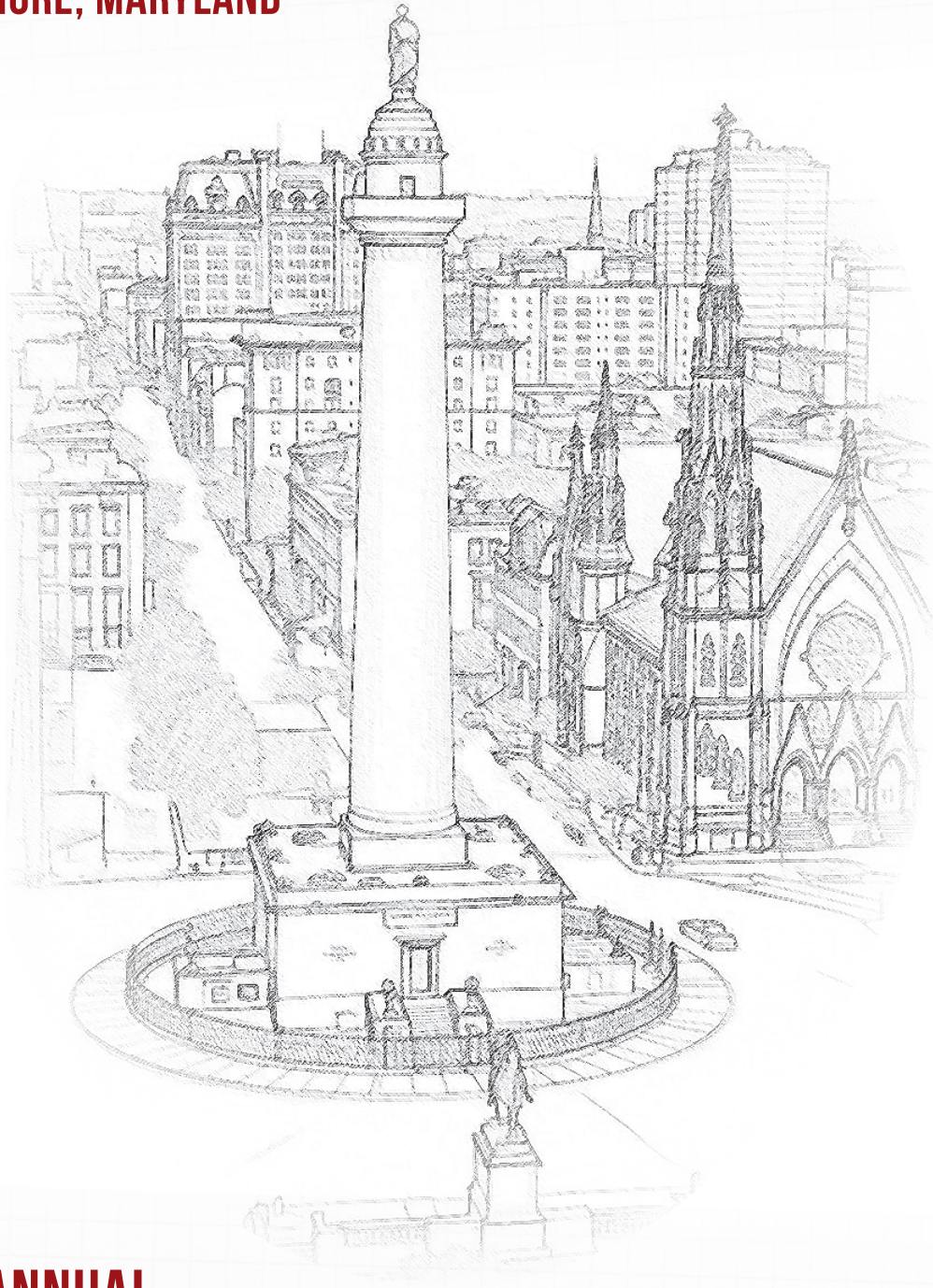
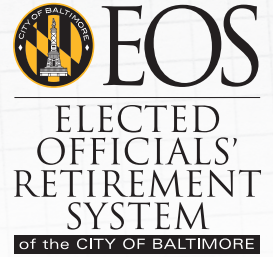


# ELECTED OFFICIALS' RETIREMENT SYSTEM

CITY OF BALTIMORE, MARYLAND



## POPULAR ANNUAL FINANCIAL REPORT

Year Ended June 30, 2025

Pension Trust of the City of Baltimore

# Introduction

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We are pleased to present the Popular Annual Financial Report (PAFR) for the Elected Officials' Retirement System (EOS). This report summarizes key information from the fiscal year 2025 Annual Comprehensive Financial Report (ACFR). To review full financial statements, access the complete ACFR at <https://www.bcers.org/elected-officials-retirement-system/>.

## Message from the Chair of the Board of Trustees

Fiscal year 2025 marked another year of strong progress for the Elected Officials' Retirement System. EOS earned an 11.1% return, closely aligned with its policy benchmark, and achieved a 10-year return of 7.4%, outperforming both peers and the benchmark. The System's market value funded ratio has strengthened to 172.0%, reflecting disciplined oversight and long-term stability.

The Board remains fully committed to serving our members, retirees, and beneficiaries while navigating a dynamic economic environment. I am grateful to the Retirement Systems' staff for the empathy, integrity, and professionalism you bring to your work each day.

This year, Article 22 expanded the Board to 10 members, adding representation from Baltimore City Public Schools. I am honored to serve as Chair alongside Vice Chair Sharon Lockley, and we remain dedicated to safeguarding EOS's long-term strength.

**Dr. Helen Holton**

## Message from the Executive Director

Throughout the year, we advanced several important modernization and governance initiatives. We initiated the Request for Information (RFI) process for a new Pension Administration System—an essential step toward replacing legacy platforms with a modern, integrated solution that strengthens efficiency, data accuracy, cybersecurity, and member self-service.

We also enhanced investment governance by adopting a new asset allocation framework that improves diversification, expands access to private-market opportunities, and increases resilience in changing markets. To reinforce oversight, the Board established a five-member Investment Committee. In addition, we continued implementing Ordinance 21-043, making steady progress toward reducing fossil-fuel exposure and aligning the portfolio with long-term financial and environmental objectives.

I want to thank our dedicated staff for their outstanding work and the Board of Trustees for their continued guidance and leadership.

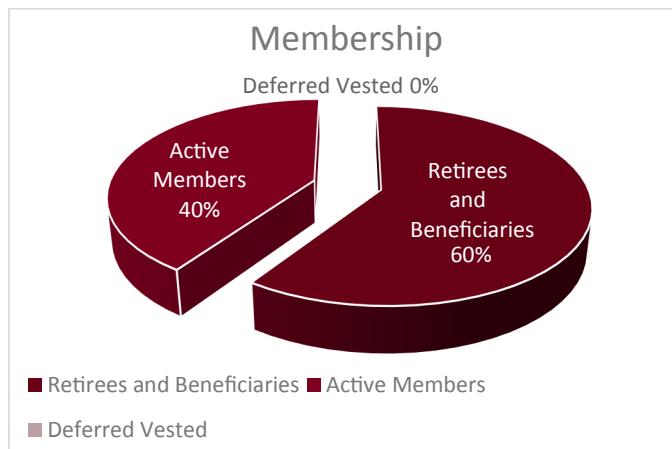
**David A. Randall**

# The Plan

The Elected Officials' Retirement System of the City of Baltimore (EOS) is the administrator of a single employer defined benefit local government retirement plan (the Plan). The EOS plan was established effective December 5, 1983, by City Ordinance 1105. Any elected official who is not a member of the Employees' Retirement System of the City of Baltimore (ERS), upon taking the oath of office, automatically becomes a member. Any elected official who is a member of ERS has the option of electing, within 120 days of taking the oath of office, to become a member of EOS.

Based on criteria established by the Governmental Accounting Standards Board, the EOS is a Pension Trust of the City of Baltimore and is included in the City's financial report as a Public Employee's Retirement System (PERS).

On June 30, 2025, the membership consisted of 25 retirees and beneficiaries, 17 active members and no deferred vested members.



EOS members contribute 5% of their earnable compensation. However, no contribution is required after the member has attained the age of 60 and acquired 35 years of service. Earnable compensation is the annual salary authorized for the member, not including overtime or other types of pay. In 2016, member benefits were revised per Article 22 as follows:

S/N	Criteria	Elected on/or before December 5, 2016	Elected after December 5, 2016
1	Retirement eligibility	Age 50	Age 55
2	Salary Increases	Indexed to compensation for the position held prior to retirement.	COLA – Higher of 1.5% and rates in effect for F&P retirement system; and waiting period of 1 year.
3	Cap	N/A	60% of compensation at retirement.

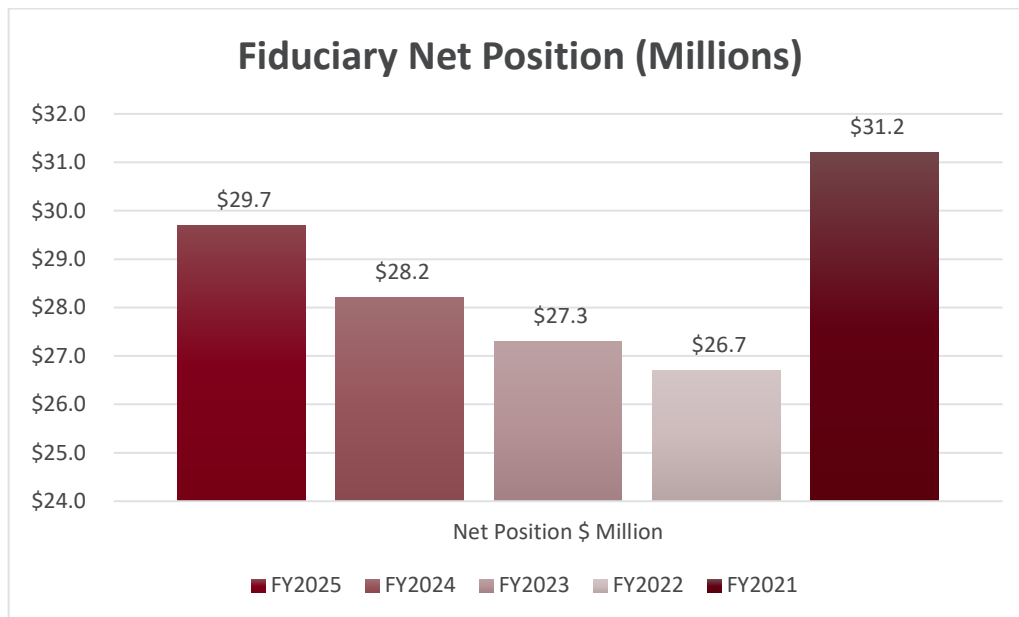


# Financials

The statement of fiduciary net position presents the plan's assets and liabilities, and the net position restricted for pensions on June 30, 2025. The assets comprise cash and cash equivalents, receivables (mainly from investments sold) and fair value of investments, while liabilities comprise payables (mainly management fees and administrative expenses).

On June 30, 2025, the fiduciary net position restricted for pensions was \$29.7 million. The Plan's net position restricted for pensions increased by \$1.59 million (5.6%) compared to last year's net position of \$28.2 million.

<b>Fiduciary Net Position</b>	<b>Fiscal Year 2025</b>	<b>Fiscal Year 2024</b>	<b>Increase / (Decrease)</b>	<b>Percentage Increase</b>
<i>Investments</i>	\$ 29,415,336	\$ 27,803,161	\$ 1,612,175	5.8%
<i>Other Assets</i>	331,667	364,505	(32,838)	-9.0%
<i>Total assets</i>	29,747,003	28,167,666	1,579,337	5.6%
<i>Total liabilities</i>	8,544	14,651	(6,107)	-41.7%
<b>Total net position</b>	<b>\$ 29,738,459</b>	<b>\$ 28,153,015</b>	<b>\$ 1,585,444</b>	<b>5.6%</b>



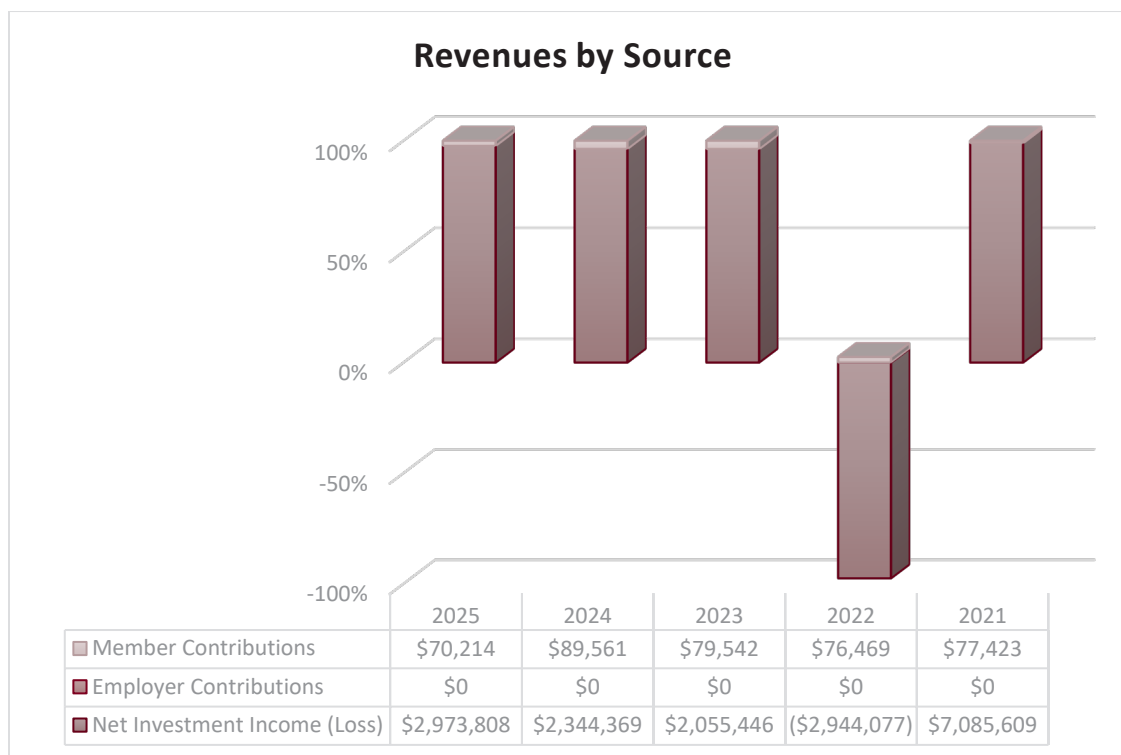
The statement of changes in fiduciary net position presents information on how the plan's net position changed during the year. In fiscal year 2025, the fiduciary net position increased by \$1.59 million. When compared with the fiscal year 2024's increase of \$0.87 million, there was a change of approximately \$0.72 million.

# Financials

Plan members' contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when a formal commitment has been made by the City of Baltimore to provide the contributions. All investment gains and losses are shown at the trade date. Both realized and unrealized gains and losses are shown in the investments. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

<b>Changes in Fiduciary Net Position</b>	<b>Fiscal Year 2025</b>	<b>Fiscal Year 2024</b>	<b>Increase / (Decrease)</b>
Net Investment Income (loss)	\$ 2,973,808	\$ 2,344,369	\$ 629,439
Employee contribution	70,214	89,561	(19,347)
Total additions	3,044,022	2,433,930	610,092
Retirement allowances	1,421,448	1,522,990	(101,542)
Administrative expenses	37,130	36,901	229
Total deductions	1,458,578	1,559,891	(101,313)
<b>Net increases (decreases)</b>	<b>\$ 1,585,444</b>	<b>\$ 874,040</b>	<b>\$ 711,404</b>

Revenues (Additions to Fiduciary Net Position) for the year were \$3.04 million, an increase of \$0.61 million from the prior year, mainly from investment returns. Revenues include plan members' contributions of \$0.07 million and a net investment gain of \$2.97 million.

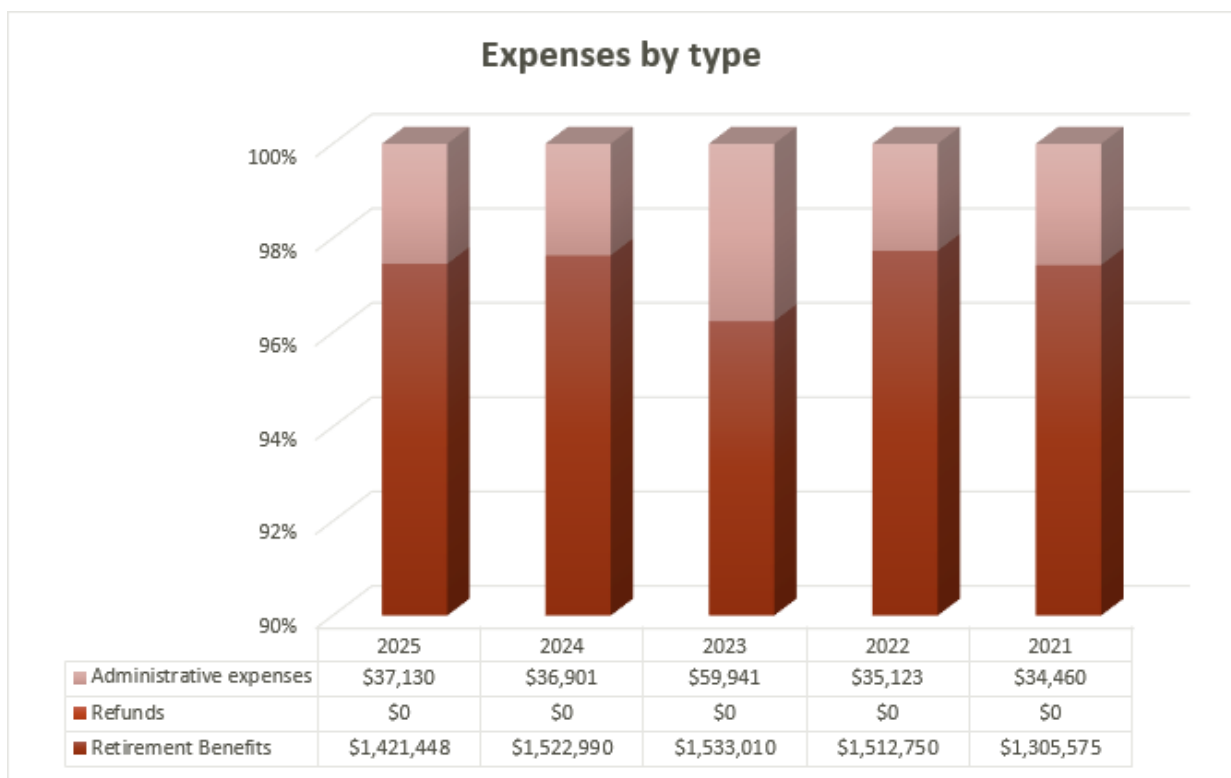


# Financials

The employer contribution is determined by an actuarial valuation; it can be zero when the actuarial value of assets is greater than the accrued liabilities and the amortization of the surplus is greater than the annual cost of the Plan. In fiscal year 2025, the employer contribution remained at zero because the actuarially determined employer contribution for the fiscal year was set at \$0. Employee contributions decreased by 22%, and investments produced a positive return of \$2.97 million compared to fiscal year 2024's positive return of \$2.34 million, an increase of 2.7%.

The Plan was created to provide lifetime service retirement benefits, survivor benefits and permanent disability benefits to eligible Plan members and their beneficiaries. The cost of such programs includes recurring benefit payments, lump sum death benefits, payments to terminated members, and the administrative expenses of the Plan.

The primary source of expense during fiscal year 2025 was for the payment of continuing retirement benefits totaling \$1.42 million, which decreased by \$0.10 million compared to fiscal year 2024. The decrease was due to the termination of deceased members and lower investment management fees.



# Investments

The primary investment objectives of EOS are to preserve the capital value of the plan assets adjusted for inflation, ensure adequate plan liquidity, and to meet and/or exceed both actuarial interest rate assumptions and investment return benchmark as determined by the Board of Trustees. It is recognized that maximizing any one objective may compromise the achievement of other objectives; for example, maximizing liquidity may reduce investment return. The objectives are thus considered and adhered to in descending order of priority.

The economy closed the fiscal year on a cautiously optimistic note. Markets remained attentive to the Federal Reserve, anticipating rate cuts that materialized in late 2024 and held steady throughout the first half of 2025. The unemployment rate declined to 4.1%, supported by payroll growth. Average hourly earnings rose 3.7% year-over-year, suggesting minimal upward pressure on wage-driven inflation. On the trade front, lingering tariff and policy uncertainties weighed on sentiment and forecasts for the latter half of the year. Nevertheless, general risk indicators pointed to a relatively benign environment. Fixed income markets delivered strong performance across sectors over the rolling 12-month period, despite significant interest rate volatility following the “Liberation Day” tariff announcements in April. The Bloomberg U.S. Aggregate Index posted a solid gain of 6.1%, with all major bond indices finishing in positive territory. Sub-investment grade debt led the way once again, with high-yield bonds outperforming bank loans. International equities, long trailing their U.S. counterparts, surged ahead to close the fiscal year with a 17.7% gain, outpacing the 15.3% return for U.S. equities. Real estate, previously weighed down by a locked-up market and high interest rates, rebounded with a 4.2% return, marking its first positive year after consecutive fiscal year performance declines.

	<b><i>FY 2025</i></b>	<b><i>3 Years</i></b>	<b><i>5 Years</i></b>	<b><i>10 Years</i></b>
<b><i>Total Portfolio</i></b>	11.1%	9.6%	8.9%	7.4%
<b><i>Median Public Pension Fund</i></b>	11.2%	9.6%	8.4%	7.3%
<b><i>Domestic Equities</i></b>	12.3%	16.3%	14.5%	11.4%
<b><i>Russell 3000</i></b>	15.3%	19.1%	16.0%	13.0%
<b><i>Defensive Equities</i></b>	7.5%	10.8%	10.3%	-
<b><i>CBOE Put Write Index</i></b>	9.3%	10.1%	11.8%	7.3%
<b><i>50% S&amp;P 500/50% 91 Day T-Bill</i></b>	10.0%	12.2%	9.9%	8.0%
<b><i>International Equities</i></b>	23.2%	13.8%	9.4%	6.3%
<b><i>MSCI ACWI ex-US</i></b>	18.4%	14.6%	10.7%	6.6%
<b><i>Fixed Income</i></b>	6.2%	4.9%	2.0%	2.9%
<b><i>Barclays Aggregate</i></b>	6.1%	2.5%	-0.7%	1.8%
<b><i>Real Estate</i></b>	3.6%	-5.5%	3.5%	-
<b><i>NPI</i></b>	2.7%	-6.2%	2.5%	4.4%

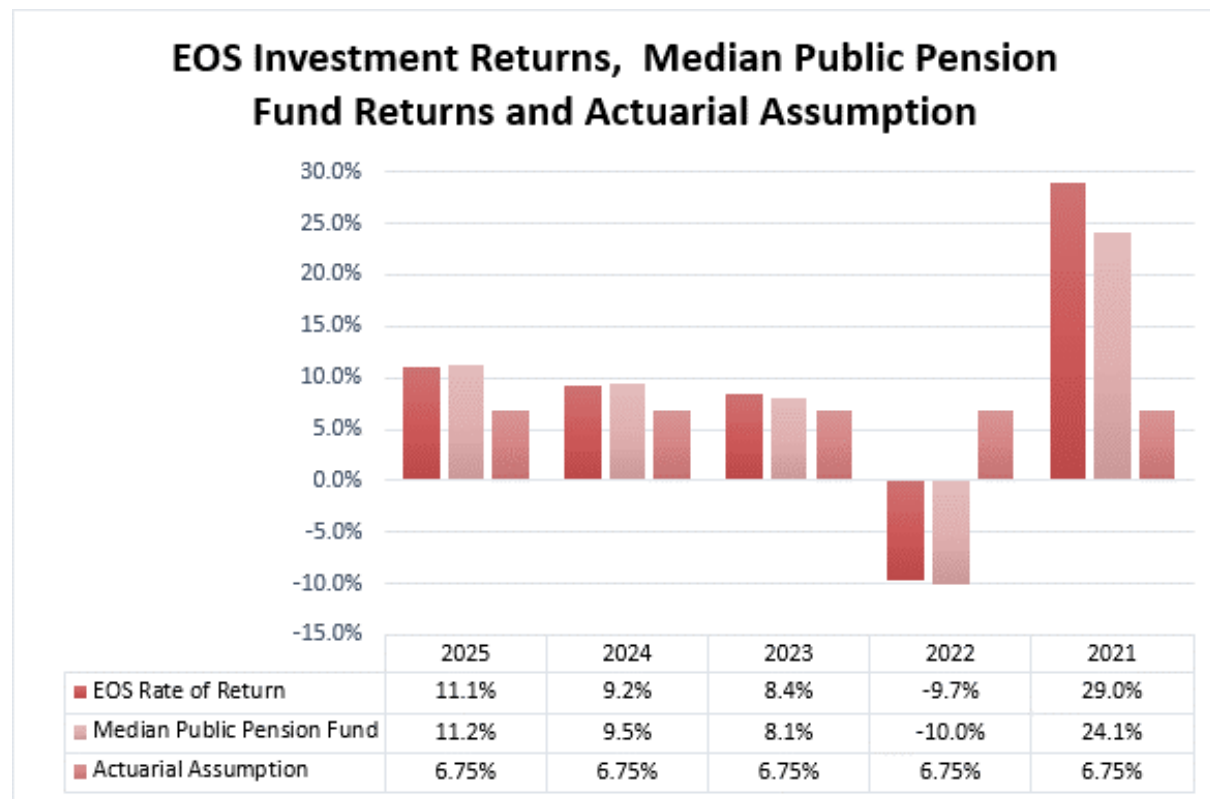
For the fiscal year ending June 30, 2025, the System posted a return of 11.1%, underperforming the policy benchmark of 11.2%. The fixed income portfolio’s core manager allocation added slight value as the bond market navigated a high-interest environment with an increased amount of uncertainty with interest rate direction. U.S. equity was challenged due to the higher allocation

# Investments

to mid-cap and small cap than the benchmark. The international market managers provided strong absolute and relative returns for the year and aided returns.

On June 21, 2016, Ordinance 16-488 was signed into law. The Bill changed the assumed interest rate for Plan investments from 7.25% to 7.00% for fiscal years beginning July 1, 2016, and July 1, 2017. In the fiscal year beginning on and after July 1, 2018, the assumed interest was changed to 6.75%.

The EOS Plan is well-positioned to achieve the investment objectives as outlined by the Board of Trustees. EOS returns and the median public pension fund returns both exceeded the 6.75% actuarial assumption in 2021, 2023, 2024, and 2025. However, both experienced significant underperformance in 2022, with EOS at -9.7% and the median fund at -10%. This volatility underscores the challenge of consistently meeting actuarial targets despite occasional strong performance years.



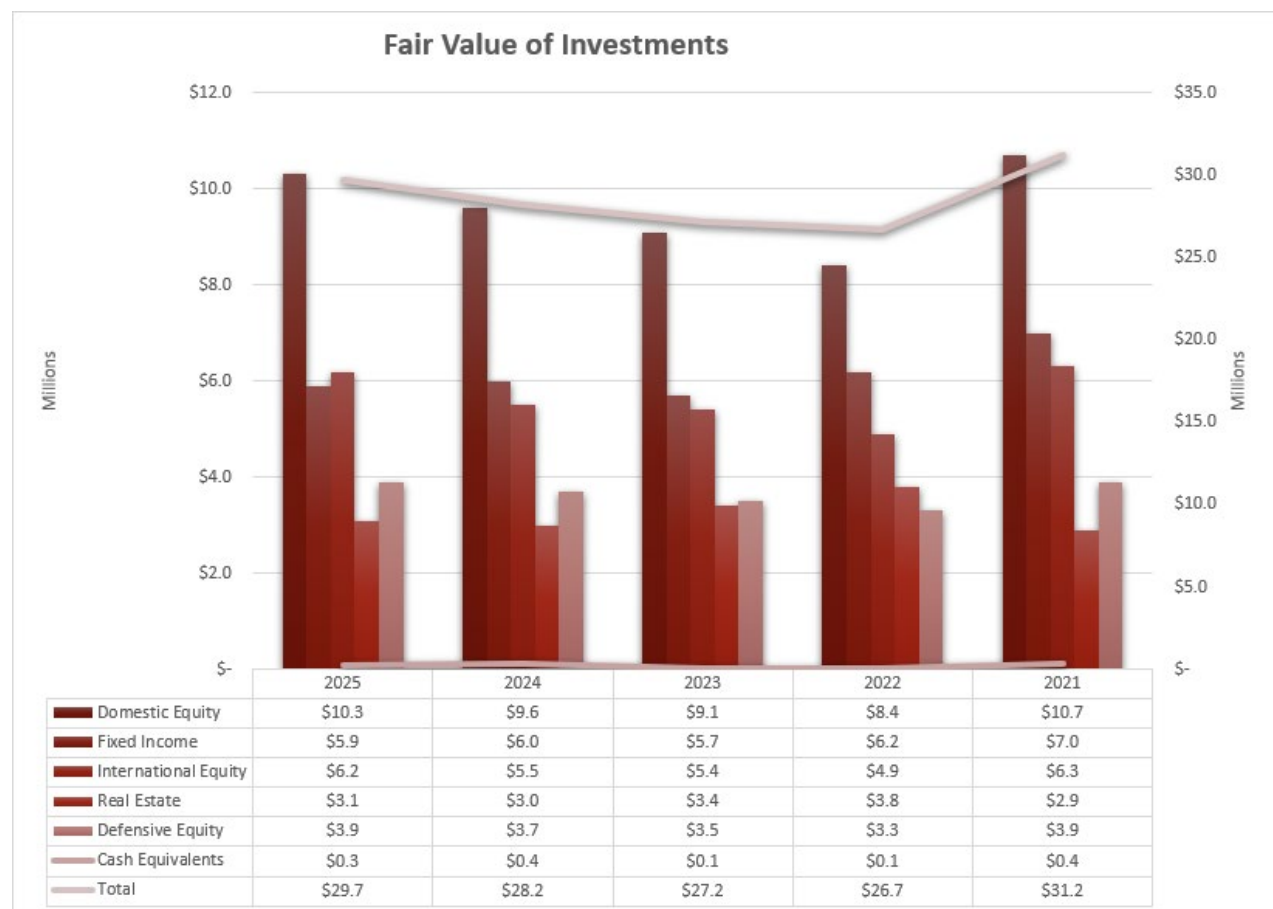
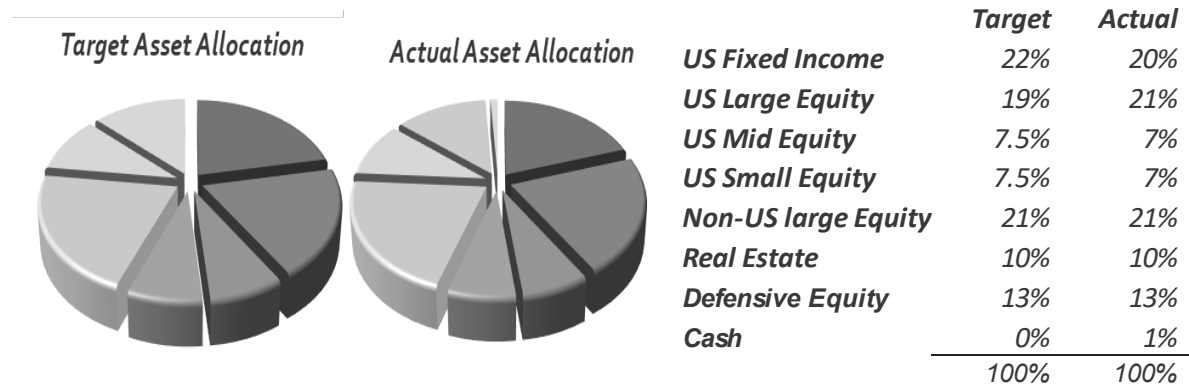
Diversification is the most important component of reaching long-range financial goals. To assist in meeting the overall objectives, the Board of Trustees approved an asset allocation guideline. The asset allocation guideline enables the plan to diversify its assets and maximize returns by investing in different areas that would each react differently to the same event.



# Investments

The asset allocation structure is diversified along domestic and international equity asset classes. In domestic equity, the asset allocation has exposure to large, mid, and small-cap equity. In international equity, the asset allocation has exposure to large and small equity and emerging markets. In fixed income, the asset allocation has exposure to investment grade core bonds and bank loans. The Trustees have employed both active and passive investment strategies to obtain the desired asset allocation mix in the most cost-effective and efficient manner.

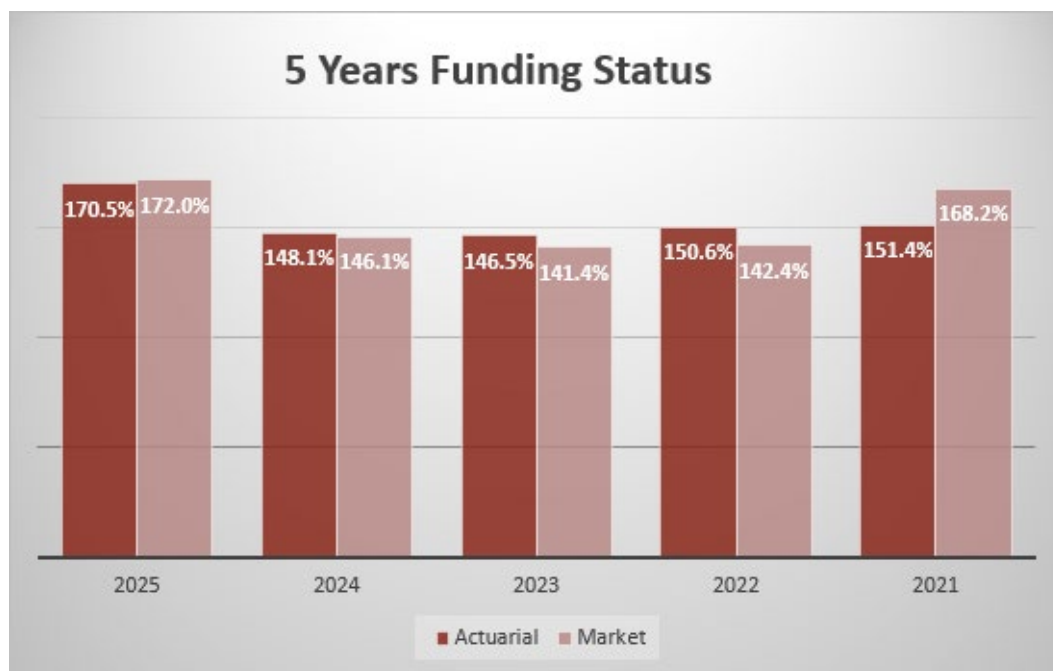
The current EOS asset allocation policy and actual allocation is stated below.



# Actuarial

The Plan's funding objective is to meet long-term benefit obligations through investment income and contributions, which spread the cost over the employees' service base. EOS's funding status is a key indicator of its financial health because it reflects the percentage of benefits due that the plan's assets can cover. Due to the relatively small membership subject to elected terms, the valuation results are expected to exhibit material volatility from year to year.

As of June 30, 2025, the funded ratio of actuarial asset value to actuarial increased from 148.1% to 170.5%. There were net gains based on the smoothed asset value and a large experience gain in liabilities due to a reduction in the retiree population. The funded ratio based on Market Value of Assets increased from 146.1% to 172.0%.

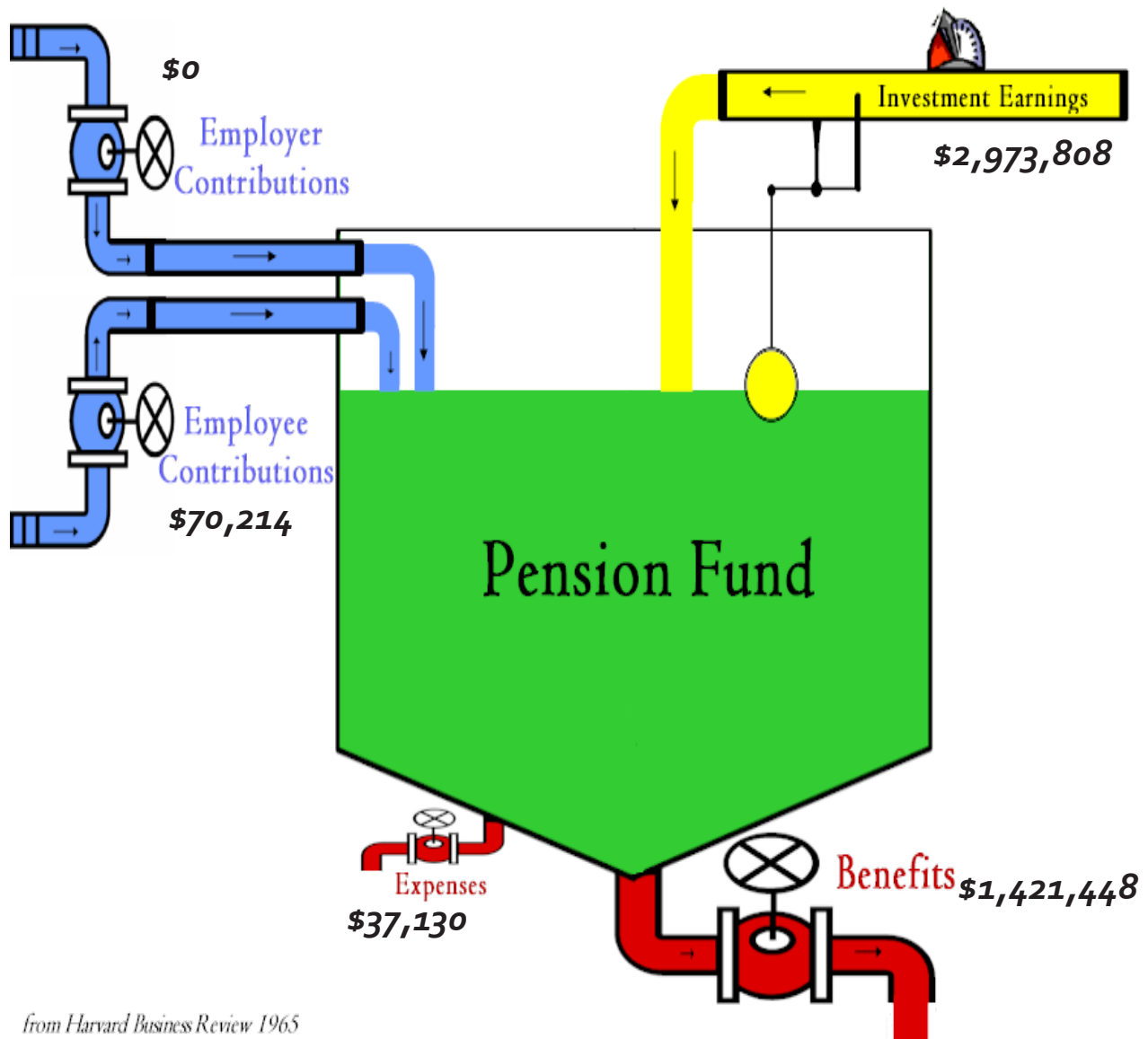


*An experience study is conducted by the system every four years. The study compares actual experience to both demographic and economic assumptions to determine whether adjustments are required. The system conducted an experience study in 2023 based on 2018 through 2022 experience analysis. The mortality rates were updated, and the disability rates were reduced, but had a minimal impact on Liability. The mortality assumptions remained Pub-2010(B), but the percentages changed. The 2026 projection using scale MP-2021 did not change.*

	2025	2024	2023	2022	2021
<b>Total Pension Liability</b>	\$ 17,287,033	\$ 19,271,736	\$ 19,288,125	\$ 18,780,622	\$ 18,522,088
<b>Plan Fiduciary Net Position</b>	29,738,459	28,153,015	27,278,975	26,736,938	31,152,419
<b>Net Pension Assets</b>	\$ 12,451,426	\$ 8,881,279	\$ 7,990,850	\$ 7,956,316	\$ 12,630,331

# Actuarial

	2025	2024	2023	2022	2021
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Actual employer Contributions	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,660,657	\$ 1,622,112	\$ 1,582,554	\$ 1,543,949	\$ 1,431,497
Contributions as a percentage of payroll	0.00%	0.00%	0.00%	0.00%	0.00%



from Harvard Business Review 1965



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**Elected Officials' Retirement System,  
City of Baltimore  
Maryland**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2024

*Christopher P. Morrell*

Executive Director/CEO

**CITY OF BALTIMORE**  
**Employees' Retirement Systems**  
7 East Redwood Street,  
11th, 12th & 13th Floor  
Baltimore, MD 21202

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Chair of the Board  
Retired  
Appointed by Mayor/  
Baltimore City Council

### **Veobia Akilo**

Chief of Staff  
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Department  
Elected by Active  
Members

### **Sharon Lockley**

Vice-Chair of the Board  
Retired  
Elected by Retired  
Members

### **Hon. Zakia Mahasa**

Appointed by Mayor/  
Baltimore City Council

### **Bill Henry**

Comptroller  
Ex-officio Member

### **Veronica P. Jones**

Deputy Labor  
Commissioner  
Elected by Active  
Members

### **Yoanna Moises**

Deputy Director of  
Finance  
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### **Christopher Doherty**

Chief Financial Officer  
Baltimore City Public  
School System  
Ex-officio Member

### **Patricia Roberts**

Retired  
Appointed by Mayor



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*This Popular Annual Report (PAFR) is a summary presentation of the Elected Officials' Retirement System of the City of Baltimore's audited financial statements and other information contained in the Annual Comprehensive Financial Report (ACFR). The PAFR provides an overview of the System's financial and operating results. The complete audited financial statements and pertinent notes to the financial statements can be found in the 2025 ACFR.*