NEW YORK STATE TEACHERS' RETIREMENT SYSTEM
RETIRED EMPLOYEE HEALTH BENEFITS TRUST

Basic Financial Statements and Required Supplementary Information

June 30, 2026 and 2025

(With Independent Auditors' Report Thereon)

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM
RETIRED EMPLOYEE HEALTH BENEFITS TRUST

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Independent Auditor's Report

To the Board of Trustees
New York State Teachers' Retirement System
Retired Employee Health Benefits Trust

Opinion

We have audited the financial statements of New York State Teachers' Retirement System Retired Employee Health Benefits Trust (the "Trust") as of and for the years ended June 30, 2026 and 2025 and the related notes to the financial statements, which collectively comprise the Trust's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the fiduciary net position of the Trust as of June 30, 2026 and 2025 and the changes in its fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of the Trust and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that audits conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Plante + Moran CPAs, P.C.

October 28, 2026

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM
RETIRED EMPLOYEE HEALTH BENEFITS TRUST

Management's Discussion and Analysis

June 30, 2026 and 2025

(Unaudited)

The following discussion and analysis of the financial performance of the New York State Teachers' Retirement System Retired Employee Health Benefits Trust (the Trust) provides an overview of its activities for the years ended June 30, 2026, 2025, and 2024. Its purpose is to provide explanations and insights into the information presented in the financial statements, notes to the financial statements, and required supplementary information.

Overview of the Financial Statements

The following discussion and analysis is intended to assist the reader in better understanding the purpose and meaning of each of the key components of the Trust's financial statements, which comprise the following:

1. *The Statements of Fiduciary Net Position* present the Trust's assets and liabilities by major categories and may serve over time as a useful indicator of the Trust's financial position. The difference between assets and liabilities represents the net position restricted for other postemployment health benefits. The statement also compares assets and liabilities by class to the previous year, which offers the reader the opportunity to note changes in each class of asset and liability from year to year.

2. *The Statements of Changes in Fiduciary Net Position* provide information on the changes in the Trust's net position during the current fiscal year. The additions are derived from net appreciation in fair value of investments, investment income, and contributions from the System. Deductions include other postemployment health benefit payments and professional fees and services. For comparison purposes, information pertaining to the previous year's Statement of Changes in Fiduciary Net Position is also provided.

3. *The Notes to Basic Financial Statements* are an essential part of the financial statements. They provide important background and detailed information about the Trust, its investments, and the statements themselves.

4. *The Required Supplementary Information (RSI) and accompanying notes* consists of information pertaining to the Trust's actuarial methods and assumptions and provides data on the System's net OPEB liability, the changes in the System's net OPEB liability, the System's contributions, and the Trust's investment returns.

Financial Summary and Detailed Analyses

- In 2026, the Trust received a contribution in the amount of $6.2 million from the New York State Teachers' Retirement System (the System) to invest and accumulate assets in order to provide health insurance benefits to retirees of the System. The contribution represents 100% of the Actuarially Determined Contribution (ADC) for fiscal year 2026. Contributions to the Trust in 2025 and 2024 were $6.8 million and $6.9 million, respectively, and represent 101% of the ADC in 2025 and 100% of the ADC in 2024.
- Total Other Postemployment Benefits (OPEB) liability as of June 30, 2026 is $143.2 million, an increase of $21.5 million from total OPEB liability of $121.7 million as of June 30, 2025. Net OPEB liability at June 30, 2026 and 2025 was $39.5 million and $34.0 million, respectively.

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM
RETIRED EMPLOYEE HEALTH BENEFITS TRUST

Management's Discussion and Analysis

June 30, 2026 and 2025

(Unaudited)

Tables 1 and 2 summarize the Trust's financial position and results for the years 2026, 2025, and 2024. The changes from year to year are due to a combination of the annual employer contribution, changes in fair value of investments, and retired employee health benefit payments.The increase in the net position as of June 30, 2026 is attributable to appreciation of the investment portfolio due to particularly strong market performance.

Table 1 - Summary of Fiduciary Net Position

	June 30			Amount increase 2025 to 2026	Percentage change of total, 2025 to 2026
	2026	2025	2024		
Investments at fair value:					
Cash equivalents	$ 679,610	$ 54,977	$ 105,610	$ 624,633	0.71 %
Mutual funds	102,396,672	87,011,685	76,379,467	15,384,987	17.56 %
Total investments	103,076,282	87,066,662	76,485,077	16,009,620	18.27 %
Other assets	673,599	568,163	—	105,436	0.12 %
Total assets	103,749,881	87,634,825	76,485,077	16,115,056	18.39 %
Liabilities:					
Accounts payable	—	—	—	—	— %
Total liabilities	—	—	—	—	— %
Net position restricted for other postemployment health benefits	$ 103,749,881	$ 87,634,825	$ 76,485,077	$ 16,115,056	18.39 %

As shown in Table 2, the Trust's 2026 net position increased from 2025 by $16.1 million, and 2025 net position increased from 2024 by $11.1 million. The increase in 2026 is primarily a result of investment income of $16.6 million and employer contributions of $6.2 million, offset by benefit payments of $6.7 million. The increase in 2025 is primarily a result of investment income of $10.7 million and employer contributions of $6.8 million, offset by benefit payments of $6.4 million.

Table 2 - Summary of Changes in Fiduciary Net Position

	Years ended June 30			Amount increase (decrease) 2025 to 2026	Percentage change of total, 2025 to 2026
	2026	2025	2024		
Net investment income	$ 16,649,030	$ 10,726,353	$ 9,931,293	$ 5,922,677	6.76%
Total contributions	6,236,000	6,804,000	6,910,000	(568,000)	(0.65)
Total additions	22,885,030	17,530,353	16,841,293	5,354,677	6.11%
Retired employee health benefit payments	6,755,174	6,366,205	5,895,698	388,969	0.44
Professional fees and services	14,800	14,400	14,000	400	—
Total deductions	6,769,974	6,380,605	5,909,698	389,369	0.44
Net increase	16,115,056	11,149,748	10,931,595	4,965,308	5.67%
Net Position restricted for postemployment health benefits					
Beginning of year	87,634,825	76,485,077	65,553,482	11,149,748	12.72
End of year	$ 103,749,881	$ 87,634,825	$ 76,485,077	$ 16,115,056	18.39%

Currently Known Facts, Decisions, or Conditions

The economic factors that are of primary significance for the Trust are the annual contributions made by the System and the returns earned in the capital markets. Changes in healthcare premiums, plan provisions, actuarial assumptions, and demographic changes can also have a significant impact on the net OPEB liability and funded status of the Trust. All of these factors play a part in determining the amount the System must contribute to fund current and future retired employee benefits. The Trust's fiduciary net position as a percentage of the total OPEB liability is 72.44% as of June 30, 2026, 72.03% as of June 30, 2025 and 61.35% as of June 30, 2024.

Significant Capital Asset and Long-Term Financing Activity

There was no capital asset or long-term financing activity for the reporting period.

Requests for Information

This financial report is designed to provide active members, retirees, taxpayers, and anyone else who is interested, with a general overview of the financial activities of the Trust. Questions about this report or requests for additional financial information should be addressed to the Public Information Office, New York State Teachers' Retirement System Retired Employee Health Benefits Trust, 10 Corporate Woods Drive, Albany, NY 12211 or by e-mail at communit@nystrs.org.

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM
RETIRED EMPLOYEE HEALTH BENEFITS TRUST

Statement of Fiduciary Net Position

June 30, 2026 and 2025

	2026	2025
Assets:		
Investments - at fair value (note 3, 4 and 5):		
Cash equivalents	$ 679,610	$ 54,977
Mutual funds	102,396,672	87,011,685
Total investments	103,076,282	87,066,662
Other assets	673,599	568,163
Total assets	103,749,881	87,634,825
Liabilities:		
Accounts payable	—	—
Total liabilities	—	—
Net position restricted for other postemployment health benefits	$ 103,749,881	$ 87,634,825

See accompanying notes to financial statements.

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM
RETIRED EMPLOYEE HEALTH BENEFITS TRUST

Statement of Changes in Fiduciary Net Position

Years ended June 30, 2026 and 2025

	2026	2025
Additions:		
Investment income:		
Net increase in fair value of investments	$ 15,039,801	$ 8,774,840
Dividend income	1,609,229	1,951,513
Net investment income	16,649,030	10,726,353
Contributions:		
Employer	6,236,000	6,804,000
Total contributions	6,236,000	6,804,000
Total additions - net	22,885,030	17,530,353
Deductions:		
Retired employee health benefit payments	6,755,174	6,366,205
Professional fees and services	14,800	14,400
Total deductions	6,769,974	6,380,605
Net increase in net position	16,115,056	11,149,748
Net Position restricted for postemployment health benefits		
Beginning of year	87,634,825	76,485,077
End of year	$ 103,749,881	$ 87,634,825

See accompanying notes to financial statements.

(1) Plan Description

The New York State Teachers' Retirement System Retired Employee Health Benefits Trust (the Trust) was created under the general laws of New York. The Trust was created in 2008 for the sole purpose of receiving irrevocable contributions from the New York State Teachers' Retirement System (the System) to provide postemployment healthcare benefits to eligible System employees who retire from the System, in accordance with the terms of the Trust. Trust assets are legally protected from creditors of the System.

The Trust is a defined-benefit, single-employer, other postemployment benefits (OPEB) plan that accumulates resources to pay current and future health insurance premiums for retired System employees. These healthcare plans are designed and administered by the New York State Health Insurance Program (NYSHIP).

The Trust is administered by a 10-member Board to provide healthcare benefits for retired System employees and their beneficiaries. The members of the Board of the Trust are the same as those of the System. The Trust's Board is composed of:

- Three teacher members elected from the active System membership
- One retired member elected by a mail vote of all retired System members
- Two school administrators appointed by the Commissioner of Education
- Two present or former school board members, experienced in the fields of finance and investment, elected by the Board of Regents. At least one of these individuals must have experience as an executive of an insurance company.
- One present or former bank executive elected by the Board of Regents
- The State Comptroller or his/her designee

As of June 30, the Trust's membership consisted of:

	2026	2025
Retired participants and their survivors currently receiving benefits	328	320
Active participants	448	439
Total	776	759

(a) Benefits

Pursuant to contractual agreement and policy, the System provides postemployment healthcare benefits to eligible System employees who retire from the System and reimburses Medicare eligible retirees for their Medicare Part B premiums. The System is a voluntary participating employer in NYSHIP. Article XI of the New York State Civil Service Law assigns the authority to NYSHIP to establish and amend the benefit provisions of the plan and to establish maximum obligations of the plan participants to contribute to the plan. The System's Board is authorized to establish the contribution rates of System retirees below those set by Civil Service Law, and they are set as part of the collective bargaining process.

In order to be eligible for OPEB, employees must have worked for at least 10 years for the System, retire directly from System employment, and commence receipt of their pension from the New York State and Local Employees' Retirement System. Dependents may also be covered.

System retirees are required to contribute toward the cost of their coverage if retired on or after July 1, 1985 at a rate 14% of the premium paid by the System up to the premium of the Empire Plan option. Starting January 1, 2024 the contribution requirement increased to 15%. Retiree contributions are subject to an annual maximum that varies based upon salary at retirement.

Effective April 1, 2024, the tier structure for maximum contributions has been adjusted as follows:

Tiers	Salary at Retirement
Tier 1	Up to $60,000
Tier 2	$60,001 - $90,000
Tier 3	$90,001 and over

The annual maximum contributions for individual health insurance coverage beginning January 1, 2025 through December 31, 2029 are as follows:

	2025	2026	2027	2028	2029
Tier 1	$1,950	$1,950	$1,950	$1,950	$1,950
Tier 2	$2,150	$2,350	$2,550	$2,750	$2,950
Tier 3	$2,625	$2,875	$3,125	$3,375	$3,625

The annual maximum contributions for family health insurance coverage beginning January 1, 2025 through December 31, 2029 are as follows:

	2025	2026	2027	2028	2029
Tier 1	$3,450	$3,450	$3,450	$3,450	$3,450
Tier 2	$5,675	$6,225	$6,775	$7,325	$7,875
Tier 3	$6,225	$6,825	$7,425	$8,025	$8,625

Employees who retire on or after April 1, 1991 are eligible to have accumulated unused sick leave up to a maximum of 185 days (165 days for management and executive employees) converted into a credit based on life expectancy to offset their contribution requirement. Starting January 1, 2021 the sick leave maximum increased to 200 days (for all employees including management and executives).

Under the plan, benefit coverage continues as survivor benefits for an eligible retiree's dependent(s) upon the death of the retiree. Surviving dependents pay 25% of the premium cost after a 3 month extended coverage period.

(b) Employer Contribution

The employer contribution, or funding, of the System's OPEB obligation is at the discretion of the System's management and Board. The System's current policy is to prefund benefits by contributing an amount that is, at a minimum, equal to the Actuarially Determined Contribution (ADC).

Contributions in 2026 were $6.2 million, which approximated 13.05% of covered payroll. Contributions in 2025 were $6.8 million, which approximated 16.24% of covered payroll.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The Trust's financial statements are prepared using the economic resource measurement focus and accrual basis of accounting and follow the provisions of Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans* (GASB 74). Contributions from the System are recognized when due pursuant to legal requirement. Benefits and refunds are recognized when due and payable in accordance with the terms of the Trust.

Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

(b) Cash Equivalents

The Trust considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents. The carrying amount reported in the balance sheet for cash equivalents approximates fair value due to the short-term nature of these investments.

(c) Method Used to Value Investments

Trust investments are reported at fair value. Quoted market prices have been used to value investments. Investment purchases and sales are recorded on a trade-date basis.

Given the inherent nature of investments, it is reasonably possible that changes in the value of those investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of fiduciary net position.

(d) Retired Employee Health Benefit Payments

The Trust reimburses the System for the health insurance premiums attributable to retired System employees paid to NYSHIP on a monthly basis.

(e) Administrative Support

Administrative support for the Trust's investment, accounting, and legal operations is provided by the System at no charge to the Trust.

(f) Federal Tax Status

The Trust is exempt from federal income taxes under Section 115 of the Internal Revenue Code.

(g) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

(3) OPEB Plan Investments

(a) Investment Policy

All investment transactions undertaken on behalf of the Trust will be for the sole benefit of eligible retirees and dependents, for the exclusive purpose of providing certain health care benefits and defraying reasonable administrative expenses. The System shall be responsible for managing and directing the investments of the Trust. The Trust's long-term objective is to earn an average rate of return greater than the rate of return of the representative indices for individual asset classes but no less than the actuarial assumption rate (currently 6.50% per annum).

(b) Asset Allocation

The Trust's asset allocation policy as adopted by the Board of Trustees diversifies Trust investments to reduce risk while maximizing the investment return.

The Trust's asset allocation targets at June 30, 2026 and 2025 are as follows:

Asset class	Allowable range	Target percentage
Domestic equity	40% to 60%	50 %
International equity	20% to 30%	25
Domestic fixed income	20% to 30%	24
Cash equivalents	0% to 4%	1
Total		100 %

(c) Rate of Return

For the years ended June 30, 2026 and 2025, the annual money-weighted rate of return on Trust investments, net of OPEB plan investment expense, was 19.1% and 14.0%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

(4) Deposit and Investment Risk Disclosure

The Trust has been authorized by the Board of Trustees to invest in passively managed mutual funds for domestic and international equity and domestic fixed income investments. Additionally, there is a federal money market mutual fund to allow the Trust to have liquid investments available for the payment of retired employee health benefits.

As of June 30, 2026 and 2025, the Trust did not hold investments in any one issuer that would represent 5.0% or more of fiduciary net position.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Trust, and are held by either the counterparty or the counterparty's trust department or agent but not in the Trust's name. Consistent with the Trust's investment policy, the investments are held by the Trust's custodian and registered in the Trust's name. The Trust does not have specific investment policies related to credit or interest rate risk of mutual fund holdings.

The Trust has the following mutual fund holdings at June 30, 2026 and 2025:

	2026		2025	
Asset class	Fair value	Percentage of total	Fair value	Percentage of total
Domestic equity	$ 52,211,422	51 %	$ 44,427,763	51 %
International equity	26,300,245	26	22,229,354	26
Domestic fixed income	23,885,005	23	20,354,568	23
Total	$ 102,396,672	100 %	$ 87,011,685	100 %

At June 30, 2026 and 2025, the Trust's domestic fixed income mutual fund had an average duration of 5.8 and 5.9 years, respectively. The domestic fixed income fund is an unrated mutual fund.

The Trust's cash equivalent investments (federal money market mutual fund) at June 30, 2026 and 2025 had an average maturity of 35.2 and 27.7 days, respectively.

The Trust's cash equivalents are invested in a federal money market fund pool recorded at amortized cost in accordance with GASB Statement No. 79 and are not included in the fair value tables above. These investments are not subject to any limitations or restrictions on withdrawals.

(5) Fair Value Measurement

The Trust categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

At June 30, 2026 and 2025, the Trust had the following Level 1 investments:

Mutual funds:	**2026**	**2025**
Domestic equity	$ 52,211,422	$ 44,427,763
International equity	26,300,245	22,229,354
Domestic fixed income	23,885,005	20,354,568
	$ 102,396,672	$ 87,011,685

(6) Net OPEB Liability

The components of the net OPEB liability at June 30, 2026 and 2025 were as follows:

	2026	2025
Total OPEB liability	$ 143,227,326	$ 121,671,047
OPEB Plan fiduciary net position	103,749,881	87,634,825
Net OPEB liability	$ 39,477,445	$ 34,036,222
The OPEB plan's fiduciary net position as a percentage of total OPEB liability	72.44 %	72.03 %

(a) Actuarial Assumptions

The total OPEB liability at June 30, 2026 was determined using an actuarial valuation as of July 1, 2025, with update procedures used to roll forward the total OPEB liability to June 30, 2026. The total OPEB liability at June 30, 2025 was determined using an actuarial valuation as of July 1, 2024, with update procedures used to roll forward the total OPEB liability to June 30, 2025.The measurement of total OPEB liability at June 30, 2026 and 2025, respectively, used the following actuarial assumptions:

	2026	2025
Valuation date	July 1, 2025	July 1, 2024
Investment rate of return	6.50%	6.50%
Payroll increase rate	3.00%	3.00%
Salary increase rate	Varies by service from 3.00%-8.00%	Varies by service from 3.00%-8.00%

Retiree contributions are subject to annual maximums, which increase each year and vary based on coverage tier and salary at retirement. These amounts are set through 2029, but in 2030 and later are subject to future contract negotiations.

The annual contributions after 2029 are assumed to increase by the following amounts each year based on coverage tier and salary at retirement:

		2026			2025	
		Single Coverage	Family Coverage		Single Coverage	Family Coverage
Maximum retiree contribution based on salary at retirement	Tier 1	$100	$200	Tier 1	$100	$200
	Tier 2	$200	$550	Tier 2	$200	$550
	Tier 3	$250	$600	Tier 3	$250	$600
Healthcare cost and premium trend rates:						
Non-Medicare		8.00% in 2026 graded to 4.04% over 49 years			7.00% in 2025 graded to 4.04% over 50 years	
Medicare		6.14% in 2026 graded to 3.78% over 49 years			5.98% in 2025 graded to 3.92% over 50 years	
Medicare Part B		4.00%			4.00%	

Mortality Status	Description of Mortality Assumption
Active Employees Mortality	The Society of Actuaries (SOA) Pub-2010 General Employee Headcount-Weighted Mortality Table with an 98.75% adjustment for both males and females, projected on a fully generational basis with mortality improvement scale MP-2021
Healthy Retirees and Covered Spouses	SOA Pub-2010 General Retiree Headcount-Weighted Mortality table with an 98.75% adjustment for both males and females, projected on a fully generational basis with mortality improvement scale MP-2021
Surviving Spouses	SOA Pub-2010 General Contingent Survivors Headcount-Weighted Mortality table with an 98.75% adjustment for both males and females, projected on a fully generational basis with mortality improvement scale MP-2021
Disabled Retirees	SOA Pub-2010 General Disabled Retiree Headcount-Weighted Mortality table with an 98.75% adjustment for both males and females, projected on a fully generational basis with mortality improvement scale MP-2021

Banked sick leave pay credit: Retirements after April 1, 1991 are eligible to have unused sick leave converted into a credit to offset retiree contributions otherwise owed to the health plan. Sick Leave Credit is determined as daily pay times the number of sick leave days, divided by life expectancy. Daily Pay is defined as the daily rate of pay at retirement. Sick Leave Days are the number of unused sick leave days at retirement. Life Expectancy is determined in months at retirement using factors established by the Plan.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best estimate ranges of expected future rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2026 and June 30, 2025 are summarized in the following table:

Long-Term Expected Real Rate of Return*

Asset class	2026	2025
Domestic equity	4.50%	4.50%
International equity	4.83	5.03
Domestic fixed income	1.44	1.27
Cash equivalents	0.99	0.83

* Real rates of return are net of the long-term inflation assumption of 2.60% for both 2026 and 2025.

(b) Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

Healthcare cost trend rates measure the anticipated overall rate at which health plan costs are expected to increase in future years. The following presents the net OPEB liability of the System using the healthcare cost trend rates presented previously in the actuarial assumptions, as well as what the

System's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the applied healthcare cost trend rates:

System's Net OPEB Liability

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
June 30, 2026	$ 19,683,203	$ 39,477,445	$ 64,589,322
June 30, 2025	$ 17,137,820	$ 34,036,222	$ 55,542,266

(c) Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2026 and 2025 was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions would be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the OPEB Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan participants. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

(d) Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the System as well as what the System's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the applied rate:

System's Net OPEB Liability

	1% Decrease	Current Discount Rate	1% Increase
June 30, 2026	$ 58,503,199	$ 39,477,445	$ 23,778,418
June 30, 2025	$ 50,321,808	$ 34,036,222	$ 20,629,052

(7) Risk Management

The Trust is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and errors and omissions, for which the Trust retains the risk of loss. At this time, there are no matters pending against the Trust.

(8) Capital Assets

The Trust does not report any capital assets.

(9) Subsequent Events

Management has evaluated subsequent events through October 28, 2026, which is the date the financial statements were available to be issued. No subsequent events occurred after the fiscal year end of June 30, 2026 that would require recognition or disclosure in these financial statements

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM
RETIRED EMPLOYEE HEALTH BENEFITS TRUST

Required Supplementary Information

Schedule of Changes in the System's Net OPEB Liability and Related Ratios (Unaudited)

Last 10 Fiscal Years

	2026	2025	2024	2023	2022
Total OPEB liability:					
Service cost	$ 4,026,964	$ 3,595,353	$ 3,325,153	$ 3,375,953	$ 3,069,185
Interest	7,791,467	7,962,831	7,374,034	6,958,495	6,587,914
Changes of benefit terms	—	—	426,223	(622,395)	—
Differences between expected and actual experience	1,980,881	1,293,198	3,253,466	915,720	869,679
Changes of assumptions	14,512,141	(9,494,256)	(24,460)	4,678,256	—
Benefit payments	(6,755,174)	(6,366,205)	(5,895,698)	(5,439,240)	(4,834,885)
Net change in total OPEB liability	21,556,279	(3,009,079)	8,458,718	9,866,789	5,691,893
Total OPEB liability - beginning	121,671,047	124,680,126	116,221,408	106,354,619	100,662,726
Total OPEB liability - ending (a)	$ 143,227,326	$ 121,671,047	$ 124,680,126	$ 116,221,408	$ 106,354,619
Plan fiduciary net position:					
Contributions - employer	$ 6,236,000	$ 6,804,000	$ 6,910,000	$ 6,394,396	$ 6,000,000
Net investment income	16,649,030	10,726,353	9,931,293	7,104,701	(9,584,492)
Benefit payments	(6,755,174)	(6,366,205)	(5,895,698)	(5,439,240)	(4,834,885)
Professional fees and services	(14,800)	(14,400)	(14,000)	(14,000)	56,365
Net change in plan fiduciary net position	16,115,056	11,149,748	10,931,595	8,045,857	(8,363,012)
Plan fiduciary net position - beginning	87,634,825	76,485,077	65,553,482	57,507,625	65,870,637
Plan fiduciary net position - ending (b)	$ 103,749,881	$ 87,634,825	$ 76,485,077	$ 65,553,482	$ 57,507,625
System's net OPEB liability - ending (a) - (b)	$ 39,477,445	$ 34,036,222	$ 48,195,049	$ 50,667,926	$ 48,846,994
Plan fiduciary net position as a percentage of the total OPEB liability	72.44 %	72.03 %	61.35 %	56.40 %	54.07 %
Covered payroll	$ 47,781,595	$ 41,902,830	$ 35,991,668	$ 35,579,229	$ 35,423,191
System's net OPEB liability as a percentage of covered payroll	82.62 %	81.23 %	133.91 %	142.41 %	137.90 %

(Continued)

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM
RETIRED EMPLOYEE HEALTH BENEFITS TRUST

Required Supplementary Information

Schedule of Changes in the System's Net OPEB Liability and Related Ratios (Unaudited) *(continued)*

Last 10 Fiscal Years

	2021	2020	2019	2018	2017
Total OPEB liability:					
Service cost	$ 2,984,622	$ 2,914,852	$ 2,907,107	$ 2,604,313	$ 2,490,519
Interest	6,585,821	6,621,826	6,168,584	5,747,125	5,959,407
Changes of benefit terms	—	(9,789,000)	—	6,211,000	—
Differences between expected and actual experience	1,259,391	79,202	714,079	(841,844)	(2,165,915)
Changes of assumptions	(2,449,602)	4,038,931	1,102,479	(878,222)	(5,848,836)
Benefit payments	(4,527,278)	(4,412,579)	(3,965,315)	(3,756,945)	(3,412,013)
Net change in total OPEB liability	3,852,954	(546,768)	6,926,934	9,085,427	(2,976,838)
Total OPEB liability - beginning	96,809,772	97,356,540	90,429,606	81,344,179	84,321,017
Total OPEB liability - ending (a)	$ 100,662,726	$ 96,809,772	$ 97,356,540	$ 90,429,606	$ 81,344,179
Plan fiduciary net position:					
Contributions - employer	$ 6,261,000	$ 6,004,000	$ 5,500,000	$ 5,500,000	$ 5,500,000
Net investment income	14,534,551	2,672,787	3,155,344	3,212,503	4,212,256
Benefit payments	(4,527,278)	(4,412,579)	(3,965,315)	(3,756,945)	(3,412,013)
Professional fees and services	(19,915)	(65,585)	(18,575)	(53,435)	(15,000)
Net change in plan fiduciary net position	16,248,358	4,198,623	4,671,454	4,902,123	6,285,243
Plan fiduciary net position - beginning	49,622,279	45,423,656	40,752,202	35,850,079	29,564,836
Plan fiduciary net position - ending (b)	$ 65,870,637	$ 49,622,279	$ 45,423,656	$ 40,752,202	$ 35,850,079
System's net OPEB liability - ending (a) - (b)	$ 34,792,089	$ 47,187,493	$ 51,932,884	$ 49,677,404	$ 45,494,100
Plan fiduciary net position as a percentage of the total OPEB liability	65.44 %	51.26 %	46.66 %	45.07 %	44.07 %
Covered payroll	$ 33,142,258	$ 32,124,845	$ 31,189,170	$ 30,682,745	$ 29,752,583
System's net OPEB liability as a percentage of covered payroll	104.98 %	146.89 %	166.51 %	161.91 %	152.91 %

See accompanying independent auditors' report.

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM
RETIRED EMPLOYEE HEALTH BENEFITS TRUST

Required Supplementary Information

Schedule of System and Other Contributing Entity Contributions (Unaudited)

Last 10 Fiscal Years

	2026	2025	2024	2023	2022
Actuarially determined contribution	$ 6,235,976	$ 6,764,602	$ 6,910,026	$ 6,394,396	$ 5,339,856
Contributions in relation to the actuarially determined contribution:					
System	6,236,000	6,804,000	6,910,000	6,394,396	6,000,000
Other contributing entity	—	—	—	—	—
Total contributions	6,236,000	6,804,000	6,910,000	6,394,396	6,000,000
Contribution deficiency (excess)	$ (24)	$ (39,398)	$ 26	$ —	$ (660,144)
Covered payroll	$ 47,781,595	$ 41,902,830	$ 35,991,668	$ 35,579,229	$ 35,423,191
Contributions as a percentage of covered payroll	13.05 %	16.24 %	19.20 %	17.97 %	16.94 %

(Continued)

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM
RETIRED EMPLOYEE HEALTH BENEFITS TRUST

Required Supplementary Information

Schedule of System and Other Contributing Entity Contributions (Unaudited) *(continued)*

Last 10 Fiscal Years

	2021	2020	2019	2018	2017
Actuarially determined contribution	$ 5,822,056	$ 5,957,868	$ 5,349,375	$ 5,278,747	$ 5,374,220
Contributions in relation to the actuarially determined contribution:					
System	6,261,000	6,004,000	5,500,000	5,500,000	5,500,000
Other contributing entity	—	—	—	—	—
Total contributions	6,261,000	6,004,000	5,500,000	5,500,000	5,500,000
Contribution deficiency (excess)	$ (438,944)	$ (46,132)	$ (150,625)	$ (221,253)	$ (125,780)
Covered payroll	$ 33,142,258	$ 32,124,845	$ 31,189,170	$ 30,682,745	$ 29,752,583
Contributions as a percentage of covered payroll	18.89 %	18.69 %	17.63 %	17.93 %	18.49 %

See accompanying independent auditors' report.

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM
RETIRED EMPLOYEE HEALTH BENEFITS TRUST

Required Supplementary Information

Schedule of Investment Returns (Unaudited)

Last 10 Fiscal Years

	2026	2025	2024	2023	2022
Annual money-weighted rate of return, net of investment expense	19.1%	14.0%	15.0%	12.3%	(14.4)%

See accompanying independent auditors' report.

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM
RETIRED EMPLOYEE HEALTH BENEFITS TRUST

Required Supplementary Information

Schedule of Investment Returns (Unaudited) *(continued)*

Last 10 Fiscal Years

	2021	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expense	28.8%	5.8%	7.6%	8.8%	13.1%

See accompanying independent auditors' report.

Change of benefit terms

Significant changes to net OPEB Liability

Beginning with the 2018 measurement date, the liability for a plan provision that reimburses retirees for their Medicare Part B Premiums is recognized. This recognition increased the liabilities in 2018 by approximately $6.2 million.

For the 2020 measurement date there was a reduction in the liability of $9.79 million from benefit changes due to:

- $4.66 million from legislative changes, specifically the Excise Tax that was part of the Patient Protection and Affordability Act (PPACA) was repealed.
- $5.13 million from bargaining amendments pursuant to the CBA effective from April 2019 to March 2024. These include the premium contribution rate changes and contribution cap changes, increase in the Sick Leave Maximum to 200 days from 185 days for bargaining groups, and update of the Life Expectancy table from 1983 to 1999 factors.

For the 2023 measurement date there was a reduction in the liability of $0.62 million from benefit changes due to the NYSHIP Empire plan changes including premium reductions, Out-of-Pocket Maximum decreases, co-payment consolidations and massage therapy and acupuncture service limits.

For the 2024 measurement date there was an increase in the liability of $0.4 million from the benefit changes due to:

- $0.6 million increase due to the change to the maximum retiree contributions
- $0.2 million decrease due to the update to the life expectancy tables used for sick leave contributions

Changes of assumptions

Actuarial assumptions are revised annually to reflect more closely actual, as well as anticipated, future experience. The actuarially determined contributions are calculated as of June 30th of the preceding year.

Significant assumption changes over the last 10 fiscal years are outlined below:

Investment Rates of Return

Valuation Year(s)	Investment Rate of Return
2017	7.00%
2018-2020	6.75%
2021	6.50%
2022	6.50%
2023	6.50%
2024	6.50%
2025	6.50%
2026	6.50%

Significant changes to net OPEB liability

For the 2017 measurement date, the discount rate was lowered from 8.00% to 7.00%, there was a net decrease in the liability of $5.8 million primarily due to the modification of mortality rates and updating the per-capita health costs and retiree contribution rates.

For the 2018 measurement date, the discount rate was lowered from 7.00% to 6.75%, the per-capita health costs and retiree contribution rates were updated, the assumed health trend rates were modified, and the unused sick days accrual rate was updated. Collectively this decreased the liability $878 million.

For the 2019 measurement date, there was a change to the claim costs assumption during the measurement year and the projected trend rates, which increased the liability by approximately $1.1 million.

For the 2020 measurement date, there was a net increase in the liability of $4.04 million from the following assumption changes:

- $1.56 million decrease for updating the post-retirement mortality table to SOA RP-2014 with White Collar Adjustment using improvement Scale MP-2019.
- $4.56 million increase for higher immediate trends in response to greater unknowns about health care needs by adding 1% to the starting trend, but retaining the same ultimate year, and
- $1.04 million increase for full revision of claim curves and premiums reflecting current information.

For the 2021 measurement date there was a decrease in the liability of $2.45 million from the following assumption changes:

- $6.46 million decrease for updating the pre-retirement and post-retirement mortality tables to SOA PUB-2010 Headcount Weighted for General Employees Mortality Tables with the base year 2010 and Improvement Scale MP-2020, with a 98.75% adjustment to base rates,
- $1.51 million increase for updating retirement and termination rates to align with recent experience,
- $3.07 million increase for lowering the discount rate from 6.75% to 6.50%, and
- $0.57 million decrease for full revision of claim curves and premiums reflecting current information.

For the 2022 measurement date there was no change to the liability due to assumption changes.

For the 2023 measurement date there was an increase in the liability of $4.7 million due to revised claim curves, trends and timing.

For the 2024 measurement date there was a decrease in the liability of $0.0 million from the following assumption changes:

- The healthcare cost trend assumption was updated based on the 2024 Getzen model released by the SOA. This decreased the liability by $7.1 million.
- The updated per capita cost assumptions increased the liability by $6.7 million
- $0.4 million increase due to updated mortality improvement scale

For the 2025 measurement date there was a decrease in the liability of $9.5 million from the following assumption changes:

- The updated per capita cost assumptions decreased the liability by $7.7 million.
- The healthcare cost trend assumption was updated to reflect the expected impact of the Inflation Reduction Act (IRA). This decreased the liability by $4.0 million.
- The assumption for spousal coverage election for future female retirees was updated to reflect recent experience. This increased the liability by $2.2 million.

For the 2026 measurement date there was an increase in the liability of $14.5 million from the following assumption changes:

- The updated per capita cost assumptions increased the liability by $11.8 million.
- The updated healthcare cost trend assumption increased the liability by $2.7 million.

Key Methods and Assumptions Used to Determine OPEB Contribution Rates:

Asset Valuation Method:	Market Value
Amortization Method:	30-Year Closed Amortization, level percentage of payroll
Remaining Amortization Period:	22 years as of July 1, 2024
Discount Rate:	6.50% per annum
Expected Return on Assets:	6.50% per annum
Salary Increases:	Varies by service from 3.00%-8.00%
Healthcare Cost and Premium Trend Rates:	
Non-Medicare	7.00% graded to 4.04% over 51 years
Medicare	5.98% graded to 3.92% over 51 years
Medicare Part B	4.00% annually
Active Employees Mortality	SOA Pub-2010 General Employee Headcount-Weighted Mortality Table with an 98.75% adjustment for both males and females, projected on a fully generational basis with mortality improvement scale MP-2021
Healthy Retirees and Covered Spouses	SOA Pub-2010 General Retiree Headcount-Weighted Mortality table with an 98.75% adjustment for both males and females, projected on a fully generational basis with mortality improvement scale MP-2021
Surviving Spouses	SOA Pub-2010 General Contingent Survivors Headcount-Weighted Mortality table with an 98.75% adjustment for both males and females, projected on a fully generational basis with mortality improvement scale MP-2021
Disabled Retirees	SOA Pub-2010 General Disabled Retiree Headcount-Weighted Mortality table with an 98.75% adjustment for both males and females, projected on a fully generational basis with mortality improvement scale MP-2021