Prilago. · PDF p.104 Excerpt

Notes to the Financial Statements
For the Year Ended December 31, 2024

6. ***Benefit and Assumption Changes***: The comparability of the data from year to year can be affected by changes in actuarial assumptions, benefit provisions, accounting policies, and other factors.

Significant Changes in Benefits, Contributions, and Assumptions were as follows:

Valuation Date*	Change
2014	The discount rate (investment return assumption) was lowered.
2017	Nearly all economic and non-economic actuarial assumptions were changed.
2018	Contribution rates were increased effective February 2018. Reflected new annuity conversion factors effective January 1, 2020.
2021	Nearly all economic and non-economic actuarial assumptions were changed.
2022	Reflected new annuity conversion factors effective January 1, 2022.
2023	None reported
2024	None reported

* Valuations as of January 1.

7. ***Target Allocations***: The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per the System's investment advisors as of December 31, 2023 with real rates of return shown net of 2.50% inflation. The target asset allocation is based on the Tacoma Employees' Retirement System Investment Policy Statement dated August 2023.

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Investment Grade Fixed Income	Bardays Aggregate	21.5%	2.28%
US Bank / Leveraged Loans	Credit Suisse Leveraged Loan	2.0%	4.12%
US Long Gvt Bonds	Bloomberg Bardays Long Gvt	3.0%	2.43%
High Yield Bonds	BAML High Yield	5.0%	3.93%
Emerging Market Debt	JP Morgan EMBI Plus	5.0%	2.80%
Global Equity	MSCI ACWI NR	19.0%	4.35%
Low Volatility Global Equity	MSCI ACWI Minimum Volatility	9.5%	4.47%
Private Real Estate	NCREIF Property	10.0%	3.53%
Private Equity	Cambridge Private Equity	15.0%	7.15%
Private Credit	CDL Index	3.0%	5.90%
Infrastructure	S&P Global Infrastructure	7.0%	5.28%
Assumed Inflation - Mean			2.50%
Assumed Inflation - Standard Deviation			1.44%
Portfolio 10 year Geometric Rate of Return			6.60%
Portfolio 30 year Arithmetic Rate of Return*			7.89%
Portfolio 30 year Geometric Rate of Return			7.28%
Portfolio Standard Deviation			11.55%
Long-Term Expected Rate of Return, net of investment expenses			6.75%

*Long-Term Expected Geometric Rates of Return shown are based on a 30-year period

8. ***Sensitivity Analysis***: The following presents the employer's proportionate share of the collective net pension liability as of the December 31, 2023 measurement date calculated using the discount rate of 6.75%, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate.