Michigan Education Trust

(A Discretely Presented Component Unit of the State of Michigan)

Annual Comprehensive Financial Report

Fiscal Year Ended September 30, 2025

RACHAEL EUBANKS
Chairperson of Board

DIANE BREWER
Executive Director

Michigan Education Trust

(A Discretely Presented Component Unit of the State of Michigan)

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STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

December 22, 2025

The Honorable Gretchen Whitmer, Governor
Members of the Legislature
People of the State of Michigan

As required by Article 9, Section 21, of the State Constitution and Section 494, Public Act 431 of 1984, as amended, we are pleased to submit the Michigan Education Trust Plans B, C and D (Michigan Education Trust or the Trust) Annual Comprehensive Financial Report (ACFR) for the fiscal year ended September 30, 2025.

INTRODUCTION TO THE REPORT

Responsibility: The Department of Treasury, Saving, Access & Financial Empowerment Bureau, Michigan Education Trust prepares the ACFR and is responsible for both the accuracy of the data and the completeness and fairness of the presentation, including disclosures. To the best of our knowledge and belief, the information contained in the ACFR is accurate in all material respects and reported in a manner that fairly presents the financial position and results of operations of the primary government. All disclosures necessary to enable the reader to gain a reasonable understanding of the Trust's financial affairs have been included.

Adherence to Generally Accepted Accounting Principles: As required by State statute, we have prepared the financial statements contained in the ACFR in accordance with generally accepted accounting principles (GAAP) applicable to state and local governments, as promulgated by the Governmental Accounting Standards Board (GASB). The Trust also voluntarily follows the recommendations of the Government Finance Officers Association of the United States and Canada (GFOA) for the contents of government financial reports.

Internal Control Structure: The Michigan Education Trust is responsible for the overall operation of the Trust's central accounting system and for establishing and maintaining the Trust's internal control structure. The objective of the internal control structure is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. The cost of the Trust's internal control structure was designed to not exceed the benefits derived from maintaining such controls.

Act 431 requires each principal department to maintain adequate internal control systems. Each department is also required to periodically report to the Governor on the adequacy of its internal accounting and administrative control systems and, if any material weaknesses exist, provide corrective action plans and time schedules for addressing such weaknesses. This reporting is required on or before May 1 of each odd numbered year, effective as of the preceding October 1.

Internal Auditors: Pursuant to Executive Order 2007-31, the Office of Internal Audit Services (OIAS) provides internal audit services to departments and agencies. OIAS performs periodic financial, performance, and compliance audits of department and agency programs and organizational units. In addition to periodic audits, OIAS also reviews department and agency management's processes for establishing, monitoring, and reporting on internal controls; advises department and agency management on internal control matters; and assists department and agency management with investigations of alleged fraud or other irregularities.

Independent Auditors: Plante & Moran, PLLC is the principal auditor of the ACFR. The purpose of Plante Moran's audit is to provide reasonable assurance that the Basic Financial Statements for the fiscal year ended September 30, 2025 are free of material misstatements. Plante Moran concluded that the Basic Financial Statements for the fiscal year ended September 30, 2025 are fairly presented in accordance with GAAP and issued unmodified opinions.

Legislative Auditors: The Office of the Auditor General (OAG) has the responsibility, as stated in Article 4, Section 53 of the State Constitution, to conduct post financial and performance audits of State government operations. In addition, certain sections of the Michigan Compiled Laws contain specific audit requirements in conformance with the constitutional mandate. The Auditor General also has primary responsibility for conducting audits under the federal Single Audit Act Amendments of 1996. Pursuant to Michigan Public Act 233 of 2012, an annual statewide single audit will be conducted for applicable State departments, agencies, and component unit authorities, and will result in a separately issued audit report.

Actuarial Soundness Review: The Michigan Education Trust Plans B, C and D are required, by Section 1433, Public Act 316 of 1986, to have an annual actuarial soundness review performed by a nationally recognized actuary. The firm Gabriel, Roeder, Smith & Company performed the review as of September 30, 2025. The report is available for public distribution.

Management's Discussion and Analysis (MD&A): GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the Basic Financial Statements in the form of MD&A. This letter of transmittal is intended to complement MD&A and should be read in conjunction with it. The MD&A immediately follows the Independent Auditor's Report.

PROFILE OF THE GOVERNMENT

The Trust is a discretely presented component unit of the State of Michigan that operates under the State of Michigan Public Act 316 of 1986.

Purpose: The purpose of the Trust is to provide advance tuition payment contracts that provides individuals the opportunity to prepay future college tuition and mandatory fees at Michigan public and private colleges and universities.

Reporting Entity: The financial reporting entity of the Michigan Education Trust Plans B and C and Michigan Education Trust Plan D includes all the plans of the Trust. The transmittal letter, MD&A, and the financial statements focus on the primary government and its activities.

Budgetary Reporting and Control: All administrative functions of the Trust, including budgeting, procurement, personnel, and management functions, are under the direction and supervision of the State Treasurer. The Trust is governed by its own Board of Directors, composed of nine members, consisting of the State Treasurer as chair and eight appointees of the Governor with the advice and consent of the State Senate. The Board provides overall governing direction for the Trust. The Trust completes an annual appropriation process for its three educational plans as part of the overall budgetary process of the primary government. Revenues and expenditures are projected including calculated fund balances for budgetary purposes in accordance with GAAP. Public Act 316 prohibits the Trust from budgeting an ending fund balance deficit. If an actual deficit is incurred, the Constitution and Act 431 require that it be addressed in the subsequent year's budget. If accounting principles change, Act 431 requires the Authority to also implement such changes in the budgetary process.

Revenues of the Michigan Education Trust are recognized primarily from the present value of prepaid tuition contracts and from investment earnings. Expenses of the Michigan Education Trust are for general and administrative operating activities.

Compliance with the final updated budget for the Trust's operating funds is demonstrated through the publication of the Statewide Authorization and Dispositions report that provides line-item appropriation details and the legal level of budgetary control for the Authority's appropriated funds.

Long -Term Planning:
The Trust's long-term planning is tied to the Trust's mission to provide State of Michigan residents with a college savings plan that enables individuals to prepay for future college tuition. The Trust continues to perform outreach to Michigan residents to inform them of the benefits of a Michigan Education Trust college savings plan contract. The actuarially determined tuition and fee increase assumption for four-year public colleges and community colleges, as of September 30, 2025, was 4.25%. The weighted average tuition and fees, as of September 30, 2025, for a four-year public college and community college was $ 17,908 and $ 4,788, respectively.

MAJOR INITIATIVES

The Michigan Education Trust assisted residents of the State of Michigan with a 529 prepaid tuition savings program in fiscal year 2025 by issuing 1007 new contracts and receiving $21,384,675 in pre-paid tuition for all open contracts. New contracts opened are divided into three categories based on the collection of pre-paid tuition.

Lump Sum:
Lump Sum contracts are sold in 15 credit semester increments, and the entire contract is purchased in a single payment. For fiscal year 2025, 336 new Lump Sum contracts were opened. The total pre paid tuition received for all Lump Sum contracts in fiscal year 2025 was $4,587,738.

Monthly Purchase:
Monthly Purchase contracts are purchased as a percentage of educational benefits with every monthly scheduled payment. The percentage that each payment purchases depends on the number of years over which the Purchaser elects to make payments. For fiscal year 2025, 50 new Monthly Purchase contracts were opened. The total pre-paid tuition received for all Monthly Purchase contracts in fiscal year 2025 was $5,130,959.

Pay As You Go:
Pay As You Go contracts allow purchasers to accumulate credit hours over time by making additional payments after the initial purchase, but the payments are not made on a required monthly schedule. For fiscal year 2025, 621 new Pay As You Go contracts were opened. The total pre-paid tuition received for all Pay As You Go contracts in fiscal year 2025 was $11,665,978.

AWARDS AND ACKNOWLEDGEMENTS

Certificate of Achievement: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Michigan Education Trust for its annual comprehensive financial report for the fiscal year ended September 30, 2024. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principals and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. This is the second year that the Michigan Education Trust receive this award. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements: The preparation of this report requires the collective efforts of the management and staff of the Michigan Education Trust, as well as the management and staff of the Trust's independent auditors, Plante Moran. We sincerely appreciate the dedicated efforts of all of these individuals that have allowed the Trust to establish its position as a leader in quality and efficiency for financial reporting.

Sincerely,

Diane Brewer

Diane Brewer
Executive Director, Michigan Education Trust

Rachael Eubanks

Rachael Eubanks
State Treasurer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Michigan Education Trust

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2024

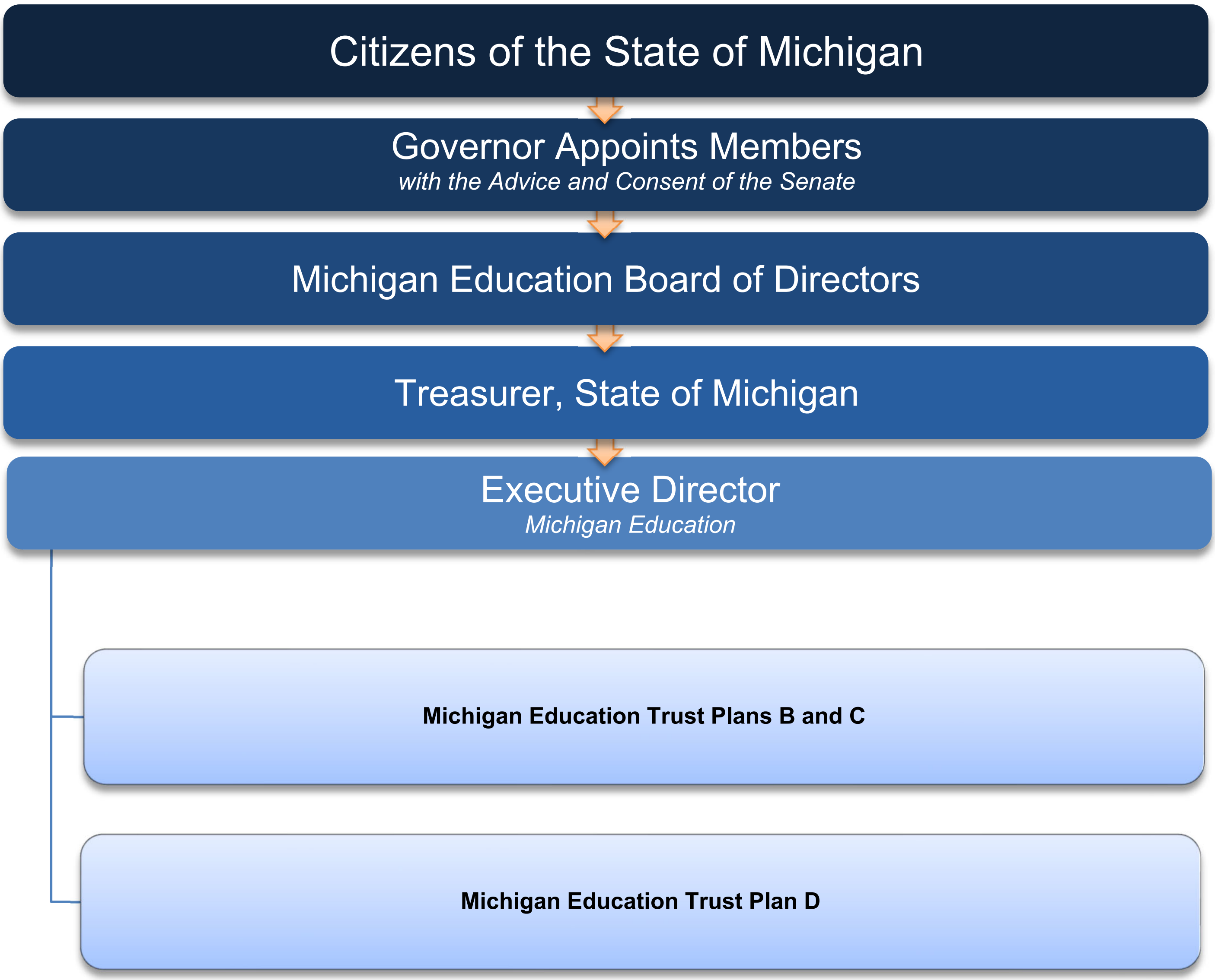
Christopher P. Morrill

Executive Director/CEO

Michigan Education trust

(A Component Unit of the State of Michigan)

Organizational Structure



PRINCIPAL OFFICIALS

MICHIGAN EDUCATION TRUST BOARD OF DIRECTORS

(As of September 30, 2025)

Rachael Eubanks
State Treasurer
Chair of Board, Michigan Education Trust

Diane Brewer
Executive Director, Michigan Education Trust

Board Members

Mr. Robert A. Bowman
Board President
Term expires: 12/31/2025

Mrs. Madelene Day
Board Vice-President
Maddy Day, LLC
Term expires: 12/31/2026

Mr. Andrew Meisner
Huntington Bank
Nominated by the Senate Majority Leader
Term expires: 12/31/2026

Dr. Laurence Alexander
Chancelor
University of Michigan - Flint
Representing Michigan Public 4-year Universities
Term expires: 12/31/ 2027

Dr. Calvin Cupidore
Retired Education Consultant
Nominated by the Speaker of the House
Term expires:12/31/2026

Dr. Peter Provenzano
President
Oakland Community College
Representing Presidents of Community Colleges
Term expires: 12/31/ 2027

Dr. Richard Pappas
President, Davenport University
Representing Presidents of Michigan Independent Universities
Term expires: 12/31/2026

Mrs. Marlin Williams
Vice President, Global Diversity & Inclusion, StockX
Representing the General Public
Term expires: 12/31/2025

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Fax: 248.352.0018
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Independent Auditor's Report

To the Board of Directors and
Mr. Doug A. Ringler, CPA, CIA
Auditor General, State of Michigan
Michigan Education Trust

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of Plans B and C and Plan D of the Michigan Education Trust (MET), a discretely presented component unit of the State of Michigan, as of and for the year ended September 30, 2025 and the related notes to the financial statements, which collectively comprise the Michigan Education Trust's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Plans B and C and Plan D of the Michigan Education Trust as of September 30, 2025 and the changes in its financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of MET and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matters

As described in Note 1 to the financial statements, the financial statements present only Michigan Education Trust Plans B and C and Michigan Education Trust Plan D. Accordingly, these financial statements do not purport to, and do not, present fairly the financial position and changes in financial position and cash flows of the State of Michigan as of and for the year ended September 30, 2025 in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As explained in Note 1 to the financial statements, the Michigan Education Trust holds investments valued at approximately $424 million (37 percent of total investments) at September 30, 2025, whose fair values have been estimated by management in the absence of readily determinable market values. Management's estimates are based on information provided by the fund managers. Our opinion is not modified with respect to this matter.

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 MET'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.

To the Board of Directors and
Mr. Doug A. Ringler, CPA, CIA
Auditor General, State of Michigan
Michigan Education Trust

Auditor's Responsibilities for the Audit 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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* 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.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- 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 audit 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 MET'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 MET'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 audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 audit 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.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

To the Board of Directors and
Mr. Doug A. Ringler, CPA, CIA
Auditor General, State of Michigan
Michigan Education Trust

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or whether the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2025 on our consideration of the Michigan Education Trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Michigan Education Trust's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Michigan Education Trust's internal control over financial reporting and compliance.

Plante & Moran, PLLC

December 22, 2025

Management's Discussion and Analysis

The following is management's discussion and analysis of the Michigan Education Trust's (collectively MET or the Trust's) financial performance, providing an overview of the activities for the fiscal year ended September 30, 2025. Please read it with the Trust's financial statements, which follow this section.

HIGHLIGHTS

- The Michigan Education Trust (MET) is an Internal Revenue Code Section 529 qualified tuition program and is a discretely presented component unit of the State of Michigan, administratively located within the Department of Treasury. MET is made up of Plans B, C and D. MET Plans B and C (Plans B and C) were closed to new contract purchases after 1990. All new contracts purchased are with MET Plan D (Plan D). The financial statements for Plans B and C and Plan D are presented separately within this report. The funds for Plans B and C are separate from Plan D.
- Plan D received 1007 new contracts and $ 10.7 million in prepaid tuition amounts related to new contracts during fiscal year 2025, an increase of 122 new contracts and decrease of $ 1.6 million from the prior year.

Using the Financial Report

This financial report includes the report of independent auditors, management's discussion and analysis, the basic financial statements, and notes to the financial.

Generally accepted accounting principles applicable to governments require a statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of cash flows. These financial statements are interrelated and represent the financial status of MET Plan B and C and Plan D.

The statement of net position includes the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at the end of the fiscal year. The statement of revenues, expenses, and changes in net position presents the revenues earned expenses incurred during the fiscal year. The statement of cash flows presents information related to cash inflows and outflows summarized by operating and investing activities.

Financial Analysis of MET Plans As A Whole

The MET Board of Directors approves an annual budget and the investment portfolio allocation. The Bureau of Investments, Department of Treasury, under the direction of the MET Board of Directors, is responsible for short-term and long-term investment of MET funds. The MET portfolio for Plans B and C are mainly invested in fixed income investments. The MET portfolio for Plan D may be invested up to 75% in equities with the remainder invested in short term investments, U.S. government securities and corporate bonds.

MET funds are invested to coincide with the student's expected years of high school graduation. Once students activate their contracts, colleges and universities submit invoices to MET every semester for tuition and mandatory fees. In 2006, the MET Board of Directors approved an amendment allowing students 15 years from the expected year of high school graduation to completely use MET contract benefits. Before that change, students had 9 years to use MET contract benefits.

Annually, the actuary determines the actuarial soundness of each MET plan. Key factors used in the soundness analysis are tuition increases (short-term and long-term), investment performance, and college selection by students and purchasers.

The following statement of net position presents the Trust's assets, deferred outflows of resources, liabilities, and deferred inflows of resources as of September 30, 2025, and September 30, 2024:

Statement of Net Position

As of September 30

(In Thousands)

	MET Plans B and C Activities		MET Plan D Activities	
	2025	2024	2025	2024
Total current assets	$ 16,540	$ 9,024	$ 98,372	$ 112,504
Total non-current assets	89,900	95,019	988,922	952,679
Total assets	$ 106,440	$ 104,043	$ 1,087,294	$ 1,065,183
Deferred outflows of resources	$ 53	$ 57	$ 1,022	$ 1,080
Total current liabilities	$ 1,818	$ 1,932	$ 53,956	$ 60,362
Total non-current liabilities	24,136	27,706	521,343	562,888
Total liabilities	$ 25,954	$ 29,638	$ 575,298	$ 623,250
Deferred inflows of resources	$ 101	$ 92	$ 1,925	$ 1,754
Total net position- Restricted	$ 80,438	$ 74,370	$ 511,093	$ 441,259

The MET Plan B and C total current assets increased by $ 7.5 million. The increase in MET Plans B and C current assets resulted from a change in investment performance and strategy.

The MET Plan D total current assets decreased by $ 14.1 million. The decrease in MET Plan D current assets resulted from a change in investment performance and strategy.

The MET Plans B and C total noncurrent assets decreased by $ 5.1 million. The decrease in MET Plans B and C noncurrent assets resulted from a change in investment performance.

The MET Plan D total noncurrent assets increased by $ 36.2 million. The increase in MET Plan D noncurrent assets resulted from a change in investment performance.

The MET Plans B and C total current liabilities decreased by $ 113,386. The decrease is due to a change in the fiscal year tuition contract receivable actuarial determined figure.

The MET Plan D total current liabilities decreased by $ 6.4 million. The decrease is due to the change in tuition contract receivable actuarial determined figure.

The MET Plans B and C total noncurrent liabilities decreased by $ 3.6 million. The decrease resulted from a change in assumptions.

The MET Plan D total noncurrent liabilities decreased by $ 41.5 million. The decrease resulted from a greater number of existing contracts closing versus new contracts being opened.

The MET Plans B and C restricted net position increased by $ 6.1 million. The increase in the MET Plans B and C resulted in favorable investment returns and lower than expected tuition increases.

The MET Plan D restricted net position increased by $ 69.8 million. The increase in the MET Plan D restricted net position resulted from a change in investment returns and lower than expected tuition increases.

The following condensed financial information from the statement of revenues, expenses, and changes in net position during the fiscal year for MET:

From the Statement of Revenues, Expenses, and Changes in Net Position

For the Fiscal Years Ended September 30
(In Thousands)

	MET Plans B and C Activities		MET Plan D Activities	
	2025	2024	2025	2024
Operating Revenues:				
Interest and Dividend Income	$ 4,550	$ 4,218	$ 33,157	$ 35,594
Net (decrease) increase in fair value of investments	(257)	6,827	53,569	90,253
Other miscellaneous income	1	1	2,837	2,544
Total Revenues	$ 4,294	$ 11,047	$ 89,563	$ 128,390
Operating Expenses:				
Salaries and other administrative expenses	$ 382	$ 4	$ 7,659	$ 7,047
Net (decrease) increase in the present value of tuition benefit payable	(2,156)	(5,523)	12,070	15,203
Total Expenses	$ (1,774)	$ (5,520)	$ 19,729	$ 22,251
Change in Net Position	$ 6,068	$ 16,566	$ 69,834	$ 106,140
Net position- Beginning of year	74,370	57,804	441,259	335,120
Net position- End of year	$ 80,438	$ 74,370	$ 511,093	$ 441,259

The MET Plans B and C total revenue decreased by $ 6.8 million. The decrease resulted from a change in Investment performance and fluctuations in fair value.

The MET Plan D total revenue decreased by $ 38.8 million. The decrease resulted from a change in investment performance and fluctuations in fair value.

The MET Plans B and C present value of future tuition payments increased by $ 3.4 million. The increase resulted from the change in actuarial assumptions.

The MET Plan D present value of future tuition payments decreased by $ 3.1 million. The decrease resulted from the change in present value of future tuition payments.

The MET Plans B and C total expenses increased by $ 3.7 million. The increase is related to the change in present value of future tuition payments.

The MET Plan D total expenses decreased by $ 2.5 million. The decrease is due to the change in present value of future tuition payments and contract purchaser contributions made throughout the year.

CHANGES IN THE STATEMENT OF CASH FLOWS

For the Fiscal Years Ended September 30
(In Thousands)

	MET Plans B and C Activities		MET Plan D Activities	
	2025	2024	2025	2024
Net cash provided (used) by:				
Operating activities	$ (1,801)	$ (1,721)	$ (61,292)	$ (38,159)
Investing activities	2,655	1,150	61,056	56,413
Net cash provided (used) – All activities	$ 854	$ (570)	$ (236)	$ 18,254
Cash and cash equivalents- Beginning of fiscal year	1,342	1,913	23,451	5,197
Cash and cash equivalents- End of year	$ 2,196	$ 1,342	$ 23,215	$ 23,451

The MET Plans B and C net cash used by operating activities increased by $ 81,117. The change in cash used by operating activities was primarily the result of changes in tuition contract payments to colleges and refund designees.

The MET Plan D net cash used by operating activities increased by $ 23.1 million. The change in cash used by operating activities was primarily the result of changes in tuition contract payments to colleges and refund designees.

The MET Plans B and C net cash provided by investing activities increased by $ 1.5 million. The increase in cash provided by investing activities was the result of investments maturing and the proceeds being invested into new investment securities.

The MET Plan D net cash provided by investing activities increased by $ 4.6 million. The increase is a result of an increase in investment returns including the sale of investments.

The MET Plans B and C cash and cash equivalents at the end of the fiscal year increased by $ 853,516.

The MET Plan D cash and cash equivalents at the end of the fiscal year decreased by $ 235,703.

Factors Impacting Future Periods

MET Plans B and C reached the peak matriculation period during fiscal year 2005-06. During the fiscal year 2024-25, 1,090 students were eligible to begin using MET contracts to attend college along with 316 students currently in the process of using MET contracts. After fiscal year 2025, the number of students expected to enroll in college under MET Plans B and C will continue to decrease significantly because MET has fulfilled its contractual obligations for the majority of these contract holders and has not offered additional enrollments in these plans since 1990.

For MET Plan D, prepaid tuition receipts translate into an increase in the tuition liability; however, the actuarial soundness of MET is based, in part, on new contracts being purchased, market performance of investments, and factors affecting estimates of future tuition benefits. As of September 30, 2025, MET Plan D is 189.4% funded and is expected to pay all contracted benefits. The MET Plan D actuary's cash flow report expects tuition payments to students activating their contracts to be:

Fiscal Year Ending	Expected Gross Tuition Payments	Expected Number of Contracts
2026-2028	$ 171,873,941	4,831
2029-2031	$ 174,558,377	3,284
2032-2034	$ 151,108,497	2,609
2035-2037	$ 125,988,795	1,810
2038-2040	$ 96,702,650	1,239
2041-2043	$ 71,633,638	610
After 2044	$81,219,010	N/A

New enrollment contract prices are adjusted annually to reflect estimated changes in tuition costs and investment earnings and will increase cash, future tuition benefits payable, and the asset base of MET Plan D.

The MET Board of Directors reviews asset allocation and investment performance on a quarterly basis to balance investment risk and maximize rates of return. At the beginning of fiscal year 2007-08, the MET Board of Directors changed the long-term investment portfolio strategy to address the unfunded liability issue. The MET Plan D target portfolio for investment is up to 75% in equities (mutual funds and alternative investments) and 25% in fixed income securities (short-term investments, U.S. government securities, and corporate bonds).

Contacting the Michigan Education Trust

Financial information can be obtained on the MET website at www.SETwithMET.com or by mail at Michigan Education Trust, P.O. Box 30198, Lansing, Michigan 48909, phone 517-335-4767.

Statement of Net Position

September 30, 2025

	Michigan Education Trust Plans B and C	Michigan Education Trust Plan D	Total
Assets			
Current assets:			
Cash and cash equivalents (Note 2)	$ 2,195,869	$ 23,215,172	$ 25,411,041
Receivables:			
Tuition contracts receivable - Current portion (Note 4)	-	3,571,589	3,571,589
Amounts due from others	-	246,323	246,323
Amounts due from MET Programs (Plan D)	25	-	25
Amounts due from MET Programs (Plans B and C)	-	549,895	549,895
Interest and dividends receivable	687,734	2,342,861	3,030,595
Amounts due from State of Michigan	-	2,108,981	2,108,981
Investments (Notes 2 and 3)	13,656,462	66,336,874	79,993,336
Total current assets	16,540,090	98,371,695	114,911,785
Noncurrent assets:			
Other assets	-	40,437	40,437
Investments (Notes 2 and 3)	89,899,574	977,387,900	1,067,287,474
Tuition contracts receivable - Net of current portion (Note 4)	-	11,493,904	11,493,904
Total noncurrent assets	89,899,574	988,922,241	1,078,821,815
Total assets	106,439,664	1,087,293,936	1,193,733,600
Deferred Outflows of Resources			
Deferred outflows related to pensions (Note 7)	17,735	336,967	354,702
Deferred outflows related to OPEB - Life insurance (Note 8)	6,713	127,536	134,249
Deferred outflows related to OPEB - Health insurance (Note 8)	29,339	557,458	586,797
Total deferred outflows of resources	53,787	1,021,961	1,075,748
Liabilities			
Current liabilities:			
Amounts due to MET Program (Plan D)	549,895	-	549,895
Tuition benefits payable - Current portion (Note 5)	1,268,377	53,711,849	54,980,226
Scholarship benefits payable - Current portion	-	62,883	62,883
Amount due to MET Programs (Plans B and C)	-	25	25
Compensated absences - Current portion	-	180,781	180,781
Total current liabilities	1,818,272	53,955,538	55,773,810
Noncurrent liabilities:			
Compensated absences	-	308,786	308,786
Other liabilities	-	40,547	40,547
Scholarship benefits payable - Net of current portion	-	495,993	495,993
Net pension liability (Note 7)	91,036	1,729,679	1,820,715
Total OPEB liability - Life insurance (Note 8)	23,265	442,017	465,282
Net OPEB liability - Health insurance (Note 8)	7,350	139,683	147,033
Tuition benefits payable - Net of current portion (Note 5)	24,014,442	518,186,301	542,200,743
Total noncurrent liabilities	24,136,093	521,343,006	545,479,099
Total liabilities	25,954,365	575,298,544	601,252,909
Deferred Inflows of Resources			
Deferred inflows related to pensions (Note 7)	22,514	427,766	450,280
Deferred inflows related to OPEB - Life insurance (Note 8)	6,383	121,265	127,648
Deferred inflows related to OPEB - Health insurance (Note 8)	72,395	1,375,501	1,447,896
Total deferred inflows of resources	101,292	1,924,532	2,025,824
Net Position - Restricted for prepaid tuition contractual obligations	**$ 80,437,794**	**$ 511,092,821**	**$ 591,530,615**

See notes to financial statements.

Statement of Revenue, Expenses, and Changes in Net Position

Year Ended September 30, 2025

	Michigan Education Trust Plans B and C	Michigan Education Trust Plan D	Total
Operating Revenue			
Interest and dividends	$ 4,550,606	$ 33,156,630	$ 37,707,236
Net (decrease) increase in fair value of investments	(257,008)	53,569,339	53,312,331
Other miscellaneous income	890	2,836,734	2,837,624
Total operating revenue	4,294,488	89,562,703	93,857,191
Operating Expenses			
Salaries and other administrative expenses	382,356	7,659,299	8,041,655
Net (decrease) increase in the present value of tuition benefits payable	(2,155,937)	12,069,864	9,913,927
Total operating expenses	(1,773,581)	19,729,163	17,955,582
Change in Net Position	6,068,069	69,833,540	75,901,609
Net Position - Beginning of year	74,369,725	441,259,281	515,629,006
Net Position - End of year	**$ 80,437,794**	**$ 511,092,821**	**$ 591,530,615**

See notes to financial statements.

Statement of Cash Flows

Year Ended September 30, 2025

	Michigan Education Trust Plans B and C	Michigan Education Trust Plan D	Total
Cash Flows from Operating Activities			
Contract receipts	$ -	$ 21,384,675	$ 21,384,675
Benefits, administrative, and other expenses paid	(1,915,577)	(87,516,224)	(89,431,801)
Application and other fees collected	113,974	4,839,372	4,953,346
Net cash and cash equivalents used in operating activities	(1,801,603)	(61,292,177)	(63,093,780)
Cash Flows from Investing Activities			
Purchase of investment securities	(87,147,448)	(899,987,491)	(987,134,939)
Interest and dividends received	4,447,960	32,745,212	37,193,172
Proceeds from sale and maturities of investment securities	85,354,607	928,298,753	1,013,653,360
Net cash and cash equivalents provided by investing activities	2,655,119	61,056,474	63,711,593
Net Increase (Decrease) in Cash and Cash Equivalents	853,516	(235,703)	617,813
Cash and Cash Equivalents - Beginning of year	1,342,353	23,450,875	24,793,228
Cash and Cash Equivalents - End of year	**$ 2,195,869**	**$ 23,215,172**	**$ 25,411,041**
Reconciliation of Operating Income to Net Cash from Operating Activities			
Operating income	$ 6,068,069	$ 69,833,540	$ 75,901,609
Adjustments to reconcile operating income to net cash from operating activities:			
Unrealized and realized losses (gains)	257,009	(53,569,338)	(53,312,329)
Investment income	(4,524,454)	(33,188,334)	(37,712,788)
Changes in assets and liabilities:			
Amounts due to MET Programs (Plans B and C)	45,656	-	45,656
Amounts due from MET Programs (Plan D)	-	(45,656)	(45,656)
Amounts due from State of Michigan	-	(1,269,901)	(1,269,901)
Amount due from others	-	(25,508)	(25,508)
Interest and dividends receivable	38,247	221,561	259,808
Tuition contracts receivable	-	3,754,928	3,754,928
Scholarship benefits receivable	-	660,599	660,599
Pension liability and related deferrals	(10,926)	(207,599)	(218,525)
OPEB liability and related deferrals - Life insurance	(418)	(7,961)	(8,379)
OPEB liability and related deferrals - Health insurance	(26,616)	(505,696)	(532,312)
Tuition benefit payable	(3,648,170)	(46,978,672)	(50,626,842)
Other accrued liabilities	-	196,767	196,767
Scholarship benefits payable	-	(160,907)	(160,907)
Total adjustments	(7,869,672)	(131,125,717)	(138,995,389)
Net cash and cash equivalents used in operating activities	**$ (1,801,603)**	**$ (61,292,177)**	**$ (63,093,780)**
Significant Noncash Transactions - Unrealized gain (loss)	$ 2,582,614	$ (17,586,157)	$ (15,003,543)

See notes to financial statements.

Note 1 - Significant Accounting Policies

Reporting Entity

The Michigan Education Trust (MET or the "Trust") was created under Act 316, P.A. 1986 (Sections 390.1421 - 390.1444 of Michigan Compiled Laws) to operate a prepaid college tuition program. The Trust is governed by a nine-member board of directors that consists of one ex officio member (the state treasurer, acting as chair) and eight public members who are appointed by the governor with the advice and consent of the Senate. The Trust is administratively located within the Department of Treasury. The state treasurer, as the Trust's agent, may not commingle funds and must maintain a separate bank account for the Trust. The Trust is a discretely presented component unit of the State of Michigan (the "State") and is reported as such in the State of Michigan's Annual Comprehensive Financial Report. The accompanying financial statements present MET Plans B and C (Plans B and C) and MET Plan D (Plan D) separately, as they are separate plans.

These financial statements do not purport to, and do not, present fairly the financial position and changes in financial position and cash flows of the State of Michigan or its component units in accordance with accounting principles generally accepted in the United States of America applicable to governmental units.

Act 316, P.A. 1986 (the "Act"), as amended, empowers the Trust, on behalf of itself and the State of Michigan, to enter into a contract with a purchaser that provides that, in return for a specified actuarially determined payment, the Trust will provide a Michigan child's undergraduate tuition at any Michigan public university or community college. The purchase amount is based on several factors, including tuition costs, anticipated investment earnings, anticipated tuition rate increases, and the type of contract purchased.

The Trust offers a full benefits contract, a limited benefits contract, and a community college contract. The Trust's property, income, and operations have been statutorily exempted from all taxation by the State and its political subdivisions. The Act and the contracts specifically provide that the State is not liable if the Trust becomes actuarially unsound. In that event, the contracts provide for refunds to participants based on a proportion of the remaining assets. In May 1997, the Trust submitted a request for ruling to the Internal Act of 1996 (known as the 1996 Tax Act). On December 23, 1997, the IRS issued a favorable ruling, which confirms that the Trust meets the requirements for exemption from federal income tax as a state-qualified tuition program described in Section 529 of the Internal Revenue Code.

As of September 30, 2025, there have been multiple enrollment periods over the multiple years of operation of the Trust. The 1988, 1989, and 1990 enrollments are known as Plans B and C. The 1995, 1997, 1998, 1999, 2000, 2002, 2003, 2004, 2005, 2006, 2007 (two enrollment periods), 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, and 2025 enrollments are known as Plan D. The Plan D enrollments are accounted for and reported separately from the Plans B and C enrollments.

Accounting and Reporting Principles

The Trust follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB).

Basis of Accounting

The Trust uses the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Cash and Cash Equivalents

Cash and cash equivalents include cash and balances with financial institutions and short-term investments with original maturities that are generally less than three months used for cash management rather than investing activities.

Note 1 - Significant Accounting Policies (Continued)

Investments

The Trust's deposits and investments are held in a fiduciary capacity by the state treasurer. Act 316, P.A. 1986, as amended, authorizes the Trust's board of directors to invest the Trust's assets in any instrument, obligation, security, or property that it considers to be appropriate. The Act also authorizes the pooling of the Trust's investments with investments of the State, such as the pension funds, for investment purposes. Investments are carried at fair value, except for commercial paper and money market funds that are reported at amortized cost (see Note 3). Corporate bonds not traded on a national or international exchange are based on equivalent values of comparable securities with similar yield and risk. The fair value of private investments is based on net asset value reported in the financial statements of the respective investment entity. Net asset value is determined in accordance with governing documents of the investment entity and is subject to an independent annual audit. The fair values of these investments have been estimated by management in the absence of readily determinable market values. These estimates are subject to uncertainty because no ready market exists for these investments; therefore, the estimated value may differ from the values that would have been used had a ready market for these securities existed. At year end, these investments were approximately $413 million for Plan D and approximately $11 million for Plans B and C.

Interest Receivable

Interest receivable represents the interest income earned but not yet received at year end.

Tuition Contracts Receivable

The present value of the future monthly purchase contract payments for Plan D is recorded as a current and noncurrent asset. Plans B and C are closed to new contracts purchased after 1990, and a present value of future contract payments is not recorded. For the year ended September 30, 2025, the discount rate applied to expected future cash flows to determine present value was 5.50 percent.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to future periods and so will not be recognized as an expense until then. MET has deferred outflows related to pension and OPEB, as detailed in Notes 7 and 8, respectively.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future periods and so will not be recognized as revenue until that time. MET reports deferred inflows of resources related to pension and OPEB, as detailed in Notes 7 and 8, respectively.

Tuition Benefits Liabilities

The actuarial present value of the future tuition benefits obligation is recorded as a current and noncurrent liability of the Trust (see Note 5).

Scholarship Benefits Liabilities

The scholarship benefits liability was established to record future scholarship contracts to be awarded to eligible recipients through fiscal year 2031. Each fiscal year, the liability will be reduced by the amount of scholarship contracts awarded.

Note 1 - Significant Accounting Policies (Continued)

Pension and Other Postemployment Benefits Other Than Pension (OPEB)

For the purpose of measuring the net pension liability, the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pension and OPEB, and pension and OPEB expense, information about the fiduciary net position and additions to/deductions from fiduciary net position of the State Employees' Retirement System (SERS) or the postemployment life insurance benefits plan have been determined on the same basis as they are reported by SERS or the postemployment life insurance benefits plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Compensated Absences

Compensated absences are accrued employee vacation, banked leave time, and sick leave time. A leave liability is recognized due to the leave attributable to services already rendered, leave that accumulates, and leave that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The Trust is allocated a percentage of assigned employees of the Department of Treasury. The Trust allocates employee payroll costs to Plan D.

Net Position

The Trust's net position represents the investment appreciation and the investment revenue in excess of the actuarial present value of the future tuition benefits obligation and expenses (see Note 5). Net position is restricted because of the contractual obligations to which the Trust must adhere on behalf of the purchasers and beneficiaries for which prepaid tuition was collected and invested. Section 17 of Act 316, P.A. 1986, as amended, indicates that the assets of the Trust shall be preserved, invested, and expended solely pursuant to and for the purposes set forth in the Act and shall not be loaned or otherwise transferred or used by the State for any purpose other than the purposes of the Act.

Operating Revenue

The principal operating revenue of the Trust is from income from interest and dividends, increases/decreases in the fair value of investments, and other miscellaneous income.

Operating Expenses

Operating expenses of the Trust include salaries and administrative expenses and changes in the present value of tuition benefits payable.

Accounting Changes and Error Corrections

Adoption of New Accounting Pronouncements

During the current year, MET adopted GASB Statement No. 101, *Compensated Absences*, and GASB Statement No. 102, *Certain Risk Disclosures*. The effects of the adoption of the new accounting pronouncements did not result in a restatement of the financial statements as of September 30, 2024.

Upcoming Accounting Pronouncement

In April 2024, the Governmental Accounting Standards Board issued Statement No. 103, *Financial Reporting Model Improvements*, which establishes new accounting and financial reporting requirements or modifies existing requirements related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. The provisions of this statement are effective for MET's financial statements for the year ending September 30, 2026.

Note 2 - Deposits and Investments

In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, the Trust's cash and investments are subject to several types of risk, which are examined in more detail below:

Authorized Investments

State statute and board resolutions authorize allowable investments for Plans B and C and Plan D. Assets of the Trust may be invested in any instrument, obligation, security, or property considered appropriate by the board per Public Act 316 of 1986 Section 390.1429.

Custodial Credit Risk for Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of the depository financial institution, the Trust will not be able to recover the value of its deposits or collateral securities that are in the possession of an outside party. The Trust does not have a policy for custodial credit risk.

As of September 30, 2025, the Trust's deposits for Plans B and C and the amounts reflected in the accounts of the banks were $2,195,869. Of these amounts, $250,000 was covered by Federal Deposit Insurance Corporation (FDIC) insurance.

As of September 30, 2025, the Trust's deposits for Plan D and the amounts reflected in the accounts of the banks were $23,215,172. Of these amounts, $250,000 was covered by Federal Deposit Insurance Corporation insurance.

The uninsured deposits for both Plans B and C and Plan D were covered by $10,000,000 of collateral held in trust in the Trust's name at September 30, 2025.

Custodial Credit Risk for Investments

Custodial credit risk for investments is the risk that, in the event of the failure of a counterparty to a transaction, the Trust will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Trust’s investments are registered in its name and, therefore, are not subject to custodial credit risk. The Trust does not have an investment policy for custodial credit risk. At September 30, 2025, there was no exposure to custodial credit risk for investments.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Trust does not have a policy to restrict interest rate risk for long-term investments. The Trust’s objective is the preservation of capital while managing the cash flow requirements for paying tuition invoices for eligible contract beneficiaries as required.

Investment timing for managing cash flow requirements is relative to the rates in securities at the time each investment decision is required to be made. The Trust has authorized the Department of Treasury’s Bureau of Investments to assist in the management of cash flow requirements. The Trust and Bureau of Investments make investments in accordance with applicable statutory provisions.

Note 2 - Deposits and Investments (Continued)

At September 30, 2025, Plans B and C had the following investments and maturities:

	2025				
Plans B and C	Fair Value	Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years
Commercial paper	$ 484,131	$ 484,131	$ -	$ -	$ -
Money market	7,770,883	7,770,883	-	-	-
U.S. Treasury securities	20,389,529	1,395,242	1,004,355	1,456,406	16,533,526
U.S. agencies - Backed securities	19,522,641	-	-	-	19,522,641
Corporate bonds and notes	43,257,347	4,006,206	10,752,166	8,848,493	19,650,482
Total investments subject to interest rate risk	$ 91,424,531	$ 13,656,462	$ 11,756,521	$ 10,304,899	$ 55,706,649
Plus other investments not subject to interest rate risk disclosure:					
Exchange-traded funds	1,102,027				
Alternative investments	11,029,478				
Total investments not subject to interest rate risk disclosure	103,556,036				
Less investments reported as short term on statement of net position	13,656,462				
Total investments	$ 89,899,574				

Exchange-traded funds and alternative investments have no fixed income or duration and, therefore, are not segmented for time.

Note 2 - Deposits and Investments (Continued)

At September 30, 2025, Plan D had the following investments and maturities:

	2025				
Plan D	Fair Value	Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years
Commercial paper	$ 43,751,847	$ 43,751,847	$ -	$ -	$ -
Money market	17,801,340	17,801,340	-	-	-
U.S. Treasury securities	60,278,820	4,783,687	2,748,564	11,937,051	40,809,518
U.S. agencies	78,912,011	-	-	653,226	78,258,785
Corporate bonds and notes	132,373,253	-	30,291,129	41,565,227	60,516,897
Total investments subject to interest rate risk	$ 333,117,271	$ 66,336,874	$ 33,039,693	$ 54,155,504	$ 179,585,200
Plus investments not subject to interest rate risk:					
Mutual funds	296,649,126				
Exchange-traded funds	591,643				
Alternative investments	413,366,734				
Total investments	1,043,724,774				
Less investments reported as short term on statement of net position	66,336,874				
Total long-term investments	$ 977,387,900				

Mutual funds, exchange-traded funds, and alternative investments have no fixed income or duration and, therefore, are not segmented for time.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Trust limits investments in commercial paper, at the time of purchase, to the top two ratings issued by two national rating services: ratings of A-1 and A-2 from Standard & Poor’s (S&P) and ratings of P-1 and P-2 from Moody’s Investors Service (Moody’s). The Trust’s policy also limits investments in corporate bonds, at the time of purchase, to the top four ratings of the two rating services: ratings AAA, AA, A, and BBB from Standard & Poor’s and ratings of Aaa, Aa, A, and Baa from Moody’s Investors Service.

Note 2 - Deposits and Investments (Continued)

As of September 30, 2025, U.S. government securities, money market, and corporate bond holdings by Moody's and Standard & Poor's rating agencies are as follows for Plans B and C:

	Moody's	Fair Value	S&P	Fair Value
Corporate bonds				
	A1	$ 4,744,838	A	$ 2,655,563
	A3	3,540,990	A-	4,915,008
	Aa1	-	AA	2,009,681
	Aaa	8,437,408	AAA	3,722,673
	Baa1	2,054,710	BBB	7,825,331
	Baa2	8,883,927	BBB-	7,019,091
	Baa3	2,035,095	BBB+	3,540,990
	Not rated	13,560,379	Not rated	11,569,010
Total corporate bonds		43,257,347		43,257,347
Commercial paper	P-1	484,131	A-1+	484,131
Money market	Aaa	7,770,883	AAA	7,770,883
U.S. government	N/A	39,912,170	N/A	39,912,170
Total debt securities		$ 91,424,531		$ 91,424,531

As of September 30, 2025, U.S. government securities, corporate bond holdings, money market, and commercial paper by Moody's and Standard & Poor's rating agencies are as follows for Plan D:

	Moody's	Fair Value	S&P	Fair Value
Corporate bonds				
	A1	$ 17,730,534	A	$ 12,109,996
	A2	6,251,758	A-	19,839,436
	A3	18,130,851	A+	-
	Aa2	1,479,309	AA	3,689,958
	Aaa	23,488,150	AA-	-
	Ba1	3,082,065	AAA	5,030,321
	Baa1	3,069,645	BBB	14,681,506
	Baa2	20,526,201	BBB-	17,960,585
	Baa3	11,854,518	BBB+	21,201,823
	Not rated	26,760,222	Not rated	37,859,628
Total corporate bonds		132,373,253		132,373,253
Commercial paper	P-1	32,851,079	A-1	29,822,018
	P-2	5,955,652	A-2	5,955,652
	Not rated	4,945,116	A-1+	7,974,177
Total commercial paper		43,751,847		43,751,847
Money market	Aaa	17,801,340	AAA	17,801,340
U.S. government	N/A	139,190,831	N/A	139,190,831
Total debt securities		$ 333,117,271		$ 333,117,271

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of the Trust's investments with a single issuer. The Trust places no limit on the amount it may invest in any one issuer.

As of September 30, 2025, Plans B and C held no investments that represented 5.00 percent or more of total investments.

Note 2 - Deposits and Investments (Continued)

As of September 30, 2025, Plan D held the following investments that represented 5.00 percent or more of total investments:

Dodge & Cox	$ 123,631,139
The Vanguard Group	173,017,987
Tahquanmenon LP-DCT	60,105,680

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. As of September 30, 2025, the Trust had no foreign investments.

Note 3 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Trust's assets measured at fair value on a recurring basis at September 30, 2025 and the valuation techniques used by MET to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that MET has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Trust's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Note 3 - Fair Value Measurements (Continued)

The following tables summarize the fair value measurements of investments as of September 30, 2025:

Plans B and C
Assets Measured at Fair Value on a Recurring Basis at September 30, 2025

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Investments Measured at NAV	Balance at September 30, 2025
Debt securities:				
U.S. Treasury securities	$ 20,389,529	$ -	$ -	$ 20,389,529
Corporate bonds and notes	-	43,257,347	-	43,257,347
U.S. agencies - Backed securities	-	19,522,641	-	19,522,641
Equity securities - Exchange-traded funds	1,102,027	-	-	1,102,027
Investments measured at net asset value (NAV):				
Private equity funds	-	-	6,281,894	6,281,894
Real estate funds	-	-	4,747,584	4,747,584
Total investments measured at net asset value	-	-	11,029,478	11,029,478
Total investments	$ 21,491,556	$ 62,779,988	$ 11,029,478	$ 95,301,022

Plan D
Assets Measured at Fair Value on a Recurring Basis at September 30, 2025

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Investments Measured at NAV	Balance at September 30, 2025
Debt securities:				
U.S. Treasury securities	$ 60,278,820	$ -	$ -	$ 60,278,820
U.S. agencies - Sponsored securities	-	3,571,865	-	3,571,865
Corporate bonds and notes	-	132,373,253	-	132,373,253
U.S. agencies - Backed securities	-	75,340,146	-	75,340,146
Equity securities:				
Mutual funds	296,649,126	-	-	296,649,126
Exchange-traded funds	591,643	-	-	591,643
Investments measured at net asset value:				
Private equity funds	-	-	187,767,299	187,767,299
Real estate funds	-	-	96,461,378	96,461,378
Multistrategy hedge funds	-	-	60,105,685	60,105,685
Event-driven hedge fund	-	-	57,307,208	57,307,208
Broad Market High Yield	-	-	11,725,164	11,725,164
Total investments measured at net asset value	-	-	413,366,734	413,366,734
Total investments	$ 357,519,589	$ 211,285,264	$ 413,366,734	$ 982,171,587

Note 3 - Fair Value Measurements (Continued)

Debt and equity securities classified as Level 1 in the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 in the fair value hierarchy are valued using a matrix pricing technique.

There are no limitations or restrictions on participant withdrawals for the money market funds reported at amortized cost. Those money market funds (external investment pool) are approximately $7.8 million for Plans B and C and approximately $17.8 million for Plan D.

Additional disclosures for fair value measurements of investments in certain entities that calculate net asset value per share are as follows:

Private Equity Funds

This type of investment includes various credit strategies, real assets, and other investments. These types of investments can never be redeemed with the funds, but distributions are received through the liquidation of the underlying assets of the fund. It is expected that the underlying assets of the fund are liquidated over a period of 5 to 8 years. It is probable that all of the investments in this type will be sold at an amount different from NAV per share of the plan's ownership interest in partners' capital. Therefore, the fair values of the investments in this type have been determined using the Trust's equity contributions, less any distributions or dividends received, adjusted for any gains or losses in the investment allocated to the Trust.

Plans B and C include investments in 5 partnerships as of September 30, 2025. The total fair value and unfunded commitments of these investments as of September 30, 2025 are approximately $6.3 million and $2.2 million, respectively.

Plan D includes investments in 17 partnerships as of September 30, 2025. The total fair value and unfunded commitments of these investments as of September 30, 2025 are approximately $187.8 million and $120.2 million, respectively.

Real Estate

This type of investment invests primarily in multifamily preferred equity structure in the United States. This type of investment can never be redeemed with the funds, but distributions are received through the liquidation of the underlying assets of the fund. It is expected that the underlying assets of the fund are liquidated over a period of 10 to 12 years. It is probable that all of the investments in this type will be sold at an amount different from NAV per share of the plan's ownership interest in partners' capital. Therefore, the fair values of the investments in this type have been determined using the Trust's equity contributions, less any distributions or dividends received, adjusted for any gains or losses in the investment allocated to the Trust.

Plans B and C include 2 partnerships as of September 30, 2025. The total fair value of these investments as of September 30, 2025 are approximately $4.7 million. There are no unfunded commitments associated with these funds as of September 30, 2025.

Plan D includes 8 partnerships as of September 30, 2025. The total fair value and unfunded commitment of these investments as of September 30, 2025 are approximately $96.5 million and $4.4 million, respectively.

Multistrategy Hedge Funds

This type of investment pursues multiple strategies to diversify risks and reduce volatility. The fund is organized for the primary purpose of developing and actively managing an investment portfolio of nontraditional portfolio managers. This is an open-ended fund that invests in equities, credit driven, global macro, relative value, interest rate driven, commodities, managed futures, and event driven, with redemption restriction terms ranging from 0 to 96 months.

Note 3 - Fair Value Measurements (Continued)

One fund offers limited partnership Class A interests, as well as strategic interests. Generally, the limited partner may withdraw all or any portion of its Class A and strategic interests capital account at any time upon no less than 95 days' prior written notice to the fund. The general partner will submit withdrawal requests with respect to the fund's investments. Payment of the withdrawal proceeds will be made promptly after the fund receives withdrawal proceeds from such investments.

The fair value of investments in limited partnerships and investment funds and affiliated limited partnerships and investment funds (the "investee funds") is generally determined using the reported net asset value per share of the investee fund as a practical expedient for fair value.

Plans B and C do not hold investments classified as multistrategy hedge funds.

Plan D includes investments in one fund as of September 30, 2025. The total fair value of this investment as of September 30, 2025 is approximately $60.1 million. There are no unfunded commitments associated with these funds as of September 30, 2025.

Event-driven Hedge Funds

This type of investment typically applies a fundamental value discipline to identify undervalued companies that have one or more specific catalysts to unlock value. It focuses on active shareholder engagement and invests both long and short and across the capital structure, including equity and debt.

These types of investments can never be redeemed with the funds, but distributions are received through the liquidation of the underlying assets of the fund. Distribution proceeds from the sale of partnership investments, dividends, or interest must be returned to the limited partners within 90 days following receipt by the partnership. Such distributable amounts shall increase the unfunded portion of the limited partner commitment and may be called again for contribution to the partnership by the general partner. It is expected that the underlying assets of the fund will be liquidated over a period of three to six years.

Plans B and C do not hold investments classified as event-driven hedge funds.

Plan D includes two investments as of September 30, 2025. The total fair value and unfunded commitments of these investments as of September 30, 2025 are approximately $57.3 million and $228,000, respectively. Market price observability is impacted by a number of factors, including the type of investment and characteristics specific to the investment.

Broad Market High Yield Bond Fund

This type includes an investment in an open-ended vehicle that invests in a diversified portfolio consisting primarily of high yield bonds that are originated in the U.S. corporate bond markets. These high yield bonds will largely be a mix of fixed and floating rate instruments that are liquid securities with pricing available through a swath of third-party vendors. At times, the strategy may hold a nominal amount of assets in investment-grade U.S. corporate debt or crossover debt if the general partner believes the return potential and risk characteristics of these bonds are similar to those of high yield bonds. Some of these issues may have been recently upgraded from BB to investment-grade quality, and the investment-grade market may not have yet fully priced in their inherent value. Other eligible investments include, but are not limited to, U.S. Treasury and agency securities, asset-backed securities, and bank loan obligations. Per the investment guidelines, the fund will hold a minimum of 80 percent in below BBB-rated securities.

Plans B and C do not hold investments classified as Broad Market High Yield Bond Funds.

While many of the underlying assets are classified as Level 2, the fund offers investors daily liquidity as each investor owns units of the overall fund, which strikes a daily unit value. Plan D's total fair value and unfunded commitment of this investment as of September 30, 2025 are $11.7 million and $0, respectively.

Note 4 - Tuition Contracts Receivable

The future monthly purchase contract receipts for Plan D are actuarially calculated based on the present value of future receipts and projected investment performance. Plans B and C were closed to new contract purchasers after 1990, and, therefore, there is no receivable remaining related to those plans.

The following table summarizes tuition contracts receivable for monthly purchase contracts for Plan D as of September 30, 2025:

Long-term tuition contracts receivable	$ 11,493,904
Current tuition contracts receivable	3,571,589
Total tuition contracts receivable	$ 15,065,493

Note 5 - Tuition Benefits Payable and Net Position

The standardized measurement of the total tuition benefits obligation of the Trust is the actuarial present value of the future tuition benefits obligation that will be paid in future years. The tuition benefits obligation is actuarially calculated by projecting the weighted-average tuition cost, including mandatory fees, at the assumed annual rate of increase and then calculating the expected present value of the future distributions from the Trust based on the investment income, discount rate assumptions, and outstanding contracts.

The following table shows the approximate net value of total assets and deferred outflows of resources, less nontuition liabilities and deferred inflows of resources, the present value of total tuition benefits obligation, and the net position of Plans B and C as of September 30:

	Michigan Education Trust Plans B and C
Net value of total assets and deferred outflows of resources - Less nontuition liabilities and deferred inflows of resources	$ 105,720,613
Present value of total tuition benefits obligation	(25,282,819)
Total net position	$ 80,437,794

The value of assets for Plans B and C as a percentage of total actuarial liabilities (present value of tuition payments, fees, and administrative expenses) (i.e., the funded ratio) was 418.2 percent at September 30, 2025.

The following table shows the approximate net value of assets and deferred outflows of resources, less nontuition liabilities and deferred inflows of resources, the present value of total tuition benefits obligation, and the net position of Plan D as of September 30:

	Michigan Education Trust Plan D
Net value of total assets and deferred outflows of resources - Less nontuition liabilities and deferred inflows of resources	$ 1,082,990,971
Present value of total tuition benefits obligation	(571,898,150)
Total net position	$ 511,092,821

The value of assets for Plan D as a percentage of total actuarial liabilities (present value of tuition payments, fees, and administrative expenses) (i.e., the funded ratio) was 189.4 percent at September 30, 2025.

Note 5 - Tuition Benefits Payable and Net Position (Continued)

The surpluses in net assets for the year ended September 30, 2025 are the direct result of the value of assets exceeding the future tuition benefits obligation. Differences between future assumptions related to actual investment returns and actual tuition increases will affect the net assets or unfunded tuition liability.

The most important assumptions used in the actuarial valuations include the following:

(1) For Plans B and C and Plan D, the investment yield that is applied to expected future cash flows to determine present value was 5.38 percent and 5.50 percent, respectively, as of September 30, 2025. The investment yield assumption is based on the earnings of MET's investment portfolio together with estimates of the yields that will be available on reinvestment of income. For Plans B and C, this represents an increase in the investment assumption from 5.30 percent used in the prior valuation to 5.38 percent. Change in assumption is a result of updated information available.

(2) For the year ended September 30, 2025, the Trust's board of directors considered the relationship of tuition increases to the Consumer Price Index in determining the tuition increase assumption of 4.25 percent for all future years for Plans B and C and Plan D. There was no change in tuition assumption. for both plans, from the prior year.

(3) There was no tax effect from federal income tax.

(4) All trust plans will pay 105 percent of the MET weighted-average tuition in benefits and refunds.

The actuarial assumptions described in this note have a significant impact on the tuition benefit liability. Actual results may differ from the assumptions utilized.

The following summarizes the approximate tuition benefits payable as of and for the year ended September 30, 2025:

	Michigan Education Trust Plans B and C	Michigan Education Trust Plan D
Balance - Beginning of year	$ 28,930,989	$ 618,876,822
Tuition benefit (recovery) expense provision	(2,155,937)	12,069,864
Payments	(1,514,492)	(86,654,226)
Contributions	22,259	27,605,690
Total benefits payable	$ 25,282,819	$ 571,898,150

The amounts due within one year for tuition benefits payable for the year ended September 30, 2025 for Plans B and C and Plan D are $1,268,377 and $53,711,849, respectively.

Note 6 - Risk Management

The Trust participates in the State of Michigan's (primary government) risk management program. The State is self-insured for most general liability and property losses; portions of its employee insurance benefit and bonding programs; and automobile liability, workers' compensation, and unemployment claims. The State Sponsored Group Insurance Fund and Risk Management Fund (internal service funds) have been established by the State to account for these self-insured risk management programs. As a participant, the Trust recognizes expenses for payments made to the State in a manner similar to purchasing commercial insurance. Charges to finance the self-insured programs are based on estimates of amounts needed to pay prior and current year claims, as determined annually by the Department of Technology, Management, and Budget. There were no settlements exceeding coverage provided through the Trust's risk management program during the past three fiscal years.

Note 7 - General Information on Employee Pension Plans

Plan Description

The Michigan State Employee's Retirement System (the "System") is a single-employer, statewide, defined benefit public employee retirement plan governed by the State of Michigan (the "State") and created under Public Act 240 of 1943, as amended. Section 2 of this act establishes the board's authority to promulgate or amend the provisions of the System. Executive Order 2015-13, signed by the governor on October 27, 2015, established the State of Michigan Retirement Board. The executive order establishes the board's authority to promulgate or amend the provision of the System. The board consists of nine members:

- The attorney general
- The state treasurer
- The legislative auditor general
- The state personnel director
- One member or retirant of the State Employees' Retirement System appointed by the governor
- One member of the Judges Retirement System appointed by the governor
- One current or former officer or enlisted person in the Michigan Military Establishment who is a member or retirant under the Military Retirement Provisions appointed by the governor
- One retirant member of the State Employees' Retirement System appointed by the governor
- One member of the general public appointed by the governor

The System's pension plan was established by the State to provide retirement, survivor, and disability benefits to the State's government employees.

The System is accounted for in a separate pension trust and issues a publicly available financial report that includes financial statements and required supplementary information. That report is available on the web or by calling the Office of Retirement Services (ORS) at (517) 322-5103 or (800) 381-5111.

Benefits Provided

Benefit provisions of the defined benefit (DB) pension plan are established by state statute, which may be amended. Public Act 240 of 1943, State Employees' Retirement Act, as amended, establishes eligibility and benefit provisions for the defined benefit plan. Retirement benefits are determined by final average compensation and years of service. Members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides duty disability, nonduty disability, and survivor benefits.

A member who has separated from employment may request a refund of his or her member contribution account. A refund may cancel a former member's rights to future benefits. However, former members who return to employment and who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

Effective March 31, 1997, Public Act 487 of 1996 (the "Public Act") closed the plan to new entrants. All new employees become members of the defined contribution plan. The Public Act allows returning employees and members who left state employment on or before March 31, 1997 to elect the defined benefit plan instead of the defined contribution plan.

Note 7 - General Information on Employee Pension Plans (Continued)

Pension Reform of 2012

On December 15, 2011, the governor signed Public Act 264 of 2011 into law. The legislation granted members a choice regarding their future retirement plan. They had the following options:

- Option 1: DB Classified. Members voluntarily elected to remain in to DB plan for future service and contribute 4 percent of their annual compensation to the pension fund until they terminate state employment. The 4 percent contribution began on April 1, 2012.
- Option 2: DB 30. Members voluntarily elected to remain in the DB plan for future service and contribute 4 percent of pay until they reach 30 years of service. When they reach 30 years of service, they will switch to the State's DC plan. The 4 percent contribution began on April 1, 2012 and continues until they switch to the DC plan or terminate employment, whichever comes first.
- Option 3: DB/DC Blend. Members voluntarily elected not to pay the 4 percent and, therefore, became participants in the DC plan for future service beginning on April 1, 2012. As DC plan participants, they receive a 4 percent employer contribution to their 401(k) accounts and are eligible for an additional dollar-for-dollar employer match of up to 3 percent of pay to the plan.

Deferred members of the DB plan (with 10 or more years of service) who are reemployed by the State on or after January 1, 2012 become participants in the DC plan. Their pension calculation is determined by their final average compensation (FAC) and years of service as of March 31, 2012. They retain their eligibility for the retiree health insurance premium subsidy offered by the State.

Former nonvested members of the DB plan (with less than 10 years of service) who are reemployed by the State on or after January 1, 2012 and before January 1, 2014 become participants in the DC plan. When they have earned sufficient service credit for vesting (10 years), they would be eligible for a pension based on their FAC and years of service in the DB plan as of March 31, 2012. They retain their eligibility for the retiree health insurance premium subsidy offered by the State.

Former nonvested members (with less than 10 years of service) of the DB plan who are reemployed by the State on or after January 1, 2014 become members of the DC plan. Any service credit previously earned would count towards vesting for the DC plan. They will not be eligible for any pension or retiree health insurance coverage premium but will become participants in the Personal Healthcare Fund where they will contribute up to 2 percent of their compensation to a 401(k) or 457 account, earning a matching 2 percent employer contribution. They will also receive a credit into a health reimbursement account (HRA) at termination if they terminate employment with at least 10 years of service. The credit will be $2,000 for participants who are at least 60 years old or $1,000 for participants who are less than 60 years old at termination.

Regular Retirement

The retirement benefit is based on a member's years of credited service (employment) and FAC. The normal benefit equals 1.5 percent of a member's FAC multiplied by the years and partial year of credited service and is payable monthly over the member's lifetime.

Under PA 264 of 2011, FAC is initially determined as the annual average of the highest three years of compensation (including overtime paid before January 1, 2012 but excluding overtime paid after December 31, 2011). If the end date for the initial FAC calculation is between January 1, 2012 and January 1, 2015, then a prorated amount of post-2008 average overtime will be added to the initial FAC average of overtime - for the six-year period ending on the FAC calculation date - will be added to that initial FAC calculation to get the final FAC number.

Note 7 - General Information on Employee Pension Plans (Continued)

For members who switch to the DC plan for future service, the pension calculation FAC times 1.5 percent times years of service will be determined as of the point the member switches to the DC plan. If the FAC period includes the date of the switch to the DC plan, then the FAC will include up to 240 hours of accrued annual leave multiplied by the rate of pay as of the date of the switch. The hours will be paid at separation. A member may retire and receive a monthly benefit after attaining:

1. Age 60 with 10 or more years of credited service
2. Age 55 with 30 or more years of credited service
3. Age 55 with at least 15 but less than 30 years of credited service. The benefit allowance is permanently reduced by 0.5 percent for each month from the member's age on the effective date of retirement to the date the member will attain age 60.

Employees in covered positions are eligible for supplemental benefits and may retire after attaining the following:

1. Age 51 with 25 or more years in a covered position
2. Age 56 with 10 or more years in a covered position

In either case, the three years immediately preceding retirement must have been in a covered position.

Deferred Retirement

Any member with 10 or more years of credited service who terminates employment but has not reached the age of retirement is a deferred member and is entitled to receive a monthly pension upon reaching 60, provided the member's accumulated contributions have not been refunded. Deferred retirement is available after 5 years of service for state employees occupying unclassified positions in the executive and legislative branches and certain Department of Health and Human Services employees subject to reduction in force layoffs by reason of deinstitutionalization.

Nonduty Disability Benefit

A member with 10 or more years of credited service who becomes totally and permanently disabled not due to performing duties as a state employee is eligible for a nonduty disability pension. The nonduty disability benefit is computed in the same manner as an age and service allowance based upon service and salary at the time of disability.

Duty Disability Benefit

A member who becomes totally and permanently disabled from performing duties as a state employee as a direct result of state employment and who has not met the age and service requirement for a regular pension is eligible for a duty disability pension. Public Act 109 of 2004 amended the State Employees' Retirement Act to change the calculation of the pension benefit and increase the minimum annual payment. If the member is under age 60, the duty disability allowance is now a minimum of $6,000 payable annually. At age 60, the benefit is recomputed under service retirement.

Survivor Benefit

Upon the death of a member who was vested, the surviving spouse shall receive a benefit calculated as if the member had retired the day before the date of death and selected a survivor pension. Certain designated beneficiaries can be named to receive a survivor benefit. Public Act 109 of 2004 amended the State Employees' Retirement Act to change the calculation of duty death benefits and redefined eligibility for deceased members' survivors. The new minimum duty-related death benefit has been increased to $6,000.

Note 7 - General Information on Employee Pension Plans (Continued)

Pension Payment Options

When applying for retirement, an employee may name a person other than his or her spouse as a beneficiary if the spouse waives this right. If a beneficiary is named, the employee must choose whether the beneficiary will receive 100 percent, 75 percent, or 50 percent of the retiree's pension benefit after the retiree's death. The decision is irrevocable. A description of the options is as follows:

- Regular Pension - The pension benefit is computed with no beneficiary rights. If the retiree made contributions while an employee and has not received the total accumulated contributions before death, a refund of the balance of the contributions is made to the beneficiary of record. If the retiree did not make any contributions, there will not be payments to beneficiaries.
- 100 Percent Survivor Pension - Under this option, after the retiree's death, the beneficiary will receive 100 percent of the pension for the remainder of the beneficiary's lifetime. If this option is elected, the normal retirement benefit is reduced by a factor based upon the ages of the retiree and of the beneficiary. If the beneficiary predeceases the retiree, the pension "pops up" to the regular pension amount; another beneficiary cannot be named.
- 75 Percent Survivor Pension - Under this option, after the retiree's death, the beneficiary will receive 75 percent of the pension for the remainder of the beneficiary's lifetime. If this option is elected, the normal retirement benefit is reduced by a factor based upon the ages of the retiree and of the beneficiary. The reduction factor is lower than the factor used in the 100 percent option previously described. If the beneficiary predeceases the retiree, the pension "pops up" to the regular pension amount; another beneficiary cannot be named.
- 50 Percent Survivor Pension - Under this option, after the retiree's death, the beneficiary will receive 50 percent of the pension for the remainder of the beneficiary's lifetime. If this option is elected, the normal retirement benefit is reduced by a factor based upon the ages of the retiree and of the beneficiary. The reduction factor is lower than the factor used in the 100 percent or 75 percent options previously described. If the beneficiary predeceases the retiree, the pension "pop ups" to the regular pension amount; another beneficiary cannot be named.
- Equated Pension - An equated pension may be chosen by any member under age except a disability retiree and an early supplemental retiree. Equated pensions provide an additional amount until age 65 and may be combined with the regular, 100 percent, 75 percent, or 50 percent option. At age 65, the monthly amount is permanently reduced. The initial and reduced amounts are based on an estimate of Social Security benefits at age 65, provided by the Social Security Administration Office. In order to calculate this benefit, members choosing this option must provide the Office of Retirement Services (ORS) with an estimate from the Social Security Administration Office. The actual amount received from Social Security may vary from the estimate.

Postretirement Adjustments

One-time upward benefit adjustments were made in 1972, 1974, 1976, 1977, and 1987. Beginning on October 1, 1988, a 3 percent noncompounding increase, up to a maximum of $25 monthly, is paid each October to recipients who have been retired 12 full months. Beginning in 1983, eligible benefit recipients share in a distribution of investment income earned in excess of 8 percent annually. This distribution is known as the supplemental payment. The supplemental payment is offset by one year's cumulative increases received after the implementation of the annual 3 percent increase in benefits. These adjustment payments were not issued during fiscal years 1991 through 1994. Members who retired on or after October 1, 1987 are not eligible for the supplemental payment.

Note 7 - General Information on Employee Pension Plans (Continued)

Contributions

Member Contributions

Under Public Act 264 of 2011, members who voluntarily elected to remain in the DB plan contribute 4 percent of compensation to the retirement system. In addition, members may voluntarily contribute to the System for the purchase of creditable service, such as military service or maternity leave, or a universal buy-in. If a member terminates employment before a retirement benefit is payable, the member's contribution and interest on deposit may be refunded. If the member dies before being vested, the member's contribution and interest are refunded to the designated beneficiaries.

Employer Contributions

The statute requires the employer to contribute to finance the benefits of plan members. These employer contributions are determined annually by the System's actuary and are based upon level-dollar value funding principles, so the contribution rates do not have to increase over time.

For fiscal year 2025, Plans B and C's contribution rate was 23.74 percent of the defined benefit employee wages and 17.56 percent of the defined contribution wages. Plans B and C's contribution to SERS for the fiscal year ended September 30, 2025 was $17,735.

For fiscal year 2025, Plan D's contribution rate was 23.74 percent of the defined benefit employee wages and 17.56 percent of the defined contribution wages. Plan D's contribution to SERS for the fiscal year ended September 30, 2025 was $336,967.

Net Pension Liability

At September 30, 2025, Plans B and C reported a liability of $91,036 for their proportionate share of the System's net pension liability. The net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2023 and rolled forward using generally accepted actuarial procedures. Plans B and C's proportion of the net pension liability was based on Plans B and C's required pension contributions received by the System during the measurement period from October 1, 2023 through September 30, 2024, relative to the total required employer contributions from all of System's participating employers. Plans B and C's proportionate share of the pension liability for the year ended September 30, 2025 was 0.002 percent.

At September 30, 2025, Plan D reported a liability of $1,729,679 for its proportionate share of the System's net pension liability. The net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2023 and rolled forward using generally accepted actuarial procedures. Plan D's proportion of the net pension liability was based on Plan D's required pension contributions received by the System during the measurement period from October 1, 2023 through September 30, 2024, relative to the total required employer contributions from all of the System's participating employers. Plan D's proportionate share of the pension liability for the year ended September 30, 2025 was 0.045 percent.

Note 7 - General Information on Employee Pension Plans (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Plans B and C

For the year ended September 30, 2025, Plans B and C recognized pension expense of $6,809. At September 30, 2025, Plans B and C reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Plans B and C	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	$ -	$ 22,514
Plans B and C's contributions to the plan subsequent to the measurement date	17,735	-
Total	$ 17,735	$ 22,514

Amounts reported as deferred outflows of resources related to pensions resulting from Plans B and C contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending	Amount
2026	$ (10,507)
2027	268
2028	(6,792)
2029	(5,483)
Total	$ (22,514)

Plan D

For the year ended September 30, 2025, Plan D recognized pension expense of $129,366. At September 30, 2025, Plan D reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Plan D	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings	$ -	$ 427,766
Plan D's contributions to the plan subsequent to the measurement date	336,967	-
Total	$ 336,967	$ 427,766

Note 7 - General Information on Employee Pension Plans (Continued)

Amounts reported as deferred outflows of resources related to pensions resulting from Plan D contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2026. Other amounts reported as deferred outflows and inflows of resources to pensions will be recognized in pension expense as follows:

Years Ending	Amount
2026	$ (199,637)
2027	5,086
2028	(129,046)
2029	(104,169)
Total	$ (427,766)

Actuarial Assumptions

Plans B and C and Plan D's net pension liability for the year ended September 30, 2025 was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2023 and rolled forward using generally accepted actuarial procedures. The total pension liability was determined using the following actuarial assumptions at the valuation date:

Wage inflation rate	2.75 percent
Projected salary increase	2.75 - 11.75 percent
Investment rate of return	6.00 percent
Cost of living pension adjustment	3 percent annual noncompounded with maximum annual increases of $300 for those eligible
Mortality basis	PubG-2010 Male and Female Employee Annuitant Mortality Table, adjusted for mortality improvements using the projection scale MP-2021 from 2010

The actuarial assumptions used in the valuations at September 30, 2023 were based upon the results of an experience study covering the period from October 1, 2017 through September 30, 2022.

Discount Rate

A discount rate of 6.0 percent was used to measure the total pension liability as of September 30, 2024. This discount rate was based on the long-term expected rate of return on pension plan investments of 6.0 percent as of September 30, 2024. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges 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.

Note 7 - General Information on Employee Pension Plans (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	25.00 %	5.30 %
Private equity pools	16.00	9.00
International equity pools	15.00	6.50
Fixed-income pools	13.00	2.20
Real estate and infrastructure pools	10.00	7.10
Absolute return pools	9.00	5.20
Real return and opportunistic pools	10.00	6.90
Short-term investment pools	2.00	1.40

Long-term rates of return are net of administrative expenses and 2.35 percent inflation.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents Plans B and C and Plan D's proportionate share of the net pension liability calculated using the discount rate, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	Plans B and C		
	1 Percentage Point Decrease (5.0%)	Current Discount Rate (6.0%)	1 Percentage Point Increase (7.0%)
Net pension liability of Plans B and C	$ 130,666	$ 91,036	$ 59,089

	Plan D		
	1 Percentage Point Decrease (5.0%)	Current Discount Rate (6.0%)	1 Percentage Point Increase (7.0%)
Net pension liability of Plan D	$ 2,482,639	$ 1,729,679	$ 1,084,678

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the System's Annual Comprehensive Financial Report, which may be obtained by visiting www.michigan.gov/ors.

Note 8 - Other Postemployment Benefit Plan

Defined Benefit OPEB Plan - Health Care

Plan Description

The Michigan State Employees' Retirement System is a single-employer, statewide, defined benefit public employee retirement plan governed by the State of Michigan and created under Public Act 240 of 1943, as amended. Section 2 of this act established the board's authority to promulgate or amend the provisions of the System. Executive Order 2015-13, signed by the governor on October 27, 2016, established the State of Michigan Retirement Board. The board consists of nine members - five appointed by the governor (which consist of two members of the State Employees' Retirement System, at least one of whom is a retiree; one member of the Judges Retirement System; one current or former office or enlisted person in the Michigan Military Establishment who is a member or retiree under the Military Retirement Provisions; and one member of the general public); the attorney general; the state treasurer; the legislative auditor general; and the state personnel director, who serves as an ex officio member. The System's OPEB plan provides all retirees with the option of receiving health, dental, and vision coverage under the Michigan State Employees' Retirement Act.

The Michigan State Employees' Retirement System is accounted for in a separate OPEB trust fund and issues a publicly available financial report that includes financial statements and required supplementary information. That report is available on the web or by calling the Office of Retirement Services (ORS) at (517) 322-5103 or (800) 381-5111.

Benefits Provided

Benefit provisions of the other postemployment benefit plan are established by state statute, which may be amended. Public Act 240 of 1943, as amended, establishes eligibility and benefit provisions for the OPEB plan. Defined benefit (Tier 1) members are eligible to receive health, prescription drug, dental, and vision coverage on the first day they start receiving pension benefits. Defined contribution (Tier 2) participants who elected to retain the graded premium subsidy benefit under the reform elections of Public Act 264 of 2011 are also eligible to receive subsidized health prescription drug, dental, and vision coverage after terminating employment, if they meet eligibility requirements. Retirees with the premium subsidy benefit contribute 20 percent of the monthly premium amount for the health (including prescription coverage), dental, and vision coverage. Retirees with a graded premium subsidy benefit accrue credit towards insurance premiums in retirement, earning a 30 percent subsidy with 10 years of service with an additional 3 percent subsidy for each year of service thereafter, not to exceed the maximum allowed by statute or 80 percent. There is no provision for ad hoc or automatic increases. The State Employees' Retirement Act requires joint authorization by DTMB and the Civil Service Commission to make changes to retiree medical benefit plans. Defined contribution (Tier 2) participants who elected the Personal Healthcare Fund under Public Act 264 of 2011 and those hired on or after January 1, 2012 are not eligible for any subsidized health, prescription drug, dental, or vision coverage in retirement but may purchase it at their own expense (certain conditions apply).

Former nonvested members of the DB plan who are reemployed by the State on or after January 1, 2014 are not eligible for retiree health insurance coverage premium subsidy but will become participants in the Personal Healthcare Fund.

This plan is closed to new hires.

Contributions

The statute requires the employer to contribute to finance the benefits of plan members. These employer contributions are determined annually by the System's actuary and are based upon level percent of payroll value funding principals, so the contribution rates do not have to increase over time. For fiscal year 2025, the Plans B and C and Plan D's contribution rate was 6.22 percent of the defined benefit employee wages and 6.22 percent of the defined contribution employee wages.

Note 8 - Other Postemployment Benefit Plan (Continued)

Plans B and C's contribution to the System for the fiscal year ended September 30, 2025 was $5,974.

Plan D's contribution to the System for the fiscal year ended September 30, 2025 was $113,500.

Net OPEB Liability

The net OPEB liability was measured as of September 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2023 and rolled forward using generally accepted actuarial procedures. The Trust’s proportion of the net OPEB liability was based on the Trust’s required pension contributions received by the System during the measurement period from October 1, 2023 through September 30, 2024, relative to the total required employer contributions from all of the System's participating employers.

Plans B and C reported a liability, as of September 30, 2025, of $7,350 for their proportionate share of the System’s net OPEB liability. The proportionate share of the health care OPEB liability for the year ended September 30, 2025 was 0.002 percent.

Plan D reported a liability, as of September 30, 2025, of $139,683 for its proportionate share of the System’s net OPEB liability. The proportionate share of the health care OPEB liability for the year ended September 30, 2025 was 0.041 percent.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

Plans B and C

For the year ended September 30, 2025, Plans B and C recognized OPEB recovery of $(20,642). At September 30, 2025, Plans B and C reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Plans B and C	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 58,910
Changes in assumptions	11,869	1,996
Net difference between projected and actual earnings on OPEB plan investments	-	7,889
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	11,496	3,600
Employer contributions to the plan subsequent to the measurement date	5,974	-
Total	$ 29,339	$ 72,395

Note 8 - Other Postemployment Benefit Plan (Continued)

Amounts reported as deferred outflows of resources related to OPEB resulting from Plans B and C's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending September 30	Plans B and C Amount
2026	$ (21,258)
2027	(9,651)
2028	(10,202)
2029	(7,047)
2030	(872)
Total	$ (49,030)

Plan D

For the year ended September 30, 2025, Plan D recognized OPEB recovery of $(392,196). At September 30, 2025, Plan D reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 1,119,282
Changes in assumptions	225,520	37,928
Net difference between projected and actual earnings on OPEB plan investments	-	149,894
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	218,438	68,397
Employer contributions to the plan subsequent to the measurement date	113,500	-
Total	$ 557,458	$ 1,375,501

Amounts reported as deferred outflows of resources related to OPEB resulting from the Plans D’s contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending September 30, 2026. Other amounts reported as deferred outflows and inflows of resources to pensions will be recognized in OPEB expense as follows:

Years Ending	Amount
2026	$ (403,902)
2027	(183,372)
2028	(193,840)
2029	(133,897)
2030	(16,532)
Total	$ (931,543)

Note 8 - Other Postemployment Benefit Plan (Continued)

Actuarial Assumptions

Plans B and C and Plan D's net OPEB liability for the year ended September 30, 2025 was measured as of September 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2023 and rolled forward using generally accepted actuarial procedures. The total OPEB liability was determined using the following actuarial assumptions at the valuation date:

Wage inflation rate	2.75 percent
Projected salary increase	2.75 - 11.75 percent
Investment rate of return	6.20 percent
Health care cost trend rate	Pre-65: 7.25 percent in year 1 graded to 3.50 percent in year 15; Post-65: 6.50 percent in year 1 graded to 3.50 percent in year 15
Mortality basis	PubG-2010 Combined Health Life Mortality Table, adjusted for mortality improvements using the projection scale MP-2021 from 2010. For active members, 100 percent of the male table rates were used. For women, 100 percent of the female table rates were used.

The actuarial assumptions used in the valuations at September 30, 2023 were based upon the results of an experience study covering the period from October 1, 2017 through September 30, 2022.

Discount Rate

A single discount rate of 6.20 percent was used to measure the total OPEB liability as of September 30, 2024. This single discount rate was based on the expected rate of return on OPEB plan investments of 6.20 percent as of September 30, 2024. The projection of cash flows used to determine this single discount rate assumed that, in the future, plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member (retiree) rate. 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 members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Investment Rate of Return

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 real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges 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 OPEB plan's target asset allocation as of September 30, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	25.00 %	5.30 %
Private equity pools	16.00	9.00
International equity pools	15.00	6.50
Fixed-income pools	13.00	2.20
Real estate and infrastructure pools	10.00	7.10
Absolute return pools	9.00	5.20
Real return and opportunistic pools	10.00	6.90
Short-term investment pools	2.00	1.40

Long-term rates or return are net of administrative expenses and 2.35 percent inflation.

Note 8 - Other Postemployment Benefit Plan (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Plans B and C and Plan D's proportionate share of the net OPEB liability calculated using the discount rate, as well as what the proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	Plans B and C		
	1 Percentage Point Decrease (5.2%)	Current Discount Rate (6.2%)	1 Percentage Point Increase (7.2%)
Net OPEB liability (asset) of Plans B and C	$ 24,244	$ 7,350	$ (7,015)

	Plan D		
	1 Percentage Point Decrease (5.2%)	Current Discount Rate (6.2%)	1 Percentage Point Increase (7.2%)
Net OPEB liability (asset) of Plan D	$ 460,744	$ 139,683	$ (133,307)

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

The following presents the Plans B and C and Plan D’s proportionate share of the net OPEB liability calculated using the assumed trend rate, as well as what the proportionate share of the net OPEB (asset) liability would be if it were calculated using a trend rate that is one percentage point lower or one percentage point higher than the current trend rate:

	Plans B and C		
	1 Percentage Point Decrease	Current Health Care Cost Trend Rate	1 Percentage Point Increase
Net OPEB (asset) liability of Plans B and C	$ (7,697)	$ 7,350	$ 24,460

	Plan D		
	1 Percentage Point Decrease	Current Health Care Cost Trend Rate	1 Percentage Point Increase
Net OPEB (asset) liability of Plan D	$ (146,280)	$ 139,683	$ 464,859

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan’s fiduciary net position is available in the System's Annual Comprehensive Financial Report, which may be obtained by visiting www.michigan.gov/ors.

Postemployment Life Insurance Benefits

Plan Description

The State of Michigan provides postemployment life insurance benefits (the "Plan") to eligible individuals upon retirement from state employment. Members of the State Employees’ Retirement System, the State Police Retirement System (SPRS), the Judges Retirement System (JRS), and certain members of the Military Retirement Provisions (MMRP) may receive a life insurance benefit if they meet the benefit eligibility requirements. The Plan is a single-employer, statewide, defined benefit other postemployment benefit plan. The State contracts with Minnesota Life to administer the payout of life insurance benefits. The Plan is administered by the Michigan Civil Service Commission under Article XI, Section 5 of the Michigan Constitution of 1963 and Michigan Civil Service Commission Rule 5-11.

Note 8 - Other Postemployment Benefit Plan (Continued)

Activity of the Plan is accounted for in the State Sponsored Group Insurance Fund (the "Fund"), and internal service fund in the State of Michigan Annual Comprehensive Financial Report (SOMACFR). The Fund was administratively established to account for employee insurance benefit programs, which are largely self-funded. Five group insurance programs are offered to state employees: health, dental, vision, long-term disability, and life.

The Plan is not a trust and has no assets.

Benefits Provided

The State's group policy with Minnesota Life includes any active employee in the category of classified state service with an appointment of at least 720 hours duration but excludes employees with noncareer appointments and those working less than 40 percent of full time; any active official or active unclassified employee of the State who has been approved for coverage by the Michigan Civil Service Commission; any retired employee or official who was insured under this policy or the prior policies it replaced prior to entry into a State Retirement System; and Wayne County, Michigan employees who (a) were State Judicial Council employees on October 1, 1996 and whose employment was transferred to the Recorder's Court on October 1, 1996 and (b) whose employer subsequently became the Wayne County Clerk's Office.

Eligible retirees are provided with life insurance coverage equal to 25 percent of the active life insurance coverage (whose amount is rounded to the next higher $100 provided the retiree retired after July 1, 1974), $1,000 for spouse, and $1,000 for each dependent under age 23.

The active life insurance amount is either (a) two times the employee's basic annual salary, the result rounded to the next higher $1,000 if not already a multiple thereof, with a minimum of $10,000 and a maximum of $200,000 or (b) one times the employee's basic annual salary, the result rounded to the next higher $1,000 if not already a multiple thereof, with a minimum of $10,000 and a maximum of $50,000.

Contributions

The State contributes 100 percent of the premiums for employee and retiree life insurance coverage. The premium rate for fiscal year 2025 was $0.32 for each $1,000 of coverage. The employee contributes 100 percent of the premiums for dependent life coverage, and an employee must have been enrolled in dependent life insurance to maintain eligibility for dependent coverage as a retiree. The State is liable for benefit payments that exceed the premiums paid. The Michigan Civil Service Commission is responsible for establishing and amending funding policies.

More specific information concerning eligibility requirements, benefit level, and funding policies is included in employee collective bargaining agreements, benefit plan booklets, and regulations issued by the Michigan Civil Service Commission.

Plans B and C's contribution for the fiscal year ended September 30, 2025 was $897.

Plan D's contribution for the fiscal year ended September 30, 2025 was $17,037.

Actuarial Valuations and Assumptions

Plans B and C and Plan D's total OPEB liability for the year ended September 30, 2025 was measured as of September 30, 2024 and is based on an actuarial valuation performed as of September 30, 2023 and rolled forward using generally accepted actuarial procedures.

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to the point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial liabilities consistent with the long-term perspective of the calculations.

Note 8 - Other Postemployment Benefit Plan (Continued)

The normal cost and the allocation of benefit values between service rendered before and after the valuation date was determined using an individual entry age actuarial cost method with these characteristics: (a) the annual normal cost for each individual active member, payable from the date of employment to the date of retirement is sufficient to accumulate the value of the member's benefit at the time of retirement and (b) each annual normal cost is a constant percentage of the member's year-by-year projected covered pay.

The total OPEB liability was measured using the following actuarial assumptions:

Investment rate of return (discount rate)	3.81 percent per year
Mortality	Healthy Life and Disable Life Mortality, with 110 percent of the Male and Female rates used in the pension valuations for SERS plan members

IBNR: A liability equal to 25 percent of expected first year cash flow was held for postemployment life insurance benefits claims incurred but not reported (IBNR).

Spouse Benefits for Future Retirees: The liabilities for active members were loaded to account for potential postemployment life insurance benefits payable to spouses of future retirees at 1.00 percent for SERS retirees.

Spouse Benefits for Current Retirees: PRLIB liabilities for the spouses of current retired members were calculated based on the information provided in the data files. In cases where the retired member with PRLIB was matched to the 2023 pension data and there was a spouse reported on the pension data file, the spouse PRLIB benefit was valued. In cases where no spouse information was found in the 2023 pension data, no PRLIB benefit was valued.

Discount Rate

A discount rate of 3.81 percent was used to measure the ending total OPEB liability for postemployment life insurance benefits as of September 30, 2024. This discount rate was based on the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date since the Plan has no assets. The municipal bond rate of 4.63 percent was used for determining the beginning total OPEB liability for Postemployment Life Insurance Benefits as of September 30, 2023, and, thus, the discount rate represents a change in assumption.

Total OPEB Liability for Postemployment Life Insurance Benefits

For the fiscal year ended September 30, 2025, the total OPEB liability was measured as of September 30, 2024 based on an actuarial valuation as of September 30, 2023 and rolled forward using generally accepted actuarial procedures.

For the fiscal year ended September 30, 2025, Plans B and C and Plan D's proportion of the total OPEB liability was determined by dividing Plans B and C and Plan D's actual contributions to the Plan during the measurement period from October 1, 2023 through September 30, 2024 by the percentage of OPEB actual contributions received from all applicable employers.

Plans B and C, as of September 30, 2025, reported a liability of $23,265 for its proportionate share of the State's postemployment life insurance benefit's total OPEB liability. The proportionate share of the life insurance OPEB liability for the year ended September 30, 2025 was 0.002 percent.

Plan D, as of September 30, 2025, reported a liability of $442,017 for their proportionate share of the State's postemployment life insurance benefit's total OPEB liability. The proportionate share of the life insurance OPEB liability for the year ended September 30, 2025 was 0.040 percent.

Note 8 - Other Postemployment Benefit Plan (Continued)

Sensitivity of the Total OPEB Liability for Postemployment Life Insurance

The following presents the Plans B and C and Plan D's proportionate share of the total OPEB liability calculated using the discount rate, as well as what the proportionate share of the total 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 current discount rate:

	Plans B and C		
	1 Percentage Point Decrease (2.81%)	Current Discount Rate (3.81%)	1 Percentage Point Increase (4.81%)
Plans B and C's proportionate share of the total OPEB liability	$ 27,096	$ 23,265	$ 20,200

	Plan D		
	1 Percentage Point Decrease (2.81%)	Current Discount Rate (3.81%)	1 Percentage Point Increase (4.81%)
Plan D's proportionate share of the total OPEB liability	$ 514,814	$ 442,017	$ 383,782

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB for Postemployment Life Insurance Benefits

Plans B and C

For the year ended September 30, 2025, Plans B and C recognized OPEB expense of $455. At September 30, 2025, Plans B and C reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Plans B and C	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 918
Changes of assumptions	2,716	4,881
Plans B and C's contributions subsequent to the measurement date	897	-
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	3,100	584
Total	$ 6,713	$ 6,383

Note 8 - Other Postemployment Benefit Plan (Continued)

Plan D

For the year ended September 30, 2025, Plan D recognized OPEB expense of $8,646. At September 30, 2025, Plan D reported deferred outflows of resources and deferred inflows of resources related to OPEB for the following sources:

	Plan D	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 17,455
Changes of assumptions	51,604	92,721
Plan D's contributions subsequent to the measurement date	17,037	-
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	58,895	11,089
Total	$ 127,536	$ 121,265

Amounts reported as deferred outflows of resources related to OPEB resulting from Plans B and C and Plan D's contributions subsequent to the measurement date will be recognized as reduction of the total OPEB liability in the year ending September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending	Plans B and C Amount
2026	$ (930)
2027	(789)
2028	(386)
2029	763
2030	775
Total	$ (567)

Years Ending	Plan D Amount
2026	$ (17,666)
2027	(14,982)
2028	(7,331)
2029	14,492
2030	14,721
Total	$ (10,766)

Required Supplementary Information

Required Supplementary Information
Schedule of Plans B and C's Proportionate Share of the Net Pension Liability
State Employees' Retirement System

Last Ten Fiscal Years

Plan Years Ended September 30

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Plans B and C's proportion of the net pension liability	0.00200 %	0.00200 %	0.00200 %	0.00200 %	0.00100 %	0.00521 %	0.00416 %	0.00368 %	0.00555 %	0.00505 %
Plans B and C's proportionate share of the net pension liability	$ 91,036	$ 118,362	$ 326,912	$ 271,485	$ 336,372	$ 347,629	$ 315,499	$ 268,339	$ 273,426	$ 277,938
Plans B and C's covered payroll	$ 86,489	$ 71,908	$ 72,914	$ 73,931	$ 139,752	$ 130,190	$ 117,273	$ 165,108	$ 144,702	$ 214,791
Plans B and C's proportionate share of the net pension liability as a percentage of its covered payroll	105.26 %	164.60 %	448.35 %	367.21 %	240.69 %	248.75 %	269.03 %	228.82 %	165.60 %	192.08 %
Plan B and C's fiduciary net position as a percentage of total pension liability	78.16 %	70.24 %	66.92 %	78.08 %	64.07 %	64.71 %	67.22 %	67.22 %	67.48 %	66.10 %

See note to required supplementary information.

Required Supplementary Information
Schedule of Plan D's Proportionate Share of Net Pension Liability
State Employees' Retirement System

Last Ten Fiscal Years

Plan Years Ended September 30

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Plan D's proportion of the net pension liability	0.04500 %	0.04000 %	0.04000 %	0.03609 %	0.04000 %	0.03915 %	0.03741 %	0.03675 %	0.03147 %	0.03128 %
Plan D's proportionate share of the net pension liability	$ 1,729,679	$ 2,248,873	$ 2,353,372	$ 1,277,644	$ 2,437,046	$ 2,610,324	$ 2,197,730	$ 1,640,061	$ 1,685,545	$ 1,721,115
Plan D's covered payroll	$ 1,643,287	$ 1,395,606	$ 1,302,822	$ 1,138,047	$ 1,049,389	$ 1,171,708	$ 1,055,453	$ 935,614	$ 896,058	$ 1,319,430
Plan D's proportionate share of the net pension liability as a percentage of its covered payroll	105.26 %	161.14 %	180.64 %	112.27 %	232.23 %	248.75 %	208.23 %	155.39 %	180.15 %	192.08 %
Plan D's fiduciary net position as a percentage of total pension liability	78.16 %	70.24 %	66.92 %	78.08 %	64.07 %	64.71 %	67.22 %	69.45 %	67.48 %	66.10 %

See note to required supplementary information.

Required Supplementary Information
Schedule of Plans B and C's Pension Contributions
State Employees' Retirement System

Last Ten Fiscal Years

Years Ended September 30

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	$ 17,735	$ 16,061	$ 34,859	$ 34,197	$ 32,583	$ 32,629	$ 32,393	$ 39,062	$ 39,682	$ 35,003
Contributions in relation to the statutorily required contribution	17,735	16,061	34,859	34,197	32,583	32,629	32,393	39,062	39,682	34,975
Contribution Deficiency	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ (28)**
Plans B and C's Covered Payroll	$ 96,239	$ 86,489	$ 71,908	$ 72,914	$ 73,931	$ 139,752	$ 130,190	$ 117,273	$ 165,108	$ 144,702
Contributions as a Percentage of Covered Payroll	18.43 %	18.57 %	48.48 %	46.90 %	44.07 %	23.35 %	24.88 %	33.31 %	24.03 %	24.17 %

See note to required supplementary information.

Required Supplementary Information
Schedule of Plan D's Pension Contributions
State Employees' Retirement System

Last Ten Fiscal Years

Years Ended September 30

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	$ 336,967	$ 305,161	$ 259,509	$ 262,159	$ 226,131	$ 220,475	$ 222,543	$ 221,349	$ 224,863	$ 216,757
Contributions in relation to the statutorily required contribution	336,967	305,161	259,509	262,159	226,131	220,475	222,543	221,349	224,863	216,578
Contribution Deficiency	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 179**
Plan D's Covered Payroll	$ 1,828,539	$ 1,643,287	$ 1,395,606	$ 1,302,822	$ 1,138,047	$ 1,049,389	$ 1,171,708	$ 1,055,453	$ 935,614	$ 896,058
Contributions as a Percentage of Covered Payroll	18.43 %	18.57 %	18.59 %	20.12 %	19.87 %	21.01 %	18.99 %	20.97 %	24.03 %	24.17 %

See note to required supplementary information.

Pension Information

Actuarial valuation information relative to the determination of contributions:

Valuation date	Actuarially determined contribution amounts are calculated as of September 30 each year. The September 30, 2022 valuation determined the contribution rate for the State of Michigan's fiscal year ended September 30, 2025.

Methods and assumptions used to determine contribution rates for fiscal year 2025:

Actuarial cost method	Entry age, normal
Amortization method	Level dollar, closed
Remaining amortization period	12 years, closed ending September 30, 2036
Asset valuation method	5-year smoothed fair value
Inflation	2.25 percent
Salary increase	2.75 to 11.75 percent, including wage inflation at 2.75 percent
Investment rate of return	6.0 percent, net of investment and administrative expenses
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2014 Male and Female Employee Annuitant Mortality Table, adjusted for mortality improvements using the projection scale MP-2017 from 2006

The comparability of trend information is affected by changes in actuarial assumptions, benefit provisions, actuarial funding methods, accounting policies, and other changes. Those changes usually affect trends in contribution requirements and in ratios that use the pension and other postemployment benefit obligations as a factor.

The schedule of MET's contributions is presented to show the responsibility of the employer in meeting the actuarial requirements to maintain the System on a sound financial basis.

The schedule of the proportionate share of the net pension liability and schedule of MET's contributions are schedules that are required in implementing GASB Statement No. 68. The schedule of the proportionate share of the net pension liability represents, in actuarial terms, the accrued liability less the fair value of assets. The schedule of MET's contributions is a comparison of the employer's contributions to the actuarially determined contributions.

The information presented in the schedule of MET's contributions was used in the actuarial valuation for the purpose of determining the actuarially determined contribution rates.

Required Supplementary Information
Schedule of Plans B and C's Proportionate Share of the Net OPEB Liability
Health Care
State Employees' Retirement System

Last Eight Fiscal Years

Plan Years Ended September 30

	2025	2024	2023	2022	2021	2020	2019	2018
Plans B and C's proportion of the net OPEB liability	0.00200 %	0.00200 %	0.00200 %	0.00190 %	0.00200 %	0.00357 %	0.00395 %	0.00533 %
Plans B and C's proportionate share of the net OPEB liability	$ 7,350	$ 34,530	$ 178,666	$ 169,515	$ 213,794	$ 281,018	$ 265,177	$ 285,639
Plans B and C's covered payroll	$ 86,489	$ 71,908	$ 72,914	$ 73,931	$ 139,752	$ 130,190	$ 117,273	$ 165,108
Plans B and C's proportionate share of the net OPEB liability as a percentage of its covered payroll	8.50 %	48.02 %	245.04 %	229.29 %	152.98 %	215.85 %	226.12 %	243.57 %
Plans B and C's fiduciary net position as a percentage of total OPEB liability	95.23 %	45.34 %	56.64 %	57.12 %	38.29 %	27.88 %	24.41 %	19.89 %

The amounts presented for each fiscal year were determined as of the measurement date of September 30 of the previous year. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Plans B and C present information for those years for which information is available.

Required Supplementary Information
Schedule of Plan D's Proportionate Share of the Net OPEB Liability
Health Care
State Employees' Retirement System

Last Eight Fiscal Years

Plan Years Ended September 30

	2025	2024	2023	2022	2021	2020	2019	2018
Plan D's proportion of the net OPEB liability	0.04100 %	0.03900 %	0.03800 %	0.03440 %	0.03600 %	0.03864 %	0.03556 %	0.02837 %
Plan D's proportionate share of the net OPEB liability	$ 139,683	$ 656,072	$ 1,394,096	$ 1,216,491	$ 2,007,664	$ 3,042,475	$ 2,870,421	$ 2,647,154
Plan D's covered payroll	$ 1,643,287	$ 1,395,606	$ 1,302,822	$ 1,138,047	$ 1,049,389	$ 1,171,708	$ 1,055,453	$ 935,614
Plan D's proportionate share of the net OPEB liability as a percentage of its covered payroll	8.50 %	47.01 %	107.01 %	106.89 %	191.32 %	259.66 %	271.96 %	250.81 %
Plan D's fiduciary net position as a percentage of total OPEB liability	95.23 %	45.34 %	56.64 %	57.12 %	38.29 %	27.88 %	24.41 %	19.89 %

The amounts presented for each fiscal year were determined as of the measurement date of September 30 of the previous year. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Plan D presents information for those years for which information is available.

Required Supplementary Information
Schedule of Plans B and C's OPEB Contributions
Health Care
State Employees' Retirement System

Last Eight Fiscal Years

Years Ended September 30

	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily determined contribution	$ 5,974	$ 9,888	$ 11,142	$ 12,784	$ 23,618	$ 37,893	$ 27,363	$ 22,877
Contributions in relation to the statutorily determined contribution	5,974	9,888	11,142	12,784	23,618	37,893	27,363	22,877
Contribution Deficiency	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Plans B and C's Covered Payroll	$ 96,239	$ 86,489	$ 71,908	$ 72,914	$ 73,931	$ 139,752	$ 130,190	$ 117,273
Contributions as a Percentage of Covered Payroll	6.21 %	11.43 %	15.49 %	17.53 %	31.95 %	27.11 %	21.02 %	19.51 %

The amounts presented for each fiscal year were determined as of the measurement date of September 30 of the previous year. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Plans B and C present information for those years for which information is available.

Required Supplementary Information
Schedule of Plans B and C's OPEB Contributions
Health Care
State Employees' Retirement System (Continued)

Last Eight Fiscal Years

Years Ended September 30

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date	Actuarially determined contribution amounts are calculated as of September 30 each year. The September 30, 2022 valuation determined the contribution rate for the State of Michigan's fiscal year ended September 30, 2025.

Methods and assumptions used to determine contributions for fiscal year 2025:

Actuarial cost method	Entry age, normal
Amortization method	Level dollar, closed
Remaining amortization period	12 years, closed ending September 30, 2036
Asset valuation method	5-year smoothed fair value
Inflation	2.25 percent
Salary increase	2.75 percent to 11.75 percent, including wage inflation at 2.75 percent
Investment rate of return	6.20 percent, net of OPEB plan investment expenses
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2014 Combined Healthy Mortality Table adjusted for mortality improvements using projection scale MP-2017 from 2006. For active members, 100 percent of the table rates were used for males and females.

Required Supplementary Information
Schedule of Plan D's OPEB Contributions
Health Care
State Employees' Retirement System

Last Eight Fiscal Years

Years Ended September 30

	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required contribution	$ 113,500	$ 187,863	$ 202,979	$ 228,431	$ 254,921	$ 284,533	$ 282,038	$ 205,890
Contributions in relation to the statutorily required contribution	113,500	187,863	202,979	228,431	254,921	284,533	282,038	205,890
Contribution Deficiency	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Plan D's Covered Payroll	$ 1,828,539	$ 1,643,287	$ 1,395,606	$ 1,302,822	$ 1,138,047	$ 1,049,389	$ 1,171,708	$ 1,055,453
Contributions as a Percentage of Covered Payroll	6.21 %	14.54 %	14.54 %	22.99 %	22.99 %	27.11 %	24.07 %	19.51 %

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date	Actuarially determined contribution amounts are calculated as of September 30 each year. The September 30, 2022 valuation determined the contribution rate for the State of Michigan's fiscal year ended September 30, 2025.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age, normal
Amortization method	Level dollar, closed
Remaining amortization period	12 years, closed ending September 30, 2036
Asset valuation method	5-year smoothed fair value
Inflation	2.25 percent
Salary increase	2.75 percent to 11.75 percent, including wage inflation at 2.75 percent
Investment rate of return	6.20 percent, net of OPEB plan investment expenses
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2014 Combined Healthy Mortality Table adjusted for mortality improvements using projection scale MP-2017 from 2006. For active members, 100 percent of the table rates were used for males and females.

Required Supplementary Information
Schedule of Plans B and C's Proportionate Share of the Total OPEB Liability
Postemployment Life Insurance Benefit

Last Eight Fiscal Years

Plan Years Ended September 30

	2025	2024	2023	2022	2021	2020	2019	2018
Plans B and C's proportion of the net OPEB liability	0.00200 %	0.00200 %	0.00200 %	0.00188 %	0.00200 %	0.00400 %	0.00379 %	0.00501 %
Plans B and C's proportionate share of the net OPEB liability	$ 23,265	$ 18,785	$ 43,261	$ 48,726	$ 50,544	$ 49,131	$ 47,831	$ 43,825
Plans B and C's covered-employee payroll	$ 96,239	$ 86,486	$ 71,908	$ 68,437	$ 70,832	$ 139,752	$ 117,273	$ 165,108
Plans B and C's proportionate share of the total OPEB liability as a percentage of its covered-employee payroll	24.17 %	21.72 %	60.16 %	71.20 %	71.36 %	35.16 %	40.79 %	26.54 %

The amounts presented for each fiscal year were determined as of the measurement date of September 30 of the previous year. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Plans B and C present information for those years for which information is available.

The Plan is not a trust and has no assets.

See note to required supplementary information.

Required Supplementary Information
Schedule of Plan D's Proportionate Share of the Total OPEB Liability
Postemployment Life Insurance Benefit

Last Eight Fiscal Years

Plan Years Ended September 30

	2025	2024	2023	2022	2021	2020	2019	2018
Plan D's proportion of the total OPEB liability	0.04000 %	0.03700 %	0.03800 %	0.03350 %	0.03500 %	0.03625 %	0.03411 %	0.03338 %
Plan D's proportionate share of the total OPEB liability	$ 442,017	$ 356,900	$ 327,129	$ 433,190	$ 465,678	$ 443,925	$ 425,656	$ 383,266
Plan D's covered-employee payroll	$ 1,828,539	$ 1,643,287	$ 1,395,606	$ 1,222,831	$ 1,090,355	$ 1,049,389	$ 1,171,708	$ 1,055,453
Plan D's proportionate share of the total OPEB liability as a percentage of its covered-employee payroll	24.17 %	21.72 %	23.44 %	35.43 %	42.71 %	42.30 %	36.33 %	36.31 %

The amounts presented for each fiscal year were determined as of the measurement date of September 30 of the previous year. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Plan D presents information for those years for which information is available.

The Plan is not a trust and has no assets.

Statistical Section

Index to Statistical Section

This part of the Michigan Education Trust's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Trust's overall financial health.

CONTENTS Page

Financial Trends

These schedules contain trend information to help the reader understand how the Michigan Education Trust's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the Michigan Education Trust's most significant revenue sources: interest revenue and investment income.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Trust's financial activities take place.

Operating Information

These schedules contain information about the Authority's operations and resources to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and the activities it performs.

SOURCES

Unless otherwise noted, the information in these schedules is derived from the financial statements presented in the annual financial reports or from the Authority's internal records for the relevant year.

Net Position by Component

Last Ten Years

	As of September 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Michigan Education Plans B and C										
Net investment in capital assets										
Restricted	$ 34,478,246	$ 41,848,342	$ 49,474,352	$ 57,846,265	$ 63,304,395	$ 59,221,857	$ 51,724,506	$ 57,803,516	$ 74,369,725	$ 80,437,794
Unrestricted										
Total Michigan Education Plans B and C	$ 34,478,246	$ 41,848,342	$ 49,474,352	$ 57,846,265	$ 63,304,395	$ 59,221,857	$ 51,724,506	$ 57,803,516	74,369,725	80,437,794
Reconciliation of net position- MET Plans B and C										
Beginning net position	$ 29,309,177	$ 34,478,246	$ 41,848,342	$ 49,474,352	$ 57,846,265	$ 63,304,395	$ 59,221,857	$ 51,724,506	57,803,516	74,369,725
Restatement of beginning net position	-	-	(309,565)	-	-	-	-	-	-	-
Beginning net position restated	29,309,177	34,478,246	41,538,777	49,474,352	57,846,265	63,304,395	59,221,857	51,724,506	57,803,516	74,369,725
Statement of Activities – changes in net position	5,169,069	7,370,096	7,935,575	8,371,913	5,458,130	(4,082,538)	(7,497,351)	6,079,010	16,566,209	6,068,069
Change in reporting entity										
Ending net position	$ 34,478,246	$ 41,848,342	$ 49,474,352	$ 57,846,265	$ 63,304,395	$ 59,221,857	$ 51,724,506	$ 57,803,516	74,369,725	80,437,794
Michigan Education Plan D										
Net investment in capital assets										
Restricted	$ 58,889,615	$ 136,604,614	$ 194,965,419	$ 221,384,998	$ 261,236,906	$ 376,864,196	$ 273,466,428	$ 335,119,636	$ 441,259,281	$ 511,092,821
Unrestricted										
Total Michigan Education Plan D	$ 58,889,615	$ 136,604,614	$ 194,965,419	$ 221,384,998	$ 261,236,906	$ 376,864,196	$ 273,466,428	$ 335,119,636	441,259,281	511,092,821
Reconciliation of net position- MET Plans D										
Beginning net position	$ 5,178,477	$ 58,889,615	$ 136,604,614	$ 194,965,419	$ 221,384,998	$ 261,236,906	$ 376,864,196	$ 273,466,428	335,119,636	441,259,281
Restatement of beginning net position	-	-	(2,873,118)	-	-	-	-	-	-	-
Beginning net position restated	5,178,477	58,889,615	133,731,496	194,965,419	221,384,998	261,236,906	376,864,196	273,466,428	335,119,636	441,259,281
Statement of Activities – changes in net position	53,711,138	77,714,999	61,233,923	26,419,579	39,851,908	115,627,290	(103,397,768)	61,653,208	106,139,645	69,833,540
Change in reporting entity										
Ending net position	$ 58,889,615	$ 136,604,614	$ 194,965,419	$ 221,384,998	$ 261,236,906	$ 376,864,196	$ 273,466,428	$ 335,119,636	441,259,281	511,092,821

Changes in Net Position

Last Ten Years

	As of September 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Michigan Education Plans B and C										
Salaries and Other Administrative Expenses	$ 557,522	$ 335,073	$ 464,948	$ 495,688	$ 370,589	$ 484,199	$ 1,550,797	$ 348,409	$ 3,450	$ 382,356
Net (decrease) increase in Present Value of Tuition Benefits Payable	(1,194,658)	(5,895,207)	(9,096,038)	1,768,609	(1,766,285)	4,735,545	(6,741,696)	(4,200,985)	(5,523,033)	(2,155,937)
Total Michigan Education Plans B and C	$ (637,136)	$ (5,560,134)	$ (8,631,090)	$ 2,264,297	$ (1,395,696)	$ 5,219,744	$ (5,190,899)	$ (3,852,576)	$ (5,519,583)	$ (1,773,581)
Michigan Education Plan D										
Salaries and Other Administrative Expenses	$ 3,903,297	$ 3,313,992	$ 3,593,587	$ 4,347,854	$ 4,208,856	$ 3,443,330	$ 6,647,110	$ 8,106,675	$ 7,047,152	$ 7,659,299
Net Increase (decrease) in Present Value of Tuition Benefits Payable	26,484,123	19,211,680	(8,695,085)	15,028,971	(3,405,441)	25,240,209	32,914,767	28,475,638	15,203,441	12,069,864
Total Michigan Education Plan D	$ 30,387,420	$ 22,525,672	$ (5,101,498)	$ 19,376,825	$ 803,415	$ 28,683,539	$ 39,561,877	$ 36,582,313	$ 22,250,592	$ 19,729,163
Program Revenues										
Michigan Education Plans B and C										
Interest and Dividends	$ 2,515,104	$ 3,021,845	$ 3,515,233	$ 3,564,353	$ 2,815,231	$ 3,035,198	$ 2,441,606	$ 3,652,447	$ 4,218,441	$ 4,550,606
Net (decrease) increase in Fair Value of Investments	1,980,054	(1,239,928)	(4,230,448)	7,053,178	1,236,356	(1,905,942)	(15,129,856)	(1,428,658)	6,827,180	(257,008)
Miscellaneous Income	36,775	28,045	19,700	18,679	10,846	7,950	-	2,645	1,005	890
Total Michigan Education Plans B and C	$ 4,531,933	$ 1,809,962	$ (695,515)	$ 10,636,210	$ 4,062,433	$ 1,137,206	$ (12,688,250)	$ 2,226,434	$ 11,046,626	$ 4,294,488
Michigan Education Plan D										
Interest and Dividends	$ 28,127,140	$ 31,015,871	$ 28,924,804	$ 32,986,878	$ 29,148,031	$ 25,269,877	$ 24,632,970	$ 34,969,501	$ 35,593,492	$ 33,156,630
Net (decrease) increase in Fair Value of Investments	55,373,915	68,607,297	26,730,074	12,428,622	11,073,241	117,498,385	(92,734,092)	59,714,785	90,252,925	53,569,339
Miscellaneous Income	597,503	617,503	477,547	380,904	434,051	1,542,567	4,265,231	3,551,235	2,543,821	2,836,734
Total Michigan Education Plan D	$ 84,098,558	$ 100,240,671	$ 56,132,425	$ 45,796,404	$ 40,655,323	$ 144,310,829	$ (63,835,891)	$ 98,235,521	$ 128,390,237	$ 89,562,703
Net (Expenses)/Revenues										
Michigan Education Plans B and C activities	$ 5,169,069	$ 7,370,096	$ 7,935,575	$ 8,371,913	$ 5,458,129	$ (4,082,538)	$ (7,497,351)	$ 6,079,010	$ 16,566,209	$ 6,068,069
Michigan Education Plan D activities	53,711,138	77,714,999	61,233,923	26,419,579	39,851,908	115,627,290	(103,397,768)	61,653,208	106,139,645	69,833,540
Changes in Net Position										
Michigan Education Plans B and C activities	$ 5,169,069	$ 7,370,096	$ 7,935,575	$ 8,371,913	$ 5,458,129	$ (4,082,538)	$ (7,497,351)	$ 6,079,010	$ 16,566,209	$ 6,068,069
Michigan Education Plan D activities	53,711,138	77,714,999	61,233,923	26,419,579	39,851,908	115,627,290	(103,397,768)	61,653,208	106,139,645	69,833,540

Michigan Education Trust Plans B and C
Last Ten Fiscal Years

	As of September 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Participant Contributions	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Michigan Education Plan B and C Fee Income	39,650	30,750	22,625	23,300	13,975	7,975	-	2,645	1,005	890
Total Contributions and Fee Income	$ 39,650	$ 30,750	$ 22,625	$ 23,300	$ 13,975	$ 7,975	$ -	$ 2,645	$ 1,005	$ 890
Investments										
Commercial paper	$ 22,997,667	$ 6,999,261	$ 7,998,667	$ 11,934,453	$ -	$ -	$ -	$ -	$ -	$ 484,131
Money Market	-	-	-	-	-	-	-	8,076,893	7,000,938	7,770,883
U.S. Treasury securities	5,494,467	5,265,203	5,051,223	9,111,902	37,624,095	9,898,680	8,311,945	16,125,130	21,779,082	20,389,529
U.S. agencies- Backed securities	-	-	-	5,143,116	-	2,445,545	1,464,883	1,340,947	3,601,422	19,522,641
U.S. agencies- Sponsored securities	-	-	4,419,439	4,644,979	4,009,095	-	-	-	-	-
Corporate bonds	90,770,867	101,526,453	92,079,291	69,472,218	63,182,366	85,617,173	68,770,026	58,066,277	58,659,773	43,257,347
Exchange traded funds	-	-	-	-	-	-	-	-	-	1,102,027
Alternative investments	-	-	-	5,333,662	-	944,950	5,647,238	8,580,806	10,978,989	11,029,478
Total Investments	$ 119,263,001	$ 113,790,917	$ 109,548,620	$ 105,640,330	$ 104,815,556	$ 98,906,348	$ 84,194,092	$ 92,190,053	$ 102,020,204	$ 103,556,036
Investment Revenue	4,495,158	1,781,917	(715,215)	10,617,531	4,051,587	1,129,256	(12,688,250)	2,205,885	10,979,732	4,229,198
Average rate of return (%)	4%	2%	-1%	10%	4%	1%	-14%	3%	11%	4%

NOTES: Purchasers are able to make contributions to MET contracts for 15 years after the date of purchase. The last MET Plan B and C contracts to be opened were in 1990. No contributions were accepted for MET Plan B and C after 2005 as the 15 year timeframe had been met.

Average rate of return for investment revenue is calculated as total fiscal year investment revenue divided by fiscal-year average investments.

Michigan Education Trust Plan D
Last Ten Fiscal Years

As of September 30,

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Participant Contributions	$ 31,943,174	$ 27,498,313	$ 22,520,128	$ 19,226,735	$ 15,422,624	$ 18,941,266	$ 31,897,652	$ 22,665,731	$ 24,772,765	$ 21,384,675
Michigan Education Plan D Fee Income	56,653	48,343	56,141	48,572	35,045	48,503	47,650	3,551,236	2,543,821	2,836,734
Total Contributions and Fee Income	$ 31,999,827	$ 27,546,656	$ 22,576,269	$ 19,275,307	$ 15,457,669	$ 18,989,769	$ 31,945,302	$ 26,216,967	$ 27,316,586	$ 24,221,409
Investments										
Commercial paper	$ 34,995,979	$ 65,970,122	$ 29,983,122	$ 31,013,336	$ -	$ 49,576,064	$ 36,956,628	$ 119,845,651	$ 63,073,988	$ 43,751,847
Money Market	-	-	-	-	-	-	41,249,859	15,139,330	9,018,922	17,801,340
U.S. Treasury securities	36,784,770	46,920,665	37,985,547	52,887,578	124,815,722	49,446,227	42,687,157	50,693,607	70,028,077	60,278,820
U.S. agencies- Backed securities	4,031,094	3,387,188	2,910,467	11,531,930	9,720,158	5,935,808	3,467,008	3,643,981	32,887,932	78,912,011
U.S. agencies- Sponsored securities	4,217,833	3,555,754	11,298,517	8,860,425	2,232,723	1,689,775	1,118,519	-	-	-
Corporate bonds	143,647,787	129,443,412	132,803,901	110,648,582	84,837,512	109,996,853	138,166,420	126,978,625	118,488,944	132,373,253
Mutual Funds	493,857,938	324,928,921	296,887,181	232,932,908	340,970,766	337,077,004	253,880,046	234,825,196	302,000,383	296,649,126
Exchange Traded Funds	-	-	-	-	-	-	-	-	-	591,643
Alternative investments	147,143,305	355,532,526	422,650,640	481,369,380	343,746,501	413,818,052	389,092,148	398,353,458	422,968,454	413,366,734
Total Investments	$ 864,678,706	$ 929,738,588	$ 934,519,375	$ 929,244,139	$ 906,323,382	$ 967,539,783	$ 906,617,785	$ 949,479,848	$ 1,018,466,700	$ 1,043,724,774
Investment Revenue	83,501,055	99,623,168	55,654,878	45,415,500	40,221,272	142,768,262	(68,101,122)	94,485,168	125,522,448	86,536,111
Average rate of return (%)	10%	11%	6%	5%	4%	15%	-7%	10%	13%	8%

NOTES: Average rate of return for investment revenue is calculated as total fiscal year investment revenue divided by fiscal-year average investments.

Actuarial Funded Status

Last Ten Years

	As of September 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Michigan Education Trust Plans B and C										
Value of Assets	$ 127,124,597	$ 120,210,109	$ 111,201,811	$ 114,905,093	$ 113,127,417	$ 110,207,451	$ 93,880,948	$ 93,673,593	$ 103,180,009	$ 105,719,717
Present Value of future tuition payments, fees and expenses	92,646,352	78,361,766	61,727,461	57,058,828	49,826,440	50,984,636	42,157,269	35,870,903	28,930,989	25,282,819
Actuarial reserve/(deficit)	34,478,245	41,848,343	49,474,350	57,846,265	63,300,977	59,222,815	51,723,679	57,802,690	74,249,020	80,436,898
Actuarial funded ratio	137.2%	153.4%	180.1%	201.4%	227.0%	216.2%	222.7%	261.1%	356.6%	418.1%
Michigan Education Trust Plans D										
Value of Assets	$ 934,410,686	$ 1,001,048,960	$ 1,008,528,407	$ 1,004,415,400	$ 988,589,182	$ 1,081,015,478	$ 960,352,274	$ 991,318,572	$ 1,059,763,952	$ 1,082,973,933
Present Value of future tuition payments, fees and expenses	874,521,071	864,444,345	813,562,987	783,030,397	727,394,896	704,151,281	686,820,436	656,553,392	618,876,822	571,898,150
Actuarial reserve/(deficit)	58,889,615	136,604,615	194,965,420	221,385,003	261,194,286	376,864,197	273,531,838	334,765,180	440,887,130	511,075,783
Actuarial funded ratio	106.7%	115.8%	124.0%	128.3%	135.9%	153.5%	139.8%	151.0%	171.2%	189.4%

Demographic and Economic Indicators

Last Ten Calendar Years

	As of September 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Population[1] *(in thousands)*	9,932	9,951	9,973	9,984	9,987	10,077	10,051	10,034	10,037	10,140
Total Personal Income[2] *(in billions)*	$433.7	$446.0	$458.8	$476.5	$492.0	$530.8	$567.8	$572.3	$613.7	$645.8
Per Capita Income[2]	$43,655	$44,809	$45,983	$47,708	$49,277	$53,259	$56,494	$57,038	$61,144	$63,690
Unemployment Rate[3]	5.4%	5.0%	4.6%	4.2%	4.1%	9.9%	5.9%	4.2%	3.9%	4.7%

NOTE: Most recent calendar year for which data is available: 2024

SOURCE: [1] U.S. Census Bureau, Population Division.
2015-2024 figures are December 2024 release.

[2]U.S. Department of Commerce, Bureau of Economic Analysis.

[3] Michigan Department of Technology, Management and Budget, Bureau of Labor Market Information and Strategic Initiatives; and U.S. Department of Labor, Bureau of Labor Statistics

Full-time Equivalent Classified Employees

Last Ten Years

	As of September 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Employees by Function										
Administators	4.0	5.0	5.0	5.0	5.0	5.0	4.0	5.0	5.0	5.0
Marketing	2.0	2.0	2.0	3.0	3.0	3.0	4.0	3.0	4.0	3.0
Accounting	1.0	2.0	2.0	3.0	3.0	2.0	2.0	1.0	1.0	1.0
Specialist/Anaylsts	5.0	4.0	4.0	4.0	4.0	4.0	6.0	7.0	8.0	8.0
Administrative Support	1.0	1.0	1.0	1.0	1.0	1.0	1.0	2.0	2.0	1.0
Total Full-Time Equivalent Employees	13.0	14.0	14.0	16.0	16.0	15.0	17.0	18.0	20.0	18.0

NOTES: This report reflects average employee counts of individuals who are full-time in primary positions as of September 30 of stated fiscal year, except student assistants.
All Michigan Education Trust employees work on MET Plans B, C and D

SOURCE: Michigan Department of Treasury

Active Prepaid Tuition Contracts by Type

Last Ten Years

	As of September 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Michigan Education Trust Plans B and C										
Lump Sum										
Full Benefits	4,914	4,215	3,605	3,013	2,444	1,969	1,648	1,450	1,335	1,238
Limited Benefits	24	21	16	16	13	13	13	10	10	10
Community College	146	114	102	88	73	61	47	45	40	36
Monthly Purchase										
Full Benefits	248	225	198	169	147	124	91	60	52	48
Limited Benefits	-	-	-	-	-	-	-	-	-	0
Community College	7	6	6	6	5	2	1	1	1	1
Total Michigan Education Trust Plans B and C	5,339	4,581	3,927	3,292	2,682	2,169	1,800	1,566	1,438	1,333
Michigan Education Trust Plan D										
Lump Sum										
Full Benefits	18,732	18,263	17,654	16,990	16,216	15,401	14,549	13,578	12,577	11,359
Limited Benefits	5,197	5,095	4,929	4,777	4,547	4,298	4,033	3,707	3,403	3,051
Community College	2,166	2,120	2,047	1,930	1,837	1,739	1,672	1,641	1,568	1,767
Monthly Purchase										
Full Benefits	6,630	6,371	6,063	5,735	5,425	5,081	4,778	4,426	4,089	3,644
Limited Benefits	2,274	2,176	2,092	1,936	1,793	1,669	1,538	1,424	1,322	1,187
Community College	1,711	1,697	1,672	1,616	1,563	1,506	1,442	1,359	1,262	1,162
Pay As You Go										
Full Benefits	323	815	1,174	1,545	1,813	2,032	2,392	2,693	3,015	3,416
Limited Benefits	187	414	617	887	1,030	1,162	1,238	1,316	1,372	1,410
Community College	38	101	139	206	245	291	315	324	352	391
Total Michigan Education Trust Plan D	37,258	37,052	36,387	35,622	34,469	33,179	31,957	30,468	28,960	27,387

NOTE: MET Plans B and C- Pay As You Go contracts were not available to purchasers under these Plans
MET Plan D began offering Pay As You Go contracts in Fiscal Year 2016

SOURCE: GRS Actuarial Soundness Valuation Report

Distribution of Prepaid Tuition Plans

Last Ten Years

	As of September 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Michigan Education Plans B and C										
Michigan Public 4 year College	2,067	1,740	1,464	1,192	933	637	417	273	199	148
Michigan Community College	594	485	385	299	209	135	110	79	51	40
Terminations in Progress	632	547	431	335	232	154	102	72	66	55
Inactive Students	487	308	208	95	14	5	3	-	-	-
Not Yet in Payment Status	1,382	1,360	1,315	1,261	1,203	1,162	1,168	1,142	1,122	1,090
Total Michigan Education Trust Plans B and C	5,162	4,440	3,803	3,182	2,591	2,093	1,800	1,566	1,438	1,333
Michigan Education Plan D										
Michigan Public 4 year College	5,127	5,198	5,254	5,405	5,386	5,358	5,294	6,361	6,118	5,723
Michigan Community College	341	349	354	357	345	320	300	918	825	737
Terminations in Progress	1,358	1,378	1,416	1,389	1,408	1,438	1,398	1,385	1,967	1,581
Inactive Students	65	54	38	29	13	9	8	7	3	2
Not Yet in Payment Status	18,793	18,470	17,823	17,090	16,302	15,389	14,719	21,797	20,047	19,344
Total Michigan Education Trust Plan D	25,684	25,449	24,885	24,270	23,454	22,514	21,719	30,468	28,960	27,387

SOURCE: GRS Actuarial Soundness Valuation Report

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management; the Board of Directors; and
Mr. Doug A. Ringler, CPA, CIA
Auditor General, State of Michigan
Michigan Education Trust

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Plans B and C and Plan D of the Michigan Education Trust (MET), a discretely presented component unit of the State of Michigan, as of and for the year ended September 30, 2025 and the related notes to the financial statements, which collectively comprise MET's basic financial statements, and have issued our report thereon dated December 22, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered MET's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MET's internal control. Accordingly, we do not express an opinion on the effectiveness of MET's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of MET's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether MET's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To Management; the Board of Directors; and
Mr. Doug A. Ringler, CPA, CIA
Auditor General, State of Michigan
Michigan Education Trust

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of MET's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MET's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

December 22, 2025