,954	1,111	7,065
Employer reserve and prepayments	1,924,568	352,004	2,276,572
Accounts payable – investments	401,698	74,965	476,663
Benefits payable	274,272	29,134	303,406
Other liabilities (note 2(f))	383,983	55,013	438,996
Total liabilities	31,126,844	5,763,029	36,889,873
Net position, restricted for pension benefits	$ 248,131,290	$ 46,288,670	$ 294,419,960

See accompanying notes to basic financial statements.

NEW YORK STATE AND LOCAL RETIREMENT SYSTEM

Combining Basic Statement of Changes in Fiduciary Net Position

Year ended March 31, 2026

(Dollars in thousands)

	Employees' Retirement System	Police and Fire Retirement System	Total
Additions:			
Income from investing activities:			
Interest income	$ 1,882,155	$ 348,334	$ 2,230,489
Dividend income	1,173,740	217,226	1,390,966
Other income	1,905,441	352,643	2,258,084
Less: investment expenses	(763,850)	(141,367)	(905,217)
Net appreciation in fair value of investments	21,730,231	4,022,079	25,752,310
Total gain from investing activities	25,927,717	4,798,915	30,726,632
Income from securities lending activities:			
Securities lending income	1,209,605	223,864	1,433,469
Less: securities lending rebates	(1,165,108)	(215,629)	(1,380,737)
Less: securities lending management fees	(3,557)	(658)	(4,215)
Total income from securities lending activities	40,940	7,577	48,517
Total net investment gain	25,968,657	4,806,492	30,775,149
Contributions:			
Employers	5,619,189	1,520,260	7,139,449
Members	926,764	147,424	1,074,188
Interest on accounts receivable	6,985	4,996	11,981
Other, net	112,972	16,361	129,333
Total contributions	6,665,910	1,689,041	8,354,951
Total additions	32,634,567	6,495,533	39,130,100
Deductions:			
Benefits paid:			
Retirement benefits	14,269,495	2,800,348	17,069,843
Death benefits	329,537	10,635	340,172
Other, net	128,142	7,830	135,972
Total benefits paid	14,727,174	2,818,813	17,545,987
Administrative expenses	230,615	29,670	260,285
Total deductions	14,957,789	2,848,483	17,806,272
Net increase	17,676,778	3,647,050	21,323,828
Net position, restricted for pension benefits – beginning of year	230,454,512	42,641,620	273,096,132
Net position, restricted for pension benefits – end of year	$ 248,131,290	$ 46,288,670	$ 294,419,960

See accompanying notes to basic financial statements.

(1) Description of Plans

The Office of the New York State Comptroller administers the following plans: the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS), which are collectively referred to as the New York State and Local Retirement System (the System). The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all assets and record changes in fiduciary net position allocated to the System.

The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November 2022, he was elected for a new term commencing January 1, 2023.

The external advisory committees appointed by the Comptroller meet periodically throughout the year and provide independent, expert assistance in guiding the Fund. These committees include: the Advisory Council for the Retirement System; the Investment Advisory Committee; the Real Estate Advisory Committee; the Actuarial Advisory Committee; and the Audit Advisory Committee.

System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Generally, members of the System are employees, other than teachers, of the State and its municipalities, other than New York City.

ERS and PFRS are cost-sharing, multiple-employer, defined benefit pension plans. The System is included in the State of New York's financial report as a pension trust fund. The Public Employees' Group Life Insurance Plan (GLIP) provides death benefits in the form of life insurance. In these statements, GLIP amounts are apportioned to and included in ERS and PFRS.

As of March 31, 2026, the number of participating employers for ERS and PFRS consisted of the following:

	ERS	PFRS
State	1	1
Counties	57	4
Cities	61	61
Towns	920	169
Villages	486	299
Other	783	39
School districts	694	—
Total	3,002	573

As of March 31, 2026, the System membership for ERS and PFRS consisted of the following:

	ERS	PFRS
Retirees and beneficiaries currently receiving benefits	493,093	42,334
Active members	513,290	33,198
Inactive members*	200,706	3,664
Total members and benefit recipients	1,207,089	79,196

* Includes vested members not currently receiving benefits and nonvested members.

(a) Membership Tiers

Pension legislation enacted in 1973, 1976, 1983, 2009 and 2012 established distinct classes of membership. For convenience, the System uses a tier concept to distinguish these groups, generally:

ERS

Tier 1 Those persons who last became members before July 1, 1973.

Tier 2 Those persons who last became members on or after July 1, 1973, but before July 27, 1976.

Tier 3 Generally, those persons who are State correction officers who last became members on or after July 27, 1976, but before January 1, 2010, and all others who last became members on or after July 27, 1976, but before September 1, 1983.

Tier 4 Generally, except for correction officers, those persons who last became members on or after September 1, 1983, but before January 1, 2010.

Tier 5 Those persons who last became members on or after January 1, 2010, but before April 1, 2012.

Tier 6 Those persons who first became members on or after April 1, 2012.

PFRS

Tier 1 Those persons who last became members before July 31, 1973.

Tier 2 Those persons who last became members on or after July 31, 1973, but before July 1, 2009.

Tier 3 Those persons who last became members on or after July 1, 2009, but before January 9, 2010.

Tier 4 Not applicable.

Tier 5 Those persons who last became members on or after January 9, 2010, but before April 1, 2012, or who were previously PFRS Tier 3 members who elected to become Tier 5.

Tier 6 Those persons who first became members on or after April 1, 2012.

(b) Vesting

All Members are vested when they reach five years of service credit.

(c) Employer Contributions

Participating employers are required under the RSSL to contribute to the System at an actuarially determined rate adopted annually by the Comptroller. The average contribution rate for ERS for the fiscal year ended March 31, 2026 was approximately 15.8 percent of covered payroll. The average contribution rate for PFRS for the fiscal year ended March 31, 2026 was approximately 32.1 percent of covered payroll. Delinquent annual bills for employer contributions accrue interest at the actuarial interest rate applicable during the year. For the fiscal year ended March 31, 2026, the applicable interest rate was 5.9 percent.

(d) Member Contributions

Generally, Tier 3, 4, and 5 members must contribute 3 percent of their salary to the System. As a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1976, who have ten or more years of membership or credited service with the System, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Subsequent to the fiscal year ended March 31, 2026, the approved fiscal year 2027 New York State Budget includes new laws which reduce contribution rates for Tier 6 members. Effective October 1, 2026, the new contribution rate varies from 3 percent to 5.75 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

(e) Benefits

Tiers 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the three highest consecutive years of employment. For Tier 1 members who joined on or after June 17, 1971, each year’s compensation used in the final average salary calculation is limited to no more than 20 percent greater than the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent greater than the average of the previous two years.

Tiers 3, 4, and 5

Eligibility: Tier 3, 4 and 5 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the three highest consecutive years of employment. For Tier 3, 4 and 5 members, each year's compensation used in the final average salary calculation is limited to no more than 10 percent greater than the average of the previous two years.

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members and 62 for PFRS members.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with five or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the three highest consecutive years of employment. For Tier 6 members, each year's compensation used in the final average salary calculation is limited to no more than 10 percent greater than the average of the previous two years.

Special Plans

The 25-Year Plans allow a retirement after 25 years of service with a benefit of one-half of final average salary, and the 20-Year Plans allow a retirement after 20 years of service with a benefit of one-half of final average salary. These plans are available to certain PFRS members, sheriffs, and correction officers.

Disability Retirement Benefits

Disability retirement benefits are available to ERS and PFRS members unable to perform their job duties because of permanent physical or mental incapacity. There are three general types of disability benefits: ordinary, performance of duty, and accidental disability benefits. Eligibility, benefit amounts, and other rules such as any offsets of other benefits depend on a member's tier, years of service, and plan.

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first $50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

The approved fiscal year 2027 New York State Budget includes new laws which improve death benefits in special retirement plans for correction officers and security hospital treatment assistants. For members who die while in active service and were eligible to retire at the time death, beneficiary(ies) will receive an in-service death benefit equal to the value of the pension reserve at the date of death.

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all retirees who have attained age 62 and have been retired for five years; (ii) all retirees who have attained age 55 and have been retired for ten years; (iii) all disability retirees, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years; and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible retiree as computed on a base benefit amount not to exceed $18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1 percent or exceed 3 percent.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The System maintains records and accounts, and prepares financial statements using the accrual basis of accounting. Employer contributions are recognized when legally due, pursuant to statutory requirements, in accordance with the terms of each plan. Member contributions are based on earned member salaries and are recognized when due. Benefits, expenses, and refunds are recognized when due and payable.

(b) Investments

Investments are recorded on a trade-date basis and reported at fair value. Fair value is defined as the amount that can reasonably be expected to be received for an investment in a current sale between a willing buyer and a willing seller. Due to the nature of investments, it is reasonable that changes in the value of investments will occur in the near future, and such changes could materially affect the amounts reported. The amounts reported as investments on the financial statements are allocated between ERS and PFRS based on each system’s monthly average equity in the Fund. See note 4(c) for detailed information on the System’s policy on investment valuation and note 8 for more detail regarding the methods used to measure the fair value of investments.

(c) Member Loan Programs

Members who joined prior to January 1, 2018 are entitled to participate in a loan program that allows them to borrow up to 75 percent of their member contributions or $50,000, whichever is less. Members who joined on or after January 1, 2018, may borrow up to 50 percent of their contribution balance or $50,000, whichever is less. Repayment of outstanding amounts is generally made through payroll deductions within five years. The interest rate charged for COESC Member Loans is fixed at 1 percent below the actuarial interest rate at the time the loan is granted. The rate for loans issued during the fiscal year ended March 31, 2026 was 5.0 percent.

(d) Capital Assets

During the fiscal year ended March 31, 2014, the System began capitalizing outlays associated with the redesign of its pension administration system. As of March 31, 2024, the project was considered substantially complete. Depreciation is calculated using the straight-line method over the estimated useful life of 15 years. Accumulated depreciation as of the year ended March 31, 2026, was $84.9 million.

(e) Contributions Receivable

Employers' contributions receivable are presented net of withdrawals, refunds, advance employer payments, and credits due employers. Receivable amounts from participating employers include $14.3 million for amortization of retirement incentives, new plan adoptions, and retroactive membership. The RSSL includes several provisions related to the amortization of employer contribution amounts. These include:

- Chapter 57 of the Laws of 2010 authorized the State and local employers to amortize a portion of their annual pension costs during periods when actuarial contribution rates exceed thresholds established by the statute. Amortized amounts will be paid in equal annual installments over a ten-year period including a rate of interest set by the Comptroller annually. Employers may prepay these amounts at any time without penalty. The first payment will be due in the fiscal year following the decision to amortize. Chapter 57 further provides that when contribution rates fall below legally specified levels and all outstanding amortizations have been paid, employers that elected to amortize will be required to pay additional moneys into reserve funds, specific to each employer, which will be used to offset their contributions in the future. These reserve funds will be invested separately from pension assets.

As of March 31, 2026, the amortized receivable balance from the State is $0. The following represents the amortized receivable balance from Local participating employers, including the statutory amortization threshold and interest rate, for each respective fiscal year:

Chapter 57, Laws of 2010

	% of Payroll			
Year	**ERS**	**PFRS**	**Interest %**	**Local**
				(Dollars (in millions)
2022	15.1	25.4	1.76	0.5
2023	14.1	26.4	3.61	—
2024	13.1	27.4	4.85	—
2025	14.1	28.1	5.02	1.2
2026	15.1	29.4	4.70	2.3
				$ 4.0

- The fiscal year 2014 Enacted Budget included an alternate contribution program (the Alternate Contribution Stabilization Program) that provided certain participating employers with a one-time election to amortize slightly more of their required contributions than would be available for amortization under the 2010 legislation. In addition, the maximum payment period was increased from ten years to twelve years. The election was available to: counties, cities, towns, villages, BOCES, school districts and the four public health care centers operated in the counties of Nassau, Westchester and Erie. The State was not eligible to participate in the Alternate Contribution Stabilization Program.

The following represents the amortized receivable balance from Local participating employers as of March 31, 2026, including the statutory amortization threshold and interest rate, for each respective fiscal year:

Chapter 57, Laws of 2013

	% of Payroll			
Year	**ERS**	**PFRS**	**Interest %**	**Local**
				(Dollars (in millions)
2016	12.5	20.5	3.31	2.6
2017	13.0	21.0	2.63	3.7
2018	13.5	21.5	3.31	5.1
2019	14.0	22.0	3.99	3.8
2020	14.2	22.5	2.87	3.3
2021	14.1	23.0	1.60	4.1
2022	14.6	23.5	2.24	12.2
2023	14.1	24.0	3.70	9.1
2024	13.6	24.5	5.10	10.9
2025	14.1	25.0	5.43	24.2
2026	14.6	25.5	5.34	30.3
				$ 109.3

(f) Postemployment Benefits Other than Pensions

Employees of the System participate in a Postemployment Benefits Other than Pensions (OPEB) Plan administered by the State. The State has established a trust to fund the OPEB plan. Substantially all of the System's employees may become eligible for postemployment benefits if they reach retirement age while working for the System. The costs of providing the postemployment benefits, which primarily consists of health insurance coverage, are shared between the System and the retired employee.

The System's net OPEB liability was measured as of March 31, 2025 and was determined by an actuarial valuation as of April 1, 2024 rolled forward to March 31, 2025. The net OPEB liability and related OPEB amounts were allocated to the System based on the percentage of the System's full-time equivalents to the total full-time equivalents of the State. The OPEB amounts recorded by the System include the net OPEB liability ($235.4 million), deferred outflows of resources ($21.8 million), deferred inflows of resources ($16.6 million) and OPEB credit ($11.7 million). OPEB expense is recorded as part of administrative expenses on the combining statement of changes in fiduciary net position. Due to immateriality of the OPEB amounts to the System as a whole, the net OPEB liability, deferred outflows of resources and deferred inflows of resources are netted and included in other liabilities on the combining statement of fiduciary net position. Additionally, due to immateriality, the System has not presented all disclosures and required supplementary information prescribed by GASB Statement No. 75. For the fiscal year ended March 31, 2026, the System paid $11.3 million in benefit payments.

(g) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingencies. These estimates are subject to a certain amount of uncertainty in the near term, which could result in changes in the values reported for those assets in the combined statement of fiduciary net position. Estimates also affect the reported amounts of income/additions and expenses/deductions during the reporting period. Actual results could differ from these estimates.

(3) System Reserves

The legally required reserves, as covered by provisions of the RSSL, are maintained by the System, are fully funded as of March 31, 2026, and are described below:

- *Annuity Savings Funds* – Funds in which contributions of Tier 1 and Tier 2 members are accumulated.
- *Annuity Reserve Funds* – Funds from which member contribution annuities are paid.
- *Pension Accumulation Funds* – Funds in which employer contributions and income from the investments of the System are accumulated.
- *Pension Reserve Funds* – Funds from which pensions are paid.
- *Designated Annuitant Funds* – Funds from which beneficiary annuities are paid.
- *Loan Insurance Funds* – Funds that provide loan insurance coverage for members with existing no default loan balances at time of death.
- *Group Life Insurance Plan Reserve* – Reserves that provide group term death benefits not to exceed $50,000, payable upon the death of eligible members.
- *Coescalation (COESC) Contribution Funds* – Funds in which member contributions are accumulated. These funds are transferred to the Pension Accumulation Fund at retirement.

As of March 31, 2026, the System reserves for ERS and PFRS consisted of the following:

		ERS	PFRS
		(Dollars in thousands)	
Annuity savings	$	2,238	74,305
Annuity reserve		35,404	57,937
Pension accumulation		95,627,221	13,066,050
Pension reserve		141,241,693	32,259,858
Designated annuitant		39,373	23,519
Loan insurance		5,644	232
Group Life Insurance Plan reserve		78,581	5,876
COESC contribution		11,101,136	800,893
Total	$	248,131,290	46,288,670

(4) Investments

(a) Investment Policy

The State Comptroller, currently Comptroller Thomas P. DiNapoli, is Trustee of the Fund. He is directly accountable for the investment of Fund assets and for the oversight and management of the Fund. Comptroller DiNapoli is responsible for implementing an asset allocation with an appropriate balance of risk and return. The Trustee has put in place investment policies and practices designed to ensure that investments are made for the exclusive benefit of the participants and beneficiaries of the System, on whose behalf the assets of the Fund are invested, and that Fund investments are made with the care that a prudent person serving in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims – the “prudence” and “exclusive benefit” fiduciary standards of investment. Additionally, the Trustee has adopted policies and practices to ensure that the Fund is managed with high levels of ethical conduct and transparency.

The Comptroller seeks the input of a wide range of internal and external advisors to determine the allocation of assets and the appropriate investment choices for the Fund. The Comptroller appoints a Chief Investment Officer to oversee the Division of Pension Investment and Cash Management (PICM) operations, manage staff, and supervise investments on a day-to-day basis. The Fund also relies on advice from a network of outside advisors, consultants, and legal counsel, as well as the members of independent external advisory committees appointed by the Comptroller. Outside advisors and internal investment staff are part of the chain of approval that must recommend all investment decisions before they reach the Comptroller for final approval.

The asset allocation is not intended to be an absolute limit on the type of investments that can be made by the Comptroller or considered by staff. The Comptroller is expressly permitted to invest the assets of the Fund pursuant to various provisions of State law, including, among others, Article 4-A of the RSSL, which also contains limitations on the amount and quality of investments the Fund may hold in certain asset categories. Investments purchased pursuant to these provisions are so-called “legal list” investments. In addition to the foregoing, section 177(9) of the RSSL contains a provision that currently provides that up to 35 percent of the Fund’s assets may be placed in investments not specifically authorized by any other provision of law. In making investments under this provision, the Comptroller is subject to the exclusive benefit and prudence standards in the statute. Subject to such standards, investments made under this provision must also, to the extent reasonably possible, benefit the overall economic health of the State. Investments made pursuant to section 177(9) of the RSSL are so-called “basket clause” investments.

(b) Asset Allocation

The following was the adopted asset allocation policy as of March 31, 2026:

Asset class	Target allocation
Domestic equity	25.0%
International equity	14.0
Private equity	15.0
Real estate	12.0
Opportunistic/Absolute Return Strategy	3.0
Credit	4.0
Real assets	4.0
Fixed Income	22.0
Cash	1.0
	100.0%

(c) Methods Used to Value Investments

Equity securities traded on a national or international exchange are reported at current quoted fair values.

Bonds and other fixed income assets are primarily reported at fair values obtained from independent pricing services.

Mortgages are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar instruments.

Direct investments in real estate are valued based on independent appraisals made every three years or according to the contract.

Real estate partnerships, global fixed income funds, commingled international equity funds and various alternative investments (private equity, opportunistic/ARS funds, real assets, and credit) are reported at net asset values as provided by the general partners or investment managers.

Information on securities lending is available in note 7. Information on foreign currency risks and derivative financial instruments can be found in note 5(f) and note 6, respectively.

The Fund trades in foreign exchange contracts in the normal course of its investing activities in order to manage exposure to market risks. Such contracts, which are generally for a period of less than one year, are used to purchase and sell foreign currency at a guaranteed future price. These contracts are recorded at fair value using foreign currency exchange rates.

(d) Rates of Return

In accordance with U.S. generally accepted accounting principles, the money-weighted rate of return on plan investments, net of investment expenses, was 11.91 percent for the year ended March 31, 2026. For internal purposes, the System evaluates investment performance using the time-weighted rate of return, gross of certain investment fees, which was 11.94 percent for the year ended March 31, 2026.

(5) Deposit and Investment Risk Disclosure

(a) Custodial Credit Risk for Investments

Investment securities are exposed to custodial credit risk if the securities are not registered in the name of the Fund, or are held either by the counterparty or the counterparty's trust department or agent, but not in the name of the Fund.

Equity and fixed income investments owned directly by the Fund, which trade in the United States (U.S.) markets, are generally held by the Fund's custodian, in separate accounts, in the name of the Comptroller of the State of New York in Trust for the Fund. These securities are typically held in electronic form through the Federal Book Entry System and by the Depository Trust Company (DTC) and its subsidiaries acting as an agent of the Fund's custodian bank. Securities held directly by the Fund that trade in markets outside of the U.S. are held by a subsidiary of the Fund's custodian bank in the local market, a bank performing custodial services in the local market acting as an agent for the Fund's custodian bank, and in some foreign markets, the securities are held in electronic form by a DTC subsidiary or an organization similar to DTC.

Equity investments held indirectly by the Fund via limited partnerships, commingled investment funds, joint ventures, and other similar vehicles are held in custody by an organization contracted by the general partner and/or the investment management firm responsible for the management of each investment organization.

Title to real estate invested in by the Fund is held either by a real estate holding company or a real estate investment fund. Ownership of mortgage assets is documented by the Fund's holding of original mortgage and note documents by the Office of the State Comptroller's PICM.

(b) Custodial Credit Risk for Deposits

Deposits are exposed to custodial credit risk if the deposits are not covered by depository insurance or the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging institution's trust department or agent, but not in the name of the Fund.

In accordance with existing policies and procedures, the PICM in the Office of the State Comptroller monitors deposit balances for the purpose of determining collateralization levels. Collateral sufficient to cover all uninsured deposits is held at the State's custodial bank.

(c) Interest Rate Risk

The System is subject to interest rate risk, which is the risk that changes in market interest rates will adversely affect the fair value of the Fund's fixed income securities. Pursuant to the Fund's investment policies and procedures and to address changing economic factors and their impact on various sectors of the economy, PICM staff meets regularly to discuss the investment strategy for the fixed income portfolio. Several factors are taken into account when formulating this strategy, including sector weightings and the current duration of the portfolio.

The price volatility of the Fund’s fixed income holdings is measured by duration. Effective duration is a measure of the price sensitivity of a bond to interest rate movements. Effective duration follows the concept that interest rates and bond prices move in opposite directions.

As of March 31, 2026, the duration of the fixed income portfolio is as follows (dollars in thousands):

Category	Fair value	Percentage of portfolio	Effective duration
Global fixed income:			
Core portfolio:			
Treasury	$ 25,312,504	43.4 %	7.72
Treasury Inflation-Protected Securities (TIPS)	905,572	1.6	3.98
Federal agency	891,154	1.5	4.39
Corporate	14,086,188	24.1	4.80
Asset-backed	1,906,001	3.3	2.65
Commercial mortgage-backed	851,476	1.5	1.19
Mortgage-backed	8,811,487	15.1	4.54
Collateralized loan obligations	3,490,018	6.0	0.09
Municipal bonds	576,828	1.0	6.87
Core portfolio	56,831,228	97.5	5.66
Externally managed funds:			
Calvert Research and Management	296,967	0.5	6.08
New Century Advisors	591,808	1.0	5.21
Ramirez Asset Management	378,785	0.6	8.00
Teachers Advisors (Nuveen)	265,315	0.4	5.85
Total global fixed income	$ 58,364,103	100.0 %	
Mortgage loans:			
Berkadia	1,024,843	71.9	
CPC	401,282	28.1	
Total mortgage loans	$ 1,426,125	100.0 %	
Total	$ 59,790,228		

(d) Credit Risk of Debt Securities

Fixed income obligations purchased pursuant to section 177(1-a) of the RSSL must be investment grade at the time of their acquisition. A bond is considered investment grade if its credit rating is Baa or higher by Moody’s or BBB– or higher by Standard & Poor’s. Fixed income obligations purchased pursuant to section 177(9) of the RSSL, the “basket clause,” are subject to a standard of prudence. As of March 31, 2026, credit ratings, obtained from several industry rating services, for the fixed income portfolio are as follows (dollars in thousands):

	Quality rating	Fair value	Percentage of fair value
Global fixed income:	AAA	$ 6,282,184	10.76 %
	AA	38,021,470	65.15
	A	7,219,135	12.37
	BBB	6,704,792	11.49
	BB	55,156	0.09
	B	62,280	0.11
	CCC	1,472	< 0.01
	CC	434	< 0.01
	C	285	< 0.01
	D	492	< 0.01
	Not Rated	16,403	0.03
	Total Global fixed income	$ 58,364,103	100.00 %
Mortgage loans:	Not Rated	1,426,125	100.00 %
	Total	$ 59,790,228	

(e) Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Fund’s investment in a single issuer.

As of March 31, 2026, the System did not hold any investments in any one issuer that totaled 5 percent or more of the pension plan’s fiduciary net position. Investments issued or explicitly guaranteed by the U.S. government and pooled investments are excluded.

Issuer limits for investments held by the Fund are established by law and by policy guidelines adopted by PICM.

Short-term fixed income investments not purchased pursuant to section 177(9) of the RSSL are generally limited to the following investment types maturing in one year or less:

- Obligations for which the full faith and credit of the U.S. government is pledged to provide payment of interest and principal.

- Obligations issued by any Federal Home Loan Bank or obligations fully guaranteed as to principal and interest by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation.
- Commercial paper that has received the highest rating from two nationally recognized rating services. A maximum of $500 million of the short-term portfolio may be invested in any one commercial paper issuer.
- Simultaneous purchase and sale of U.S. Treasury obligations may be executed with Primary Government dealers.
- Corporate and asset-backed securities (ABS) that are rated investment grade by two nationally recognized rating services. ABS must have a weighted average life of one year or less.

Fixed income investments not purchased pursuant to section 177(9) of the RSSL are generally limited to the following investment types with maturities longer than one year:

- Obligations for which the full faith and credit of the U.S. government is pledged to provide payment of principal and interest.
- Obligations payable in U.S. dollars issued by any department, agency, or political subdivision of the U.S. government or issued by any corporation, company, or other issuer of any kind or description created or existing under the laws of the U.S., any state of the U.S., the District of Columbia, or the Commonwealth of Puerto Rico, and obligations payable in U.S. funds of Canada or any province or city of Canada, provided each obligation at the time of investment shall be rated investment grade by two nationally recognized rating services (or by one nationally recognized rating service in the event only one such service rates such obligation). The aggregate investment by the Fund in the obligations of any one issuer shall not exceed 2 percent of the assets of the Fund or 5 percent of the direct liabilities of the issuer.
- Interest-bearing obligations payable in U.S. funds, which at the time of investment are rated in one of the three highest rating grades by each rating service approved by the New York State Department of Financial Services that has rated such obligations. The aggregate amount invested in the obligations of any single issuer may not exceed 1 percent of the assets of the Fund.
- Bonds issued or guaranteed by the State of Israel and approved by the United States Comptroller of the Currency, payable in U.S. dollars, not to exceed 5 percent of the assets of the Fund.
- Obligations issued or guaranteed by the International Bank for Reconstruction and Development (not to exceed 5 percent of the assets of the Fund), the Inter-American Development Bank, the Asian Development Bank, or the African Development Bank.

Fixed income investments purchased pursuant to section 177(9) of the RSSL are subject to standards of prudence and the exclusion benefit rules. Subject to such standards, investments made under section 177(9) must, to the extent reasonably possible, benefit the overall economic health of the State.

(f) Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Fund has exposure through direct investments in international equities, international equity commingled funds, international real estate investments, international private equity investments, international opportunistic/ARS funds, international real asset funds and international credit funds. The Fund's asset allocation and investment policies allow for active and passive investments in international securities. The Fund permits the managers of direct investments in international equities to use forward currency contracts to manage their exposure to foreign currencies relative to the U.S. dollar. Where the Fund participates in commingled funds, limited partnerships, or other investment arrangements, the decision whether or not to use forward currency contracts to manage their foreign currency exposure is left up to the individual investment managers. To address the impact of changes in exchange rates, forward foreign exchange contracts are allowed when used to lessen portfolio volatility or hedge the portfolio's currency exposure. Foreign investments included in the combining basic statement of fiduciary net position as of March 31, 2026 are as follows (dollars in thousands):

	Equity	Cash	Real estate	Private equity, OARS, real assets, and credit	Total
Albanian Lek	$ —	$ —	$ 2	$ 74	$ 76
Argentine Peso	—	—	31	11,624	11,655
Australian Dollar	261,687	461	347,103	1,010,873	1,620,124
Bahamian Dollar	—	—	4,954	—	4,954
Bermudian Dollar	—	—	—	292,354	292,354
Botswana Pula	—	—	—	13,630	13,630
Brazilian Real	557,518	677	43,496	555,924	1,157,615
British Pound Sterling	1,827,945	3,858	897,509	5,571,602	8,300,914
Bulgarian Lev	—	—	54	6	60
Canadian Dollar	632,811	848	207,661	1,335,797	2,177,117
Cayman Islands Dollar	—	—	—	2,503,876	2,503,876
Chilean Peso	16,098	139	—	118,537	134,774
Chinese Renminbi (Yuan)	401,250	8	105,639	1,302,375	1,809,272
Colombian Peso	1,376	28	—	29,138	30,542
Costa Rican Colón	—	—	—	6	6
Czech Koruna	8,044	27	72,341	21,506	101,918
Danish Krone	153,632	1,357	231,517	197,806	584,312
Dominican Peso	—	—	—	35,186	35,186
Egyptian Pound	5,266	—	—	6,311	11,577
Euro	4,334,408	5,704	1,961,254	10,243,761	16,545,127
Hong Kong Dollar	1,402,478	926	33,122	221,967	1,658,493
Hungarian Forint	85,169	152	—	12,006	97,327
Icelandic Króna	—	—	—	5,427	5,427
Indian Rupee	594,227	1,284	276,291	1,780,042	2,651,844
Indonesian Rupiah	110,415	—	—	167,500	277,915
Israeli New Shekel	118,960	670	—	991,870	1,111,500
Japanese Yen	2,289,359	42,351	152,458	448,088	2,932,256
Kenyan Shilling	—	—	—	13,739	13,739
Kuwaiti Dinar	3,441	—	—	—	3,441
Malaysian Ringgit	54,752	234	19,399	92,736	167,121
Maldivian Rufiyaa	—	—	—	10,880	10,880
Mauritian Rupee	—	—	—	54,948	54,948
Mexican Peso	158,112	512	78	334,144	492,846
New Taiwan Dollar	1,432,981	3,718	—	106,226	1,542,925
New Zealand Dollar	145,724	—	5,422	46,823	197,969
Nigerian Naira	—	—	—	11,191	11,191
Norwegian Krone	505	75	13,267	131,907	145,754
Peruvian Sol	36	3	—	59,182	59,221
Philippine Peso	29,466	98	—	106,095	135,659
Polish Złoty	88,940	563	197,112	57,640	344,255
Qatari Riyal	10,168	516	—	—	10,684
Romanian Leu	—	—	7,071	4,490	11,561
Russian Ruble	—	—	—	7,686	7,686
Saudi Riyal	135,329	682	—	1,372	137,383
Singapore Dollar	235,176	160	18,853	428,142	682,331

	Equity	Cash	Real estate	Private equity, OARS, real assets, and credit	Total
South African Rand	$ 132,615	865	28	983	134,491
South Korean Won	1,112,063	96	61,969	666,106	1,840,234
Sri Lankan Rupee	—	—	782	—	782
Swedish Krona	153,829	10	196,052	883,823	1,233,714
Swiss Franc	893,579	2,212	8,079	644,516	1,548,386
Thai Baht	131,645	—	—	51,703	183,348
Turkish Lira	42,340	239	—	122,052	164,631
Ugandan Shilling	—	—	—	2,061	2,061
Ukrainian Hryvnia	—	—	2,802	13,011	15,813
United Arab Emirates Dirham	95,929	177	16,868	226,971	339,945
Vietnamese đồng	—	—	298	125,937	126,235
Other	—	—	172	—	172
Total subject to foreign currency risk	17,657,273	68,650	4,881,684	31,081,650	53,689,257
Commingled international equity in US dollars	21,209,310	—	—	—	21,209,310
Foreign investments in US dollars	4,198,093	—	192	15,856,584	20,054,869
Total Foreign Investments	$ 43,064,676	$ 68,650	$ 4,881,876	$ 46,938,234	$ 94,953,436

(6) Derivatives

A derivative is generally defined as an investment contract or security with a value that depends on, or is derived from, the value of an underlying asset, reference rate, or financial index.

Forward Currency Contracts

The System may enter into forward currency contracts to manage exposure to fluctuations in foreign currency exchange rates on portfolio holdings. The System also enters into forward exchange contracts to settle future obligations. A forward exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. A contract is classified as a forward contract when the settlement date is more than two days after the trade date. Risk associated with such contracts includes movement in the value of a foreign currency relative to the U.S. dollar. The contracts are valued at forward exchange rates and include net appreciation/depreciation in the combining statement of fiduciary net position. Realized gain or loss on forward currency contracts is the difference between the original contract and the closing value of such contract and is included in the combining basic statement of changes in fiduciary net position.

The table below summarizes the fair value of foreign currency contracts as of March 31, 2026 (dollars in thousands):

Currency	Forward currency contracts	Spot currency contracts	Totals
Brazilian Real	$ —	$ (2,849)	$ (2,849)
British Pound Sterling	—	3,648	3,648
Danish Krone	(5)	(19)	(24)
Euro	6,219	13,491	19,710
Indian Rupee	(625)	—	(625)
Israeli New Shekel	(210)	(311)	(521)
Japanese Yen	(6,226)	(18,827)	(25,053)
South African Rand	—	(178)	(178)
South Korean Won	—	3,150	3,150
Swiss Franc	—	61	61
Turkish Lira	—	1,114	1,114
US Dollar	840	627	1,467
United Arab Emirates Dirham	—	148	148
Total	$ (7)	$ 55	$ 48

(7) Securities Lending Program

Section 177(d) of the RSSL authorizes the Fund to enter into security loan agreements with broker/dealers and state or national banks. The Fund has one provider to manage a securities lending program. This program is subject to a written contract between the Fund and the Contractor who acts as securities lending agent for the Fund. The securities lending agent is authorized to lend securities within the borrower limits and guidelines established by the Fund. Types of collateral received from borrowers for securities loaned are cash, government securities, and obligations of federal agencies. The securities lending provider is authorized to invest the cash collateral in short term investments that are legal for the Fund. These include domestic corporate and bank notes, U.S. Treasury obligations, obligations of federal agencies, repurchase agreements, and specific asset backed securities. All rights of ownership to securities pledged as collateral remain with the borrower except in the event of default. As of March 31, 2026, there were no violations of legal or contractual provisions. The Fund has not experienced any losses resulting from the default of a borrower or lending agent during the year ended March 31, 2026.

The Fund lends fixed income, domestic equity, and international equity securities to approved broker/dealers. Collateral for securities loaned equals 102 percent of fair value for domestic securities and 105 percent for international securities. Credit risk associated with the investment of cash collateral pledged by borrowers is mitigated by maturity restrictions, percentage limitations, and rating requirements for individual asset classes included in the Fund’s reinvestment guidelines. The Contractor acknowledges responsibility to reimburse the Fund for losses that might arise from managing the program in a manner inconsistent with the contract. The Fund manages its market risk by recording investments at market value daily and maintaining the value of the collateral held by the Fund in excess of the value of the securities loaned. As of March 31, 2026, the fair value of securities on loan was $32.78 billion. The associated collateral was $33.45 billion, all of which was cash collateral. The cash collateral has been reinvested in other instruments, which had a fair value of $33.38 billion as of March 31, 2026. The securities lending obligations were $33.39 billion. The unrealized loss in invested cash collateral on March 31, 2026 was $9.74 million, which is reported in the combining basic statement of changes in fiduciary net position as part of “Net appreciation in fair value of investments.”

All open security loans can be terminated on demand by either the Fund or the borrower. To provide sufficient liquidity, the policy of the Fund is to maintain a minimum of 5 percent collateral in overnight investments, 10 percent must mature within seven days, and 20 percent must mature within 30 days. While the Fund’s Securities Lending Investment Guidelines allow investments up to a maximum of three years for U.S. Treasury and federal agency obligations and one year for all other investments, the average term of open security loans at March 31, 2026 was 16.3 days. All loans were open loans. There were no direct matching loans.

The collateral pool is valued at fair value obtained from independent pricing services.

(8) Fair Value Measurement

The System’s investments, measured and reported at fair value, including securities lending collateral and obligations and forward foreign exchange contracts, are classified according to the following hierarchy in which the levels are based on the nature of inputs used to measure the fair value of the investment:

Level 1 – Investment fair values based on prices quoted or published in active markets for identical assets.

Level 2 – Investment fair values based on observable inputs for the assets either directly or indirectly, other than those considered Level 1 inputs, which may include quoted or published prices for identical assets in markets that are not considered to be active, and quoted or published prices of similar assets in active or inactive markets.

Level 3 – Investment fair values based on unobservable inputs.

The categorization of investments within the hierarchy above is based solely upon the objectivity of the inputs used in the measurement of the fair value of the investments and does not reflect the level of risk associated with the investments. Investments classified in Level 1 of the fair value hierarchy are valued from predetermined external pricing vendors or primary dealers who source quoted or published prices in active markets which are readily attainable exit values of these securities. Investments classified in Level 2 are subject to alternative pricing sources, including a combination of price sources, descriptive data and pricing models based on attributes such as spread data, sector, quality, duration, and prepayment characteristics. Investments classified as Level 3 are valued using best available sources such as property appraisals, discounted cash flow models and public market comparables of similar assets where applicable. The values are supplied by advisors or general partners who hold those or similar assets in investment vehicles they oversee. These pricing sources may or may not be indicative of realizable exit values attainable for the assets.

The table below summarizes assets and liabilities carried at fair value based on levels from the fair value hierarchy as of March 31, 2026, with certain assets carried at net asset value (NAV) and cost also included to allow reconciliation to the statement of fiduciary net position (dollars in thousands):

	Total	Level 1	Level 2	Level 3
Assets:				
Investments by fair value level:				
Fixed income securities:				
Short-term	$ 7,538,353	—	7,538,353	—
Global fixed income	58,364,103	748,419	57,615,684	—
Total fixed income securities	65,902,456	748,419	65,154,037	—
Equity securities:				
Domestic equities	67,448,770	67,448,490	—	280
International equities	41,504,208	41,503,700	—	508
Total equity securities	108,952,978	108,952,190	—	788
Mortgages	1,426,125	—	—	1,426,125
Private equity	1,221,151	—	—	1,221,151
Opportunistic/ARS	435,160	—	—	435,160
Real assets	349,264	—	—	349,264
Real estate	1,536,285	—	—	1,536,285
Securities lending collateral	24,213,263	—	24,213,263	—
Forward foreign exchange contracts	7,059	—	7,059	—
Total investment assets by fair value level	$ 204,043,741	109,700,609	89,374,359	4,968,773
Investments measured at cost:				
Securities lending collateral	$ 9,164,167			
Total investments measured at cost	$ 9,164,167			
Investments measured at Net Asset Value (NAV):				
Domestic equities[1]	$ 5,239,990			
International equities[2]	1,560,468			
Alternative investments:[3]				
Credit	14,775,084			
Private equity	40,192,651			
Opportunistic/ARS	12,017,198			
Real assets	12,222,939			
Real estate	28,504,808			
Total alternative investments	107,712,680			
Total investments measured at NAV	$ 114,513,138			
Investment related cash and cash equivalents not included in above	401,120			
Total investment assets	$ 328,122,166			
Liabilities:				
Investments by fair value level:				
Forward foreign exchange contracts	(7,065)	—	(7,065)	—
Total investment liabilities by fair value level	$ (7,065)	—	(7,065)	—

The table below summarizes liquidity information for investments valued at NAV (dollars in thousands):

Investments measured at NAV		Amount	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Domestic equities[1]	$	5,239,990	N/A	N/A, Weekly, Monthly, Annually	N/A, 2-90 days
International equities[2]		1,560,468	N/A	Daily, Monthly, Quarterly	15-120 days
Alternative investments:[3]					
Credit		14,775,084	10,666,265	N/A, monthly, 1-3 years	N/A, 1-90 days, 6-18 months
Private equity		40,192,651	15,584,363	N/A	N/A
Opportunistic/ARS		12,017,198	6,053,222	N/A, Monthly, Quarterly	NA, 5-90 days
Real assets		12,222,939	5,741,023	N/A	N/A
Real estate		28,504,808	9,138,656	N/A	N/A
Total investments measured at NAV	$	114,513,138	47,183,529		

1 Domestic equities consist of one commingled investment vehicle and one fund for which the System is the only investor. The funds invest primarily in publicly traded domestic equity securities. The investments are valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments.

2 International equities consist of four commingled investment vehicles which invest primarily in publicly traded international equity securities. The investments are valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments.

3 Alternative investments include private equity, opportunistic/ARS funds, real assets, credit and real estate through various fund structures. Private equity (12.24 percent* at March 31, 2026) consists of buyout, growth equity, co-investments, special situations, distressed/turnaround, venture capital, and fund of funds. Opportunistic/ARS (3.66 percent* at March 31, 2026) consists of investments in strategies including hedged equity, credit, global macro, closed-end funds,venture capital and investments that don't fit the mandates of the other asset classes. Real assets (3.72 percent* at March 31, 2026) consist of commodities, farmland, capital assets, infrastructure, and renewables. Credit (4.50 percent* at March 31, 2026) consists of non-investment grade public and private credit strategies in direct lending, distressed and special situations, specialty finance, structured credit and real assets credit through closed-end and open-end funds, co-investments, separately managed accounts and fund-of-funds. Real estate (8.69 percent* at March 31, 2026) consists of investments in separate accounts, joint ventures, co-investments and commingled funds.The fair values of the alternative investments have been determined using the NAV per share (or its equivalent) of the System's ownership interest in partner's capital. NAV is used as a practical expedient to estimate fair value. Private equity, real assets, and real estate are not eligible for redemption. Distributions are received as underlying investments within the funds are liquidated, which on average can occur over a span of 5-10 years.

***** percentages are stated relative to total investments and securities lending collateral invested.

See note 7 for detailed securities lending information and note 6 for detail forward foreign currency information.

(9) Net Pension Liability of Participating Employers

The components of the net pension liability of the employers participating in the System as of March 31, 2026, were as follows:

	Employees' Retirement System	Police and Fire Retirement System	Total
		(Dollars in thousands)	
Employers' total pension liability	$ 253,773,040	$ 50,405,659	$ 304,178,699
Fiduciary net position	248,131,290	46,288,670	294,419,960
Employers' net pension liability	$ 5,641,750	$ 4,116,989	$ 9,758,739
Ratio of fiduciary net position to the employers' total pension liability	97.78 %	91.83 %	96.79 %

(a) Actuarial Assumptions

The total pension liability at March 31, 2026 was determined using a roll forward procedure to advance the liability calculated using system assumptions and member demographics from the actuarial valuation completed as of April 1, 2025.

Economic assumptions used in the April 1, 2025 actuarial valuation include:

	ERS	PFRS
Inflation	2.9%	2.9%
Salary increases	5.2%	6.1%
Investment rate of return (net of investment expense, including inflation)	5.9%	5.9%
Cost-of-living adjustments	1.5%	1.5%

To set the long-term expected rate of return on pension plan investments, consideration was given to a building-block method using best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) 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.

Demographic assumptions used in the April 1, 2025 actuarial valuation are based on the results of an actuarial experience study completed March 31, 2025. Demographic assumptions are primarily based on System experience over the period April 1, 2020 – March 31, 2025. Annuitant mortality rates are adjusted to incorporate mortality improvements under the Society of Actuaries' Scale MP-2021.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2026 (see Investment policy – note 4(a)) are summarized below:

Asset class	Long-term expected real rate of return
Domestic equity	3.29%
International equity	5.85%
Private equity	7.00%
Real estate	5.20%
Opportunistic/ARS portfolio	5.13%
Credit	5.10%
Real assets	5.54%
Fixed Income	1.75%
Cash	0.25%

*Excludes equity-oriented long-only funds. For investment management purposes, these funds are included in domestic equity and international equity.

The real rate of return is net of the long-term inflation assumption of 2.5 percent.

(b) Discount Rate

The discount rate used to calculate the total pension liability was 5.9 percent. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System'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.

(c) Sensitivity of the Net Pension Liability to the Discount Rate Assumption

The following presents the current period net pension liability of the employers calculated using the current-period discount rate assumption of 5.9 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (4.9 percent) or one percentage-point higher (6.9 percent) than the current assumption (dollars in thousands):

	One percent decrease (4.9%)	Current assumption (5.9%)	One percent increase (6.9%)
ERS net pension liability (asset)	$ 38,531,580	$ 5,641,745	$ (21,855,612)
PFRS net pension liability (asset)	$ 11,036,484	$ 4,116,994	$ (1,593,922)

(10) Federal Income Tax Status

ERS and PFRS are qualified defined benefit retirement plans under section 401(a) of the Internal Revenue Code (IRC) and are exempt from federal income taxes under section 501(a) of the IRC. ERS and PFRS last received favorable determination letters from the Internal Revenue Service dated August 28, 2014 stating that ERS and PFRS are in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the System's financial statements.

(11) Commitments

As of March 31, 2026, the System had contractual commitments totaling $16.57 billion to fund future private equity investments, $9.86 billion to fund future real estate investments, $6.23 billion to fund future investments in opportunistic/Absolute Return Strategy funds, $5.91 billion to fund future real asset investments and $10.67 billion to fund future credit investments. When compared to note 8 the variances that exist are due to the above representing total commitments of the investment type inclusive of investments measured at fair value and net asset value. Future commitments will be funded over the commitment period through distributions, redemptions, and maturities.

(12) Contingencies

The System is a defendant in litigation proceedings involving individual benefit payments, participant eligibility, and other issues arising from its normal activities. Management of the System believes there will be no material adverse effect on the basic financial statements as a result of the outcome of these matters.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Schedule 1(a)

NEW YORK STATE AND LOCAL RETIREMENT SYSTEM

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

(Unaudited)

(Dollars in thousands)

	2026 Employees' Retirement System	2025 Employees' Retirement System	2024 Employees' Retirement System	2023 Employees' Retirement System	2022 Employees' Retirement System	2021 Employees' Retirement System	2020 Employees' Retirement System	2019 Employees' Retirement System	2018 Employees' Retirement System	2017 Employees' Retirement System
Total pension liability:										
Service cost	$ 5,350,087	$ 4,645,710	$ 4,409,328	$ 4,208,576	$ 4,046,170	$ 4,157,172	$ 3,365,522	$ 3,218,553	$ 3,004,697	$ 2,951,979
Interest	14,180,188	13,788,328	13,328,607	12,826,486	12,656,540	11,133,759	12,529,672	12,463,933	12,063,525	11,723,859
Changes of benefit terms	—	1,578,475	—	543,056	—	—	—	—	—	—
Difference between expected and actual experience	608,564	1,087,060	3,964,336	2,518,585	(1,003,716)	299,922	745,602	704,393	1,235,058	226,737
Changes in assumptions	761,137	—	—	1,797,644	—	22,441,226	(575,504)	888,656	—	—
Benefit payments	(14,599,033)	(14,077,205)	(13,546,436)	(13,035,556)	(12,415,017)	(11,850,537)	(11,207,761)	(10,781,781)	(10,200,205)	(9,740,272)
Refunds of contributions	(128,142)	(118,980)	(86,243)	(106,420)	(89,246)	(97,646)	(64,699)	(90,915)	(103,071)	(65,261)
Net change in total pension liability	6,172,801	6,903,388	8,069,592	8,752,371	3,194,731	26,083,896	4,792,832	6,402,839	6,000,004	5,097,042
Total pension liability–beginning	247,600,239	240,696,851	232,627,259	223,874,888	220,680,157	194,596,261	189,803,429	183,400,590	177,400,586	172,303,544
Total pension liability–ending (a)	253,773,040	247,600,239	240,696,851	232,627,259	223,874,888	220,680,157	194,596,261	189,803,429	183,400,590	177,400,586
Fiduciary net position:										
Contributions–employer	5,619,189	4,816,581	3,886,387	3,305,845	4,528,207	4,062,302	3,920,360	3,890,215	3,949,873	3,949,710
Contributions–member	926,764	832,913	676,976	565,110	494,802	427,032	395,338	345,846	318,439	306,218
Net investment income (loss)	25,968,657	13,231,562	24,004,744	(11,475,648)	18,984,398	59,964,043	(7,470,542)	9,140,487	18,128,993	17,194,267
Benefit payments	(14,599,032)	(14,077,205)	(13,546,436)	(13,035,556)	(12,415,017)	(11,850,537)	(11,207,761)	(10,781,781)	(10,200,205)	(9,740,272)
Refunds of contributions	(128,142)	(118,980)	(86,243)	(106,420)	(89,246)	(97,646)	(64,699)	(90,915)	(103,071)	(65,261)
Administrative expense	(230,615)	(270,000)	(210,635)	(184,229)	(144,128)	(144,234)	(121,694)	(119,304)	(106,972)	(93,943)
Other additions	119,957	66,840	64,785	64,648	109,874	103,941	(53,444)	160,431	181,725	200,379
Net change in fiduciary net position	17,676,778	4,481,711	14,789,578	(20,866,250)	11,468,890	52,464,901	(14,602,442)	2,544,979	12,168,782	11,751,098
Fiduciary net position–beginning	230,454,512	225,972,801	211,183,223	232,049,473	220,580,583	168,115,682	182,718,124	180,173,145	168,004,363	156,253,265
Fiduciary net position–ending (b)	248,131,290	230,454,512	225,972,801	211,183,223	232,049,473	220,580,583	168,115,682	182,718,124	180,173,145	168,004,363
Net pension liability (asset)–ending (a) – (b)	$ 5,641,750	17,145,727	$ 14,724,050	$ 21,444,036	$ (8,174,585)	$ 99,574	$ 26,480,579	$ 7,085,305	$ 3,227,445	$ 9,396,223
Ratio of fiduciary net position to total pension liability	97.78%	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%
Covered payroll	$ 35,613,970	33,761,879	$ 31,467,421	$ 29,933,841	$ 28,772,307	$ 27,976,135	$ 28,169,321	$ 27,374,387	$ 26,686,412	$ 26,200,001
Net pension liability (asset) as a percentage of covered payroll	15.84%	50.78%	46.79%	71.64%	-28.41%	0.36%	94.01%	25.88%	12.09%	35.86%

See accompanying independent auditors' report and notes to required supplementary information.

Schedule 1(b)

NEW YORK STATE AND LOCAL RETIREMENT SYSTEM

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

(Unaudited)

(Dollars in thousands)

	2026 Police and Fire Retirement System	2025 Police and Fire Retirement System	2024 Police and Fire Retirement System	2023 Police and Fire Retirement System	2022 Police and Fire Retirement System	2021 Police and Fire Retirement System	2020 Police and Fire Retirement System	2019 Police and Fire Retirement System	2018 Police and Fire Retirement System	2017 Police and Fire Retirement System
Total pension liability:										
Service cost	$ 1,223,465	$ 1,120,149	$ 1,032,506	$ 990,375	$ 951,585	970,797	$ 743,762	$ 713,480	$ 674,079	$ 657,407
Interest	2,792,427	2,643,787	2,511,639	2,420,655	2,363,162	2,020,024	2,252,536	2,236,527	2,154,117	2,065,752
Changes of benefit terms	—	427,324	44,918	42,038	—	—	—	—	—	—
Difference between expected and actual experience	140,003	1,083,650	1,280,459	417,029	86,530	180,496	76,209	106,384	241,387	302,375
Changes in assumptions	350,100	—	—	181,610	—	4,930,229	147,086	118,521	—	—
Benefit payments	(2,810,983)	(2,686,861)	(2,563,032)	(2,448,940)	(2,304,619)	(2,172,230)	(2,038,392)	(1,959,831)	(1,827,136)	(1,708,410)
Refunds of contributions	(7,830)	(7,289)	(4,106)	(4,726)	(96,141)	(1,558)	(284)	(1,404)	1,493	5,632
Net change in total pension liability	1,687,182	2,580,760	2,302,384	1,598,041	1,000,517	5,927,758	1,180,917	1,213,677	1,243,940	1,322,756
Total pension liability–beginning	48,718,477	46,137,717	43,835,333	42,237,292	41,236,775	35,309,017	34,128,100	32,914,423	31,670,483	30,347,727
Total pension liability–ending (a)	50,405,659	48,718,477	46,137,717	43,835,333	42,237,292	41,236,775	35,309,017	34,128,100	32,914,423	31,670,483
Fiduciary net position:										
Contributions–employer	1,520,260	1,389,718	1,168,126	1,098,241	1,099,539	967,488	862,346	854,094	873,434	837,253
Contributions–member	147,424	131,012	111,795	91,654	82,792	65,309	58,360	40,673	30,950	22,609
Net investment income (loss)	4,806,492	2,424,351	4,358,488	(2,065,123)	3,389,717	10,685,563	(1,328,229)	1,621,289	3,209,040	3,030,977
Benefit payments	(2,810,983)	(2,686,861)	(2,563,032)	(2,448,940)	(2,304,619)	(2,172,230)	(2,038,392)	(1,959,831)	(1,827,136)	(1,708,410)
Refunds of contributions	(7,830)	(7,289)	(4,106)	(4,726)	(96,141)	(1,558)	(284)	(1,404)	1,493	5,631
Administrative expense	(29,670)	(33,359)	(24,843)	(23,766)	(19,372)	(20,863)	(17,356)	(17,173)	(15,834)	(13,191)
Other additions/deductions	21,357	29,153	23,604	8,273	16,834	12,711	(23,402)	9,723	33,889	36,021
Net change in fiduciary net position	3,647,050	1,246,725	3,070,032	(3,344,387)	2,168,750	9,536,420	(2,486,957)	547,371	2,305,836	2,210,890
Fiduciary net position–beginning	42,641,620	41,394,895	38,324,863	41,669,250	39,500,500	29,964,080	32,451,037	31,903,666	29,597,830	27,386,940
Fiduciary net position–ending (b)	46,288,670	42,641,620	41,394,895	38,324,863	41,669,250	39,500,500	29,964,080	32,451,037	31,903,666	29,597,830
Net pension liability–ending (a) – (b)	$ 4,116,989	$ 6,076,857	$ 4,742,822	$ 5,510,470	$ 568,042	$ 1,736,275	$ 5,344,937	$ 1,677,063	$ 1,010,757	$ 2,072,653
Ratio of fiduciary net position to total pension liability	91.83%	87.53%	89.72%	87.43%	98.66%	95.79%	84.86%	95.09%	96.93%	93.46%
Covered payroll	$ 4,729,207	$ 4,483,662	$ 4,398,679	$ 4,185,198	$ 4,043,065	$ 3,862,735	$ 4,024,660	$ 3,730,337	$ 3,683,960	$ 3,633,237
Net pension liability as a percentage of covered payroll	87.05%	135.53%	107.82%	131.67%	14.05%	44.95%	132.80%	44.96%	27.44%	57.05%

See accompanying independent auditors' report and notes to required supplementary information.

Schedule 2

NEW YORK STATE AND LOCAL RETIREMENT SYSTEM

Schedule of Employer Contributions

(Unaudited)

(Dollars in millions)

	Employees' Retirement System									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution (1)	$ 5,619	$ 4,816	$ 3,886	$ 3,273	$ 4,528	$ 4,062	$ 3,920	$ 3,890	$ 3,950	$ 3,950
Contributions in relation to the actuarially determined contribution (2)	5,619	4,816	3,886	3,273	4,528	4,062	3,920	3,890	3,950	3,950
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Covered payroll	$ 35,614	$ 33,762	$ 31,467	$ 29,934	$ 28,772	$ 27,976	$ 28,169	$ 27,374	$ 26,686	$ 26,200
Contributions as a percentage of covered payroll	15.78%	14.26%	12.35%	10.93%	15.74%	14.52%	13.92%	14.21%	14.80%	15.08%

	Police and Fire Retirement System									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution (1)	$ 1,520	$ 1,390	$ 1,168	$ 1,077	$ 1,100	$ 968	$ 862	$ 854	$ 873	$ 837
Contributions in relation to the actuarially determined contribution (2)	1,520	1,390	1,168	1,077	1,100	968	862	854	873	837
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Covered payroll	$ 4,729	$ 4,484	$ 4,399	$ 4,185	$ 4,043	$ 3,863	$ 4,025	$ 3,730	$ 3,684	$ 3,633
Contributions as a percentage of covered payroll	32.14%	31.00%	26.55%	25.73%	27.21%	25.06%	21.42%	22.90%	23.70%	23.04%

(1) The actuarially determined contribution includes normal costs, the GLIP amounts, adjustments made to record the reconciliation of projected salary to actual salary, and miscellaneous accounting adjustments.

(2) The contributions in relation to the actuarially determined contribution reflects actual payments and installment payment plans.

See accompanying independent auditors' report and notes to required supplementary information.

Schedule 3

NEW YORK STATE AND LOCAL RETIREMENT SYSTEM

Schedule of Investment Returns

(Unaudited)

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expenses[1]	11.91%	5.74%	11.34%	(4.43)%	9.44%	33.43%	(2.64)%	5.14%	11.29%	11.40%

[1] Investment expenses include management fees, investment and accounting staff salaries and benefits, and other investment related expenses.

See accompanying independent auditors' report and notes to required supplementary information.

Changes in Benefit Terms

There were no significant legislative changes in benefits for the April 1, 2025 actuarial valuation.

Changes of Assumptions

2026: For the April 1, 2025 funding valuation, the demographic assumptions (payee mortality and active member decrements) and ERS salary scale were updated based on the System's experience from April 1, 2020 through March 31, 2025.

2025: For the April 1, 2024 funding valuation, all major assumptions and methods used were identical to that of the April 1, 2023 funding valuation.

2024: For the April 1, 2023 funding valuation, all major assumptions and methods used were identical to that of the April 1, 2022 funding valuation.

2023: For the April 1, 2022 funding valuation, the mortality improvement assumption was updated to Society of Actuaries' Scale MP-2021, the inflation assumption was increased to 2.9% and the cost-of-living assumption was updated to 1.5%. Further, the recognition of unexpected investment returns will occur in equal installments over 8 years. Finally, active member withdrawal rates for Tiers 5 and 6 were revised to reflect the New York State Legislature's change in benefit terms.

2022: For the April 1, 2021 funding valuation, the mortality improvement assumption was updated to Society of Actuaries' Scale MP-2020, the inflation assumption was increased to 2.7% and the cost-of-living assumption was updated to 1.4%, while the salary scale assumption changed to 4.4% in ERS and 6.2% in PFRS and the discount rate assumption was reduced to 5.9%. Further, a market restart was implemented to immediately recognize the market value of assets in the funding valuation.

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The April 1, 2024 actuarial valuation determined the employer rates for contributions payable in the fiscal year ended 2026. The following actuarial methods and assumptions were used:

Actuarial cost method	The System is funded using the Aggregate Cost Method. All unfunded actuarial liabilities are evenly amortized (as a percentage of projected pay) over the remaining worker lifetimes of the valuation cohort.
Asset valuation period	8-year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.
Inflation	2.9%
Salary scale	5.2% in ERS, 6.1% in PFRS, indexed by service
Investment rate of return	5.9% compounded annually, net of investment expenses, including inflation.
Cost-of-living adjustments	1.5% annually
Active member decrements	Based upon FY 2016-2020 experience
Pensioner mortality	Gender/Collar specific tables based upon FY 2016-2020 experience
Mortality improvement	Society of Actuaries' Scale MP-2021

OTHER SUPPLEMENTARY INFORMATION

Schedule 4

NEW YORK STATE AND LOCAL RETIREMENT SYSTEM

Schedule of Administrative Expenses

Year ended March 31, 2026

(Dollars in thousands)

Personal services:		
Salaries	$	92,386
Overtime salaries		4,129
Fringe benefits		35,581
Total personal services		132,096
Building occupancy expenses:		
Building, lease and condominium fees		6,112
Utilities and municipal assessments		203
Office supplies and services		(95)
Telephone		361
Total building occupancy expenses		6,581
Computer expenses:		
IT shared services*		71,159
Total computer expenses		71,159
Personal and operating expenses:		
Training		139
Travel and auto expenses – includes pre-retirement seminars		986
Postage – includes member and retiree communication		3,713
Depreciation expense		41,029
Printing – includes member and retiree communication		100
Subscriptions/memberships		383
Total personal and operating expenses		46,350
Professional expenses:		
Audit services		197
Medical/clinical services		2,375
Miscellaneous consulting services		1,527
Total professional expenses		4,099
Total	$	260,285

* The System has implemented a shared service, information technology (IT) model within the New York State Office of the State Comptroller, wherein all IT costs, including personal services, will be incorporated into the IT shared services and reflected as nonpersonal service expenditures.

See accompanying independent auditors' report.

Schedule 5

NEW YORK STATE AND LOCAL RETIREMENT SYSTEM

Schedule of Investment Expenses

Year ended March 31, 2026

(Dollars in thousands)

Investment expenses:	
Investment management and incentive fees:	
Private equity	$ 294,719
Opportunistic/ARS	128,572
Real estate	143,670
International equity	96,467
Real assets	95,989
Domestic equity	46,091
Credit	51,881
Fixed Income	3,675
Total investment management and incentive fees	861,064
Investment-related expenses:	
Miscellaneous expenses	9,548
Data processing expenses/licenses	8,281
Custodial fees	6,593
Legal fees	4,707
Mortgage loan servicing fees	3,281
Private equity consulting and monitoring	2,274
Compliance/Risk monitoring	2,154
Real estate consulting and monitoring	1,590
Real assets consulting and monitoring	1,556
Administrative expenses	1,380
Research services	789
General consulting	470
Opportunistic consulting and monitoring	400
Audit and audit-related fees	322
Fixed income consulting	424
Emerging manager program consulting and monitoring	81
Public equity consulting	303
Total investment-related expenses	44,153
Total investment expenses	$ 905,217

See accompanying independent auditors' report.

Schedule 6

NEW YORK STATE AND LOCAL RETIREMENT SYSTEM

Schedule of Consulting Fees

Year ended March 31, 2026

Fees in excess of $75,000 paid to outside professionals other than investment advisors.

		Amount	Nature
JP Morgan Chase Bank	$	6,592,859	Custodial Banking Services
Experis US LLC		4,615,117	IT Consulting Services
FIS Capital Markets US LLC		4,341,778	EDP Expense/Licenses
Cherryroad Technologies Inc		2,500,832	IT Consulting Services
Bloomberg Finance LP		1,829,991	EDP Expense/Licenses
Seyfarth Shaw LLP		989,371	Legal Services
K&L Gates LLP		983,459	Legal Services
MSCI BarraOne LLC		973,803	Compliance/Risk Monitoring
JP Morgan Chase Bank		820,656	Retail Banking Services
Corporate Resolutions, Inc.		643,200	Compliance/Risk Monitoring
FactSet Research Systems, Inc.		588,211	EDP Expense/Licenses
Jurisolutions Inc		536,739	Medical/Clinical Services
KPMG LLP		518,776	Audit Services
Chapman and Cutler LLP		443,837	Legal Services
Moody's Analytics, Inc.		402,828	EDP Expense/Licenses
Weaver and Tidwell LLP		372,000	Complia Risk Monitor
Integration Appliance Inc		358,138	EDP Expense/Licenses
DLA Piper LLP		346,340	Legal Services
RV Kuhns & Associates (General Consulting)		344,045	General Consulting
National Claim Evaluations, Inc.		336,318	Medical/Clinical Services
Reinhart Boerner Van Deuren SC		318,714	Legal Services
Seward & Kissel LLP		312,000	Legal Services
D & D Medical Associates PC		292,540	Medical/Clinical Services
Foster Garvey PC		288,425	Legal Services
Morgan Lewis & Bockius LLP		277,109	Legal Services
Pillsbury Winthrop Shaw Pittman LLP		265,777	Legal Services
Certified Management Consultants		249,730	Medical/Clinical Services
S&P Global Market Intellingence LLC		226,000	EDP Expense/Licenses
Strategas Securities, LLC		212,180	Research
Arthur J Gallagher Risk Management		198,135	Actuarial Services
First Choice Evaluations LLC		177,538	Medical/Clinical Services
Verizon Business Network Services LLC		162,513	IT Consulting Services
PitchBook Data, Inc.		154,497	EDP Expense/Licenses
Cox, Castle & Nicholson LLP		154,322	Legal Services
Comprehensive Medical Reviews LLC		149,391	Medical/Clinical Services
Institutional Shareholder Services		141,891	Administrative Expense
CoStar Group Inc		133,296	Research
Lenox Park Solutions LLC		125,000	Administrative Expen
Glass Lewis & Co, LLC		112,937	Administrative Expen
Creatacor Inc		112,811	Miscellaneous Consulting Services
PEI Media		109,735	Research
Fitch Solutions, Inc		109,262	Research
Sligo Software Solutions Inc		108,189	Miscellaneous Consulting Services
Ernst & Young LLP		107,748	Tax Services
NPC Inc		107,722	Medical/Clinical Services
Clearwater Analystics LLC		100,983	EDP Expense/Licenses
Grant & Eisenhofer, PA		100,667	Legal Services
The Offset House Inc		94,637	Medical/Clinical Services
COMPLY Technologies Inc		93,567	Complia Risk Monitor
Computer Technology Svcs Inc		91,636	Miscellaneous Consulting Services
MVP Consulting Plus Inc		89,517	Miscellaneous Consulting Services
Groom Law Group		85,913	Legal Services
Mercer Investments Climate Change		85,500	General Consulting

See accompanying independent auditors’ report.

KPMG LLP
515 Broadway
Albany, NY 12207-2974

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

The Trustee
New York State and Local Retirement System:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the New York State and Local Retirement System (the System), which comprise the combining basic statement of fiduciary net position as of March 31, 2026, and the related combining basic statement of changes in fiduciary net position for the year then ended, and the related notes to the basic financial statements, and have issued our report thereon dated July 24, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the System's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

KPMG

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Albany, New York
July 24, 2026