



Popular Annual Financial Report

FOR THE YEAR ENDED DECEMBER 31, 2025

TEXAS MUNICIPAL RETIREMENT SYSTEM



Popular Annual Financial Report

For the Year Ended December 31, 2025

Prepared by:
Debbie Muñoz, Executive Director
Cindy Demers, Chief Financial Officer



From the Executive Director

On behalf of the Texas Municipal Retirement System (TMRS) Board of Trustees and staff, I am pleased to present you with this Popular Annual Financial Report (PAFR) for the year ended December 31, 2025. The PAFR provides a summary of TMRS information taken from TMRS' Annual Comprehensive Financial Report for the Year Ended December 31, 2025 (ACFR), which is available at tmrs.com.

TMRS is financially sound and well-funded. Trust Fund investments totaled \$49.1 billion as of December 31, 2025. The 2025 net investment return on Trust Fund assets was 13.75%, which exceeded both our asset allocation benchmark and actuarial return assumption. TMRS paid \$2.2 billion in benefits in 2025, 7.2% more than we paid in 2024.

2025 was a year of significant staff achievement, including delivering major technology upgrades to member services making it easier, faster, and more secure by completing key multi year system improvements; enhanced TMRS's public presence by modernizing our website, expanding social media and improving branding efforts; advanced long term investment strategies; centralized compliance work, ensuring strong oversight of all regulatory, investment, and organizational policies; improved processes and service delivery by replacing legacy reporting with modern, self-service data tools; successfully completed the 2023-2025 Strategic Plan thereby strengthening the TMRS's foundation for continued success; and advanced TMRS's commitment to excellence by earning the Quality Texas Foundation Progress Level Award and submitted the final application for the Governor's Texas Award for Performance Excellence.

I want to thank Board Chair Jim Parrish, Vice Chair Tommy Gonzalez, and their Board Colleagues for their leadership and support, and TMRS' staff for their passion in serving TMRS' Members and participating cities.

Sincerely,

Debbie J. Muñoz
Executive Director

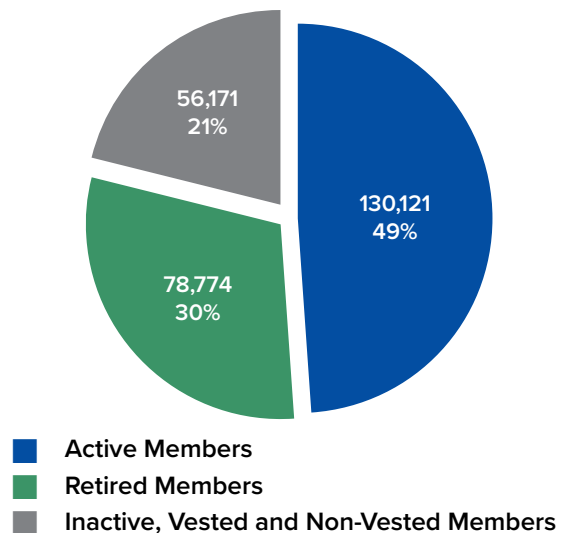
Membership and Participating Cities

TMRS administers a cash-balance defined benefit retirement plan for eligible employees of participating cities. At December 31, 2025, we had 265,066 members and retirees from 943 participating cities.

Members are eligible to retire based on their city's vesting, age, and years of service requirements. Depending on the city's plan provisions, a member vests after either five or 10 years of service and is eligible to retire at age 60 with either five or 10 years of service, or at any age with 20 or 25 years of service.

TMRS also administers a Supplemental Death Benefits Fund (SDBF) that provides a one-time death benefit for active members and retirees of participating cities that elect this benefit.

2025 TMRS MEMBERSHIP



Financial Information

The following table presents TMRS' assets and liabilities for the years ending December 31, 2025 and 2024. Fiduciary net position is the difference between assets and liabilities and represents the funds accumulated for the payment of future benefits.

Fiduciary Net Position — Pension Trust Fund (dollars in millions)

As of December 31

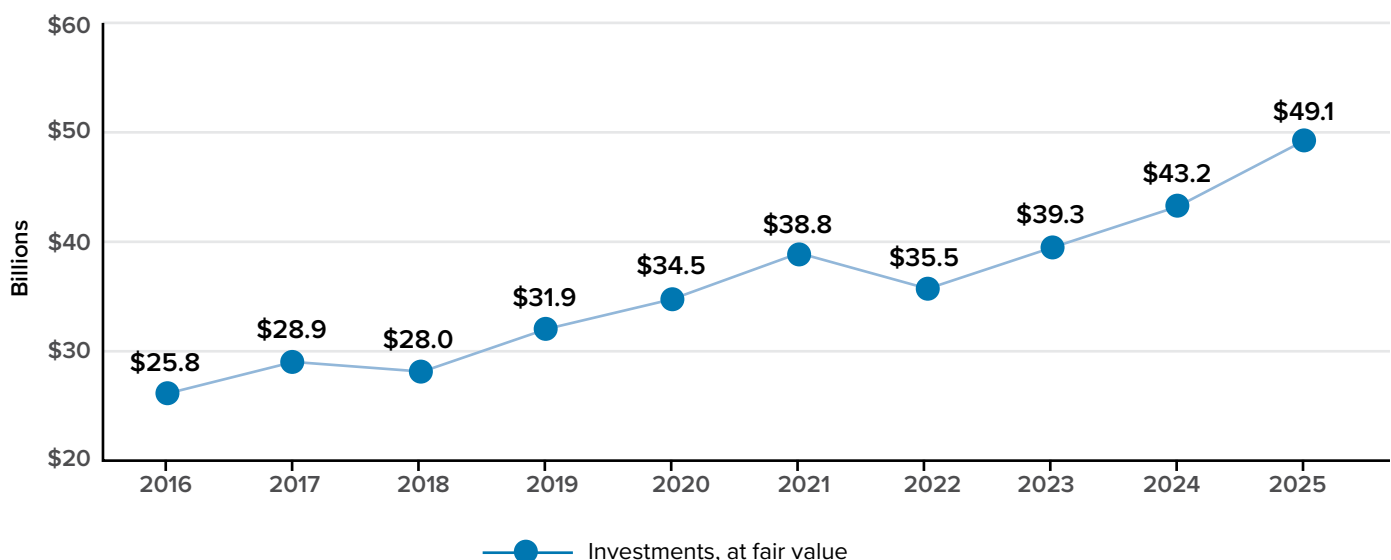
	2025	2024	Increase/ (Decrease)	% Change
ASSETS				
Investments, at fair value	\$ 49,126.2	\$ 43,244.0	\$ 5,882.2	13.6 %
Receivables	258.8	241.6	17.2	7.1
Cash and other assets	76.1	14.0	62.1	443.6
Capital assets, net	5.5	3.5	2.0	57.1
Total assets	49,466.6	43,503.1	5,963.5	13.7
LIABILITIES				
Payables and other liabilities	39.2	79.5	(40.3)	(50.7)
Funds held for SDBF	21.9	17.0	4.9	28.8
Total liabilities	61.1	96.5	(35.4)	(36.6)
FIDUCIARY NET POSITION	\$ 49,405.5	\$ 43,406.5	\$ 5,999.0	13.8 %

Columns may not total due to rounding.

Trust Fund investments have increased over the last 10 years from \$25.8 billion in 2016 to \$49.1 billion in 2025. Contributions from members and participating cities are invested in a diversified portfolio that includes equities, bonds and private investment funds.

Trust Fund Investments

Last 10 Years (in billions)



The following table presents the changes in fiduciary net position for 2025 and 2024. Additions include contributions from members and participating cities and investment income. Deductions include benefit payments and administrative expenses.

Changes in Fiduciary Net Position — Pension Trust Fund (dollars in millions) For the Years Ended December 31

	2025	2024	Increase/ (Decrease)	% Change
ADDITIONS				
City contributions	\$ 1,608.2	\$ 1,349.1	\$ 259.1	19.2 %
Member contributions	678.9	636.1	42.8	6.7
Net investment income/(loss)	6,029.7	4,100.4	1,929.3	47.1
Total additions	8,316.8	6,085.6	2,231.2	36.7
DEDUCTIONS				
Retirement benefits	2,197.9	2,050.5	147.4	7.2
Member account refunds	90.7	87.9	2.8	3.3
Administrative expenses	28.2	26.3	1.9	7.2
Income allocated to SDBF	1.0	0.6	0.4	66.7
Total deductions	2,317.8	2,165.4	152.4	7.0
CHANGE IN FIDUCIARY NET POSITION	5,999.0	3,920.2	2,078.8	53.0
FIDUCIARY NET POSITION				
Beginning of year	43,406.5	39,486.3	3,920.2	9.9
End of year	\$ 49,405.5	\$ 43,406.5	\$ 5,999.0	13.8 %

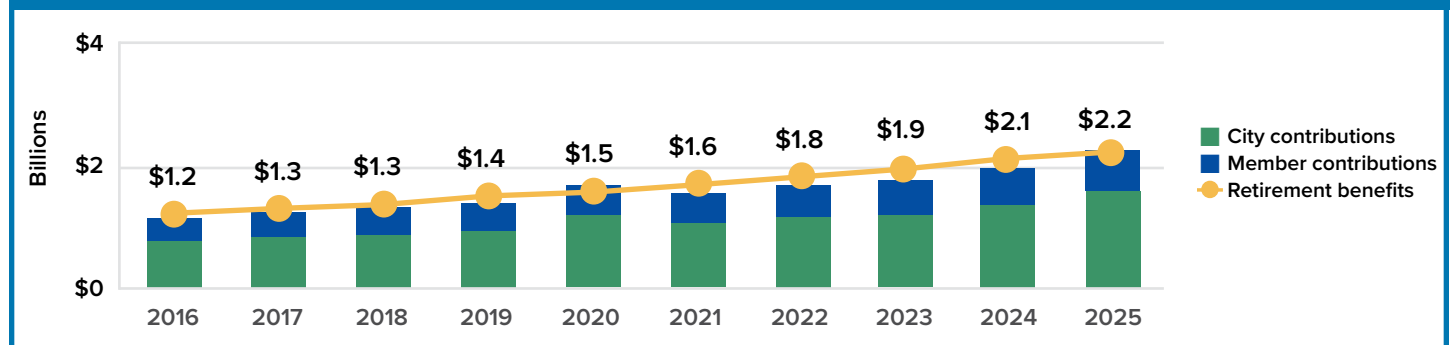
City contributions. A participating city's contribution rate is determined annually by TMRS' actuaries to fund future benefits. Cities may choose to contribute at a higher optional rate and/or make additional lump-sum contributions. Additional lump-sum contributions totaled \$119 million in 2025 and \$7.9 million in 2024.

Member contributions. Active member contribution rates are either 5%, 6%, 7% or 8% of a member's compensation, based on their city's plan provisions.

Net investment income/(loss). Net investment income/(loss) includes investment earnings reduced by the expenses directly associated with managing the investment portfolio. The portfolio continued to experience market gains in 2025 as reflected in the Net investment income of \$6 billion.

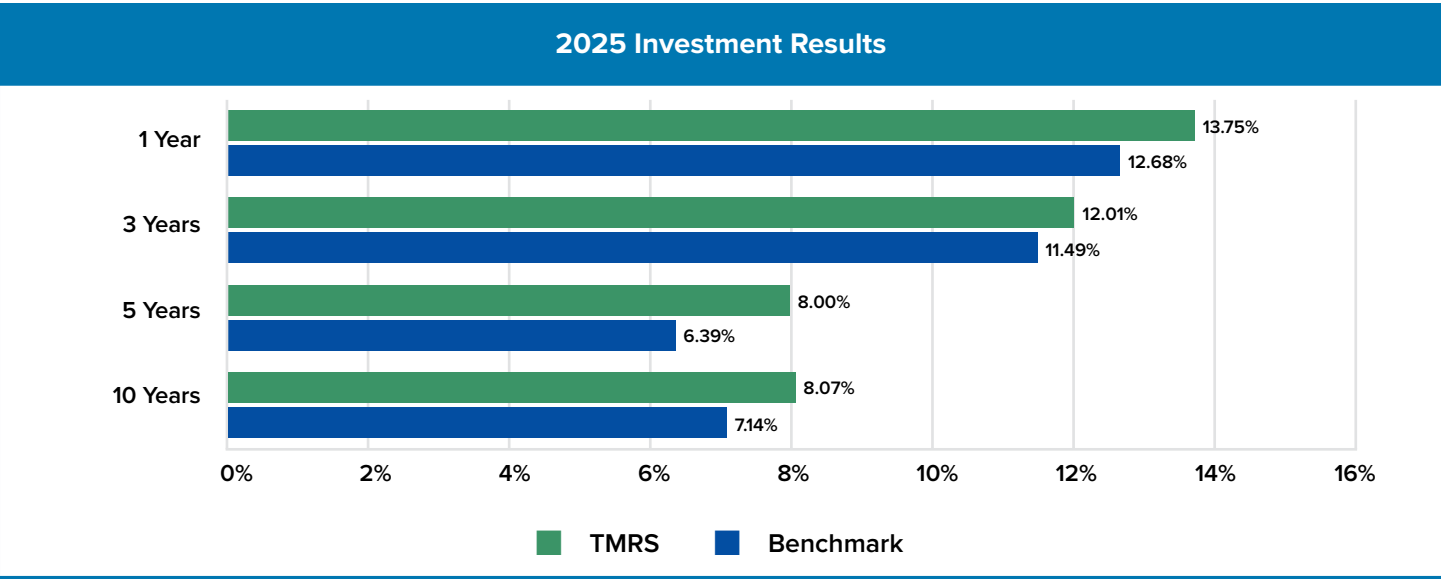
Retirement benefits. The increase in retirement benefit payments is due to growth in the number of retirees from 75,706 in 2024 to 78,774 in 2025, and cost-of-living adjustments that may be applied.

Contributions and Retirement Benefits — Last 10 Years

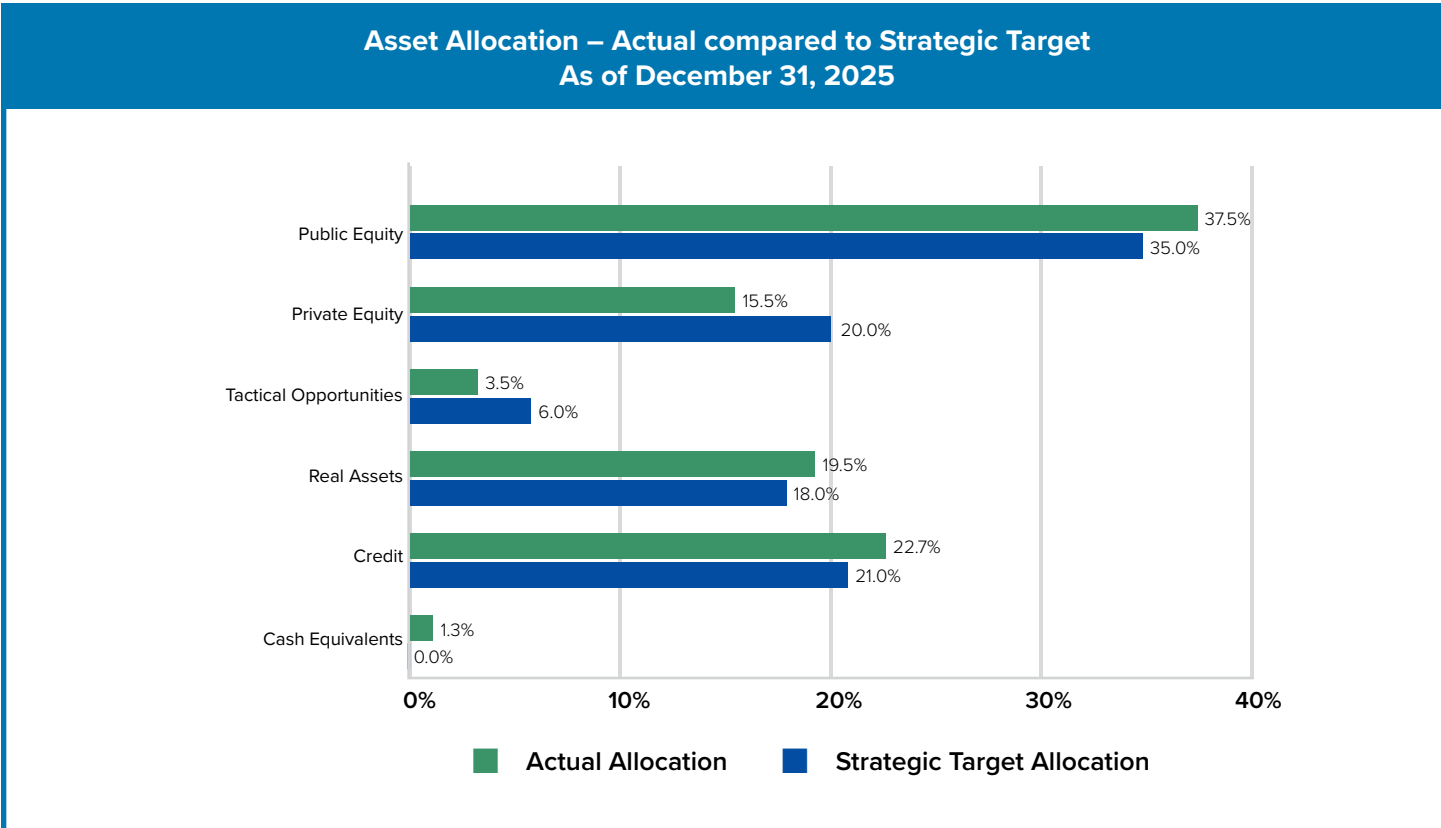


Investments

Trust Fund investments totaled \$49.1 billion at December 31, 2025. TMRS’ 2025 net investment return was 13.75%, which exceeded both the benchmark return of 12.68% and target return of 6.75%.



The Board approves a strategic target allocation for various asset classes, with the objective of meeting or exceeding TMRS’ 6.75% actuarial return assumption. TMRS’ actual asset allocation as of December 31, 2025 compared with the strategic targets, is presented below.



Actuarial

GRS, the Board’s independent actuary, performs an annual actuarial valuation for each TMRS participating city and calculates the city’s annual contribution rate required to fund benefits. These contribution rates go into effect January 1 of the year following the date of the valuation. Participating cities’ rate letters are available at tmrs.com.

TMRS is one of the best-funded public pension plans in the U.S. and is well positioned to meet its commitments to current and future retirees. While every participating city has its own funded ratio, TMRS’ system funded ratio was 90.4% as of December 31, 2025. The funded ratio compares a plan’s assets to its accrued benefits.

Funded Ratio — Last 10 Years									
2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
86.3%	87.4%	87.1%	88.0%	89.5%	90.5%	89.7%	89.7%	89.4%	90.4%

2025 Board of Trustees

TMRS is governed by a six-member Board of Trustees who are appointed by the Governor of Texas and confirmed by the Texas Senate. Board members serve six-year terms and have fiduciary oversight of TMRS.



Jim Parrish, Chair
Director of Human Resources
City of McKinney



Tommy Gonzalez, Vice Chair
City Manager
City of Midland



Bryan Langley
City Manager
City of Kyle



Jaime Reyes, II
Assistant Fire Chief-Operations
City of Plano



Isaac Tawil
City Manager
City of McAllen



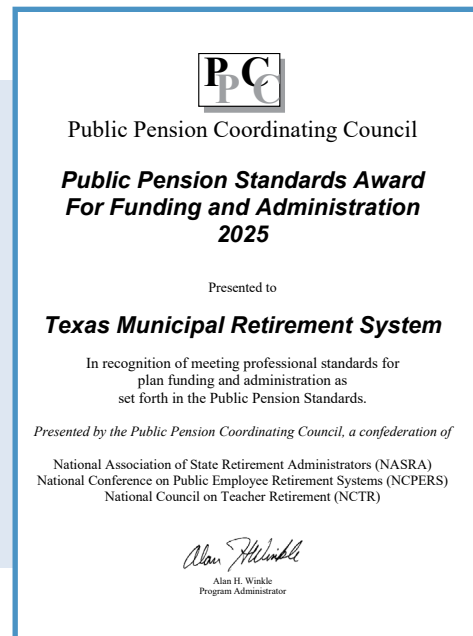
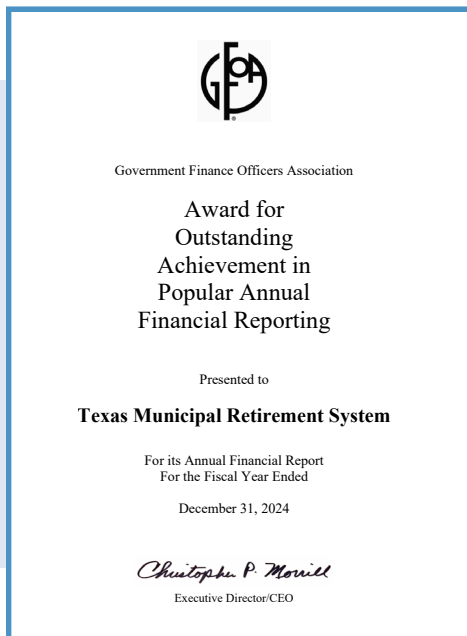
Pamela Williams
Director of Human Resources
City of Abilene

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR Award) to TMRS for its Popular Annual Financial Report (PAFR) for the fiscal year ended December 31, 2024. This award recognizes conformance with the highest standards for preparation of state and local government popular reports. TMRS has received this award for the last 20 consecutive years.

In order to receive a PAFR Award, a government unit must publish a PAFR whose contents conform to program standards of creativity, presentation, understandability and reader appeal. A PAFR Award is valid for a period of one year only.

TMRS also received the 2025 Public Pension Standards Award for Funding and Administration from the Public Pension Coordinating Council in recognition of meeting professional standards for plan design and administration as set forth in the Public Pension Standards. This is the 20th consecutive year that TMRS has received the award for meeting these standards.



For More Information

The PAFR is intended to provide you with an overview of TMRS' financial performance during the past year. Unlike the financial data in the ACFR, the data in this PAFR is unaudited and does not include all of the financial statements and note disclosures required by generally accepted accounting principles. In addition, while TMRS also administers the Supplemental Death Benefits Fund, the PAFR includes only the financial information of the Pension Trust Fund. For more detailed financial information, please refer to the ACFR at tmrs.com.



Artwork Credits

Cover Art

Ryan Thayer Davis, Grace Note, 2014
Oil and acrylic on canvas, 48 × 60 in.

Texas Municipal Retirement System © 2026.

P.O. Box 149153

Austin, TX 78714-9153

800-924-8677

tmrs.com TMRS and MyTMRS are registered trademarks of the Texas Municipal Retirement System.
