United States Army Nonappropriated Fund Employee Retirement Plan

Actuarial Valuation Report as of October 1, 2024

Produced by Cheiron

December 2025

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LETTER OF TRANSMITTAL

December 29, 2025

Ms. Nicole Gross
Chief, Employee Benefits Office
U.S. Army Family and MWR Command
P.O. Box 340309
Fort Sam Houston, Texas 78234

Dear Ms. Gross:

At your request, we have conducted our annual actuarial valuation of the United States Army Nonappropriated Fund Employee Retirement Plan as of October 1, 2024. The results of the valuation are contained in this report.

The purpose of this report is to present the annual actuarial valuation of the United States Army Nonappropriated Fund Employee Retirement Plan. This report is for the use of the United States Army Nonappropriated Fund Employee Retirement Plan and its auditors in preparing financial reports in accordance with applicable law and accounting requirements.

This report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

This actuarial report was prepared exclusively for the United States Army Nonappropriated Fund Employee Retirement Plan for the purpose described herein. Other users of this actuarial report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.

Sincerely,

Alison M Chafin

Alison Chafin, FSA, EA, MAAA
Consulting Actuary

Justin M. Runkel

Justin Runkel, FSA, EA, MAAA
Consulting Actuary

cc: Laura Adams
Kevin Woodrich, Cheiron

FOREWORD

Cheiron has performed the actuarial valuation of the United States Army Nonappropriated Fund Employee Retirement Plan ("Plan") as of October 1, 2024. The purpose of this report is to:

1) **Determine the actuarial contribution rate** for the fiscal year October 1, 2025 to September 30, 2026.
2) **Measure and disclose**, as of the valuation date, the financial condition of the Plan.
3) **Indicate trends** in the financial progress of the Plan.
4) **Provide specific information** and documentation required by P.L. 95-595.

An actuarial valuation establishes and analyzes Plan assets and liabilities on a consistent basis and traces the progress of both from one year to the next. It includes measurement of the Plan's investment performance as well as an analysis of actuarial liability gains and losses.

Section I – *Summary* presents a summary containing our findings and discloses important trends experienced by the Plan in recent years, as well as a projection of the expected financial condition of the Plan in the future.

Section II – *Disclosures Related to Risk* assesses and discloses various actuarial risk measures of the Plan.

Section III – *Statutory Valuation Exhibits* contains various exhibits used in determining the financial condition of the Plan.

Section IV – *Annual Report Prescribed by P.L. 95-595* includes the required disclosures and specific information required by P.L. 95-595.

Within Section IV – *Annual Report Prescribed by P.L. 95-595* of this report is a summary of the Plan's membership at the valuation date, a summary of the major provisions of the Plan, and the actuarial methods and assumptions used in the valuation.

In preparing our report, we relied on information (some oral and some written) supplied by the Employee Benefits Office. This information includes, but is not limited to, the plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23, *Data Quality*.

Future valuation results may differ significantly from the current valuation due to such factors as the following: plan experience differing from that anticipated by the assumptions, changes in assumptions, and changes in plan provisions or applicable law.

SECTION I – SUMMARY

Comments

Despite the primary focus given each year on the most recently computed valuation results, it is important to remember that each valuation is merely a snapshot of the long-term progress of the Plan. It is more important to judge the current year's valuation results relative to historical trends and future expectations.

For the fiscal year ending September 30, 2025 (FY 2025), employers contributed to the Plan at the rate of 7.60% of payroll, and we understand that level will remain for FY 2026. The actuarially calculated employer contribution rate for FY 2026 is 10.89% of payroll, which includes the cost of active member benefits attributable to the current year of service (Normal Cost) net of the 2.00% employee contribution, expected administrative expenses, and a 15-year level amortization of the Unfunded Actuarial Liability (UAL). This rate is lower than the actuarially calculated fiscal year ending September 30, 2025 employer contribution rate of 11.84%, reflecting (1) a reduction in expected administrative expenses associated with Army's system transition. (2) a net actuarial gain over the year, and (3) growth in the total active member payroll used as the basis for the contribution rate.

It is worth noting that the amounts and rates in Exhibit IV-8 Tables 2A and 2B, respectively, reflect a 40-year amortization of the UAL. These results are not indicative of the Plan's funding goals but rather our understanding of the information required to be disclosed under P.L. 95-595. If this understanding is incorrect, these tables can be modified accordingly.

After looking at current and historical results, we show 10-year projections of the contribution rate and funding status. These projections make certain assumptions about future experience regarding investment returns, salary increases, inflation, contribution levels, and participant behavior. We cannot know what will transpire, but these projections aim to provide a better understanding of the Plan's dynamics. Future experience of the Plan, particularly asset performance, will greatly impact future contribution requirements.

Our 10-year funding projections show that the funded ratio is expected to improve slightly over the period if current employer and employee contribution rates remain the same as current levels and all actuarial assumptions are exactly realized, including earning 7.25% on the Market Value of Assets each year.

To illustrate the significant impact that investment returns have on the financial health of the Plan, we also include projections that vary future annual investment returns.

SECTION I – SUMMARY

Recent Experience

The actual market value investment return net of investment expenses was 17.46% for the fiscal year ending September 30, 2024, which outperformed the 7.25% assumed rate of return. The return on an Actuarial Value basis, which smooths recent market fluctuations, was 9.08%, as past net investment gains are realized. This equated to an investment gain of $45.6 million on an actuarial basis.

Plan liabilities experienced an actuarial loss of $33.4 million (approximately 1.16% of the total Actuarial Liability), which was attributable to the following sources:

a) salaries for actives increasing more than expected ($17.6 million loss) as average payroll grew by about 6.73%, or 2.98% more than the 3.75% assumption,
b) active participants retiring, terminating, dying, and becoming disabled differently than assumed ($0.1 million loss),
c) the 3.20% cost of living adjustment awarded April 1, 2024, which was slightly lower than the assumed 3.25% increase ($1.3 million gain),
d) inactive participant experience (i.e., mortality, $13.8 million gain),
e) the total amount owed to participants due an account balance increasing more than anticipated ($0.8 million loss),
f) benefit payments being less than expected ($6.0 million gain),
g) new entrants entering the Plan ($8.9 million loss),
h) participants returning to work ($8.8 million loss), and
i) improvements in the census data provided for the actuarial valuation ($18.3 million loss).

The actuarial liability loss of $33.4 million over the last year combined with the actuarial investment gain of $45.6 million resulted in a net actuarial gain of $12.2 million. The Plan's funding ratio (Actuarial Value of Assets divided by Actuarial Liability) increased from 94.1% at October 1, 2023 to 94.3% at October 1, 2024. On a Market Value basis, the funded status increased from 93.2% to 100.7% during this period.

Several types of liabilities are calculated and presented in this report. Note that these liabilities are not appropriate for settlement purposes, including the purchase of annuities and the payment of lump sums.

SECTION I – SUMMARY

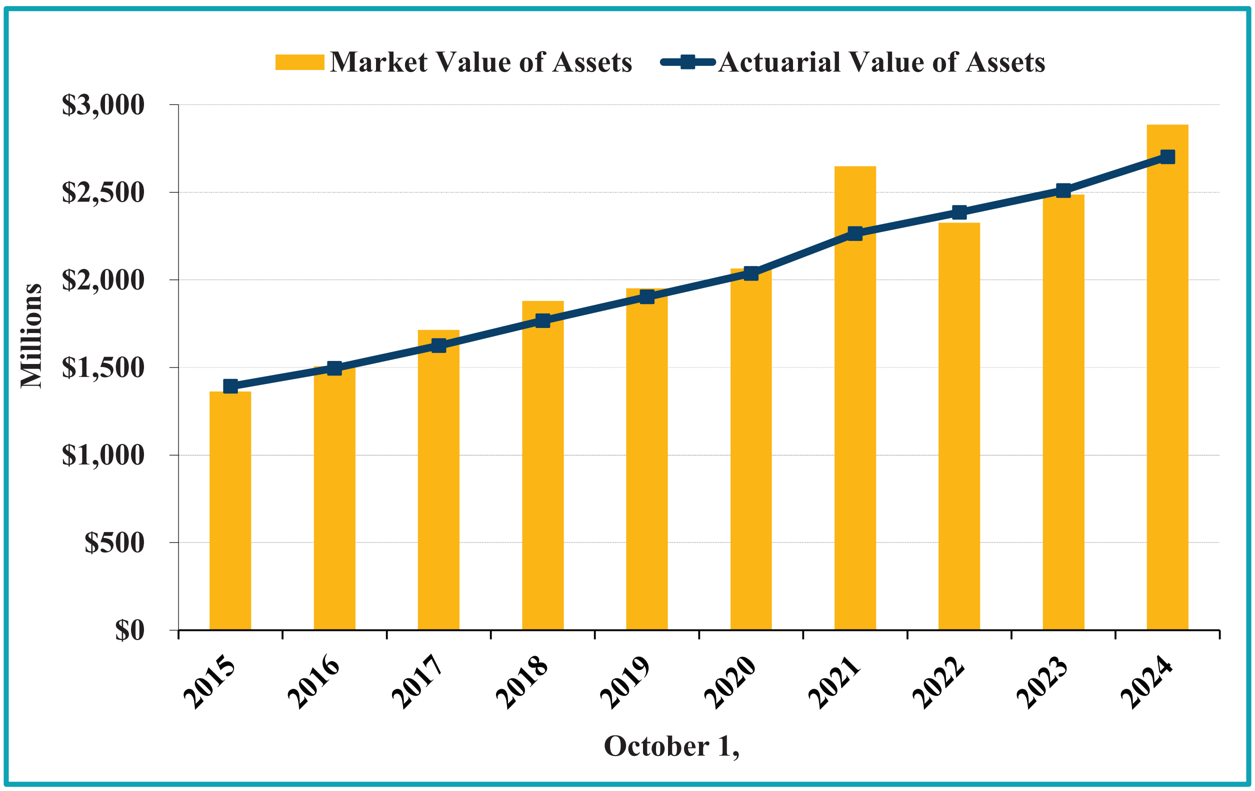
Trends

It is important to take a step back from these latest results and view them in the context of the Plan's recent history. In the following pages, we present a series of charts that display key factors of the valuations in previous years.

Growth in Assets

The following chart compares the Market Value of Assets (MVA) and the Actuarial Value of Assets (AVA). The AVA represents a "smoothed" value to reduce or eliminate volatile results which could develop from short-term fluctuations in the Market Value of Assets. The AVA is used to evaluate the Plan's ongoing unfunded liability (or surplus). Note how this actuarial technique has provided a smoother progression of assets over the last 10 years.

The MVA has increased annually since 2015 except for 2022 where the Plan experienced a -11.2% return. On an actuarial value basis, the AVA continued its annual increases as the investment losses of 2022 were offset by investment gains in prior years. As of September 30, 2024, the AVA of $2,703 million is less than the MVA of $2,886 million. This $183 million difference represents the net deferred investment gain that will be recognized in the AVA over the next few years.



SECTION I – SUMMARY

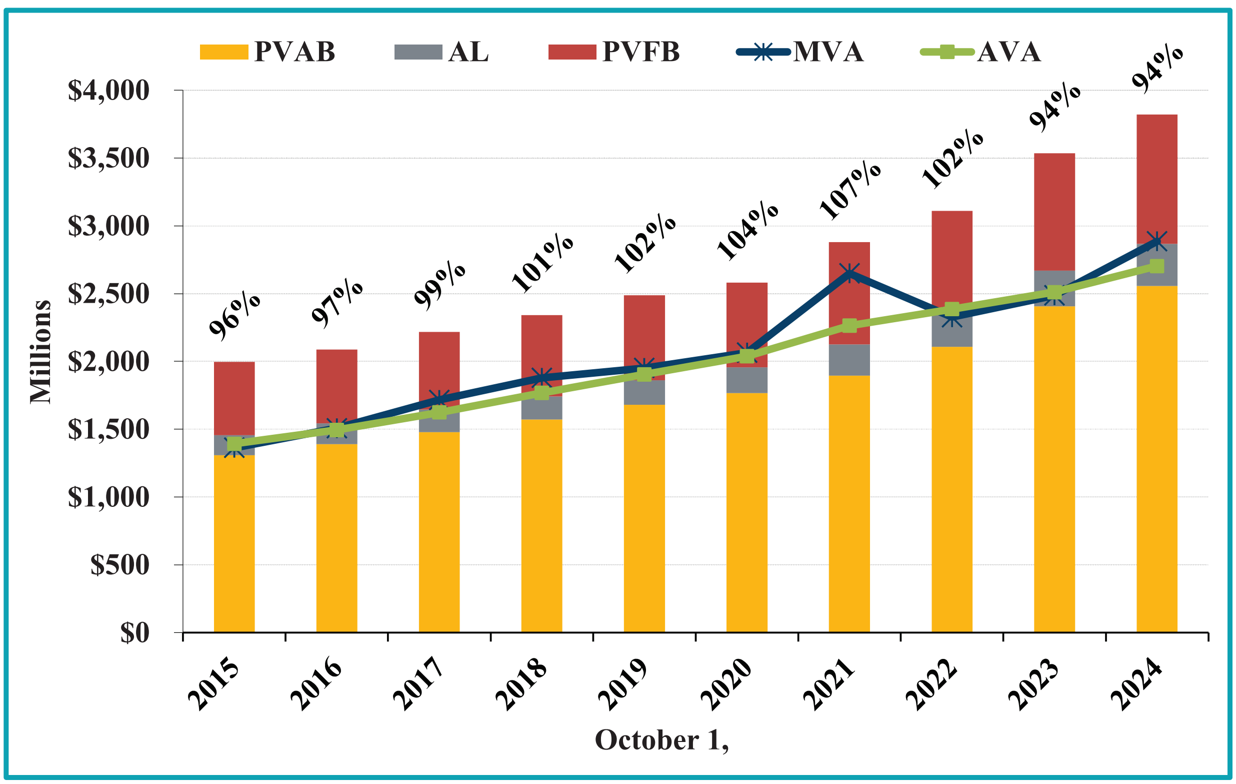
Assets and Liabilities

In the following chart, the three colored sections within each bar represent three different measures of liability discussed in this report. The amount represented by the top of the maroon bars, the Present Value of Future Benefits (PVFB), is the amount needed to provide all benefits for the current participants and their beneficiaries. If the Plan had assets equal to the PVFB, then future employer and employee contributions would not be required from the current members if all assumptions were realized. However, since contributions will continue to be made on a participant's behalf over their working career, it is not necessary to have assets near the PVFB.

Instead, the Actuarial Liability (AL), represented by the top of the gray bar, is the liability measure used for funding purposes. This measure represents the total amount of money needed to fully pay off future obligations of the Plan attributable to participants' past service. This also depends on all actuarial assumptions being met in the future.

The top of the yellow bar represents the present value of benefits that participants have accrued as of that date. This measure of liability is often referred to as the Present Value of Accumulated Benefits (PVAB).

For funding purposes, we compare the smoothed Actuarial Value of Assets (AVA), which is represented by the green line, to the AL in developing the funding ratio. These are the percentages shown in the graph labels. Finally, the Market Value of Assets (MVA) is represented by the blue line.

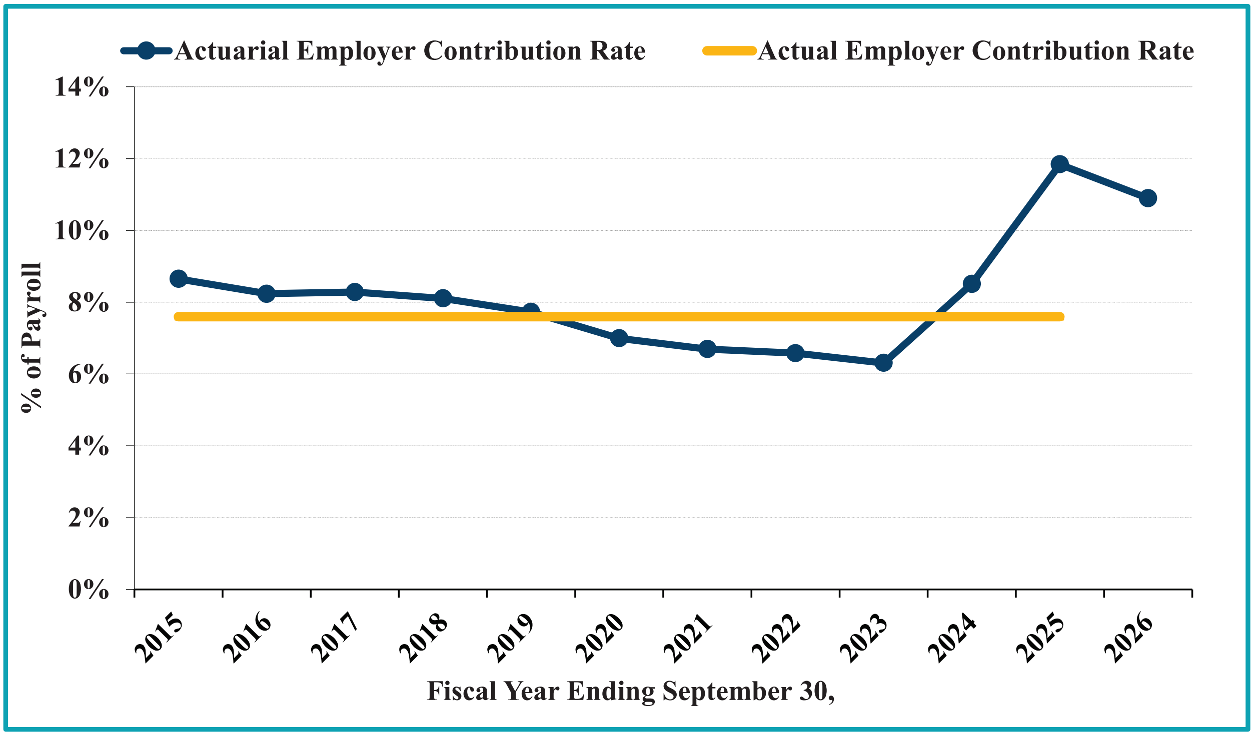


SECTION I – SUMMARY

Employer Contribution Rates

The following graph shows the actual employer contribution rate (yellow line) compared to the actuarially calculated employer contribution rate (blue line), each denominated as a percentage of payroll. The actuarially calculated employer contribution rate is comprised of the employer Normal Cost, assumed administrative expenses and a 15-year level amortization of any unfunded liability (or surplus).

The actuarially calculated employer contribution rate decreased from 11.84% for FY 2025 to 10.89% for FY 2026. The change in the administrative expense assumption contributed to 0.77% of the 0.94% total decrease. Most of the remaining decrease is due to growth in total active member payroll used as the basis for the contribution rate.



It is important to compare the a fixed employer contribution rate to a rate we refer to as the tread water rate. The tread water rate is that rate of payroll which, if contributed, would result in the Unfunded Actuarial Liability (UAL) remaining the same in the following year if all experience exactly matched the assumptions.

The tread water rate is defined as the sum of the employer Normal Cost (net of the current employee contribution rate of 2.00% of pay), assumed administrative expenses, and interest on the UAL. For FY 2026, the tread water rate is 10.29% of pay. The current employer contribution rate of 7.60% falls short of the tread water rate and the unfunded liability will grow if all assumptions are realized. This is further illustrated in the projections shown later in this report.

SECTION I – SUMMARY

Valuation Results

The following table provides a summary of the results from the October 1, 2024 actuarial valuation. Presented alongside the current year results are results from the prior valuation at October 1, 2023.

Exhibit I-1
Summary of Principal Results
($ in millions)

	October 1, 2024	October 1, 2023	% Change
Participant Data			
(a) Retired Members and Beneficiaries*	9,974	9,910	0.6%
(b) Vested Deferred Members	6,009	5,346	12.4%
(c) Non-Vested Participants Due Account Balance	34,673	32,897	5.4%
(d) Active Members	17,890	17,463	2.4%
(e) Total Participants	68,546	65,616	4.5%
(f) Annual Salaries of Active Members	$ 945.8	$ 865.0	9.3%
(g) Annual Retirement Allowances for Retired Members and Beneficiaries	$ 117.7	$ 112.3	4.8%
Assets and Liabilities			
(h) Present Value of Future Benefits	$ 3,819.6	$ 3,535.2	8.0%
(i) Actuarial Liability	$ 2,866.4	$ 2,668.8	7.4%
(j) Actuarial Value of Assets	$ 2,703.3	$ 2,510.4	7.7%
(k) Unfunded Actuarial Liability [(i) - (j)]	$ 163.1	$ 158.4	
(l) Funding Ratio on Actuarial Basis [(j) ÷ (i)]	94.3%	94.1%	0.2%
(m) Market Value of Assets	$ 2,885.5	$ 2,487.7	16.0%
(n) Funding Ratio on Market Basis [(m) ÷ (i)]	100.7%	93.2%	7.5%
(o) Present Value of Accumulated Plan Benefits	$ 2,557.5	$ 2,406.7	6.3%
Contribution Results	**Fiscal Year Ending September 30, 2026**	**Fiscal Year Ending September 30, 2025**	
(p) Total Annual Normal Cost with Expenses	$ 100.8	$ 99.1	1.7%
(q) Expected Employee Contributions	(18.9)	(17.3)	9.2%
(r) UAL Amortization	17.0	16.5	3.0%
(s) Interest to Middle of Year	4.2	4.1	2.4%
(t) Actuarial Contribution	$ 103.1	$ 102.4	0.7%
(u) As a % of Payroll [(t) ÷ (f)]	10.89%	11.84%	(0.95%)

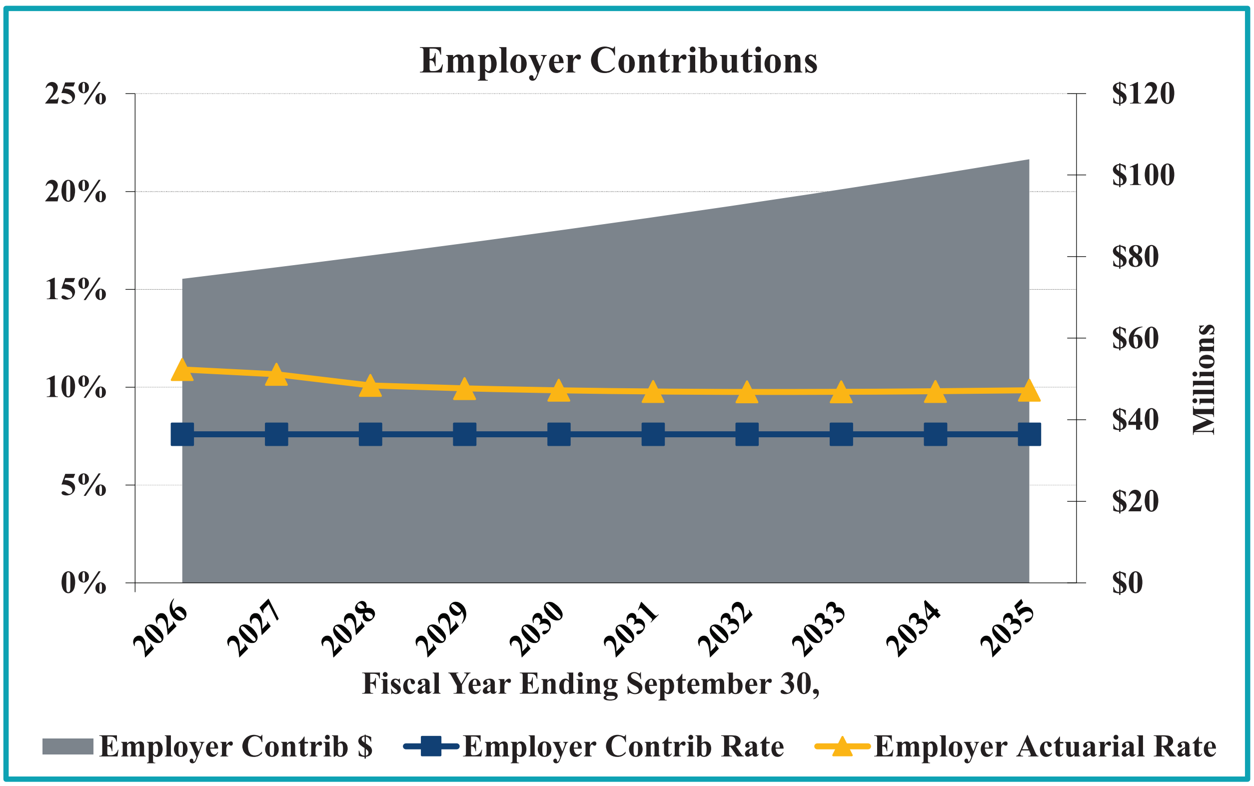
* Includes 8 participants receiving benefits from Ameritas Life Insurance Corporation as of 10/1/2023 and 7 as of 10/1/2024. Cost of living increases granted after 1980 for these 7 participants totals $33,533 per year with an Actuarial Liability of $97,633 as of 10/1/2024. The Actuarial Liability for these increases is included above.

Future Outlook

The two charts that follow show the expected progress of the Plan over the next ten years if Plan assets earn the assumed 7.25% on a market value basis and all the actuarial assumptions are met.

In the chart below, the gray shaded area represents the anticipated dollar amount (aligned with the amounts on the right axis) contributed by the employer at 7.60% of payroll. The employer contribution rate is shown by the blue line, and the actuarially calculated employer contribution rate is shown by the yellow line (aligned with the percentages on the left axis).

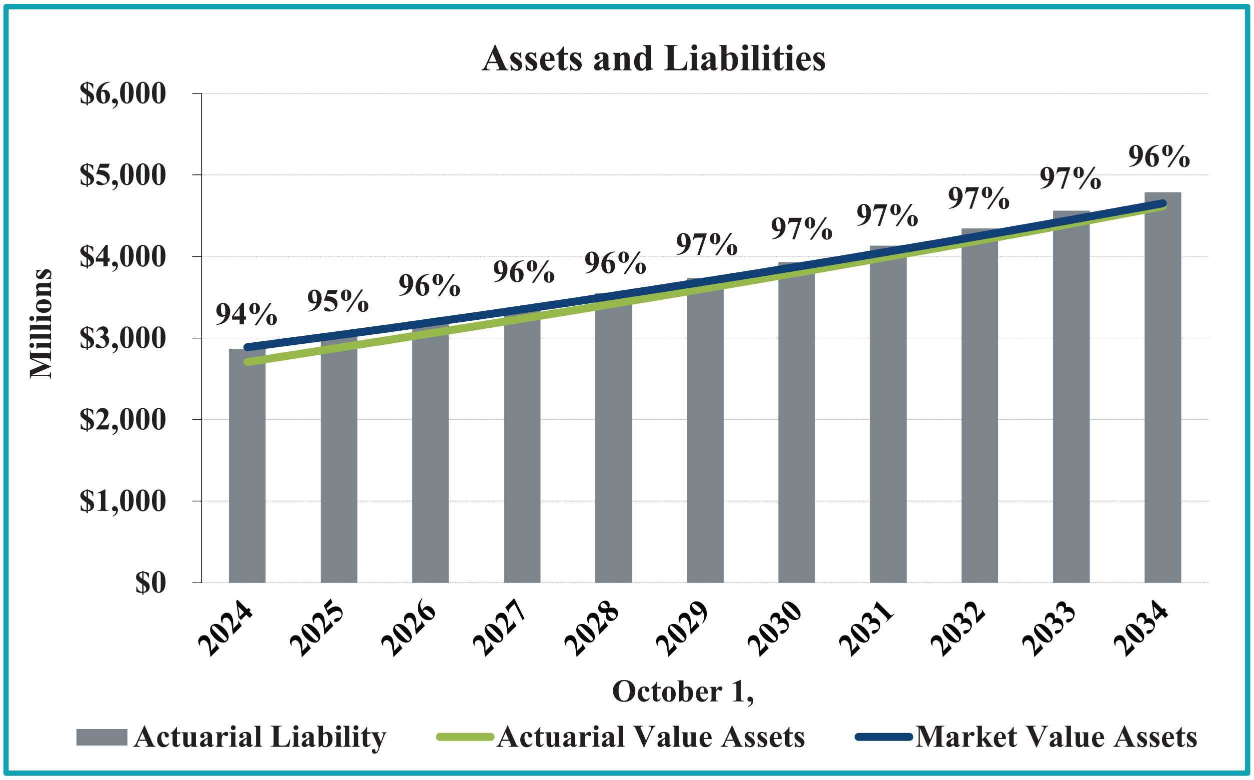
If all actuarial assumptions are met and current contribution rates remain unchanged, including the 2.0% employee contribution rate, the employer actuarial rate is expected decrease gradually over the period from 10.89% for FY 2026 to 9.84% for FY 2035 as deferred investment gains are realized. However, the employer actuarial rate is projected to remain above the current fixed employer contribution rate of 7.60% through the projection period shown. As a result, the Plan is not projected to be fully funded within the next 10 years.



Projected contributions do not reflect any additional employer contributions from other sources such as portability and DSR income or service buybacks. These additional contributions are intended to offset the additional liabilities that would be recognized as these events occur.

SECTION I – SUMMARY

The following chart entitled Assets and Liabilities shows the projected funding status. Over the next decade, the Plan is projected to increase from 94% to 96% funded on an actuarial value basis. This trend is based on continued employer and employee contributions at 7.60% and 2.00% of payroll, respectively. The Plan is not projected to be fully funded by the end of the 10-year projection period in this scenario, and the funded ratio decreases slightly at the end of the projection period as the employer fixed rate contributions are insufficient to cover the actuarial rate.



It is very important to note that these projections, while valid as baseline projections, **are not going to occur** as experience never conforms exactly to assumptions from year to year. In Section II – *Disclosures Related to Risk* we stress test the underlying investment return assumption by varying future returns to demonstrate the impact this particular assumption has on the overall health of the Plan.

SECTION II – DISCLOSURES RELATED TO RISK

Introduction

Actuarial valuations are based on a set of assumptions about future economic and demographic experience. These assumptions represent a reasonable estimate of future experience, but actual future experience will undoubtedly be different and may be significantly different. This section of the report is intended to identify the primary risks to the Plan, provide some background information about those risks, and provide an assessment of those risks.

Identification of Risks

The fundamental risk to the Plan is that the contributions needed to pay the benefits become unaffordable. For pension plans, the three primary valuation results that can significantly deviate from the assumptions are the assets, liabilities, and contributions. While there are several factors that could lead to these deviations, we believe the primary risks to this Plan are:

- Investment risk,
- Longevity and other demographic risks,
- Plan change risk,
- Contribution risk, and
- Assumption change risk.

Other risks that we have not identified may also turn out to be important.

Investment Risk is the potential for investment returns to deviate from what is expected. When actual investment returns are lower than the investment assumption used in the actuarial valuation (currently 7.25% per year), the unfunded liability will increase and the period of time over which the unfunded liability is expected to be paid will increase. Conversely, when actual returns exceed the assumption, the resulting unfunded liability measurements and amortization period will be lower than anticipated.

Longevity and Other Demographic Risk is the potential for mortality or other demographic experience to be different than expected. Generally, these risks emerge slowly over time as the actual experience deviates from what was expected. In addition, the extensive number of assumptions related to longevity and demographic experience often result in offsetting factors contributing to the Plan's overall liability experience.

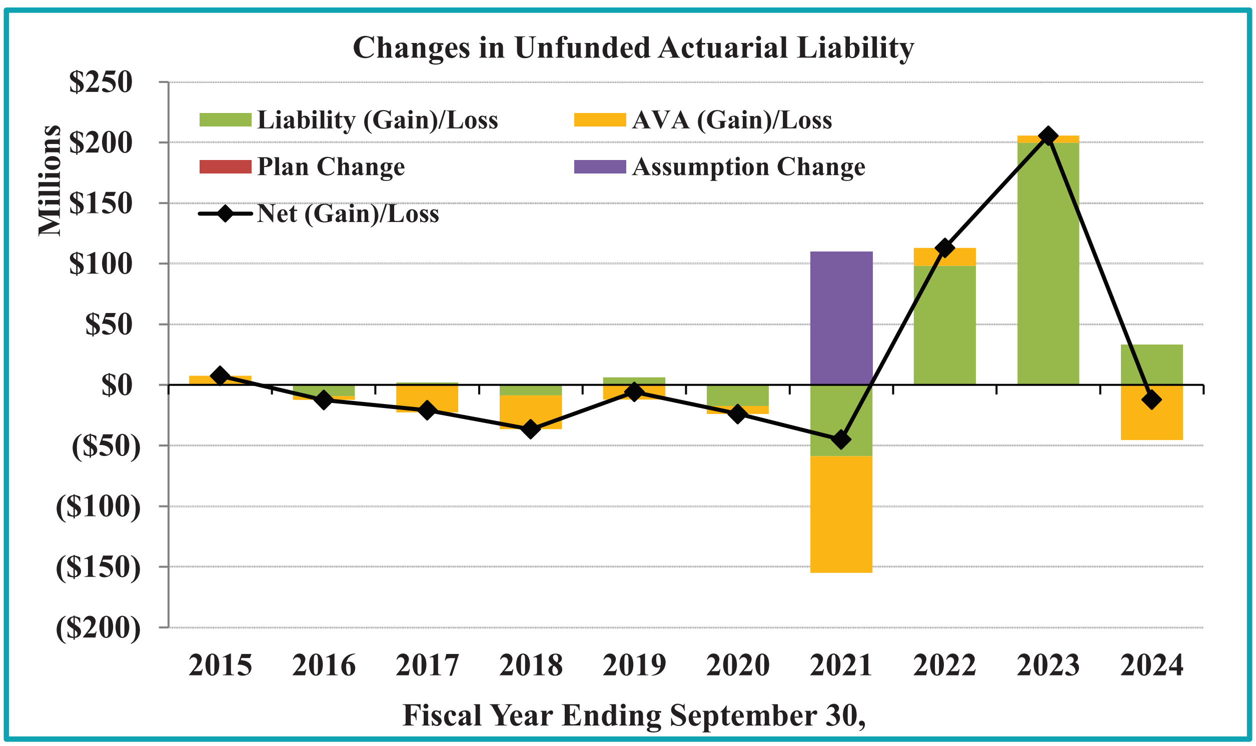
Plan Change Risk is the potential for the provisions of the Plan to be changed such that the funding or benefits are changed materially. In addition to the actual payments to and from the Plan being changed, future valuation measurements can also be impacted, with plan changes leading to deviations between actual future measurements and those expected by the current valuation.

SECTION II – DISCLOSURES RELATED TO RISK

Contribution Risk is the potential for actual future contributions to deviate from those that are expected, or that the anticipated contributions will be inadequate to fund the plan benefits. There are different sources of contribution risk ranging from the sponsor choosing a contribution level that does not adequately fund the Plan to material changes in the contribution base (e.g., covered employees, covered payroll, sponsor revenue) that affect the amount of contributions the Plan can collect.

Assumption Change Risk is the potential for the environment to change such that future valuation assumptions are adjusted to be different than the current assumptions. For example, declines in interest rates over time may result in a change in the assumed rates of return used in the valuation. A healthier workforce may result in changes in employee behavior such that retirement rates are adjusted to reflect employees working longer. Assumption change risk is an extension of the risks previously identified, but rather than capturing the risk as it is experienced, it captures the cost of recognizing a change in the environment when the current assumption is no longer reasonable.

In understanding the impact of some of these risks, it is useful to look at past experience deviations. These deviations are commonly referred to as actuarial gains and losses. The following graph shows the components of changes in the Unfunded Actuarial Liability (UAL) for the last ten years, including liability (gains)/losses, investment (gains)/losses on the Actuarial Value of Assets, plan changes, and assumption changes. The net UAL change represents the sum of each of these components and is shown by the dark line.



SECTION II – DISCLOSURES RELATED TO RISK

As described previously and evident in this chart, investment (gains)/losses, actuarial liability (gains)/losses, and assumption changes have been key risks for the Plan. There have been no Plan changes during the period shown.

On a smoothed asset basis, (gains)/losses as shown by the gold bars have been an impactful source of change. The amount of these (gains)/losses can vary significantly from year to year as they are subject to volatility from the financial markets. Over the past ten years, the Plan has experienced net actuarial asset gains, effectively decreasing the UAL during this time.

On the liability side (green bars), early-period gains have been offset by more recent losses, primarily driven by significantly higher-than-expected salary increases and annual cost of living adjustments, both fueled by a high inflationary environment. Over the past ten years, the Plan has experienced net actuarial liability losses, effectively increasing the UAL during this time.

Assumption changes (purple bars) consist of changes to economic and demographic assumptions. The significant assumption changes increasing the UAL in 2021 included a reduction in the discount rate from 7.50% to 7.25% while increasing the inflation assumption by 0.25% (from 3.00% to 3.25%) and the general wage increase assumption by 0.50%. These changes had a compounding impact as the real rate of return assumption (the discount rate less inflation) decreased from 4.50% to 4.00%.

SECTION II – DISCLOSURES RELATED TO RISK

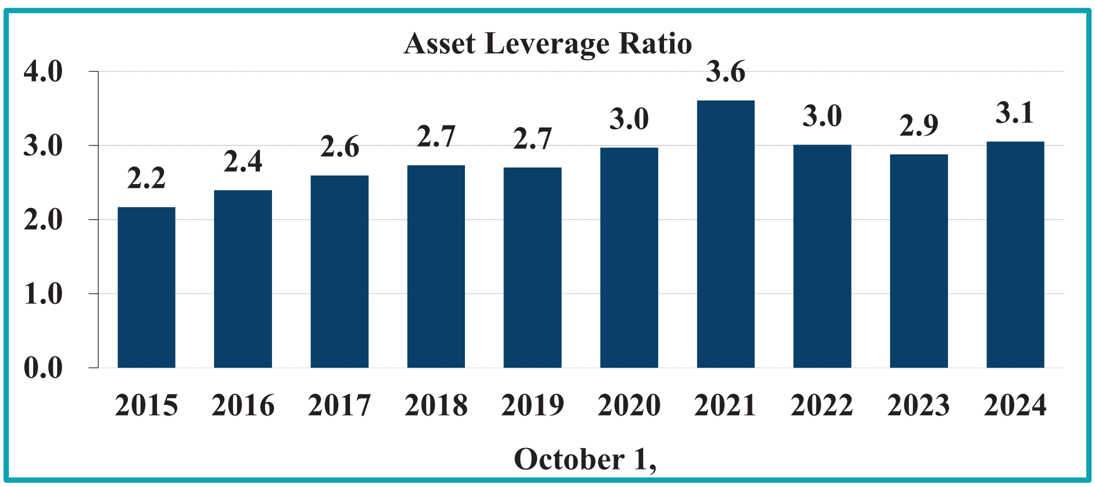
Plan Maturity Measures

As a pension plan becomes more mature, it is more sensitive to each of the risks identified above than a less mature plan. Plan maturity can be measured in a variety of ways, but all of the measures get at one basic dynamic – the larger the plan is compared to the contribution or revenue base that supports it; the more sensitive the plan will be to risk. The balance of this section examines three maturity measures that have been selected as the most important in understanding the primary risks identified for Army: the asset leverage ratio, the support ratio, and the net cash flow.

Asset Leverage Ratio

The asset leverage ratio measures the size of the plan compared to its revenue base (e.g., payroll). An asset leverage ratio of 5.0, for example, means that if a system experiences a 10% loss on assets compared to the expected return, the loss would be equivalent to 50% of payroll (5.0 x 10%). The same investment loss for a system with an asset leverage ratio of 10.0 would be equivalent to 100% of payroll (10.0 x 10%). Plans with higher asset leverage ratios are more sensitive to variations in investment returns.

The following chart shows that the Plan's Asset Leverage Ratio has increased overall since 2015, growing from a ratio of 2.2 to a ratio of 3.1. This growth means that the impact of a major economic downturn would be greater today than a decade ago, presenting additional challenges when trying to make up for the lost investment income through additional contributions.



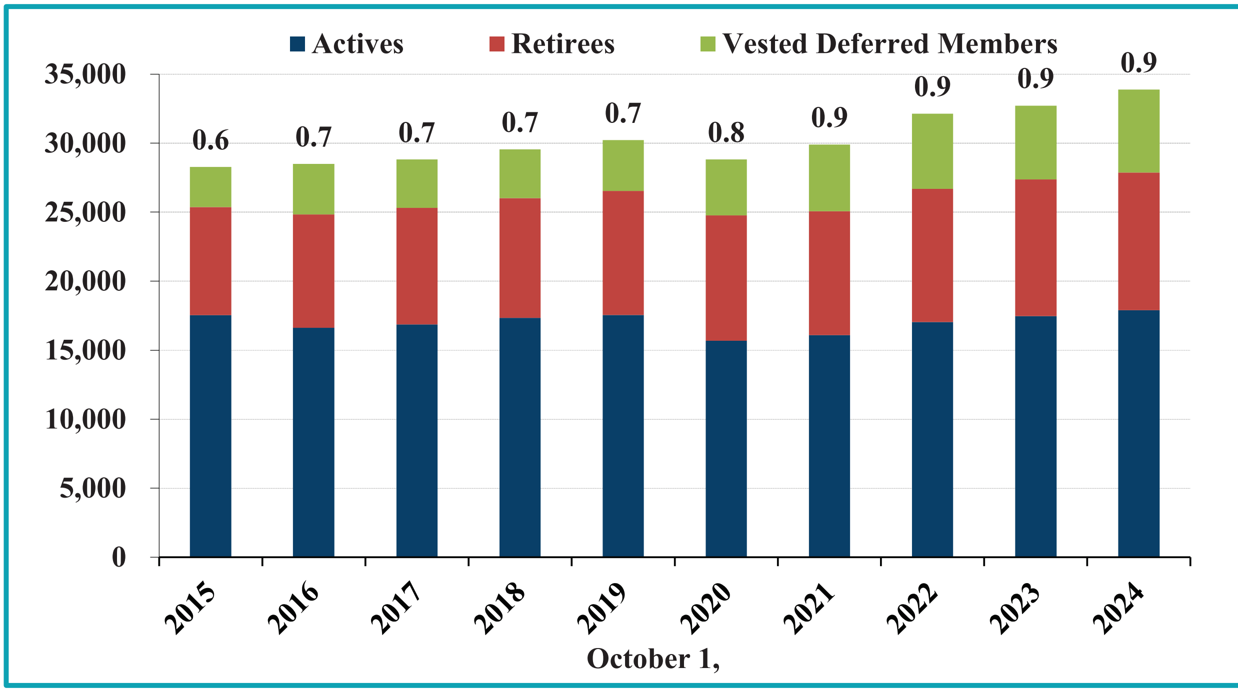
SECTION II – DISCLOSURES RELATED TO RISK

Support Ratio (Inactives per Active)

A commonly used measure of plan maturity is the Support Ratio, or the ratio of inactive members (those receiving benefits or entitled to a deferred benefit) to the number of active members (those currently accruing benefits in the Plan).

The more retired and inactive members there are relative to active members, the more challenging it is for a plan to make up for experience losses (investment and liability) with contributions that are tied to payroll.

In the following chart, the numbers above the bars represent the support ratio for the Plan. This ratio has increased gradually over the past 10 years but has not yet reached 1.0, meaning there are still more active participants than inactive participants. Growth in this ratio over time is expected as the Plan matures.



In addition to the participants shown in this chart, there are 34,673 participants who are no longer working but are entitled to a refund of their employee contribution account balance.

SECTION II – DISCLOSURES RELATED TO RISK

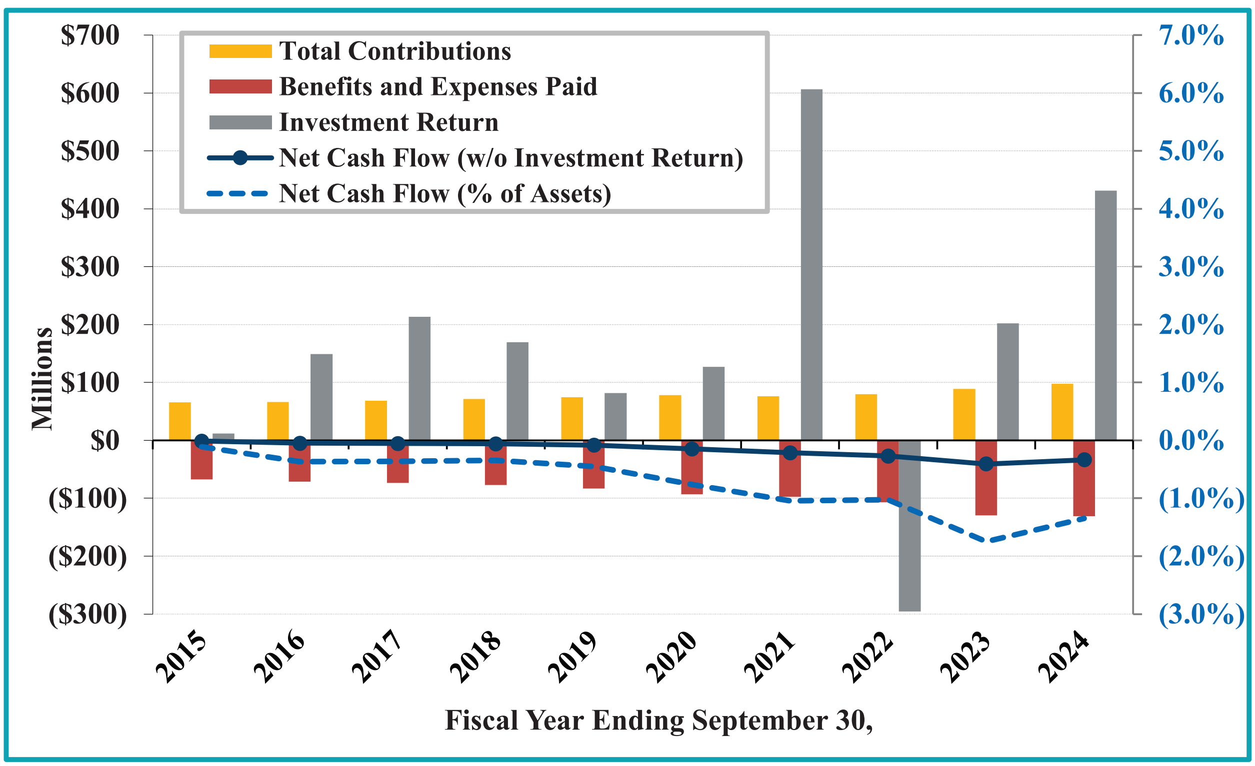
Net Cash Flow

Another important plan maturity measure is net cash flow – contributions less benefits and expenses. With aging Baby Boomers and retirees living longer, plans may pay out more in benefits and expenses than they receive in contributions each year, leading to negative net cash flow.

Plans with significant negative cash flow are more vulnerable to market declines. A plan in that position requires investment returns that are at least as much as the negative cash flow for the assets to increase. However, negative cash flow is expected for mature plans, and a plan's asset allocation may be adjusted to minimize sensitivity to investment risk.

The following graph shows the Plan's historical cash flows over the past 10 years. The Plan's net cash flow (blue line, dollar basis) is comprised of employer, member, and other contributions (gold bars) less benefit payments and administrative expenses (red bars). The Plan has reflected a negative cash flow position during the period shown.

Comparing net cash flow to the Market Value of Assets (dashed blue line, percentage basis) provides insights into the investment return required for the Plan to experience asset growth. The negative cash flow of $33.5 million for the period ending September 30, 2024 amounted to 1.3% as a percentage of the beginning of year assets. Since the 17.46% market value-investment return for the fiscal year ending September 30, 2024 was well above this threshold, the Market Value of Assets increased from the prior year.



SECTION II – DISCLOSURES RELATED TO RISK

Assessment of Future Risks

Stress Testing the Plan's Funded Status and Contribution Levels

The fundamental risk to the Plan is that contributions will not adequately fund Plan benefits. In assessing this risk, we performed stress tests on the Plan's funded status and contribution level by varying future investment returns. It is imperative to note that the baseline projections shown in Section I – *Summary*, while valid as an illustration of the Plan's sensitivity to future investment returns, **will not occur** as actual investment returns will not conform exactly to the 7.25% assumption from year to year.

With varying annual investment earnings, the charts that follow show the volatility in the actuarially calculated contribution (top graph) and in the Plan's funded status (bottom graph). Note that these graphs reflect illustrative scenarios and are not intended to reflect future expectations.

The first two illustrative scenarios show what the coming decade would look like if the Plan's investment returns were to mirror two different periods in history – one associated with a bull market (mimicking investment performance from 1950 to 1959) and the other reflecting a bear market (mimicking 1931 to 1940). The investment returns for these two periods average 12.35% and 3.31%, respectively, which are very different from the assumed investment return of 7.25%. A third scenario shows a 10-year period averaging close to 7.25% annually but with much more volatility than the baseline scenario.

What these charts show is that whether the Plan is fully funded or poorly funded, future investment returns can quickly alter the financial position of the Plan. It is impossible to judge the financial soundness of a plan with a single-year measurement. What is more important to consider is the Plan's conservatism in funding benefits, as well as the discipline and ability for the Plan to consistently contribute an adequate amount.

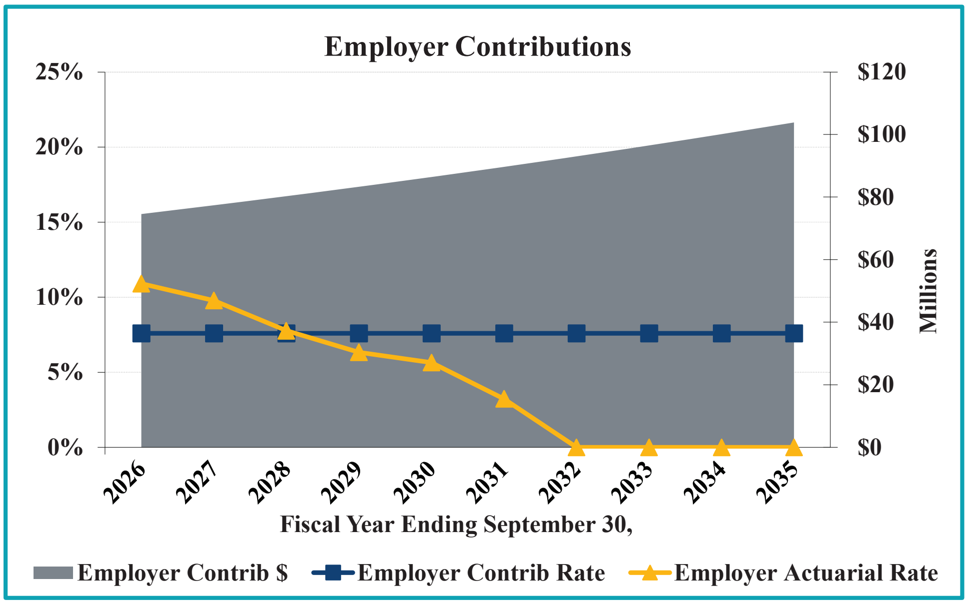
SECTION II – DISCLOSURES RELATED TO RISK

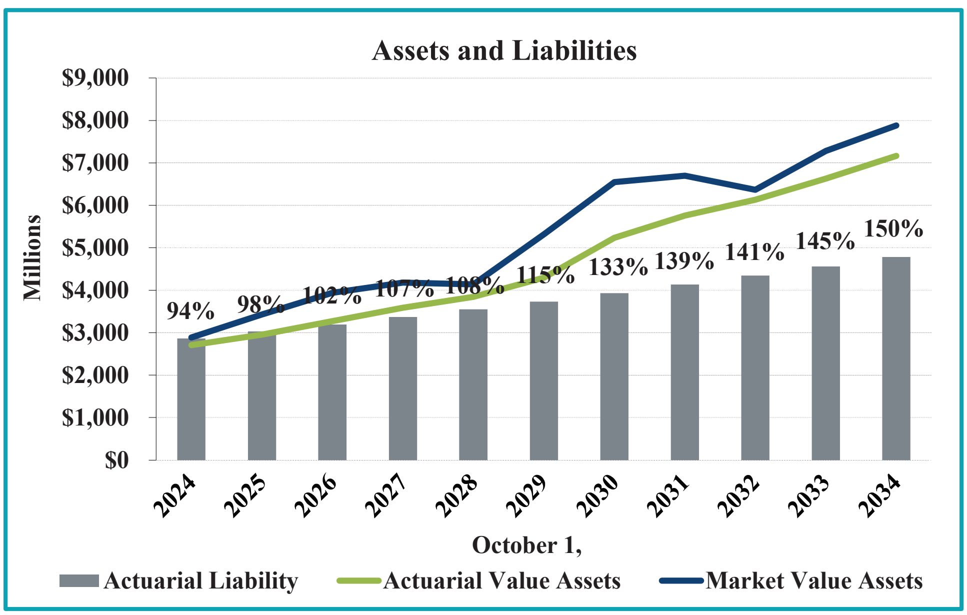
Assuming Investment Returns for Next 10 Years Follows 1950 – 1959 (Bull Market)

The projections below demonstrate how the funded status could change if investment returns were to mirror 1950 – 1959, a period of a bull market, based on a portfolio invested 60% in equities and 40% in fixed income. The returns during this period were assumed as follows:

PYE 9/30 As If	2025 1950	2026 1951	2027 1952	2028 1953	2029 1954	2030 1955	2031 1956	2032 1957	2033 1958	2034 1959	Avg for Period
Return	21.13%	16.86%	7.83%	0.71%	30.79%	24.74%	3.74%	-3.50%	16.21%	9.82%	12.35%

Under this scenario, the favorable investment returns and continued employer contribution rate of 7.60% would result in the employer actuarial contribution rate going to 0% and the Plan's projected funded status increasing to 150% by the end of the period shown.





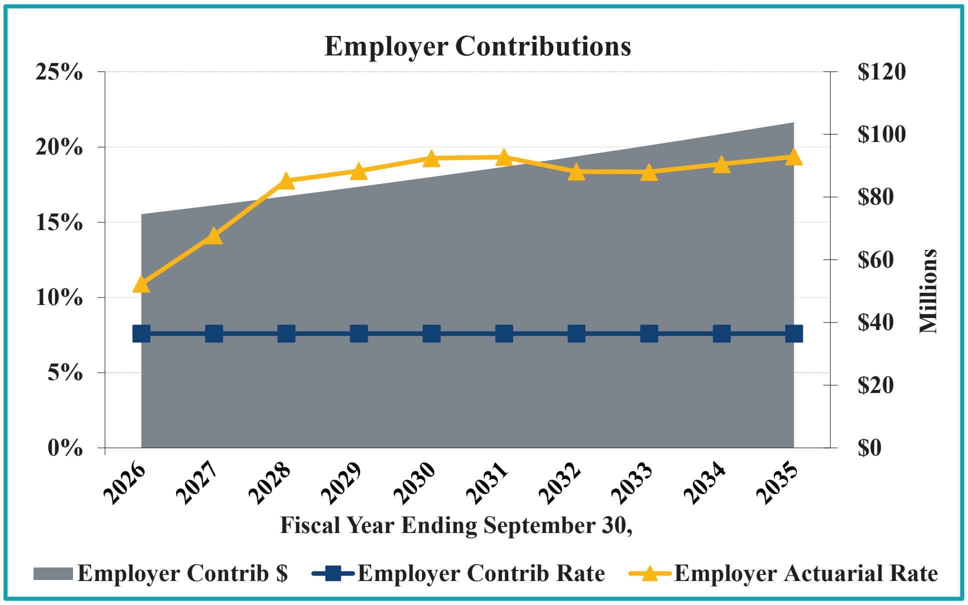
SECTION II – DISCLOSURES RELATED TO RISK

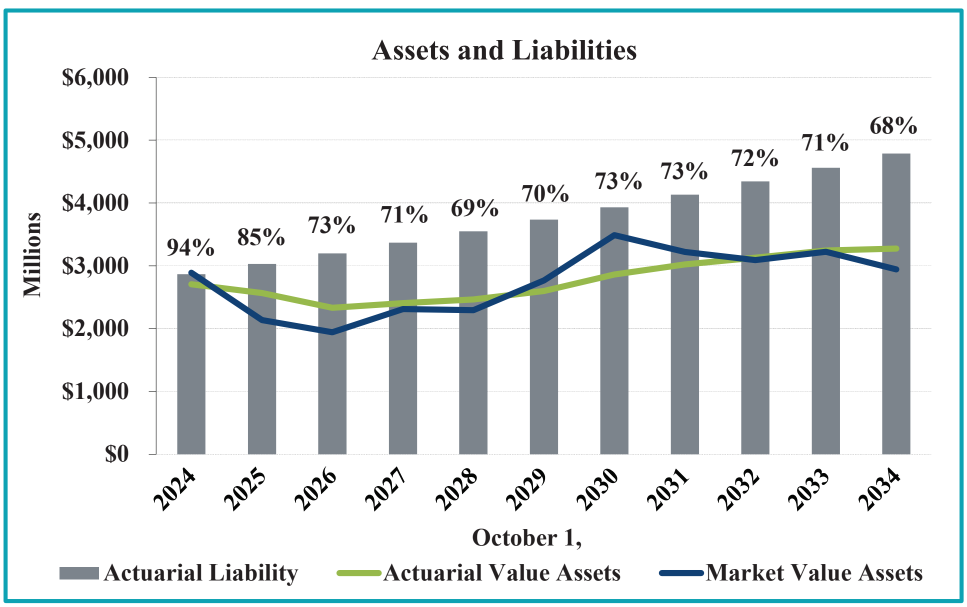
Assuming Investment Returns for Next 10 Years Follows 1931 – 1940 (Bear Market)

The projections below demonstrate how the funded status could change if investment returns were to mirror 1931 – 1940, a period of a bear market, based on a portfolio invested 60% in equities and 40% in fixed income. The returns during this period were assumed as follows:

PYE 9/30	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Avg for
As If	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	Period
Return	-24.25%	-6.20%	22.79%	2.35%	24.65%	29.50%	-5.14%	-0.98%	7.83%	-5.18%	3.31%

Under this scenario, the unfavorable investment returns would significantly increase the actuarially calculated contribution rate and the Plan's projected funded status declines to 68% by the end of the period shown, as current contribution levels would not be sufficient.





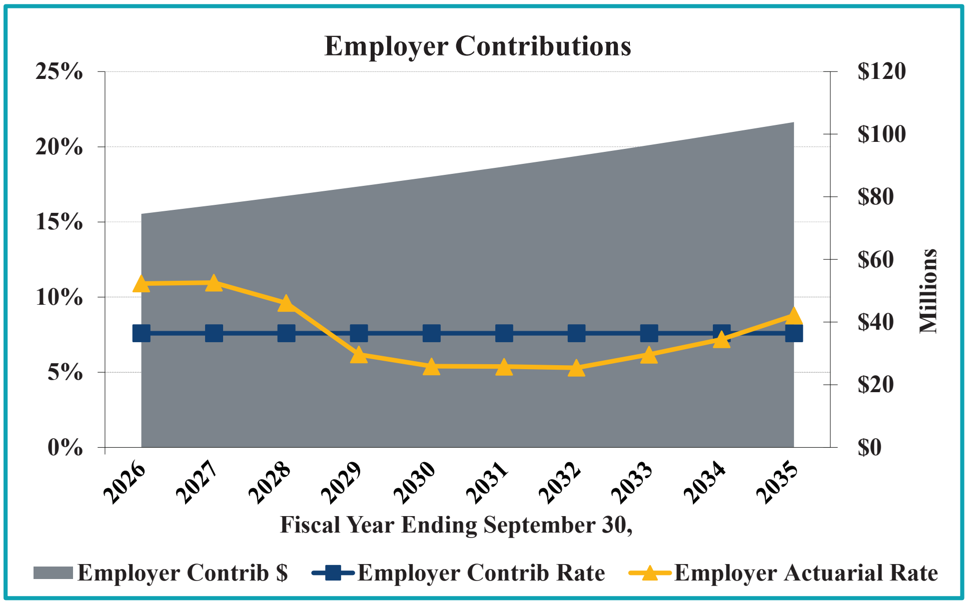
SECTION II – DISCLOSURES RELATED TO RISK

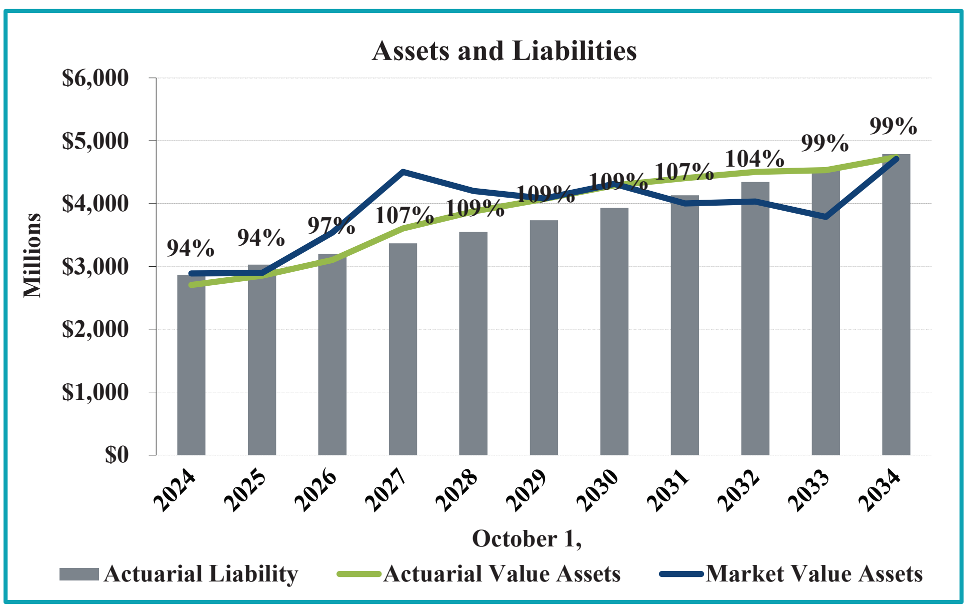
Assuming Investment Returns for Next 10 Years Averages 7.29% Annually

The projections below demonstrate how the funded status could change if investment returns were to mirror 1934 – 1943, a period where the average investment return was similar to the current assumption of 7.25%. The returns during this period were assumed as follows:

PYE 9/30 As If	2025 1934	2026 1935	2027 1936	2028 1937	2029 1938	2030 1939	2031 1940	2032 1941	2033 1942	2034 1943	Avg for Period
Return	2.35%	24.65%	29.50%	-5.14%	-0.98%	7.83%	-5.18%	3.22%	-3.49%	27.82%	7.29%

Under this scenario, the funded status and employer contributions experience much more volatility than the baseline scenario.





SECTION II – DISCLOSURES RELATED TO RISK

We understand that the Plan, by order of the Commanding General, may increase the employee contribution rate of 2.00% if the funded status is projected to fall below 90% within the following 20 years. The bear market return scenario projects the funded status to fall below the 90% threshold. Since these projections are provided for illustrative purposes only, we have assumed that the employee and employer contribution rates remain at 2.00% and 7.60%, respectively. However, if the Commanding General were to order contribution rate increases, the funded status would be higher than shown in these projections.

To reiterate, the previous scenarios illustrate not only the importance of the investment returns themselves but also the timing of the returns over the period.

Assessing a Low-Default-Risk Obligation Measure (LDROM)

The Plan invests in a diversified portfolio with the objective of maximizing investment returns at a reasonable level of risk. The lowest risk portfolio for a pension plan with fixed cash flows would be composed entirely of low-default-risk fixed income securities whose cash flows match the benefit cash flows of the Plan. Such a portfolio would have a lower expected rate of return than a diversified portfolio. The Low-Default-Risk Obligation Measure (LDROM) represents what the funding liability would be if the Plan invested its assets in such a portfolio.

As of September 30, 2024, we estimate that such a portfolio would have an effective expected return of 4.92%[1], as compared to the Plan's discount rate of 7.25%. The resulting LDROM would be $4.04 billion, as compared to the Actuarial Liability of $2.87 billion. The $1.17 billion difference between the LDROM and the Actuarial Liability represents the expected savings from bearing the risk of investing in the diversified portfolio. Alternatively, it also represents the cost of eliminating investment risk.

Because the Plan invests in a diversified portfolio and not the LDROM portfolio, the reported funded status is higher and actuarially calculated employer contributions are lower. Benefit security for members of the Plan relies on a combination of the Plan's assets, the investment returns generated on those assets, and the ability to make any needed future contributions. An LDROM portfolio would lower the expected future returns on assets and reduce the expected volatility of future returns and also would lower the reported funded status and increase the actuarially calculated employer contributions.

[1] Based on the September 30, 2024 FTSE Pension Liability Index and all other assumptions and methods as used to calculate the Actuarial Liability.

SECTION III – STATUTORY VALUATION EXHIBITS

Exhibit III-1
Development of Actuarial Value of Assets

1.	Actuarial Value of Assets as of October 1, 2023	$	2,510,430,258
2.	Amount in (1) with interest of 7.25% to September 30, 2024	$	2,692,436,452
3.	Contributions (Employer, Employee, and Other) for Fiscal Year Ending September 30, 2024		97,420,065
4.	Interest on Contributions assuming payments made uniformly throughout the year to September 30, 2024		3,469,690
5.	Disbursements from Trust except investment expenses, October 1, 2023 through September 30, 2024		(130,943,122)
6.	Interest on disbursements made uniformly throughout the year to September 30, 2024 at 7.25% per year		(4,663,639)
7.	Expected Actuarial Value of Assets as of September 30, 2024 = (2) + (3) + (4) + (5) + (6)	$	2,657,719,446
8.	Actual Market Value of Assets at September 30, 2024	$	2,885,531,353
9.	Excess of (8) over (7)	$	227,811,907
10.	Pro-forma Actuarial Value of Assets at September 30, 2024 = (7) + 20% of (9)	$	2,703,281,827
11.	Maximum value = 1.20 x (8)	$	3,462,637,624
12.	Minimum value = 0.80 x (8)	$	2,308,425,082
13.	Actuarial Value of Assets as of September 30, 2024 = (10), but not more than (11) nor less than (12)	$	2,703,281,827

SECTION III – STATUTORY VALUATION EXHIBITS

Exhibit III-2
Employer Actuarial Rate

1.	Normal Cost	$	93,075,901
2.	Administrative Expenses as of Beginning of Year		7,724,873
3.	Less: Estimated Employee Contributions		(18,915,693)
4.	15-Year Amortization of Unfunded Actuarial Liability		16,963,587
5.	Interest on (1), (2), (4) for One-Half Year *		4,194,267
6.	Net Employer Actuarial Contribution: (1) + (2) + (3) + (4) + (5)	$	103,042,935
7.	Active Member Payroll	$	945,784,672
8.	Employer Actuarial Rate as a Percentage of Active Member Payroll: (6) / (7)		10.89%

* Contributions are assumed to be made uniformly throughout the year.

SECTION III – STATUTORY VALUATION EXHIBITS

Exhibit III-3
Ten-Year Projection of Retirees

Fiscal Year Ending September 30	Current Retirees*	From Vested Deferred	From Active	Total Retirees	Annual Benefits**
2025	9,718	966	29	10,713	$ 140,248,210
2026	9,453	1,099	623	11,175	149,995,252
2027	9,180	1,243	1,146	11,569	160,390,130
2028	8,900	1,373	1,648	11,921	170,894,240
2029	8,612	1,495	2,116	12,223	181,494,387
2030	8,321	1,618	2,553	12,492	187,327,238
2031	8,025	1,739	2,895	12,659	199,435,112
2032	7,726	1,881	3,146	12,753	211,581,617
2033	7,423	2,007	3,363	12,793	223,746,777
2034	7,115	2,125	3,575	12,815	235,966,250

* Includes number of participants and their cost of living benefits to be paid from Ameritas Life Insurance Corporation.

** Assumes that the $28.7 million in account balances for the 34,673 non-vested participants due a refund of their employee contributions are paid uniformly over next five years.

The projection above is based on the October 1, 2024 census data and does not reflect any employees expected to be hired after that date.

SECTION III – STATUTORY VALUATION EXHIBITS

Exhibit III-4
Summary of Census Data as of October 1, 2024

	A. ACTIVE PARTICIPANTS		
1.	Number		17,890
2.	Total Annual Valuation Payroll (as reported)	$	945,784,672
3.	Average Age		43.9
4.	Average Credited Service		8.8
5.	Average Annual Pay [2. ÷ 1.]	$	52,867
6.	Average Accumulated Employee Contributions with Interest	$	9,629
	B. INACTIVE PARTICIPANTS		
7.	Vested Deferred Members:		
	a. Number		6,009
	b. Total Monthly Benefit	$	1,943,387
	c. Average Monthly Benefit [7b. ÷ 7a.]	$	323
8.	Currently Retired Participants, Disableds and Beneficiaries (non-Ameritas):		
	a. Number		9,967
	b. Total Monthly Benefit	$	9,808,123
	c. Average Monthly Benefit [8b. ÷ 8a.]	$	984
9.	Participants receiving cost-of-living benefits from Ameritas Life Insurance Corporation:		
	a. Number		7
	b. Total Monthly Benefit	$	2,794
	c. Average Monthly Benefit [9b. ÷ 9a.]	$	399
10.	Non-Vested Participants due an Account Balance		
	a. Number		34,673
	b. Balance	$	28,739,891

SECTION III – STATUTORY VALUATION EXHIBITS

Exhibit III-5
Data Reconciliation from the Prior to the Current Valuation*

	Active Participants	Vested Deferred Members	Disability Retirements	Retirees	Beneficiaries	Total
October 1, 2023	17,463	5,346	250	8,421	1,239	32,719
New Hires	3,251	0	0	0	0	3,251
New Beneficiaries	0	0	0	0	39	39
Terminated without a Vested Benefit	(1,911)	0	0	0	0	(1,911)
Refunded	(195)	(31)	0	0	0	(226)
Deceased	(32)	(51)	(7)	(281)	(40)	(411)
Vested Termination	(507)	511	0	(4)	0	0
Rehired Inactives	204	(199)	0	(5)	0	0
Disablements	(2)	0	3	(1)	0	0
Retirements	(381)	(63)	0	444	0	0
Data adjustments	0	496	(5)	(22)	(57)	412
October 1, 2024	17,890	6,009	241	8,552	1,181	33,873

* A reconciliation was not performed for non-vested participants due a refund of their account balance.

SECTION IV – ANNUAL REPORT PRESCRIBED BY P.L. 95-595

Report for Plan Year Ending September 30, 2024

Exhibit IV-1

General Information Sheet

1. Name of Plan: U.S. Army Nonappropriated Fund Employee Retirement Plan

2. Name and address of Plan Sponsor:

   U.S. Army Community and Family Support Center
   NAF Employee Benefits Office
   P.O. Box 340309
   Fort Sam Houston, Texas 78234

3. Name and phone number of Plan Administrator (or other responsible Plan official):

   Nicole Gross
   Chief, Employee Benefits Office
   (855) 872 - 7704

4. Type of plan entity: Single-employer plan

5. Date plan established: January 1, 1966

6. Information on plan participants at the beginning of plan year:

   Participant data was collected as of October 1, 2024

Active participants	17,890
Separated employees entitled to deferred benefits	6,009
Retired, disabled and beneficiaries	9,974
Former non-vested participants due an account balance	34,673
Total Participants	68,546

7. Type of plan: Defined benefit pension plan

8. Administrative cost: See Note 4.

9. During the current plan year, the Plan was not merged into nor consolidated with another plan nor were assets or liabilities transferred to another plan.

SECTION IV – ANNUAL REPORT PRESCRIBED BY P.L. 95-595

10. The Plan is funded through BGI U.S. Debt, Janus Midcap, Ameritas (formerly Bankers Life of Nebraska), Adams Street Partners, Inc. (formerly Brinson Partners, Inc.), Wells Capital Management Small Cap, RREEF America REIT II, UBS - RESA, Artisan International Value, AS CO Invest IV, Angelo Gordon Core + Realty, UBS Trumball TPG Value Fund, AS Growth EQ VII, Blackstone Hedge, Blackstone Property, SSGA S&P 500 Flagship, Harding Loevnier, Newfleet Mgmt., Baille Gifford EAFE, Lazard Asset Mgmt., U.S. Army N.A.F. Retirement Trust (SSGA STIF), Sprucegrove, Prime Property, ABS Emerging Markets, Prudential Core Plus, and Macquarie.

11. This valuation was performed based on active, retiree and vested deferred data as of October 1, 2024.

12. The Projected Unit Credit actuarial cost method was used in completing Tables 1 and 2 in this section (Exhibit IV-7 and Exhibit IV-8). A summary of the actuarial methods is attached.

13. Actuarial assumptions:

    1. Economic:

        (1) Rate of return on plan investments: 7.25% per annum.

        (2) Ratio of salary expected at normal retirement age (62) to salary for a new entrant at:

	Men	Women
Age 25	7.25	7.25
Age 40	4.15	4.15
Age 55	1.98	1.98

        (3) Inflation Rate (in relation to plan provisions for post-retirement benefit adjustments): 3.25% per annum.

    2. Decrements:

        (1) Basis of mortality assumptions:

        Amount-weighted RP-2006 Mortality Table (same as RP-2014 adjusted back to 2006 using Scale MP-2014), adjusted by 115% for males and 110% for females:

Non-Annuitants:	Employee Tables, Total Dataset
Retirees & Beneficiaries:	Healthy Annuitant Tables, Total Dataset
Disabled Retirees:	Disabled Retiree Table

        The mortality rates are projected generationally from the base year using Projection Scale MP-2020.

SECTION IV – ANNUAL REPORT PRESCRIBED BY P.L. 95-595

(2) (a) Normal retirement age: 62 and 5 years of service.

(b) Lowest age at which employee may voluntarily retire with full benefits: age 55 with 30 years of service or age 60 with 20 years of service.

(3) Basis of withdrawal assumptions:

Table based on turnover adjusted to reflect the Plan’s experience.

A summary of the assumptions and changes made since the prior report is attached.

14. A summary of the Plan provisions and changes made since the prior report is attached.

******

I declare that I have examined this report, including accompanying tables and statements, and to the best of my knowledge and belief it is true, correct, and complete.

Signature of Plan Administrator: ______________________________

Nicole Gross
Chief, Employee Benefits Office

Date: ______________________________

SECTION IV – ANNUAL REPORT PRESCRIBED BY P.L. 95-595

Exhibit IV-2

Statement of Enrolled Actuary

This report has been prepared pursuant to P.L. 95-595 for the year ending September 30, 2024. To the best of my knowledge, the report is complete and accurate. It should be noted, however, that the asset information shown has not been audited by Cheiron, Inc. In addition, the liabilities shown in this report are from the United States Army Nonappropriated Retirement Plan Valuation Report as of October 1, 2024, as prepared by Cheiron, Inc. In my opinion, the actuarial assumptions appear to be individually reasonable related to the experience of the Plan and to reasonable expectations and represent my best estimate of anticipated experience under the Plan.

Signature:

Alison M Chafin

Alison Chafin, FSA, EA, MAAA
Enrolled Actuary
#23-08294
Cheiron, Inc.
9115 Harris Corners Parkway, Suite 380
Charlotte, NC 28269

Date: December 29, 2025

SECTION IV – ANNUAL REPORT PRESCRIBED BY P.L. 95-595

Exhibit IV-3
Statement of Net Assets Available for Benefits

	September 30, 2024	September 30, 2023
Assets		
Investments and Deposit administration contracts		
BGI U.S. Debt	$ 51,140,502	$ 45,820,086
Janus Midcap	160,962,677	126,600,550
Ameritas (Bankers Life of Nebraska)	17,117	18,515
Adams Street Partners (formerly Brinson)	288,317,145	302,740,723
Wells Capital Management Small Cap	6,394	3,352
RREEF America REIT II	59,069,217	63,538,756
UBS - RESA	28,574,477	32,900,320
Artisan International Value	228,964,504	179,070,946
AS CO Invest IV	11,587,287	11,689,799
Angelo Gordon Core + Realty	3,123,150	4,150,468
UBS Trumball TPG Value Fund	47,475,943	54,117,475
AS Growth EQ VII	10,175,364	9,834,001
Blackstone Hedge	136,712,532	124,221,383
Blackstone Property	63,645,130	63,645,130
SSGA S&P 500 Flagship	804,500,681	634,588,403
Harding Loevnier	1,936	1,926
Newfleet Mgmt	140,859	133,003
Baille Gifford EAFE	89,779,749	71,859,265
Lazard Asset Mgmt	115,399,120	94,812,570
U.S. Army N.A.F. Ret. Trust (SSGA STIF)	9,917,151	8,953,137
Sprucegrove	123,061,105	102,710,591
Prime Property	44,773,369	46,490,973
ABS Emerging Markets	40,709,712	36,760,222
Prudential Core Plus	457,934,866	403,184,818
Macquarie	94,425,988	75,185,368
Total Investments	$ 2,870,415,974	$ 2,493,031,780
Receivables		
Employer and employee contributions	$ 6,760,451	$ 5,784,261
Interest Receivable	52,002	76,502
Accounts Receivable	7,628,351	13,098,095
Total Receivables	$ 14,440,804	$ 18,958,858
Cash on deposit with U.S. Army Banking and Investment Fund	$ 8,189,992	$ 30,448,410
Total Assets	$ 2,893,046,770	$ 2,542,439,048
Liabilities		
Accounts payable and accrued liabilities	$ 7,515,417	$ 54,740,941
Net Assets Available for Benefits	$ 2,885,531,353	$ 2,487,698,107

SECTION IV – ANNUAL REPORT PRESCRIBED BY P.L. 95-595

Exhibit IV-4
Statement of Changes in Net Assets Available for Benefits

	Fiscal Year Ending September 30, 2024	Fiscal Year Ending September 30, 2023
1. Net assets available for benefits at beginning of Plan year	$ 2,487,698,107	$ 2,326,365,095
2. Investment Income		
(a) Net appreciation (depreciation) in fair value of investments *	$ 384,793,060	$ 150,033,315
(b) Interest	15,777,303	14,664,738
(c) Other income	39,902,756	47,778,736
(d) Less: Investment expenses	(9,116,816)	(10,376,152)
(e) Total	$ 431,356,303	$ 202,100,637
3. Contributions (Note 5)**		
(a) Employer	$ 75,874,077	$ 70,312,257
(b) Employee	21,545,988	18,586,335
(c) Total	$ 97,420,065	$ 88,898,592
4. Total additions: (2) + (3)	$ 528,776,368	$ 290,999,229
5. Benefits paid directly to participants		
(a) Refunds	$ 1,234,714	$ 2,187,286
(b) Annuities	115,682,562	106,879,637
(c) Total	$ 116,917,276	$ 109,066,923
6. Administrative Expenses	$ 14,025,846	$ 20,599,294
7. Total deductions: (5) + (6)	$ 130,943,122	$ 129,666,217
8. Net additions (deductions): (4) - (7)	$ 397,833,246	$ 161,333,012
9. Net assets available for benefits at end of Plan year: (1) + (8)	$ 2,885,531,353	$ 2,487,698,107

* Net appreciation (depreciation) in investments as provided by Army reflects adjustments made after the audit was complete and may not agree with the audited financial statements.

** Includes all other contributions for Portability and DSR Income, Service Buyback Income, Conversion Income, GPC Rebate, and Miscellaneous Income.

SECTION IV – ANNUAL REPORT PRESCRIBED BY P.L. 95-595

Exhibit IV-5
Statement of Present Value of Accumulated Plan Benefits

	October 1, 2024	October 1, 2023
Vested Benefits		
Participants Currently Receiving Payment*	$ 1,347,060,057	$ 1,289,294,656
Other Participants	1,138,406,411	1,050,487,557
Total Vested Benefits	$ 2,485,466,468	$ 2,339,782,213
Non-Vested Benefits	$ 72,031,105	$ 66,929,481
Total Present Value of Accumulated Plan Benefits	$ 2,557,497,573	$ 2,406,711,694
Interest Rate Used	7.25%	7.25%

* Includes remaining liability under the Plan for participants receiving benefits from Ameritas Life Insurance Corporation.

SECTION IV – ANNUAL REPORT PRESCRIBED BY P.L. 95-595

Exhibit IV-6
Statement of Changes in Present Value of Accumulated Plan Benefits

	Fiscal Year Ending September 30, 2024	Fiscal Year Ending September 30, 2023
Present Value of Accumulated Plan Benefits at beginning of Fiscal year	$ 2,406,711,694	$ 2,106,462,085
Increase (decrease) during the year attributable to:		
Benefits accumulated and actuarial (gain) or loss	$ 97,380,655	$ 260,482,532
Interest due to decrease in discount period	170,322,500	148,834,000
Plan amendment(s)	0	0
Changes in actuarial assumptions	0	0
Benefit Payments	(116,917,276)	(109,066,923)
Net increase (decrease)	$ 150,785,879	$ 300,249,609
Present value of Accumulated Plan Benefits at end of Fiscal year	$ 2,557,497,573	$ 2,406,711,694

SECTION IV – ANNUAL REPORT PRESCRIBED BY P.L. 95-595

Exhibit IV-7
Table 1
Actuarial Status Information

		October 1, 2024	October 1, 2023
1.	Present Value of Future Benefits:		
(a)	Annuitants now on rolls *	$ 1,347,060,057	$ 1,289,294,656
(b)	Separated employees	164,332,266	152,792,546
(c)	Participants due an account balance	28,739,891	26,074,993
(d)	Active participants	2,279,426,665	2,067,063,638
(e)	Total	$ 3,819,558,879	$ 3,535,225,833
2.	Less: Present Value of Future Normal Cost Contributions	(953,157,816)	(866,385,168)
3.	Actuarial Liability [(1) + (2)]	$ 2,866,401,063	$ 2,668,840,665
4.	Less: Actuarial Value of Assets	(2,703,281,827)	(2,510,430,258)
5.	Unfunded Actuarial Liability [(3) + (4)]	$ 163,119,236	$ 158,410,407
6.	Normal cost as a percentage of covered payroll (mid-year) **		
(a)	Employee	2.00%	2.00%
(b)	Employer	9.04%	9.87%
(c)	Total	11.04%	11.87%
7.	Ratio of Assets in fund to Present Value of Future Benefits for Annuitants now on Rolls		
(a)	Line 1(a) plus accumulated employee contributions	$ 1,519,323,352	$ 1,447,086,631
(b)	Actuarial Value of Assets divided by (a)	1.78	1.73
(c)	Ratio in (b) last year	1.73	1.82
(d)	Ratio in (b) two years ago	1.82	2.05

* Includes remaining liability under the Plan for participants receiving benefits from Ameritas Life Insurance Corporation

** Includes assumed administrative expenses of $14 million in FY 2024 and $8 million in FY 2025

SECTION IV – ANNUAL REPORT PRESCRIBED BY P.L. 95-595

Exhibit IV-8
Table 2A

Comparison of Actuarial Funding with Actual Contributions
(in dollars)

(1) Plan Year	(2) Total Normal Cost[1,2]	(3) 40-Year Amortization of Unfunded Liability[1]	(4) Total (Col. 2 plus Col. 3)	(5) Actual Contributions To Plan From All Sources	(6) Difference (Col. 5 less Col. 4)	(7) Col. 5 divided by Col.4
2024-25	$ 104,390,870	$ 12,159,051	$ 116,549,921	N/A	N/A	N/A
2023-24	102,643,862	11,808,051	114,451,913	$ 97,420,065	$ (17,031,848)	0.85
2022-23	85,659,627	(3,037,569)	82,622,058	88,898,592	6,276,534	1.08
2021-22	76,106,868	(10,433,272)	65,673,596	79,635,571	13,961,975	1.21
2020-21	68,506,934	(6,195,545)	62,311,389	76,206,250	13,894,861	1.22
2019-20	67,453,186	(3,267,673)	64,185,513	78,092,646	13,907,133	1.22
2018-19	64,566,732	(1,879,595)	62,687,137	74,627,561	11,940,424	1.19
2017-18	62,150,810	1,520,910	63,671,720	71,206,914	7,535,194	1.12
2016-17	58,494,078	3,617,517	62,111,595	68,148,275	6,036,680	1.10
2015-16	57,667,269	4,905,747	62,573,016	66,534,445	3,961,429	1.06
2014-15	54,514,642	4,853,237	59,367,879	65,711,312	6,343,433	1.11
2013-14	53,673,556	7,215,422	60,888,978	62,325,623	1,436,645	1.02
2012-13	53,829,936	10,217,157	64,047,093	65,313,651	1,266,558	1.02
2011-12	54,141,214	10,635,437	64,776,651	59,846,992	(4,929,659)	0.92
2010-11	54,736,827	8,457,840	63,194,667	64,449,655	1,254,988	1.02
2009-10	50,902,344	6,495,113	57,397,457	59,150,588	1,753,131	1.03
2008-09	45,326,221	1,789,591	47,115,812	53,667,209	6,551,397	1.14
2007-08	40,733,684	(2,030,452)	38,703,232	47,032,806	8,329,574	1.22
2006-07	38,457,296	(711,664)	37,745,632	41,621,364	3,875,732	1.10
2005-06	35,387,224	(100,202)	35,287,022	39,596,220	4,309,198	1.12
2004-05	31,724,981	1,209,066	32,934,047	35,435,693	2,501,646	1.08

[1] Amounts as of mid-year.

[2] Total normal cost includes administrative expense assumption.

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Exhibit IV-8 cont.
Table 2B

Comparison of Actuarial Funding with Actual Contributions
(as percentage of estimated active member payroll for the year)

(1) Plan Year	(2) Total Normal Cost[1,2]	(3) 40-Year Amortization of Unfunded Liability[1]	(4) Total (Col. 2 plus Col. 3)	(5) Actual Contributions To Plan From All Sources	(6) Difference (Col. 5 less Col. 4)
2024-25	11.04%	1.29%	12.32%	N/A	N/A
2023-24	11.87	1.37	13.23	11.26%	(1.97%)
2022-23	11.07	(0.39)	10.68	11.49	0.81
2021-22	10.36	(1.42)	8.94	10.84	1.90
2020-21	9.85	(0.89)	8.96	10.96	2.00
2019-20	9.33	(0.45)	8.88	10.80	1.92
2018-19	9.38	(0.27)	9.11	10.85	1.74
2017-18	9.40	0.23	9.63	10.77	1.14
2016-17	9.29	0.57	9.86	10.82	0.96
2015-16	9.17	0.78	9.95	10.58	0.63
2014-15	9.08	0.81	9.89	10.95	1.06
2013-14	8.97	1.21	10.18	10.42	0.24
2012-13	8.41	1.60	10.01	10.20	0.19
2011-12	8.52	1.67	10.19	9.41	(0.78)
2010-11	8.40	1.30	9.70	9.89	0.19
2009-10	8.42	1.07	9.49	9.78	0.29
2008-09	8.47	0.33	8.80	10.03	1.23
2007-08	8.60	(0.43)	8.17	9.93	1.76
2006-07	8.46	(0.16)	8.30	9.16	0.86
2005-06	8.52	(0.02)	8.50	9.54	1.04
2004-05	8.26	0.31	8.57	9.23	0.66

[1] Amounts as of mid-year.

[2] Total normal cost includes administrative expense assumption.

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Exhibit IV-8 (continued)

Table 3-3a

Past and Projected Flow of Plan Assets

The Market Value of Assets and historical cash flows over the last ten years are shown in the Trends discussion of Section I – *Summary* and Section II – *Disclosures Related to Risk*.

The table on the next page projects the Plan's expected contributions (both employer and employee), benefit payments, and administrative expenses over the next ten years.

- The expected employer contributions assume that the employers will continue to contribute a fixed 7.60% of pay and do not reflect the amount based on the actuarially determined contribution rate. Expected employee contributions are assumed to remain at 2.00% of payroll.
- The projected contributions do not reflect any additional employer contributions for other sources such as portability and DSR or service buybacks, because these would be intended to offset the additional liabilities that would be recognized if any of these events actually occurred.
- Expected benefit payments are projected for the closed group valued as of October 1, 2024. Projecting any further than ten years using a closed group would not yield reliable projections due to the omission of new hires.
- Administrative expenses are assumed to be $8.0 million for fiscal year ending September 30, 2026, and $4.0 million per year in the fiscal years ending September 30, 2027 and 2028, increasing with inflation of 3.25% per year thereafter.

The projections reflect that all the assumptions are realized, including an investment return of 7.25% per year and payroll growth of 3.75% per year. Future projections may differ significantly from what is presented in this report due to such factors as the following: plan experience differing from that anticipated by the assumptions, changes in assumptions, and changes in plan provisions or applicable law.

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Exhibit IV-9
Ten-Year Projection of Cash Flows

Fiscal Year Ending 9/30	Market Value of Assets (BOY)	Employer Contributions at 7.6%	Employee Contributions at 2.0%	Benefit Payments*	Administrative Expenses	Market Value of Assets (EOY)
2025	$ 2,885,531,353	$ 71,879,635	$ 18,915,693	$ 140,248,210	$ 8,000,000	$ 3,035,233,266
2026	3,035,233,266	74,575,121	19,625,031	149,995,252	8,000,000	3,189,220,467
2027	3,189,220,467	77,371,688	20,360,970	160,390,130	4,000,000	3,351,407,422
2028	3,351,407,422	80,273,126	21,124,506	170,894,240	4,000,000	3,518,270,215
2029	3,518,270,215	83,283,368	21,916,675	181,494,387	4,130,000	3,690,056,088
2030	3,690,056,088	86,406,494	22,738,550	187,327,238	4,264,225	3,872,202,344
2031	3,872,202,344	89,646,738	23,591,246	199,435,112	4,402,812	4,059,110,288
2032	4,059,110,288	93,008,491	24,475,918	211,581,617	4,545,903	4,251,239,424
2033	4,251,239,424	96,496,309	25,393,765	223,746,777	4,693,645	4,449,109,063
2034	4,449,109,063	100,114,921	26,346,031	235,966,250	4,846,188	4,653,245,269

* Assumes that the $28.7 million in account balances for the 34,673 non-vested participants due a refund of their employee contributions are paid uniformly over next five years.

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Exhibit IV-9

NOTE 1 – VALUATION OF INVESTMENTS

Investments are stated at market value. The Plan's deposits with insurance carriers are valued at contract value. Contract value represents contributions made under the contract, plus interest income, plus realized security gains net of losses, plus unrealized security gains net of losses, less transfers of funds back to the U.S. Army Central Retirement Fund (ACRF), less funds used to meet ACRF obligations, less administrative expenses.

NOTE 2 – CONTRACTS WITH INSURANCE COMPANIES AND INVESTMENT MANAGEMENT AGREEMENT

The Plan has deposit administration contracts with an insurance company as described below:

Ameritas (Formerly Bankers Life of Nebraska)

On March 1, 1983, the Plan terminated its deposit administration contract with Ameritas. Under the terms of the termination agreement, Ameritas paid the Plan $5,179,098 on September 1, 1987.

The Plan's only future obligation with respect to Ameritas is to pay the annual cost-of-living adjustments for the retirees for whom annuity contracts were purchased in 1983 when the agreement with Ameritas was terminated. The amount held on deposit with Ameritas at September 30, 2024 was $17,117.

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Investment Management Agreement

The Plan also has investment management agreements with various companies. The agreements provide that the companies have sole responsibility for investing the funds under their management within certain pre-described guidelines, and those earnings on the funds are based solely on the performance of the investments with a performance goal expressed as a total rate of return as defined in the agreement. The fair value of investments under management agreements at September 30, 2024 was:

BGI U.S. Debt	$ 51,140,502
Janus Midcap	160,962,677
Adams Street Partners, Inc. (formerly Brinson Partners, Inc.)	288,317,145
Wells Capital Management Small Cap	6,394
RREEF America REIT II	59,069,217
UBS - RESA	28,574,477
Artisan International Value	228,964,504
AS CO Invest IV	11,587,287
Angelo Gordon Core + Realty	3,123,150
UBS Trumball TPG Value Fund	47,475,943
AS Growth EQ VII	10,175,364
Blackstone Hedge	136,712,532
Blackstone Property	63,645,130
SSGA S&P 500 Flagship	804,500,681
Harding Loevnier	1,936
Newfleet Mgmt.	140,859
Baille Gifford EAFE	89,779,749
Lazard Asset Mgmt.	115,399,120
U.S. Army N.A.F. Ret. Trust (SSGA STIF)	9,917,151
Sprucegrove	123,061,105
Prime Property	44,773,369
ABS Emerging Markets	40,709,712
Prudential Core Plus	457,934,866
Macquarie	94,425,988

NOTE 3 – CASH WITH ARMY BANKING AND INVESTMENT FUND

The Plan had $8,189,992 invested in the United States Army Banking and Investment Fund (ABIF) at September 30, 2024. The ABIF acts as a pooling agent for all Army Nonappropriated activities and invests principally in U.S. Treasury securities, U.S. government agency securities, and certificates of deposit. The rate of interest paid to depositors is determined periodically by ABIF management.

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NOTE 4 – RELATED PARTY TRANSACTION

Appropriated funds of the United States Army provide certain general administrative support, including office space, communication, and certain supplies to the U.S. Army Command which administers the Plan. The value of some of these contributed series and supplies is not currently available and thus, is not reflected in the accompanying financial statements.

The Plan, the United States Army Medical/Life Fund (AMLF), and the 401(k) plan share common offices and administrative personnel. Common expenses are paid by the Plan and the AMLF and 401(k) plan allocated portions are reimbursed to the Plan. The balance due to the Retirement Plan as of September 30, 2024 for expenses allocated to the Army Medical/Life Fund and the 401(k) Saving Plan is $1,567,157 and $579,638, respectively.

The NAF Financial Services deducted employer and employee contributions from the various payroll cycles and remitted the funds to the Plan at a cost of $1,824 in the year ended September 30, 2024. The accounting charges for the NAF Financial Services totaled $71,456.

NOTE 5 – CONTRIBUTIONS

As a condition of participation, employees are required to contribute 2% of their salary to the Plan. Prior to January 1, 1991, employees were required to contribute 3% of their salary.

Effective January 1, 2001, new hires, rehires, and newly eligible employees may elect to stop contributing to the Plan after six months. The employee’s past contribution will be refunded upon termination only if the employee elects a refund in lieu of future retirement benefits when vested.

Although it has not expressed any intention to do so, the United States Army Nonappropriated Fund has the right under the Plan to discontinue its contributions at any time and to terminate the Plan.

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Summary of Methods and Assumptions as of October 1, 2024

A. Actuarial Methods

Exhibit IV-10

1. Calculation of Normal Cost and Actuarial Liability: The actuarial method used to determine the Normal Cost and Actuarial Liability was the Projected Unit Credit actuarial cost method described below.

   Projected Unit Credit Actuarial Cost Method: The objective under this method is to allocate the total pension benefit to which each participant is expected to become entitled at retirement to the participant's past and future service. The allocation is accomplished by applying the Plan's accrual formula to the projected final salary at retirement.

   An Actuarial Liability is calculated at the valuation date as the Present Value of Benefits allocated to service prior to that date.

   The Unfunded Actuarial Liability at the valuation date is the excess of the Actuarial Liability over the Actuarial Value of Assets of the Plan.

   The Normal Cost is the present value of those benefits which are expected to be allocated to service during the year beginning on the valuation date.

   Under this method, differences between the actual experience and that assumed in the determination of costs and liabilities will emerge as adjustments in the Unfunded Actuarial Liability, subject to amortization.

2. Calculation of Actuarial Value of Assets: Market Value of Assets is the amount certified by outside auditors as available net assets. This includes funds on deposit with insurance companies, funds on deposit with the U.S. Army Banking and Investment Fund, cash, and accrued items.

   As of October 1, 1997, the Actuarial Value of Assets was set equal to the Market Value of Assets. For each subsequent year, the Actuarial Value of Assets is calculated as follows:

   (a) The prior year's Actuarial Value of Assets is

   - Increased by actual contributions, interest at the assumed rate of return on prior year's actuarial value of assets for a full year and interest at an assumed rate of return on contributions for one-half year.

   - Decreased by actual benefit payments, administrative expenses and other payments and interest at the assumed rate of return on these payments for one-half year.

   (b) The amount from (a) above is the expected value.

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(c) 20% of the difference between Market Value and expected value is added to "expected" value.

(d) The result from (c) is the Actuarial Value of Assets adjusted, if necessary, to be not less than 20% below and not more than 20% above the Market Value of Assets.

3. Calculation of the Employer Actuarial Contribution Rate: The contribution allocation procedure primarily consists of an actuarial cost method, an asset smoothing method, and an amortization method as described below. This contribution allocation procedure, combined with reasonable assumptions, produces a Reasonable Actuarially Determined Contribution as defined in Actuarial Standard of Practice No. 4. The contribution allocation procedure was selected to balance benefit security, intergenerational equity, and the stability of actuarially calculated contributions. The selection also considered the demographics of plan members, the funding goals and objectives of the Plan, and the need to accumulate assets to make benefit payments when due.

   The method for determining the employer actuarial contribution rate is as follows:

   (a) The Normal Cost as described on the previous page plus assumed administrative expenses; *plus*

   (b) A level dollar amount such that the Unfunded Actuarial Liability (UAL) would be paid off in 15 years; *less*

   (c) Estimated employee contributions of 2% of payroll.

   The amount calculated is adjusted with interest to the middle of the year and then divided by valuation earnings to convert to a percent of pay.

   The UAL amortization method is a rolling method, which will not fully amortize the UAL. However, as the outstanding balance of the UAL is reduced by a reasonable amount each year, this amortization method is considered reasonable in accordance with Actuarial Standard of Practice (ASOP) No. 4.

4. Valuation Software: Cheiron utilizes ProVal, an actuarial valuation software leased from Winklevoss Technologies (WinTech) to calculate the liabilities, normal costs, and projected benefit payments. We have relied on WinTech as the developer of ProVal. We have reviewed ProVal and have a basic understanding of it and have used ProVal in accordance with its original intended purpose. We have not identified any material inconsistencies in assumptions or output of ProVal that would affect this actuarial valuation.

5. Projection Model: This report includes deterministic projections of future contributions, assets, and funded status for the purpose of assisting the Leadership with the management of the Plan. We have used Cheiron's *P-Scan* model to develop these projections. The model is also used to stress test the impact of volatile asset returns over the projection period.

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The *P-Scan* projection uses projected benefit payments for current members but does not include projected benefit payments for new members. This limitation is not material for the next 20 years, but longer projection periods should be viewed with caution.

The *P-Scan* projection uses standard roll-forward techniques that implicitly assume a stable active population. Changes in the demographic characteristics of the active population will lead to different results.

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Summary of Methods and Assumptions as of October 1, 2024

B. Actuarial Assumptions

Exhibit IV-10 (continued)

Rationale for Economic and Demographic Assumptions

All demographic assumptions were adopted by the Board in September 2021 on the basis of the proposals made by Cheiron as a result of an experience study covering the period October 1, 2015 through September 30, 2020. Please refer to the experience study presentation dated September 20, 2021 for the rationale to these assumptions.

The investment return, general inflation, and annual rate of general wage inflation assumptions were adopted by the Board in April 2022. Please refer to the previously mentioned September 2021 experience study presentation as well as the revisit of economic assumptions in the March 2022 presentations for rationale of these economic assumptions.

The administrative expense assumption was updated with the October 1, 2023 valuation, as adopted by the Board in November 2024, to recognize future Plan costs expected to be incurred for Army's system transition and expectations for the future.

The combined effect of the assumptions in aggregate is expected to have no significant bias.

1. Investment Return:

   7.25% annually, net of investment expenses

2. General Inflation:

   3.25% annually

3. General Wage Increase:

   3.75% annually

4. Annual Rate of Merit/Seniority Wage Increase (in addition to the General Wage Increase, applied multiplicatively):

   See Rates in Exhibit A

5. Social Security Wage Base:

   Assumed to increase with general inflation

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6. Administrative Expenses:

   $8,000,000 per year for fiscal year ending September 30, 2025.

   For projection purposes, $8,000,000 for fiscal year ending September 30, 2026, and $4,000,000 per year for fiscal years ending September 30, 2027 and 2028, increasing with 3.25% annual inflation thereafter.

   Administrative expenses are assumed payable as of the middle of the year.

7. Mortality:

   Amount-weighted RP-2006 Mortality Table (same as RP-2014 adjusted back to 2006 using Scale MP-2014), adjusted by 115% for males and 110% for females:

Non-Annuitants:	Employee Tables, Total Dataset
Retirees, Beneficiaries:	Healthy Annuitant Tables, Total Dataset
Disabled Retirees:	Disabled Retiree Table

   The mortality rates are projected generationally from the base year using Projection Scale MP-2020.

8. Termination:

   Rates set forth in Exhibit A

9. Disability:

   Rates set forth in Exhibit B

10. Retirement Age:

    See Exhibit B

11. Form of payment and proportion of participants with eligible beneficiaries for survivor:

    Participants are assumed to elect the Normal Benefit (Single Life Annuity for unmarried participants, 55% Joint and Survivor for married participants) as follows: 88% of participants are assumed to be married. 45% of participants are assumed to be married and elect the Normal Benefit (i.e., approximately 50% of those married are assumed to elect this option). Wives are assumed to be two years younger than their husbands. For current in-pay participants, actual spouse date of birth is used if available as well as an actual form of payment elected.

12. Post-retirement cost-of-living adjustments:

    Assumed to increase with general inflation

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13. Future service accruals for active employees:

    1.0 year of Credited Service earned per year

14. Noncontributing participants:

    100% of inactive participants due an account balance are assumed to still be due a refund of their account balances. Non-vested participants entitled to a refund of the employee contributions are included in the valuation and are assumed to be paid out within five years. Vested participants are assumed to remain in service but continue in a noncontributory status.

15. Maximum benefit:

    The maximum benefit payable under IRC Section 415, effective at the valuation date ($275,000 for 2024) assumed to increase with general inflation.

16. Maximum pensionable pay:

    IRC Section 401(a)(17) limit effective at valuation date ($345,000 for 2024) assumed to increase with general inflation.

17. Changes since prior year:

    None.

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Exhibit A

	Merit/Seniority Wage	Termination*	
Service	**Increase**	**Male**	**Female**
0	15.00%	30.00%	35.00%
1	7.00%	25.00%	30.00%
2	6.00%	20.00%	25.00%
3	5.00%	15.00%	20.00%
4	4.25%	13.00%	17.00%
5	3.75%	11.00%	14.00%
6	3.25%	9.00%	12.00%
7	2.75%	8.00%	10.00%
8	2.50%	7.00%	8.00%
9	2.25%	6.50%	6.50%
10	2.00%	6.25%	6.25%
11	1.75%	6.00%	6.00%
12	1.50%	5.50%	5.50%
13	1.25%	5.00%	5.00%
14	1.00%	4.50%	4.50%
15	0.75%	4.00%	4.00%
16	0.75%	3.00%	3.00%
17	0.75%	2.75%	2.75%
18	0.50%	2.50%	2.50%
19	0.50%	2.25%	2.25%
20	0.50%	2.00%	2.00%
21	0.25%	2.00%	2.00%
22	0.25%	2.00%	2.00%
23	0.25%	2.00%	2.00%
24	0.00%	2.00%	2.00%
25+	0.00%	2.00%	2.00%

* When members are eligible to retire, it is assumed that their termination rates are zero.

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Exhibit B

Retirement Rates*
Number of retirements per 1,000 members

Age	Reduced	Unreduced
50	25	N/A
51	25	N/A
52	50	N/A
53	50	N/A
54	75	N/A
55	75	200
56	75	140
57	75	100
58	75	100
59	100	125
60	100	150
61	150	175
62	N/A	175
63	N/A	175
64	N/A	175
65	N/A	200
66	N/A	225
67	N/A	175
68	N/A	175
69	N/A	175
70+	N/A	1,000

Disability
Number of Disablements per 1,000 members (sample rates)

Age	Rate
<35	0.14
35	0.16
40	0.28
45	0.60
50	1.04
55	1.19
60	2.16
62+	0.00

* 100% of terminated vested participants are assumed to retire at age 62.

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Data Assumptions and Methods

The methodology for preparing the data used for the valuation is based on upon the assumptions and methods as outlined below, which was described in the Data Memo provided to the Fund office for review and approval dated October 24, 2025, and confirmed through the data questions process.

SETTING VALUATION STATUS

Active, Vested Deferred, and Non-Vested Deferred

The raw data file "2024actuarialValuationExport submitted 26 Nov 24.xlsx" included several different valuation statuses, including Non-Vested Deferred, Vested Deferred, and Active members. Each status was set using the following criteria:

Vested Deferred

- CG Status equals "TER", "FUR", "LWOP", or is missing, Balance is greater than $0, and Credited Service is greater than or equal to 60 months, or
- CG Status equals "ACT" or "POR", Salary equals $0, Balance is greater than $0, and Credited Service is greater than or equal to 60 months.

Money on Deposit (MOD; Non-Vested Deferred Participants due an Account Balance)

- CG Status equals "TER", "FUR", "LWOP", or is missing, Balance is greater than $0, and Credited Service is less than 60 months, or
- CG Status equals "ACT" or "POR", Salary equals $0, Balance is greater than $0, and Credited Service is less than 60 months.

Active

- CG Status equals "ACT" or "POR" and Salary is not equal to $0.

Excluded

- All remaining records that do not meet one of the criteria listed above were excluded from the valuation.
- The Fund Office has previously indicated that FERS portees are individuals who are now employed by Army NAF but continue to participate in FERS/TSP. Therefore, these participants are never eligible to participate in the Army NAF Retirement Plan and are therefore excluded from our annual valuation.

In-Pay

For those reported in the raw data file "Pension_Payment_Monthly_Listing_Report FY24 submitted 26 Nov 24.xlsx", those who meet the following criteria were excluded from the valuation:

- Payees with a "Date of Death" prior to the valuation date.

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DATA ASSUMPTIONS AND METHODS

The following tables provide the assumptions and methods used to set key data fields used in the valuation.

Active	Base Data Set Fields Used
Valuation Salary	• If "Latest Hire Date" is after October 1, 2023 and Credited Service is less than 12 months, salary will be prorated based on elapsed time between "Latest Hire Date" and October 1, 2024. • Otherwise, use value reported in the "Salary" data field.

In-Pay	Base Data Set Fields Used
Beneficiary Date of Birth & Gender	• If beneficiary demographic information was not provided in either "Retirements Plan Year FY24 submitted 20 Nov 24.xlsx" or "Retirees Option Selection submitted 12 Feb 25.xlsx", assume same as prior year. • If prior year information is not available, assume wives are two years younger than their husbands and beneficiary gender is opposite the participant.
Payment Form	• If the retiree's elected benefit option was not provided in either "Retirements Plan Year FY24 submitted 20 Nov 24.xlsx" or "Retirees Option Selection submitted 12 Feb 25.xlsx", assume same as prior year. • If the prior year benefit option is not available, assume a 55% Joint & Survivor benefit option for retirees and a Single Life Annuity for beneficiaries.
Annual Pension Benefit	• If "Payroll Name" is equal to either "Retiree Pension Quarterly Jan Apr Jul Oct Due Date" or "Pensioner Suspended Payment Quarterly Jan Apr Jul Oct Due Date", the annual pension benefit amount will be valued as "July Gross Pay" multiplied by 4. • If "Payroll Name" is equal to either "Retiree Pension Quarterly Feb May Aug Nov Due Date" or "Pensioner Suspended Payment Quarterly Feb May Aug Nov Due Date", the annual pension benefit amount will be valued as "August Gross Pay" multiplied by 4. • If "Payroll Name" is equal to either "Retiree Pension Quarterly Mar Jun Sep Dec Due Date" or "Pensioner Suspended Payment Quarterly Mar Jun Sep Dec Due Date", the annual pension benefit amount will be valued as "September Gross Pay" multiplied by 4. • Otherwise, the annual pension benefit amount will be valued as "September Gross Pay" multiplied by 12.

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SUMMARY OF PLAN PROVISION AS OF OCTOBER 1, 2024

Exhibit IV-11

1. Effective Date of Plan

   January 1, 1966. Most recent amendment and reinstatement as of January 1, 2014.

2. Employees Eligible for Participation

   All employees of covered U.S. Army-NAF activities working at least 20 hours per week are eligible to become Participants on their date of employment. Effective January 1, 2001, new hires, rehires, and newly eligible employees are required to participate in the Plan for the first six months. Employee contributions are required for participation.

3. Definitions

   (a) Earnings: Gross annual compensation as reported on Form W-2, plus the Participant's pre-tax contributions to the Employer's 401(k) plan or for health benefits, capped by the limit as indexed under the Code.

   (b) Final Average Earnings: The average of the highest 36 consecutive months of Earnings.

   (c) Credited Service: All service including unused sick leave from the date of employment to retirement, death, or termination, except that service on and after April 1, 1981, is counted only if the employee makes contributions to the Plan.

   (d) Covered Compensation: The amount specified in Table 1 of Attachment 1, as amended from time to time, of Internal Revenue Service Notice 89-70 for the Plan Year in which the Participant attains his Social Security Retirement Age.

4. Retirement Dates

   (a) Normal Retirement Date: The first day of the month following the later of Participant's 62^{nd} birthday and completion of 5 years of Credited Service.

   (b) Early Retirement Date: A Participant may retire on the first day of a month before age 62 provided:

      (i) He has attained age 50 and has completed 20 years of Credited Service, or

      (ii) He has attained age 52 and has completed 5 years of Credited Service, or

      (iii) Attainment of age 50 and completion of 20 years of Credited Service on or after August 1, 1993 and prior to December 31, 1994, or on or after January 1, 1997, and is involuntarily separated from service or if the Employer shall have obtained a voluntary early retirement authority from the Assistant Secretary of the Army (Manpower and Reserve Affairs), or

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(iv) Attainment of any age and completion of 25 years of Credited Service on or after August 1, 1993, and prior to December 31, 1994, or on or after January 1, 1997, and is involuntarily separated due to loss of position under a business-based action, per authority of the installation commander.

(c) Disability Retirement Date: A Participant who becomes permanently disabled and unable to perform his duties may retire, provided that he:

(i) Has attained age 52 with 1 year of Credited Service or has completed 5 years of Credited Service if hired before January 1, 2009, or

(ii) Has completed 5 years of Credited Service if hired on or after January 1, 2009.

(d) Deferred Retirement Date: A Participant may remain in employment beyond his Normal Retirement Date.

5. Pension Benefit at Normal Retirement

(a) Eligibility: All Participants who retire on their Normal Retirement Date.

(b) Annual Benefit: The sum of (i), (ii), and (iii).

(i) 1.2% of Final Average Earnings plus 0.3% of Final Average Earnings in excess of Covered Compensation times Years of Credited Service not in excess of fifteen (15) years.

(ii) 1.6% of Final Average Earnings plus 0.3% of Final Average Earnings in excess of Covered Compensation times Years of Credited Service in excess of fifteen (15) years up to thirty (30) years.

(iii) 1.6% of Final Average Earnings times Years of Credited Service in excess of thirty (30) years.

But not less than the Participant's accrued benefit as of June 30, 1990 under the prior formula.

6. Pension Benefit at Early Retirement

(a) Eligibility: All Participants who retire on an Early Retirement Date.

(b) Annual Benefit: Calculated as in item (5) based on Final Average Earnings and Credited Service at the time of early retirement, reduced by 4% for each year that early retirement precedes Normal Retirement Date. For retirement after attainment of age 55 and completion of 30 years of Credited Service, or after attainment of age 60 and completion of 20 years of Credited Service, no reduction in benefit is applicable.

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(c) A Participant who retires on an Early Retirement Date shall receive an annual early retirement supplement payable until the Participant attains his Normal Retirement Date. This benefit continues to the surviving spouse if the participant elected a married form of payment and dies. The amount of the annual supplement shall be (i) $192 or (ii) one-half percent (0.5%) of the Participant's Final Average Earnings whichever is less, times Years of Credited Service up to twenty-five (25) but shall not exceed $4,800 per year. This annual supplement is increased by any Cost-of-Living Adjustments thereafter.

(d) A Participant who retires on an Early Retirement Date as described in item 4(b)(iii) and (iv) above shall receive a benefit calculated as in item (5) based on Final Average Earning and Credited Service at the time of early retirement, reduced by 2% for each year that early retirement precedes age 55.

7. Pension Benefit at Disability Retirement

(a) Eligibility: All Participants who retire on a Disability Retirement Date.

(b) Annual Benefit: The sum of (i) and (ii)

(i) 1.2% of Final Average Earnings times Years of Credited Service up to fifteen (15).

(ii) 1.6% of Final Average Earnings time Years of Credited Service in excess of fifteen (15).

The annual benefit shall not exceed 90% of Final Average Earnings when combined with Workers' Compensation.

8. Pension Benefit at Deferred Retirement

(a) Eligibility: All Participants who retire on a Deferred Retirement Date.

(b) Annual Benefit: Calculated as in item (5) based on Final Average Earnings, Covered Compensation, and Credited Service at the time of actual retirement.

9. Vested Benefits

(a) Eligibility: All Participants who complete 5 years of Credited Service.

(b) Annual Benefit: Calculated as in item (5) based on Final Average Earnings, Covered Compensation, and Credited Service at the time of termination of employment if Participant does not elect to have his contributions with interest returned to him.

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10. Survivor Benefits

(a) Eligibility: Any Participant who was retired on account of disability or who completed 5 years of Credited Service, and at the time of death, either:
(i) Was actively employed,
(ii) Was separated from active service entitled to a deferred benefit, but had not yet begun to receive retirement benefits, or
(iii) Retired under a disability benefit.

(b) Annual Benefit: The eligible spouse survivor will receive the amount of benefit, including the early retirement supplement unreduced for early commencement that would have been paid had the Participant retired on the date of death and elected the normal form of payment for married participants.

If a Participant has retired on account of disability, his Spouse shall receive a benefit equal to the retirement benefit that would have been payable had the Participant retired at the time his disability commenced and elected the normal form of payment for married participants.

11. Employee Contribution

(a) Annual Contribution: 2% of Earnings, which may be increased by 0.40% for the first year, and 0.25% each succeeding year, to a maximum rate of 3.40% if the actuarial value of the Trust assets is trending below 90% of the Trust liabilities. The trend is defined as twenty years from the date of the Actuary report.

(b) Interest Credited: 3% per annum.

(c) Benefit: Employees, or their beneficiaries if they are deceased, are eligible to receive a refund of their contributions plus interest in the form of a lump sum.

12. Forms of Benefit Payment

(a) Normal Form: Reduced 55% joint and survivor annuity for married participants; life annuity for single participants. (For single participants, the excess of the retired Participant's contributions with interest over the sum of benefits paid is returned at his death in a lump sum payment to the retired Participant's beneficiary or estate).

(b) Optional Forms: Actuarially Equivalent 5 or 10-years Certain and Continuous, Life Annuity, or a 100% Contingent Annuitant option.

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13. Cost-of-Living Adjustments

Effective April 1, 1987, benefits paid to pensioners and beneficiaries as of April 1, 1987 were increased 0.25% for each month from the later of benefit commencement date or April 1, 1985 through December 1, 1986. Pensioners' benefits were previously increased in 1981, 1983, and 1985.

Effective April 1, 1988, and each April 1 thereafter, each participant and beneficiary receiving retirement or survivor benefits from the Plan shall be entitled to have the benefit he or she is then receiving increased by the same percentage as the increase in the average Consumer Price Index – Urban Wage Earners and Clerical Workers (CPI-W) for the third quarter of the preceding year, or by four percent (4%), whichever is the lesser figure. For those years when the Consumer Price Index exceeds 4%, the Benefits Program Manager and the Trustees, upon review of the financial conditions of the Plan, may recommend to the Commander increases of more than 4%.

14. Changes in Plan Provisions since Prior Valuation

None