SAIF Corporation

(A Component Unit of the State of Oregon)

Financial Statements and Supplementary Schedules as of and for the Years Ended December 31, 2025 and 2024, and Report of Independent Auditors

SAIF CORPORATION

TABLE OF CONTENTS

OVERVIEW OF SAIF CORPORATION FINANCIAL REPORTING (Unaudited)

SAIF Corporation (SAIF) has prepared the accompanying financial statements in accordance with accounting principles generally accepted in the United States of America. As a discrete component unit of the State of Oregon, SAIF is subject to the pronouncements of the Governmental Accounting Standards Board (GASB). Under accounting principles generally accepted in the United States of America as applied to governmental entities, SAIF accounts for its activities as a special purpose government engaged solely in business-type activities. Accordingly, SAIF follows the accrual basis of accounting. Revenues are recognized when earned, regardless of when received, and expenses are recognized when incurred, regardless of when paid.

SAIF also prepares financial statements in conformity with statutory accounting practices, which are prescribed for use in reporting accounting transactions for insurance companies. These practices arise from state laws and from rules adopted by the State Insurance Commissioner and, for Oregon, are the practices promulgated by the National Association of Insurance Commissioners (NAIC). Statutory accounting practices are conservative in nature and are designed to protect policyholders and claimants to ensure, in the event of liquidation, sufficient amounts will have been set aside to provide for the outstanding claims of injured workers and their dependents, whereas generally accepted accounting principles (GAAP) are based on the going-concern concept and recognize revenues when earned and expenses when incurred.

There are significant differences between the statutory statements SAIF prepares for regulatory and management purposes and the accompanying financial statements. They include:

- Statutory accounting requires the majority of invested assets to be recorded at amortized cost, whereas investments are stated at fair value in the accompanying statements with the corresponding change in the fair value for the year recorded as investment income (loss).

- Statutory accounting requires certain assets not readily available for the payment of claims be “nonadmitted” and removed from the statement of net position. Those assets, such as furniture and equipment, are included in the GAAP financial statements.

Report of Independent Auditors

The Board of Directors of
SAIF Corporation

The Secretary of State Audits Division of
The State of Oregon

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SAIF Corporation (SAIF), a component of the State of Oregon, which comprise the statements of net position, revenues, expenses, and changes in net position, and statements of cash flows, as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of SAIF as of December 31, 2025 and 2024, and the respective changes in financial position and, where applicable, cash flows thereof, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (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 SAIF 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 opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the 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 opinion. 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 SAIF'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 SAIF'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 management's discussion and analysis on pages 5 through 13 and 54 through 59, 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 who 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 report. The other information comprises the introductory section titled, Overview of SAIF Corporation Financial Reporting, but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

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 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 July 27, 2026, on our consideration of SAIF's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 SAIF'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 SAIF's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Portland, Oregon
July 27, 2026

SAIF CORPORATION
Management's Discussion and Analysis
December 31, 2025 and 2024

Management of SAIF Corporation (SAIF) prepares Management's Discussion and Analysis for readers of SAIF's financial statements. This narrative overview and analysis of the financial activities of SAIF is as of and for the years ended December 31, 2025 and 2024. Readers are encouraged to consider this information in conjunction with SAIF's financial statements and notes that follow.

Overview of the Financial Statements

Financial Statements

This discussion and analysis is intended to serve as an introduction to SAIF's financial statements: the Statements of Net Position; the Statements of Revenues, Expenses, and Changes in Net Position; and the Statements of Cash Flows. The financial statements are designed to provide the readers with an overview of SAIF's financial position and activities.

The Statements of Net Position are SAIF's balance sheets and present information on SAIF's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Assets and liabilities are classified as either current or noncurrent.

The Statements of Revenues, Expenses, and Changes in Net Position are SAIF's income statements. Revenues earned and expenses incurred during the year are classified as either operating or nonoperating.

The Statements of Cash Flows present the changes in SAIF's cash and cash equivalents during the year. These statements are prepared using the direct and indirect method of cash flows. The statements break out the sources and uses of SAIF's cash and cash equivalents into the following categories: operating activities, investing activities, and capital and related financing activities.

Notes to the Financial Statements (Notes) provide additional information to clarify and expand on the financial statements.

Condensed Financial Information
(In thousands)

Condensed Statements of Net Position Information

	December 31, 2025	2024	2023	2024 to 2025 Increase (Decrease)	2023 to 2024 Increase (Decrease)
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	$ 29,222	$ 52,555	$ 54,745	$ (23,333)	$ (2,190)
Investments	4,523,643	4,305,746	4,280,134	217,897	25,612
Securities lending cash collateral	160,989	135,641	65,366	25,348	70,275
Accounts and interest receivable, net	470,439	440,823	435,401	29,616	5,422
Other assets	-	-	1,028		(1,028)
Total current assets	5,184,293	4,934,765	4,836,674	249,528	98,091
NONCURRENT ASSETS:					
Capital assets, nondepreciable	8,040	5,064	41,181	2,976	(36,117)
Capital assets, depreciable, net	126,811	130,975	105,145	(4,164)	25,830
Net other postemployment benefit (OPEB) asset (RHIA)	3,631	3,255	3,710	376	(455)
Net OPEB asset (RHIPA)	1,239	1,140	1,259	99	(119)
Total noncurrent assets	139,721	140,434	151,295	(713)	(10,861)
Total assets	5,324,014	5,075,199	4,987,969	248,815	87,230
DEFERRED OUTFLOWS OF RESOURCES					
Related to OPEB	1,771	2,263	2,108	(492)	155
Related to pensions	59,030	65,778	52,475	(6,748)	13,303
Total deferred outflows of resources	60,801	68,041	54,583	(7,240)	13,458
LIABILITIES					
CURRENT LIABILITIES:					
Reserve for losses and loss adjustment expenses	371,132	360,032	332,453	11,100	27,579
Unearned premiums	274,992	260,405	268,874	14,587	(8,469)
Accounts payable	120,895	113,745	117,264	7,150	(3,519)
Obligations under securities lending	160,970	135,615	65,353	25,355	70,262
Other liabilities and deposits	44,434	42,733	43,927	1,701	(1,194)
Total current liabilities	972,423	912,530	827,871	59,893	84,659
NONCURRENT LIABILITIES:					
Reserve for losses and loss adjustment expenses	2,255,156	2,267,839	2,178,072	(12,683)	89,767
Total OPEB liability (SAIF)	9,232	9,805	9,307	(573)	498
Pension related payable	890	1,978	3,373	(1,088)	(1,395)
Net pension liablility	126,808	120,721	72,694	6,087	48,027
Lease liabilities	14,819	10,119	10,082	4,700	37
Compensated absences	13,695	13,040	11,621	655	1,419
Total noncurrent liabilities	2,420,600	2,423,502	2,285,149	(2,902)	138,353
Total liabilities	3,393,023	3,336,032	3,113,020	56,991	223,012
DEFERRED INFLOWS OF RESOURCES					
Related to OPEB	1,783	1,803	2,623	(20)	(820)
Related to pensions	18,510	21,814	32,220	(3,304)	(10,406)
Total deferred inflows of resources	20,293	23,617	34,843	(3,324)	(11,226)
NET POSITION					
Net investment in capital assets	134,851	136,039	146,325	(1,188)	(10,286)
Unrestricted	1,836,648	1,647,552	1,748,364	189,096	(100,812)
Total net position	$ 1,971,499	$ 1,783,591	$ 1,894,689	$ 187,908	$ (111,098)

Condensed Revenues, Expenses, and Changes in Net Position Information

	Years Ended December 31, 2025	2024	2023	2024 to 2025 Increase (Decrease)	2023 to 2024 Increase (Decrease)
OPERATING REVENUES:					
Premiums earned, net	$ 590,684	$ 605,093	$ 590,847	$ (14,409)	$ 14,246
Other income	58,200	56,424	56,849	1,776	(425)
Total operating revenues	648,884	661,517	647,696	(12,633)	13,821
OPERATING EXPENSES:					
Net losses and loss adjustment expenses incurred	546,220	630,974	535,173	(84,754)	95,801
Policyholders' dividends	49,988	59,938	134,986	(9,950)	(75,048)
Underwriting expenses	246,198	239,971	216,610	6,227	23,361
Bad debt provision	2,483	2,729	1,719	(246)	1,010
Depreciation and amortization	18,040	18,872	15,872	(832)	3,000
Total operating expenses	862,929	952,484	904,360	(89,555)	48,124
OPERATING LOSS	(214,045)	(290,967)	(256,664)	76,922	(34,303)
NONOPERATING REVENUES (EXPENSES):					
Net investment income	402,736	180,624	337,703	222,112	(157,079)
Gain (loss) on sale of capital assets	10	(3)	-	13	(3)
Interest expense	(793)	(752)	(646)	(41)	(106)
Total nonoperating revenues (expenses)	401,953	179,869	337,057	222,084	(157,188)
INCREASE (DECREASE) IN NET POSITION	187,908	(111,098)	80,393	299,006	(191,491)
NET POSITION—Beginning of year	1,783,591	1,894,689	1,814,296	(111,098)	80,393
NET POSITION—End of year	$ 1,971,499	$ 1,783,591	$ 1,894,689	$ 187,908	$ (111,098)

Financial Summary

Financial position as of December 31, 2025

At the end of 2025, total assets increased $248.8 million from the prior year, and deferred outflows of resources decreased $7.2 million. Total liabilities increased $57.0 million for the year, deferred inflows of resources decreased $3.3 million, and net position increased $187.9 million as operating losses were offset by investment gains.

SAIF recorded a net operating loss of $214.0 million for the year ended December 31, 2025, compared to a 2024 net operating loss of $291.0 million.

- Pure premium rate decreases and slowing payroll growth are creating headwinds decreasing earned premium year over year.
- Prior year claims and LAE reserves were reduced by $118 million primarily driven by declining frequency. Medical inflation and flattening utilization are putting upward pressure on claims expenses.
- Expenses were in line with budget but saw continued pressure with rising software and benefit costs.

In 2025, SAIF recorded a net investment gain of $402.7 million, compared to $180.6 million in 2024.

- The change in fair value of investments recorded for 2025 was a positive $227.7 million compared to a negative $27.0 million for 2024 as SAIF's portfolio returned 9.38% in 2025.
- Interest and dividend income earned increased by $11.0 million during 2025 due to higher yields on bonds as interest rates remain elevated.

Uncertainty around tariffs, inflation, unemployment rates, softening wage growth, interest rates, and geopolitical conflicts continue to impact SAIF's financial position. Looking ahead to 2026, geopolitical conflicts, inflation, interest rates, federal spending, and trade policies keep the markets on edge.

Detailed Analyses

Cash and cash equivalents—The majority of SAIF's cash accounts consist of short-term investments and money market funds utilized by external investment managers. Cash and cash equivalents of $29.2 million decreased $23.3 million from December 31, 2024, to December 31, 2025. This was due to a $18.8 million decrease in cash due to timing of funding requirements for operational cash needs, and a $4.6 million decrease in the money market funds.

Investments—At the end of 2025, investments were $4,523.6 million and were $217.9 million or 5.1 percent higher than at the end of 2024. Investment holdings (principal and cost) increased $19.0 million for bonds, primarily due to the reinvestment of income partially offset by sales of investments to fund operations and the policyholder dividend. Equity holdings cost decreased by $28.2 million in 2025 due to the sale of equities to fund operations. Real estate holdings cost decreased $0.7 million. Market values increased $212.9 million for bonds in 2025. SAIF's fixed income portfolio had a positive return of 8.13 percent for 2025 due to a combination of interest income and mark-to-market gains. The mark-to-market adjustments for equities increased $15.2 million as the BlackRock MSCI ACWI fund had a positive return of 22.36 percent for the year. Real estate market adjustments decreased $0.4 million as the real estate funds had a positive return of 3.65 percent for the year as rental incomes were partially offset by a decrease in property values.

Effective October 23, 2024, the Council approved a revised asset allocation policy for SAIF Corporation. The allocation reaffirms a 5 percent target allocation to real estate in the form of private or publicly traded funds, allows for a 5 percent allocation to private credit through senior secured direct lending, and increased the target allocation to fixed income holdings from 77 percent to 80 percent. The target allocation to global equities is unchanged at 10 percent. The target allocation to global equities is unchanged at 10 percent. The Company has not invested in private credit investments as of December 31, 2025. At the end of 2025 and 2024, the Company's asset allocation was in compliance with the asset allocation policy. The investment portfolio is managed by external managers according to the policies approved by the Oregon Investment Council with oversight provided by the Oregon State Treasury.

Securities lending cash collateral—This line item can fluctuate significantly from period to period depending on the amount of investment securities on loan. The amount of securities on loan will vary depending on market conditions and the demand for certain securities in SAIF's portfolio. The balance as of December 31, 2025 was $161.0 million, an increase of $25.3 million from the prior year. A corresponding securities lending liability of $161.0 million was recorded on the statement of net position at December 31, 2025.

Accounts and interest receivable—The balance in this line is comprised of investment income receivable, net premiums receivable, accrued retrospective premiums receivable, and other accounts receivable. This balance of $470.4 million increased $29.6 million or 6.72 percent from December 31, 2024 to December 31, 2025.

Accrued investment income of $43.4 million increased $6.4 million or 17.4 percent from December 31, 2024 to December 31, 2025, as interest rates on longer term bonds remained elevated and the bond portfolio was repositioned to investments with higher book yields.

Premiums receivable of $346.5 million increased $26.5 million or 8.3 percent in 2025, due to an increase in written premium. Net written premiums increased 1.3 percent from 2024 to 2025 as tier increases and slow payroll growth were partially offset by pure premium rate reductions of 3.2% for 2025 and less favorable premium adjustments on prior policy years as final payrolls were reported. Accrued retrospective premiums decreased $5.5 million or 11.6 percent compared to the prior year due to changes in accrual estimates and the timing of when receivables are collected.

Other accounts receivable of $38.9 million increased $2.1 million or 5.8 percent. Funds held with a reinsurer increased $1.8 million to support the Other States Coverage program. Premium assessment due from policyholders increased $0.7 million due primarily to rising premiums. Other receivables related to court costs and fees decreased $0.2 million.

Net other postemployment benefit (OPEB) asset (RHIA)—The balance of $3.6 million increased $0.4 million or 11.6 percent from December 31, 2024 to December 31, 2025. This is an estimate of SAIF's allocated share of the net asset for the Retirement Health Insurance Account (RHIA) due to GASB Statement No. 75 (see Note 12).

Net OPEB asset (RHIPA)— This line increased from $1.1 million in 2024 to $1.2 million in 2025 due to a change in proportionate share. The balance in this line is an estimate of SAIF's allocated share of the net asset for the Retirement Health Insurance Premium Account (RHIPA) due to GASB Statement No. 75 (see Note 12).

Deferred outflows of resources—The $60.8 million balance in this line is an decrease of $7.2 million over prior year and is related to pensions in accordance with GASB

Statement No. 68 and OPEB in accordance with GASB Statement No. 75. The deferred outflows of resources related to pensions was $59.0 million, a decrease of $6.7 million over the prior year. This was primarily due to a decrease of $6.2 million in the differences between employer contributions and employer's proportionate share of system contributions, a $4.8 million decrease in change in PERS assumptions, $4.3 million decrease in the changes in employer contributions and proportion, offset by an increase in contributions after measurement date of $4.6 million, difference in economic experience increased $0.9 million, and the difference in expected investment earnings increased $3.0 million (see Note 11). The deferred outflows of resources related to OPEB was $1.8 million, a decrease of $0.5 million over the prior year. The balance is based on GASB Statement No. 75 (see Note 12).

Reserve for losses and loss adjustment expenses—The total (current and noncurrent) reserve for losses and loss adjustment expenses (LAE) of $2.6 billion remained steady from the prior year. Loss reserves decreased $11.8 million or 0.5 percent and LAE reserves increased $10.2 million or 2.4 percent during 2025. This was driven by establishing reserves for the 2025 accident year, offset by payments made on previously incurred claims, and favorable development in prior accident years. In 2024 favorable medical claim development slowed due to increasing average medical payment per claim. Subsequently, there was less total favorable reserve development. However, in 2025, the favorable loss development was driven by favorable outcomes across all segments of the portfolio. The decrease in claim frequency continues to contribute to this positive trend, although it has been partially offset by rising medical costs. The increase in LAE reserves was driven by newly established reserves for the 2025 accident year, partially offset by paid LAE associated with previously incurred claims and favorable development in prior accident years. The favorable development in unpaid LAE for prior accident years was largely attributable to a decrease in claims frequency.

Unearned premiums—The amount of unearned premium of $275.0 million for 2025 increased $14.6 million or 5.6 percent primarily due to increased premiums written.

Accounts payable—The balance in this line of $120.9 million is comprised of commissions payable, reinsurance payable, accrued premium assessment, and other accounts payable. This line increased $7.2 million from 2024 to 2025. Commissions payable for the current year was $19.1 million, a decrease of $0.2 million over prior year due to decreased premium levels. Reinsurance payable increased $1.3 million due to increased current payables to the assigned risk pool. Premium assessment payable increased $0.5 million due to higher premium levels. Other accounts payable increased $5.5 million from 2024 to 2025, due to a $2.0 million increase in advanced claims recovery, and $1.3 million increase in PERS contributions, other increases are due to timing of payments at year end.

Obligations under securities lending—This line item can fluctuate significantly from period to period depending on the amount of investment securities on loan. The amount of securities on loan will vary depending on market conditions and the demand for certain securities in SAIF's portfolio. The balance as of December 31, 2025 was $161.0 million, an increase of $25.4 million from the prior year. A corresponding securities lending cash collateral asset of $161.0 million was recorded on the statement of net position at December 31, 2025.

Other liabilities and deposits—The balance in this line of $44.4 million is comprised of accrued retrospective premiums payable, premium deposits, pension related payable, lease liabilities, and other liabilities. This balance increased $1.7 million from the prior year. A $3.0 million decrease of return premium payable on retrospectively rated policies was largely due to loss experience on retrospective policies and timing of billings, and premium deposits decreased $2.3 million over the prior year. Other liabilities increased $7.0

million over the prior year. A $3.7 million increase in payable for securities due to the timing of securities purchased in December that settled in January. A $2.3 million increase is due to the current portion of lease and SBITA liabilities, and a $0.9 million increase in accrued compensated absences is due to GASB 101 (see Note 2).

Total OPEB liability (SAIF)—The $9.2 million balance in this line is the amount of SAIF's OPEB liability under GASB Statement No. 75 (see Note 12). This line decreased $0.6 million over the prior year as the discount rate rose due to the higher interest rate environment.

Pension related payable—Prior to the formation of the PERS State and Local Government Rate Pool (SLGRP), the State and community colleges were pooled together in the State and Community College Pool (SCCP) (including SAIF), while local government employers participated in the Local Government Rate Pool (LGRP). The unfunded actuarial liability (UAL) attributable to the SCCP at the time the SLGRP was formed is maintained separately from the SLGRP and is reduced by contributions and increased for interest charges at the assumed interest rate, which was 6.90 percent in fiscal year 2025. The $0.9 million balance in this line is the noncurrent portion of the pre-SLGRP pooled liability attributable to SAIF, which is being amortized straight line over the period ending December 31, 2027.

Net pension liability—The balance in this line of $126.8 million increased $6.1 million over the prior year, primarily due to an increase in the proportionate share and an increase in the overall unfunded actuarial liability. SAIF's net pension liability was allocated by the Oregon Public Employees Retirement System and was based on GASB Statement No. 68 actuarial valuation as of December 31, 2023 (see Note 11).

Lease liabilities—The balance in this line of $14.8 million is related to building leases and SBITAs. This includes a $10.8 million liability for SBITAs per GASB Statement No. 96, and a $4.0 million liability for building leases per GASB Statement No. 87 (see Notes 2 and 6). The liability increased $4.7 million over the prior year due to new and renewed software contracts.

Compensated absences—In 2025, the liabilities related to GASB 101 changes for compensated absences (including accrued taxes and benefits) increased $0.7 million from $13.0 million to $13.7 million. See Note 2 for additional information.

Deferred inflows of resources—The balance in this line of $20.3 million is related to pensions based on GASB Statement No. 68 and OPEB based on GASB Statement No. 75. $18.5 million of the balance in this line is related to pensions based on GASB Statement No. 68. The pension portion decreased $3.3 million over the prior year primarily due to changes in employer contributions and proportionate share. (see Note 11). The $1.8 million balance in deferred inflows of resources related to OPEB remained steady over prior year (see Note 12).

Operations - year ended December 31, 2025

SAIF recorded a net operating loss of $214.0 million for the year ended December 31, 2025, compared to a 2024 net operating loss of $291.0 million.

Significant changes in revenues and expenses include:

Net premiums earned—In 2025, net premiums earned were $590.7 million and decreased $14.4 million or 2.4 percent compared to 2024. This was driven by lower premium on direct policies as increased payrolls were offset by pure premium rate reductions of 3.2 percent and 6.7 percent for 2025 and 2024, respectively. Net written premium increased 1.3 percent from 2024 to 2025 as tier increases and slow payroll growth were partially offset by pure premium rate reductions of 3.2% for 2025 and less favorable premium adjustments on prior policy years as final payrolls were reported.

Other income—This line increased $1.8 million or 3.1 percent to $58.2 million in 2025. Premium assessment income increased $1.7 million due to an increase in written premium levels. The premium assessment rate remained unchanged at 9.8 percent for 2025.

Net losses and loss adjustment expenses incurred—Total net losses and loss adjustment expenses incurred were $546.2 million for the year ended December 31, 2025. Net losses incurred for the current year of $411.7 million decreased $61.5 million from 2024, while net LAE incurred of $134.5 million decreased $23.3 million for a total net decrease of $84.8 million. Net paid losses for 2025 were $28.6 million higher than the prior year, and the change in loss reserves was $90.1 million lower than the prior year due to favorable reserve development recorded in 2025. This was driven by establishing reserves for the 2025 accident year, offset by payments made on previously incurred claims, and favorable development in prior accident years. In 2024 favorable medical claim development slowed due to increasing average medical payment per claim. Subsequently, there was less total favorable reserve development. However, in 2025, the favorable loss development was driven by favorable outcomes across all segments of the portfolio. The decrease in claim frequency continues to contribute to this positive trend, although it has been partially offset by rising medical costs. The increase in LAE reserves was driven by newly established reserves for the 2025 accident year, partially offset by paid LAE associated with previously incurred claims and favorable development in prior accident years. The favorable development in unpaid LAE for prior accident years was largely attributable to a decrease in claims frequency.

Policyholders' dividends—Substantially all of SAIF's business is written under various participating plans wherein a dividend may be returned to the policyholder. Dividends may be paid to the extent a surplus is accumulated from premiums, investment gains, and/or loss reserve reductions. In 2025 and 2024, policyholder dividends of $50.0 million and $59.9 million, respectively, were incurred and paid to qualifying policyholders.

Underwriting expenses—This line increased $6.2 million or 2.6 percent from the prior year to $246.2 million. The largest drivers of the increases are higher employee costs and increases in software expenses.

Bad debt provision—This line decreased $0.2 million over the prior year driven by a decrease in large write-offs.

Depreciation—This line decreased $0.8 million over the prior year due to a $1.0 million decrease in software offset by a $0.2 million increase in equipment.

Net investment income (loss)—In 2025, SAIF recorded a net investment gain of $402.7 million, as a $227.7 million unrealized increase in the fair value of investments and $183.6 million in interest and dividend income were partially offset by $8.6 million in realized losses. In 2024, SAIF recorded a net investment gain of $180.6 million. The increase of $222.1 million over prior year was primarily due to fair value changes. The change in fair value of investments recorded for 2025 was a positive $227.7 million compared to a negative $27.0 million for 2024. Interest and dividend income earned increased by $11.0 million during 2025 due to higher yields on bonds. Net realized investment loss was $8.6 million for 2025, compared to a net realized gain of $34.2 million for 2024. For 2025, net realized investment loss was $100.4 million on the sale of bonds as new purchases replaced bonds with lower yields. This was part of a rebalancing strategy to lock in higher interest rates for improved long-term investment income. The losses were largely offset by realized gains on stocks, which were $91.8 million for the year as we sold stocks to fund operations and the 2025 dividend. The stock portfolio stayed near its 10% allocation target due to significant gains in 2025.

Interest expense—This line includes interest expense related to building leases and SBITAs. This line remained steady over the prior year.

Significant Capital Asset and Long-Term Financing Activity

Capital assets—Nondepreciable capital assets which includes land and capital projects in process, increased $3.0 million over the prior year, due to the next generation portals project and the legal system replacement implementation project in progress. Lease assets net of accumulated depreciation of $16.9 million were included on the statement of net position as depreciable capital assets, due to GASB 87 and GASB 96 (see Notes 2 and 6). Lease assets consist primarily of building leases and subscription-based IT arrangements (SBITAs). Depreciable capital assets, net of depreciation decreased $4.2 million over the prior year as depreciation partially offset reclassifying software costs for projects placed in service during the year. Software development costs for the next generation portals project and legal system replacement project totaled $4.7 million, for the year ended December 31, 2025.

Currently Known Facts, Decisions, or Conditions

The May 2026 economic forecast from Oregon's state economist expects continued economic growth despite slowing population trends. However, the risk of economic volatility is increased as significant uncertainty remains with the conflict in Iran, federal trade policies, and for programs or agencies that rely on federal funding. Additionally, increased Oregon unemployment rate, inflation, geopolitical unrest, and interest rate fluctuations could have significant impacts on SAIF's financial position. The 3.3 percent pure premium rate reduction approved for 2026 may offset premium growth due to new sales, rate increases, and increased policyholder payrolls during 2026.

The 2026 capital budget of $25.7 million includes projects to extend our digital offerings, transform data and analytics capabilities, renovate facilities, and replace fleet vehicles. SAIF will continue to implement the results of the 2024 asset allocation study in partnership with the Oregon State Treasury.

SAIF CORPORATION

STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2025 AND 2024
(In thousands)

	2025	2024
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 29,222	$ 52,555
Investments	4,523,643	4,305,746
Securities lending cash collateral	160,989	135,641
Investment income receivable	43,353	36,914
Premiums receivable, net	346,481	319,944
Accrued retrospective premiums receivable	41,673	47,162
Accounts receivable	38,932	36,803
Total current assets	5,184,293	4,934,765
NONCURRENT ASSETS:		
Capital assets, nondepreciable	8,040	5,064
Capital assets, depreciable, net	126,811	130,975
Net other postemployment benefit (OPEB) asset (RHIA)	3,631	3,255
Net OPEB asset (RHIPA)	1,239	1,140
Total noncurrent assets	139,721	140,434
Total assets	$ 5,324,014	$ 5,075,199
DEFERRED OUTFLOWS OF RESOURCES		
Related to OPEB	$ 1,771	$ 2,263
Related to pensions	59,030	65,778
Total deferred outflows of resources	$ 60,801	$ 68,041
LIABILITIES		
CURRENT LIABILITIES:		
Reserve for losses and loss adjustment expenses	$ 371,132	$ 360,032
Unearned premiums	274,992	260,405
Accrued retrospective premiums payable	5,305	8,331
Commissions payable	19,138	19,352
Reinsurance payable	3,633	2,296
Accrued premium assessment payable	45,317	44,786
Premium deposits	14,103	16,389
Accounts payable	52,807	47,311
Obligations under securities lending	160,970	135,615
Pension related payable	832	893
Lease liabilities	6,521	4,227
Other liabilities	17,673	12,893
Total current liabilities	972,423	912,530
NONCURRENT LIABILITIES:		
Reserve for losses and loss adjustment expenses	2,255,156	2,267,839
Total OPEB liability (SAIF)	9,232	9,805
Pension related payable	890	1,978
Net pension liability	126,808	120,721
Lease liabilities	14,819	10,119
Compensated absences	13,695	13,040
Total noncurrent liabilities	2,420,600	2,423,502
Total liabilities	$ 3,393,023	$ 3,336,032
DEFERRED INFLOWS OF RESOURCES		
Related to OPEB	$ 1,783	$ 1,803
Related to pensions	18,510	21,814
Total deferred inflows of resources	$ 20,293	$ 23,617
NET POSITION		
Net investment in capital assets	$ 134,851	$ 136,039
Unrestricted	1,836,648	1,647,552
Total net position	$ 1,971,499	$ 1,783,591

See notes to financial statements.

SAIF CORPORATION

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In thousands)

	2025	2024
OPERATING REVENUES:		
Premiums earned, net	$ 590,684	$ 605,093
Other income	58,200	56,424
Total operating revenues	648,884	661,517
OPERATING EXPENSES:		
Net losses and loss adjustment expenses incurred	546,220	630,974
Policyholders' dividends	49,988	59,938
Underwriting expenses	246,198	239,971
Bad debt provision	2,483	2,729
Depreciation and amortization	18,040	18,872
Total operating expenses	862,929	952,484
OPERATING LOSS	(214,045)	(290,967)
OTHER NONOPERATING REVENUES (EXPENSES):		
Investment income	415,467	192,539
Investment expenses	(12,731)	(11,915)
Net investment income	402,736	180,624
Gain (loss) from the sale of capital assets	10	(3)
Interest expense	(793)	(752)
Total other nonoperating revenues (expenses)	401,953	179,869
INCREASE (DECREASE) IN NET POSITION	187,908	(111,098)
NET POSITION—Beginning of year	1,783,591	1,894,689
NET POSITION—End of year	$ 1,971,499	$ 1,783,591

See notes to financial statements.

SAIF CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In thousands)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Premiums collected, net of reinsurance	$ 580,249	$ 590,976
Loss and loss adjustment expenses paid	(547,803)	(513,628)
Underwriting expenses paid	(246,198)	(250,230)
Policyholder dividends paid	(49,988)	(59,938)
Other receipts	64,062	83,023
Net cash used in operating activities	(199,678)	(149,797)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(2,003,079)	(1,060,784)
Proceeds from sales and maturities of investments	2,007,249	1,040,195
Interest received on investments and cash balances	177,533	172,516
Interest received from securities lending	6,964	6,210
Interest paid for securities lending	(6,542)	(5,764)
Net cash provided by investing activities	182,125	152,373
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	(5,792)	(4,848)
Proceeds from disposition of capital assets	13	82
Net cash used in capital and related financing activities	(5,779)	(4,766)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(23,332)	(2,190)
CASH AND CASH EQUIVALENTS—Beginning of year	52,555	54,745
CASH AND CASH EQUIVALENTS—End of year	$ 29,222	$ 52,555

(Continued)

SAIF CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In thousands)

	2025	2024
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	$ (214,045)	$ (290,967)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	18,040	18,872
(Gain) on disposal of capital assets	(10)	(3)
Bad debt provision	2,483	2,730
Net changes in assets:		
Premiums receivable, net	(29,020)	16,568
Accrued retrospective premiums receivable	5,489	(20,700)
Accounts receivable	(2,129)	(346)
Other assets	95	124
Net OPEB asset (RHIA)	(375)	455
Net OPEB asset (RHIPA)	(99)	119
(Increase)/decrease in deferred outflows of resources:		
Related to OPEB	492	(155)
Related to pensions	6,748	(13,303)
Net changes in liabilities:		
Reserve for losses and loss adjustment expenses	(1,583)	117,346
Unearned premiums	14,588	(8,469)
Accrued retrospective premiums payable	(3,026)	(1,070)
Commissions payable	(214)	(809)
Reinsurance payable	1,338	(2,240)
Accrued premium assessment payable	531	(640)
Premium deposits	(2,287)	(935)
Accounts payable	5,108	169
Pension related payable	(1,149)	(1,483)
Compensated absences payable	1,552	1,992
Other liabilities	174	(29)
Total OPEB liability (SAIF)	(572)	498
Net pension liability	6,087	48,027
Lease liabillities	(4,570)	(4,321)
Increase/(decrease) in deferred inflows of resources:		
Related to OPEB	(20)	(821)
Related to pensions	(3,304)	(10,406)
Total adjustments	14,367	141,170
NET CASH USED IN OPERATING ACTIVITIES	$ (199,678)	$ (149,797)
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING ACTIVITIES: Investments acquired and sold through tax free and taxable exchange transactions	$ 39,425	$ 37,824

See notes to financial statements.

1. DESCRIPTION OF BUSINESS & REGULATORY ENVIRONMENT

SAIF Corporation (SAIF) is a public corporation created by an act of the Oregon Legislature. It traces its origins to 1914 when its predecessor organization commenced business.

SAIF is an insurance company authorized to write workers' compensation coverage in Oregon and is a servicing carrier for accounts in the assigned risk pool. SAIF also provides coverage governed by the Longshore and Harbor Workers' Compensation Act, Jones Act, and Federal Employers Liability Law. SAIF partners with Zurich Insurance Group Ltd. (Zurich) and Acrisure United States Insurance Services (USIS) to provide other states coverage. SAIF's Board of Directors is appointed by the governor of the State of Oregon and consists of Oregon business and community leaders not otherwise in the employ of SAIF. Certain members of SAIF's Board of Directors are SAIF policyholders or are employed by SAIF policyholders. The transactions between SAIF and these policyholders were within SAIF's standard terms and conditions.

SAIF writes business on a direct basis as well as through agents. Premiums written on a direct basis were 18.5 and 16.8 percent of standard premium during 2025 and 2024, respectively. SAIF issues workers' compensation insurance policies to individual Oregon employers including state agencies.

DCBS enforces workers' compensation laws under the Oregon Revised Statutes (ORS). Under the reporting requirements of the DCBS, Oregon Division of Financial Regulation (Insurance Division), SAIF is subject to Risk Based Capital (RBC) requirements of the National Association of Insurance Commissioners (NAIC), which establishes certain amounts of capital and surplus be maintained. SAIF's Company Action Level (CAL) RBC calculated minimum capital and surplus amount was $405.4 million and $427.5 million at December 31, 2025 and 2024, respectively. At December 31, 2025 and 2024, the statutory capital and surplus of SAIF exceeded the minimum RBC requirements. While SAIF is not subject to the minimum capital and surplus requirements set forth in ORS 731.554, SAIF uses various benchmarking and risk level techniques to monitor and maintain an adequate level of capital and surplus.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting—SAIF has prepared the accompanying financial statements in accordance with accounting principles generally accepted in the United States of America for governmental entities. As a discretely presented component unit of the State of Oregon, SAIF is subject to the pronouncements of the Governmental Accounting Standards Board (GASB). Under accounting principles generally accepted in the United States of America as applied to governmental entities, SAIF accounts for its activities as a special purpose government engaged solely in business-type activities. Accordingly, SAIF follows the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, regardless of when received, and expenses are recognized when incurred, regardless of when paid.

Investments—SAIF reports investments at fair value on the statements of net position and recognizes the corresponding change in the fair value of investments in the year in which the change occurs as investment income (loss). The fair value of debt and equity securities is determined using recognized pricing services or prices quoted by one or more independent brokers. Equity securities traded on a national exchange are valued at the last reported sales price. Debt securities are valued using evaluated bid prices at December 31, 2025 and 2024. Real estate investments are valued at net asset value (NAV).

Cash and cash equivalents—Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less. SAIF places its temporary cash investments with the Oregon Short-Term Fund (OSTF), an external cash and investment pool. SAIF's participation in this fund is involuntary. This fund is not registered with the Securities and Exchange Commission and is not rated. The OSTF is a cash and investment pool that operates as a demand deposit account. As a result, SAIF's investment is not impacted by changes in the market value of the OSTF. By statute, the OSTF may hold securities with maturities no greater than three years. Audited financial statements and monthly compliance summaries, which include information about the OSTF's maturity distribution and credit quality, may be obtained at the Oregon State Treasury's web site: https://www.oregon.gov/treasury/public-financial-services/oregon-short-term-funds/pages/default.aspx. As of December 31, 2025 and 2024, SAIF's balance in the OSTF was $16.8 million and $39.1 million, respectively.

Oregon's State Treasurer employs the services of two external investment managers to manage SAIF's fixed income portfolios. The cash balances of the fixed income managers are invested in money market funds with the objective of maximizing current income while maintaining a stable net asset value. The average maturity of the Institutional U.S. Government Money Market Fund as of December 31, 2025 and 2024, was 45 days and 40 days, respectively. The Institutional U.S. Government Money Market Fund had a credit quality rating of AAAm as of December 31, 2025 and 2024. At December 31, 2025 and 2024, SAIF's balance in the Institutional U.S. Government Money Market Fund was $8.5 million and $13.1 million, respectively. There were no Treasury bills held as of December 31, 2025 and 2024.

Concentrations of credit risk—Financial instruments, which potentially subject SAIF to concentrations of credit risk, consist principally of temporary cash investments and debt securities. SAIF places its investment securities with financial institutions approved by the State of Oregon and limits the amount of credit exposure to any one financial institution. Concentrations of credit risk with respect to investments in debt securities are limited due to the large number of such investments and their distribution among many different industries and geographic regions. SAIF maintains cash in bank deposit accounts which, at times, may exceed federally insured limits. Financial instruments potentially subjecting SAIF to concentrations of credit risk also consist primarily of bank demand deposits in excess of Federal Deposit Insurance Corporation (FDIC) insurance thresholds. If any of the financial institutions with whom SAIF does business were to be placed into receivership with the FDIC, SAIF may be unable to access the cash it has on deposit with such institutions. If SAIF was unable to access its cash and cash equivalents as needed, SAIF's financial position and ability to operate its business could be adversely affected. SAIF has not experienced any losses in such accounts, and management believes it is not exposed to any significant credit risk on these cash and cash equivalents.

Capital assets—Capital assets are stated at historical cost, less accumulated depreciation. Maintenance, repairs, and minor renovations are charged to expense as costs are incurred. Upon retirement or sale, any resulting gain or loss is recorded as other income.

Costs incurred to develop internal-use computer software and web sites during the application development stage are capitalized if they meet the $1.0 million threshold. Costs incurred during the preliminary project stage and post-implementation/operation stage are expensed as incurred.

Capital assets are capitalized and depreciated using the straight-line method over the estimated useful lives of the assets as follows:

	Capitalization Threshold	Useful Life
Buildings	All	15–50 years
Building Improvements	$500,000	15-20 years
Furniture, equipment, and automobiles	$25,000	3–7 years
Operating and nonoperating system software	$1,000,000	3-5 years

SAIF has several capital projects in progress or completed during the years ended December 31, 2025 and 2024. These include a registration and profile management system phase II, a digital payment project, final costs on a new claims system completed in 2024. A next generation portals project and the Parkway building renovations project were in progress in 2025. The table below shows the total costs incurred on these projects for the years ended December 31, 2025 and 2024.

The projects costs are displayed in the table below (dollars in thousands):

	2025		2024	
	Year-to-date	Life-to-date	Year-to-date	Life-to-date
Claims System	$ -	$ 38,889	$ 2,749	$ 38,889
RPM Phase II	$ -	$ 787	$ 67	$ 787
Digital Payment	$ -	$ 1,838	$ 866	$ 1,838
Next Generation Portals	$ 4,584	$ 4,584	$ -	$ -
Legal System Replacement	$ 71	$ 71	$ -	$ -
Building Renovations	$ 390	$ 390	$ -	$ -

Capital assets activity for the years ended December 31, 2025 and 2024, was as follows (dollars in thousands):

	2025			
	Beginning Balance	Increases	Decreases	Ending Balance
Land	$ 2,922	$ -	$ -	$ 2,922
Software in development	1,848	4,636	(1,838)	4,646
Capital assets not yet in service	-	730	(457)	273
Other nondepreciable assets	294	603	(698)	199
Total nondepreciable capital assets	5,064	5,969	(2,993)	8,040
Buildings and improvements	112,198	400	(283)	112,315
Furniture, equipment, and automobiles	10,101	1,725	(2,341)	9,485
Data processing software	85,507	1,838	(826)	86,519
Lease assets-buildings	9,410	189	-	9,599
SBITAs	15,711	10,875	-	26,586
Total depreciable capital assets	232,927	15,027	(3,450)	244,504
Total	237,991	20,996	(6,443)	252,544
Less accumulated depreciation for:				
Buildings and improvements	(31,519)	(3,264)	-	(34,783)
Furniture, equipment, and automobiles	(7,924)	(1,198)	2,253	(6,869)
Data processing software	(50,504)	(9,508)	826	(59,186)
Lease assets-buildings	(4,066)	(1,137)	-	(5,203)
SBITAs	(7,938)	(3,714)	-	(11,652)
Total accumulated depreciation	(101,951)	(18,821)	3,079	(117,693)
Capital assets, net	$ 136,040	$ 2,175	$ (3,364)	$ 134,851

	2024			
	Beginning Balance	Increases	Decreases	Ending Balance
Land	$ 2,922	$ -	$ -	$ 2,922
Software in development	37,842	3,700	(39,694)	1,848
Capital assets not yet in service	417	1,090	(1,213)	294
Total nondepreciable capital assets	41,181	4,790	(40,907)	5,064
Buildings and improvements	112,081	117	-	112,198
Lease assets-buildings	8,729	681	-	9,410
SBITAs	13,197	2,514	-	15,711
Furniture, equipment, and automobiles	9,930	1,032	(861)	10,101
Data processing software	45,812	39,694	-	85,506
Total depreciable capital assets	189,749	44,038	(861)	232,926
Total	230,930	48,828	(41,768)	237,990
Less accumulated depreciation for:				
Buildings and improvements	(28,271)	(3,248)	-	(31,519)
Lease assets-buildings	(3,615)	(1,184)	733	(4,066)
SBITAs	(4,410)	(3,538)	10	(7,938)
Furniture, equipment, and automobiles	(7,776)	(930)	782	(7,924)
Data processing software	(40,533)	(9,971)	-	(50,504)
Total accumulated depreciation	(84,605)	(18,871)	1,525	(101,951)
Capital assets, net	$ 146,325	$ 29,957	$ (40,243)	$ 136,039

SAIF had no capital assets classified as held for sale at December 31, 2025 and 2024.

Premiums—Premiums are based on individual employers' reported payroll using predetermined, DCBS-approved insurance rates based on employee risk classifications and are recognized as income on a pro rata basis over the coverage period, which is generally one year. Ceded premiums are recognized consistent with the underlying policies. The portion of premiums that will be earned in the future are deferred and reported as unearned premiums.

Policyholders' premiums due to SAIF are recorded as premiums receivable, net of the allowance for uncollectible accounts of $1.6 million and $1.5 million at December 31, 2025 and 2024, respectively. Premiums receivable consists of both billed amounts and unbilled amounts. Unbilled premiums receivable primarily represents premiums recorded as written at the policy inception date and not yet billed, as well as an estimate of the difference between amounts earned ratably on installment-billed policies and the amount billed on the policy. Unbilled premiums receivable also includes estimated billings on payroll reporting policies that were earned but not billed prior to year end. SAIF uses its historical experience to estimate earned but unbilled amounts, which are recorded as premiums receivable. These unbilled amounts are estimates, and while SAIF believes such amounts are reasonable, there can be no assurance the amounts ultimately received will equal the recorded unbilled amounts. The ultimate collectability of the unbilled premiums receivable can be affected by general changes in the economy and the regulatory environment due to the increased time required to determine the billable amount. SAIF considers these factors when estimating the premium receivable for unbilled premiums. Unbilled premiums receivable at December 31, 2025 and 2024, were $340.5 million and $313.4 million, respectively, including unearned premiums of $180.7 million and $171.6 million, respectively, and are included in premiums receivable, net.

Certain policyholders are required to remit deposits based on their credit worthiness. Deposits are generally in the form of cash and are recorded as policyholders' premium deposits. However, policyholders may pledge surety bonds and securities, as well as letters of credit, in lieu of cash deposits. Premium deposits at December 31, 2025 and 2024, were $14.1 million and $16.4 million, respectively.

In addition to its regular premium plans, SAIF offers employers retrospective premium rating plans under which premiums are adjusted annually for up to 10½ years following the plan year based on policyholders' loss experience. Adjustments to the original premiums are paid to or collected from the policyholders six months following the expiration of the policy and annually thereafter for up to 10½ years. The estimate of the net accrued premiums receivable for retrospective rating plans as of December 31, 2025 and 2024, is as follows (dollars in thousands):

	2025	**2024**
Accrued retrospective premiums receivable	$ 41,673	$ 47,162
Accrued retrospective premiums payable	(5,305)	(8,331)
Net	$ 36,368	$ 38,831

SAIF estimates accrued retrospective premiums receivable and payable by reviewing historical loss and premium development patterns at various stages of maturity and using these historical patterns to arrive at the best estimate of return and additional retrospective premiums on all open retrospectively rated policies. Premiums written on retrospective workers' compensation policies for 2025 and 2024 were $95.7 million and $79.0 million, respectively, or 15.9 percent and 13.3 percent of net premiums written, respectively.

Reserve for losses and loss adjustment expenses—The reserve for losses and loss adjustment expenses (LAE) is generally based on past experience. The liability includes provisions for reported claims and claims incurred but not reported.

Management believes the reserve for unpaid losses and LAE at December 31, 2025 and 2024, is a reasonable estimate of net future claim costs and expenses associated with administering claims. Annually, executive leaders review key actuarial assumptions used to estimate this liability and consider the significant uncertainty associated with these estimates in booking the reserve. Actual future claims costs and LAE depend on a number of factors, including, but not limited to, the duration of worker disability, claimant and beneficiary lifespans, medical cost trends, occupational disease exposure, inflation, and other societal, legislative, judicial, and economic factors. As a result, the process used to compute the ultimate cost of settling claims and expenses associated with administering claims is necessarily based on estimates. The amount ultimately paid may be higher or lower than these estimates. Adjustments resulting from changes in estimates of these liabilities are charged or credited to operations in the period in which they occur (see Note 4). Beginning with the 2023 financial statement, SAIF used the Appointed Actuary's models and analysis to inform SAIF's recorded liabilities for unpaid claims. When necessary, SAIF adjusted the Appointed Actuary's model assumptions to reflect SAIF's reserving philosophy. SAIF's reserving philosophy remains unchanged from the prior year.

Premium deficiency—Premium deficiency is based upon an estimate of the amount by which the sum of anticipated claims costs, claims adjustment expenses, and maintenance expenses exceeds expected premium income and earnings on investments. At December 31, 2025 and 2024, no reserve for premium deficiency was required to be recorded.

Policyholders' dividends**—**Substantially all of SAIF's business is written under various participating plans wherein a dividend may be returned to the policyholder. Dividends may be paid to the extent that a surplus is accumulated from premiums, investment gains, or loss reserve reductions. In 2025 and 2024, policyholder dividends of $50.0 million and $59.9 million, respectively, were incurred and paid to qualifying policyholders.

Taxes and assessments—The Oregon Department of Justice has determined that SAIF is exempt from federal and state income taxes, because it is an integral part of the State of Oregon and, alternatively, exempt under either or both Sections 501(c)(27)(B) and 115(1) of the Internal Revenue Code.

SAIF collects and remits levies on behalf of their policyholders to the Oregon Workers' Compensation Division of DCBS. Such assessments constitute an in-lieu-of-tax relative to premiums. Premium assessments were $55.6 million and $53.8 million for the years ended December 31, 2025 and 2024, respectively. Accrued premium assessment payable totaled $45.3 million and $44.8 million as of December 31, 2025 and 2024, respectively.

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

Deferred outflows of resources and deferred inflows of resources**—**Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

New accounting pronouncements—In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections—An Amendment of GASB Statement No. 62.* The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement also addresses corrections of errors in previously issued financial statements. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. This Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). SAIF implemented the requirements of this Statement as of December 31, 2024.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences.* The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee’s pay rate as of the date of the financial statements. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). SAIF implemented the requirements of this Statement as of December 31, 2024.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures.* The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. This Statement defines a *concentration* as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A *constraint* is a limitation imposed on a government by an external party or by formal action of the government’s highest level of decision-making authority. Concentrations and constraints may limit a government’s ability to acquire resources or control spending.

This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The disclosure should include descriptions of the following:

- The concentration or constraint
- Each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements
- Actions taken by the government prior to the issuance of the financial statements to mitigate the risk.

The requirements of this Statement are effective for SAIF's 2025 financial statements. There was no immediate impact to the financial statements as a result of the implementation.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements.* The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. This Statement continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A), which is presented as required supplementary information (RSI). MD&A provides an objective and easily readable analysis of the government's financial activities based on currently known facts, decisions, or conditions and presents comparisons between the current year and the prior year. This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. This Statement emphasizes that the analysis provided in MD&A should avoid unnecessary duplication by not repeating explanations that may be relevant to multiple sections and that "boilerplate" discussions should be avoided by presenting only the most relevant information, focused on the primary government. In addition, this Statement continues the requirement that information included in MD&A distinguish between that of the primary government and its discretely presented component units.

This Statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. Furthermore, governments are required to display the inflows and outflows related to each unusual or infrequent item separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows. This Statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses are defined as revenues and expenses other than nonoperating revenues and expenses. Nonoperating revenues and expenses are defined as (1) subsidies received and provided, (2) contributions to permanent and term endowments, (3) revenues and expenses related to financing, (4) resources from the disposal of capital assets and inventory, and (5) investment income and expenses.

In addition to the subtotals currently required in a proprietary fund statement of revenues, expenses, and changes in fund net position, this Statement requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses. Subsidies are defined as (1) resources received from another party or fund (a) for which the proprietary fund does not provide goods and services to the other party or fund and (b) that directly or indirectly keep the proprietary fund's current or future fees and charges lower than they would be otherwise, (2) resources provided to another party or fund (a) for which the other party or fund does not provide goods and services to the proprietary fund and (b) that are recoverable through the proprietary fund's current or future pricing policies, and (3) all other transfers.

This Statement requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements. If the readability of those statements would be reduced, combining statements of major component units should be presented after the fund financial statements. This Statement requires governments to present budgetary comparison information using a single method of communication—RSI. Governments also are required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI. SAIF implemented the requirements of this Statement as of December 31, 2025. SAIF updated the presentation of the statement of revenues, expenses, and changes in fund net position to distinguish between operating and nonoperating revenues and expenses.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets.* State and local governments are required to provide detailed information about capital assets in notes to financial statements. Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, requires certain information regarding capital assets to be presented by major class. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets.

This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. The requirements of this Statement are effective for SAIF's 2026 financial statements. SAIF adopted the requirements of this Statement as of December 31, 2025.

In December 2025, the GASB issued Statement No. 105, *Subsequent Events.* The primary objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users.

This Statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. This Statement describes the date the financial statements are available to be issued as the date at which (1) the financial statements are complete in a form and format that complies with generally accepted accounting principles and (2) approvals necessary for issuance have been obtained. That definition modifies the subsequent events time frame throughout the GASB literature. This Statement also requires the date through which subsequent events have been evaluated to be disclosed.

This Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. The requirements of this Statement are effective for SAIF's 2027 financial statements. SAIF is currently evaluating the impact of this Statement on the financial statements.

Reclassifications—Certain reclassifications have been made to prior year amounts in order to conform with current year presentation.

3. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash and cash equivalents—SAIF's cash is held in demand accounts with the State Treasurer, State Street Bank and Trust Company, and U.S. Bank. The cash held by the State Treasurer is invested in the OSTF, a cash and investment pool that is available for use by all state funds and eligible local governments. Cash equivalents held by State Street Bank and Trust Company consist of $8.5 million in the Institutional U.S. Government Money Market fund as of December 31, 2025. There were no Treasury bills held as of December 31, 2025, or 2024. The Institutional U.S. Government Money Market Fund and the Short-Term Investment Fund are reported at amortized cost, which approximates fair value. SAIF's cash and cash equivalents totaled $29.2 million and $52.6 million as of December 31, 2025 and 2024, respectively, and are composed of the following (dollars in thousands):

Cash balances	**2025**	**2024**
Oregon Short-Term Fund	$ 16,767	$ 39,130
State Street Bank and Trust Company	1,233	158
U.S. Bank	2,695	186
	20,695	39,474
Cash equivalents		
State Street Bank (Treasury bills)	-	-
State Street Bank (Institutional U.S. Government money market fund)	8,527	13,081
	8,527	13,081
Total cash and cash equivalents	$ 29,222	$ 52,555

Custodial credit risk for cash and cash equivalents (deposits)—Custodial credit risk for deposits is the risk that in the event of a bank failure, SAIF will not be able to recover the value of its deposits or collateral securities that are in possession of an outside party. State Treasury demand deposit accounts and investments of the OSTF held in state banks are insured up to the Federal Deposit Insurance Corporation (FDIC) amount of $250 thousand. Where balances exceed the FDIC amount, the balances are covered by collateral held in a multiple financial institution collateral pool administered by the Oregon State Treasury in the Public Funds Collateralization Program. As of December 31, 2025, the cash held by both State Street Bank and Trust Company (State Street) and U.S. Bank is in noninterest bearing accounts, is FDIC insured up to $250 thousand, and is uninsured for any balances exceeding that amount.

Investments—SAIF's investment policies are governed by statute and the Oregon Investment Council (Council). The State Treasurer (Treasurer) is the investment officer for the Council and is responsible for the funds on deposit in the State Treasury. In accordance with ORS 293.726, the investment funds are required to be invested, and the investments of those funds managed, as a prudent investor would do, exercising reasonable care, skill, and caution. While the Treasurer is authorized to use demand deposit accounts and fixed income investments, equity investment transactions must be directed by external investment managers that are under contract with the Council. Equity investments are limited to not more than 50 percent of the monies contributed to the Industrial Accident Fund (SAIF Corporation). However, SAIF's adopted investment policy as approved by the Council limits equity holdings to a range of 7 percent to 13 percent of the market value of invested assets with a target allocation of 10 percent.

Effective October 23, 2024, Council approved a revised asset allocation policy for SAIF Corporation. The allocation reaffirms a 5 percent target allocation to real estate in the form of private or publicly traded funds, allows for a 5 percent allocation to private credit through senior secured direct lending, and increased the target allocation to fixed income holdings from 77 percent to 80 percent. The target allocation to global equities is unchanged at 10 percent.

Bond, mortgage-backed, asset-backed, and equity security transactions are recorded on a trade-date basis, generally three business days prior to the settlement date. However, the number of days between trade and settlement dates for certain securities can be up to 30 days or longer, depending on the security. Due from brokers for security sales at December 31, 2025 and 2024 were none. Due to brokers for security purchases at December 31, 2025 and 2024, were $3.8 million and $44 thousand, respectively.

Interest rate risk—Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. SAIF's policy for fixed income investments provides that a duration target be used to manage interest rate risk. The policy calls for the portfolio duration to be within 20 percent of the benchmark duration. The benchmark duration as of December 31, 2025, was 6.15 years, with an acceptable range of 4.92 to 7.38 years. As of that date, the fixed income portfolio's duration was 6.33 years.

The following 2025 maturity distribution schedule includes $1.2 billion in interest-rate sensitive securities. As of December 31, 2025, SAIF held $437.3 million of U.S. federal agency mortgage-backed securities and $228.2 million of collateralized mortgage obligations (CMOs). These securities are based on cash flows from principal and interest payments on underlying mortgages. Therefore, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates. As of December 31, 2025, SAIF held $522.0 million of asset-backed securities which consisted primarily of collateralized loan obligations (CLOs), equipment loan and lease receivables, automobile and student loans, and other mortgage loans. The value of these securities can be volatile as interest rates fluctuate. Additional risk inherent with these securities is the unpredictability of default on loans that are the collateral for the debt.

The following schedule represents the fixed income investments by maturity date as of December 31, 2025 and 2024, using the segmented time distribution method. Expected maturities will differ from contractual maturities, because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties (dollars in thousands):

2025	Less Than 1 Year	1–5 Years	6–10 Years	More Than 10 Years	Fair Value
Bonds:					
U.S. Treasury obligations	$ 52,635	$ 51,497	$ 6,518	$ 236,974	$ 347,624
U.S. federal agency mortgage securities	40,034	130,452	114,023	152,747	437,256
U.S. federal agency debt	-	-	-	1,414	1,414
Corporate bonds	5,774	320,246	755,951	710,130	1,792,101
Municipal bonds	-	-	9,349	21,433	30,782
Collateralized mortgage obligations	50,064	96,495	43,614	38,010	228,183
Asset-backed securities	32,628	193,027	288,058	8,254	521,967
International debt securities	1,795	101,414	202,114	99,169	404,492
Total bonds	$ 182,930	$ 893,131	$ 1,419,627	$ 1,268,131	$ 3,763,819
Equity securities:					
BlackRock MSCI ACWI IMI index fund					511,230
Total equity securities					511,230
Real estate open ended funds:					
Morgan Stanley Prime Property Fund LLC					132,790
DWS RREEF America II LP					115,804
Total real estate					248,594
Total investments					$ 4,523,643

2024	Less Than 1 Year	1–5 Years	6–10 Years	More Than 10 Years	Fair Value
Bonds:					
U.S. Treasury obligations	$ -	$ 68,562	$ 48,872	$ 178,021	$ 295,455
U.S. federal agency mortgage securities	39,691	131,636	118,400	182,970	472,697
U.S. federal agency debt	-	-	-	1,362	1,362
Corporate bonds	44,617	443,702	617,199	653,409	1,758,927
Municipal bonds	5,291	-	8,803	17,910	32,004
Collateralized mortgage obligations	77,697	98,978	73,664	31,945	282,284
Asset-backed securities	40,704	191,512	69,181	15,907	317,304
International debt securities	11,868	134,785	147,978	77,227	371,858
Total bonds	$ 219,868	$ 1,069,175	$ 1,084,097	$ 1,158,751	$ 3,531,891
Equity securities:					
BlackRock MSCI ACWI IMI index fund					524,180
Total equity securities					524,180
Real estate open ended funds:					
Morgan Stanley Prime Property Fund LLC					134,794
DWS RREEF America II LP					114,881
Total real estate					249,675
Total investments					$ 4,305,746

Credit risk—Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. SAIF's credit risk policy is to maintain a well-diversified investment portfolio. Fixed income holdings shall be the largest component of the portfolio. The policy seeks to maintain an overall fixed income portfolio quality of at least "A" or higher. The majority of SAIF's debt securities as of December 31, 2025 and 2024, were rated by Moody's and Standard & Poor's, which are credit rating providers. The following schedule represents the ratings of debt securities by investment type as of December 31, 2025 and 2024, using either Moody's or Standard & Poor's rating scale (dollars in thousands):

2025

	Quality Ratings											
	AAA	**AA**	**A**	**BBB**	**BB**	**B**	**CCC**	**CC**	**C**	**D**	**Unrated**	**Fair Value**
Bonds:												
U.S. Treasury obligations	$ -	$ 347,624	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 347,624
U.S. federal agency mortgage securities	-	437,256	-	-	-	-	-	-	-	-	-	437,256
U.S. federal agency debt	-	1,414	-	-	-	-	-	-	-	-	-	1,414
Corporate bonds	25,512	129,575	623,071	850,954	150,351	5,057	-	-	-	-	7,581	1,792,101
Municipal bonds	1,750	16,467	6,440	-	6,125	-	-	-	-	-	-	30,782
Collateralized mortgage obligations	75,141	97,737	31,282	14,721	4,166	3,710	-	-	-	-	1,426	228,183
Asset-backed securities	113,707	252,314	114,774	37,583	3,589	-	-	-	-	-	-	521,967
International debt securities	-	2,963	147,842	200,454	44,543	8,690	-	-	-	-	-	404,492
Total bonds	$ 216,110	$ 1,285,350	$ 923,409	$ 1,103,712	$ 208,774	$ 17,457	$ -	$ -	$ -	$ -	$ 9,007	$ 3,763,819

2024

	Quality Ratings											
	AAA	**AA**	**A**	**BBB**	**BB**	**B**	**CCC**	**CC**	**C**	**D**	**Unrated**	**Fair Value**
Bonds:												
U.S. Treasury obligations	$ -	$ 295,455	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 295,455
U.S. federal agency mortgage securities	-	472,697	-	-	-	-	-	-	-	-	-	472,697
U.S. federal agency debt	-	1,362	-	-	-	-	-	-	-	-	-	1,362
Corporate bonds	18,606	103,919	594,401	909,299	121,640	7,299	3,413	-	-	-	350	1,758,927
Municipal bonds	1,765	16,821	6,390	-	7,028	-	-	-	-	-	-	32,004
Collateralized mortgage obligations	35,008	190,020	28,967	14,201	10,459	3,629	-	-	-	-	-	282,284
Asset-backed securities	90,903	132,219	64,113	21,726	1,424	-	-	-	-	-	6,919	317,304
International debt securities	-	2,096	143,944	189,441	30,245	5,574	558	-	-	-	-	371,858
Total bonds	$ 146,282	$ 1,214,589	$ 837,815	$ 1,134,667	$ 170,796	$ 16,502	$ 3,971	$ -	$ -	$ -	$ 7,269	$ 3,531,891

Concentration of credit risk—Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. SAIF's investment policy places limitations on the amount that may be invested in any one issuer. The following specific limitations reflect, in part, the Oregon Investment Council's current investment philosophy regarding diversification.

- No fixed income investment in any one issue shall be in excess of 5 percent of the outstanding fixed income obligations of the issuer.

- Issuer level restrictions shall not apply to U.S. government and agency obligations, including agency-backed mortgages (no limit) and private mortgage-backed and asset-backed securities, which shall be limited to 10 percent per issuer.

- Obligations of other national governments are limited to 10 percent per issuer.

As of December 31, 2025 and 2024, SAIF did not have a concentration of credit risk in any one issuer that exceeded the policy outlined above.

Fair value measurement—Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based upon the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

Level 1 – Quoted prices in active markets for identical assets and liabilities: This category, for items measured at fair value on a recurring basis, includes hybrid securities and exchange-traded common stocks. The estimated fair value of the equity securities within this category are based on quoted prices in active markets and are thus classified as Level 1.

Level 2 – Significant other observable inputs: This category, for items measured at fair value on a recurring basis, includes bonds and common stocks which are not exchange-traded. The estimated fair values of some of these items were determined by independent pricing services using observable inputs. Others were based on quotes from markets which were not considered actively traded.

Level 3 – Significant unobservable inputs: This category, for items measured at fair value where there is no independent pricing source available, includes bonds, common stocks, and other invested assets. The estimated fair values of these items were determined by SAIF's investment managers' own assumptions using unobservable inputs.

Bonds categorized as Level 2 were valued using a market approach. These valuations were determined to be Level 2 valuations as quoted market prices for similar instruments in an active market were utilized. This was accomplished by the use of matrix pricing. Matrix pricing takes quoted prices of bonds with similar features and applies analytic methods to determine the fair value of bonds held. Features that are inputs into the analysis include duration, credit quality, tax status, and call and sinking fund features.

Common stocks categorized as Level 2 were valued using a market approach. These valuations were determined to be Level 2 valuations because quoted market prices for identical instruments trading in an inactive market were utilized. When an equity instrument is illiquid due to limited trading activity, the use of quoted market prices for identical instruments was determined by SAIF to be the most reliable method to determine fair value.

SAIF's real estate portfolio includes initial investments of $120.0 million in the Morgan Stanley Prime Property Fund, LLC and $120.0 million in the DWS RREEF America REIT II LP fund. Both funds are open-ended real estate funds that permit quarterly redemption of shares, subject to certain requirements being met. The funds are valued using net asset value (NAV). The funds are expected to be held for the long term and generate a cash flow that will represent a significant component of the total return.

The following schedule represents the fair value measurement of SAIF's debt securities by investment type, equity securities, and real estate funds as of December 31, 2025 and 2024 (dollars in thousands):

2025	Level 1	Level 2	Level 3	Net Asset Value (NAV)	Total
Bonds:					
U.S. Treasury obligations	$ -	$ 347,624	$ -	$ -	$ 347,624
U.S. federal agency mortgage securities	-	437,256	-	-	437,256
U.S. federal agency debt	-	1,414	-	-	1,414
Corporate bonds	2,265	1,788,913	-	-	1,791,178
Municipal bonds	-	30,782	-	-	30,782
Collateralized mortgage obligations	-	228,183	-	-	228,183
Asset-backed securities	-	521,967	-	-	521,967
International debt securities	-	404,492	-	-	404,492
Total bonds	2,265	3,760,631	-	-	3,762,896
Equity securities:					
BlackRock MSCI ACWI IMI index fund	-	511,230	-	-	511,230
Total equity securities	-	511,230	-	-	511,230
Real estate open ended funds:					
Morgan Stanley Prime Property Fund LLC	-	-	-	132,790	132,790
DWS RREEF America II LP	-	-	-	115,804	115,804
Total real estate funds	-	-	-	248,594	248,594
Total investments by fair value level	$ 2,265	$ 4,271,861	$ -	$ 248,594	$ 4,522,720
Other investments:					
*Nonnegotiable certificates of deposit					923
Total investments					$ 4,523,643

*Nonnegotiable certificates of deposit are exempt from fair value reporting under GASB 72.

2024	Level 1	Level 2	Level 3	Net Asset Value (NAV)	Total
Bonds:					
U.S. Treasury obligations	$ -	$ 295,455	$ -	$ -	$ 295,455
U.S. federal agency mortgage securities	-	472,697	-	-	472,697
U.S. federal agency debt	-	1,362	-	-	1,362
Corporate bonds	2,248	1,756,329	-	-	1,758,577
Municipal bonds	-	32,004	-	-	32,004
Collateralized mortgage obligations	-	282,284	-	-	282,284
Asset-backed securities	-	317,304	-	-	317,304
International debt securities	-	371,858	-	-	371,858
Total bonds	2,248	3,529,293	-	-	3,531,541
Equity securities:					
BlackRock MSCI ACWI IMI index fund	-	524,180	-	-	524,180
Total equity securities	-	524,180	-	-	524,180
Real estate open ended funds:					
Morgan Stanley Prime Property Fund LLC	-	-	-	134,794	134,794
DWS RREEF America II LP	-	-	-	114,881	114,881
Total real estate fund	-	-	-	249,675	249,675
Total investments by fair value level	$ 2,248	$ 4,053,473	$ -	$ 249,675	$ 4,305,396
Other investments:					
*Nonnegotiable certificates of deposit					350
Total investments					$ 4,305,746

*Nonnegotiable certificates of deposit are exempt from fair value reporting under GASB 72.

Securities on deposit—U.S. Treasury obligations with a fair value of $8.4 million were on deposit with the Federal Reserve as required by the U.S. Department of Labor under the Longshore and Harbor Workers' Compensation Act as of December 31, 2025 and 2024, respectively. Certificates of deposit with a fair value of $923 thousand and $350 thousand were on deposit at U.S. Bank as required by DCBS at December 31, 2025 and 2024, respectively. U.S. Treasury obligations with a fair value of $64.6 million and $52.1 million were on deposit with Wilmington Trust for loss payments with Zurich, a reinsurer for other states coverage, as of December 31, 2025 and 2024, respectively.

Securities lending—In accordance with state investment policies, SAIF participates in securities lending transactions. The Oregon State Treasury has, through a Securities Lending Agreement, authorized State Street to lend SAIF's securities to broker-dealers and banks pursuant to a form of loan agreement. Both SAIF and the borrowers maintain the right to terminate all securities lending transactions on demand. There have been no significant violations of the provisions of securities lending agreements.

During 2025 and 2024, State Street loaned SAIF's fixed income securities and received cash and noncash collateral denominated in U.S. dollars. Borrowers were required to deliver collateral for each loan equal to at least 102 percent of the fair value of the loaned security. SAIF did not impose any restrictions on the amount of the loans State Street made on its behalf. Securities received as collateral may not be sold or pledged by SAIF, except in the event of borrower default. SAIF was fully indemnified by State Street against losses due to borrower default, and there were no losses during the year from the failure of borrowers to return loaned securities.

Cash collateral received for securities loaned is invested in the State Street Bank and Trust Company Oregon Short-Term Investment Fund (the Fund), an "external investment pool" for purposes of GASB Statement No. 31. SAIF's participation in the Fund is voluntary. The fair value of investments held by the Fund is based upon valuations provided by a recognized pricing service. The fair value of SAIF's reinvested cash collateral is determined using the NAV (net asset value) per share of the Fund. The Fund is not registered with the Securities and Exchange Commission, but the custodial agent is subject to the oversight of the Federal Reserve Board and the Massachusetts Commissioner of Banks. No income from the Fund was assigned to another fund by the custodial agent during 2025 and 2024. At December 31, 2025 and 2024, the Fund had an average life-final maturity of 104 days and 64 days, respectively.

The cash collateral held at December 31, 2025 and 2024, was $161.0 million and $135.6 million, respectively. SAIF held $119.9 million and $16.1 million in securities received as collateral at December 31, 2025 and 2024, respectively. At December 31, 2025 and 2024, the fair value, including accrued investment income related to the securities on loan, was $273.8 million and $148.3 million, respectively. For 2025 and 2024, securities lending income was $7.0 million and $6.2 million and securities lending expense was $6.5 million and $5.8 million, respectively.

4. RESERVE FOR LOSSES AND LOSS ADJUSTMENT EXPENSES

SAIF has established a reserve for both reported and unreported insured events, which includes estimates of future payments of losses and related LAE. In estimating the reserve for losses and LAE, SAIF considers prior experience, industry information, currently recognized trends affecting data specific to SAIF, and other factors relating to workers' compensation insurance underwritten by SAIF. Beginning with the 2023 financial statement, SAIF used the Appointed Actuary's models and analysis to inform SAIF's recorded liabilities for unpaid claims. When necessary, SAIF adjusted the Appointed Actuary's model assumptions to reflect SAIF's reserving philosophy.

The following table provides a reconciliation of the beginning and ending reserve for losses and LAE at December 31, 2025 and 2024 (dollars in thousands):

	2025	2024
Gross reserve for losses and loss adjustment expenses—beginning of year	$ 2,696,025	$ 2,582,633
Less reinsurance recoverable—beginning of year	(68,154)	(72,108)
Net reserve for losses and loss adjustment expenses—beginning of year	2,627,871	2,510,525
Incurred losses and loss adjustment expenses:		
Provision for insured events of the current year	664,711	647,822
Provision for insured events of prior years	(118,491)	(16,848)
Total incurred losses	546,220	630,974
Loss and loss adjustment expense payments attributable to:		
Insured events of the current year	223,535	195,845
Insured events of prior years	324,268	317,783
Total payments	547,803	513,628
Net reserve for losses and loss adjustment expenses—end of year	2,626,288	2,627,871
Plus reinsurance recoverable—end of year	57,134	68,154
Gross reserve for losses and loss adjustment expenses—end of year	$ 2,683,422	$ 2,696,025

The net reserve for losses and LAE decreased $1.6 million in 2025, which was net of favorable loss development of $118.5 million. Loss reserves decreased $11.8 million as compared to the prior year. This was driven by establishing reserves for the 2025 accident year, offset by payments made on previously incurred claims, and favorable development in prior accident years. In 2024 favorable medical claim development slowed due to increasing average medical payment per claim. Subsequently, there was less total favorable reserve development. However, in 2025, the favorable loss development was driven by favorable outcomes across all segments of the portfolio. The decrease in claim frequency continues to contribute to this positive trend, although it has been partially offset by rising medical costs.

- Projected ultimate claims costs reduced primarily due to lower than expected frequency on disabling and non-disabling claims.
- Rising costs of medical services and an uptick in utilization are driving medical escalation adding pressure to claims costs.

LAE reserves increased $10.2 million in 2025. This was driven by newly established reserves for the 2025 accident year, partially offset by paid LAE associated with previously incurred claims and favorable development in prior accident years. The favorable development in unpaid LAE for prior accident years was largely attributable to a decrease in claims frequency.

The net reserve for losses and LAE increased $117.3 million in 2024, which was net of favorable loss development of $16.8 million. Loss reserves increased $78.3 million as compared to the prior year. This was driven by establishing reserves for the 2024 accident year, offset by payments made on previously incurred claims, and favorable development in prior accident years. In past years, favorable development was strongly driven by medical claims. However, in 2024 favorable medical claim development slowed due to increasing average medical payment per claim. Subsequently, there was less total favorable reserve development.

- Projected ultimate claims costs reduced primarily due to lower than expected frequency on disabling and non-disabling claims.
- Rising costs of medical services is driving medical escalation adding pressure to claims costs. These impacts are partially offset by decreased utilization.

LAE reserves increased $39.0 million in 2024. This was driven by newly established reserves for the 2024 accident year, partially offset by paid LAE associated with previously incurred claims and unfavorable development in prior accident years. The unfavorable development in unpaid LAE for prior accident years was largely attributable to rising operating expenses.

SAIF discounts the indemnity case reserves for workers' compensation claims on a tabular basis using the 2007 United States Life Tables, the 1997 United States of America Railroad Retirement Board Remarriage Table, and a discount rate of 3.5 percent. For federal claims, SAIF uses the 1999 United States Life Tables and a discount rate of 3.5 percent. SAIF does not discount any incurred but not reported (IBNR) reserves, any medical reserves, or any LAE reserves, except for assumed IBNR reserves reported by the National Workers Compensation Reinsurance Pool. Net reserves subject to tabular discounting were $212.1 million and $209.6 million for 2025 and 2024, respectively. The discounts were $111.8 million and $109.1 million as of December 31, 2025 and 2024, respectively.

Anticipated salvage and subrogation of $62.7 million and $59.8 million was included as a reduction of the reserve for losses and LAE at December 31, 2025 and 2024, respectively.

SAIF's exposure to asbestos claims arose from the sale of workers' compensation policies. Reserves of $12.8 million and $13.9 million for losses and LAE are related to asbestos claims as of December 31, 2025 and 2024, respectively. Amounts paid for asbestos-related claims were $693 thousand and $409 thousand for the years ended December 31, 2025 and 2024, respectively.

5. REINSURANCE

In the ordinary course of business, SAIF cedes premiums for purposes of risk diversification and limiting maximum loss exposure from catastrophic events through contractual agreements with reinsurers. If such assuming reinsurers are unable to meet the obligations assumed under these reinsurance agreements, SAIF would be liable to pay the obligation. To minimize its exposure to significant losses from reinsurer insolvencies, SAIF evaluates the financial condition of its reinsurers and monitors concentration of credit risk.

SAIF maintains reinsurance protection which provides $160 million of coverage per occurrence in excess of a $35 million retention, with a $15 million limit on any one life. The Terrorism Risk Insurance Act provides coverage for certified domestic and foreign terrorist events that are nuclear, biological, chemical, or radiological in nature, which are excluded from the reinsurance contract. During 2025, SAIF had reinsurance protection for 80 percent of losses in excess of 20 percent of 2024 direct earned premium for acts of foreign and domestic terrorism through the Terrorism Risk Insurance Program Reauthorization Act.

The following amounts have been deducted in the accompanying financial statements as a result of reinsurance ceded, excluding balances ceded to the Oregon Workers' Compensation Insurance Plan, for 2025 and 2024 (dollars in thousands):

	2025	2024
Reserve for losses and loss adjustment expenses	$ 12,764	$ 18,003
Premiums earned	2,206	2,203
Losses and loss adjustment expenses incurred	(5,073)	(4,276)

Of the $12.8 million and $18.0 million recoverable, SAIF had a reinsurance recoverable from an individual reinsurer of $6.1 million and $10.0 million, respectively, as of December 31, 2025 and 2024. SAIF did not commute ceded reinsurance in 2025 and 2024.

SAIF partners with Zurich and USIS to provide other states coverage. Zurich issues policies covering the non-Oregon operation of SAIF's customers and manages claims arising from those policies. SAIF reinsures those policies in full. USIS, a broker licensed in all fifty states, provides marketing and administrative services.

The following amounts are included in the accompanying financial statements as a result of participation in other states coverage in 2025 and 2024 (dollars in thousands):

Other States Coverage	**2025**	**2024**
Assumed:		
Reserve for losses and loss adjustment expenses	$ 47,751	$ 47,236
Unearned premiums	9,677	9,712
Premiums written	20,424	25,170
Premiums earned	20,458	25,022
Losses and loss adjustment expenses incurred	15,279	17,923
Commission expense	3,511	3,933

SAIF is authorized to write business on behalf of the Oregon Workers' Compensation Insurance Plan (the Plan), administered by the National Council on Compensation Insurance through the National Workers' Compensation Reinsurance Pool (NWCRP). The Plan provides a guaranteed source of workers' compensation insurance for employers unable to obtain coverage because of unstable financial conditions, poor loss experience, or the inherently dangerous nature of the work. SAIF cedes such business to the Plan. In addition, SAIF is required to assume its share of premiums and losses from the Plan based on SAIF's voluntary market share.

The following amounts are included in the accompanying financial statements as a result of participation in the Plan in 2025 and 2024 (dollars in thousands):

NWCRP	**2025**	**2024**
Assumed:		
Reserve for losses and loss adjustment expenses	$ 79,343	$ 85,665
Unearned premiums	3,573	3,653
Premiums written	12,306	13,484
Premiums earned	12,386	13,980
Losses and loss adjustment expenses incurred	445	1,982
Commission expense	3,282	4,059
Ceded:		
Reserve for losses and loss adjustment expenses	$ 44,370	$ 50,152
Unearned premiums	3,180	3,436
Premiums written	6,840	8,157
Premiums earned	7,096	8,596
Losses and loss adjustment expenses incurred	(1,783)	5,834
Commission expense	1,354	2,205

6. LEASE COMMITMENTS AND SUBSCRIPTION BASED TECHNOLOGY AGREEMENTS

SAIF is a lessee for various noncancelable leases of buildings in multiple locations and subscription IT arrangements that expire during various years through 2031. For leases and subscriptions with a maximum possible term of 12 months or less at commencement, SAIF recognizes expense based on the provisions of the lease contract and SBITA. SAIF considers lease contracts with an initial lease asset value of $250,000 or less to be immaterial, SBITAs with an initial lease asset value of $1 million or less to be immaterial and therefore excludes them as a capital lease from the financial statements.

SAIF uses an estimated incremental borrowing rate of 4.5 percent as the discount rate for leases/SBITAs unless the rate that the lessor charges is known. The current incremental borrowing rate was determined to represent the approximate cost of capital for SAIF. SAIF monitors changes in circumstances that may require remeasurement of a lease/SBITA. When certain changes occur that are expected to significantly affect the amount of the lease/SBITA liability, the liability is remeasured, and a corresponding adjustment is made to the lease/SBITA asset, respectively.

In accordance with GASB Statement No. 87, at lease commencement, SAIF initially measures the lease liability as the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the lease asset is amortized into depreciation expense on a straight-line basis over the lease term. SAIF had lessor building agreements with tenants in 2025 that did not qualify for capitalization treatment under GASB 87.

In accordance with GASB Statement No. 96, at subscription commencement, SAIF initially measures the subscription liability as the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of lease payments made. The subscription IT asset is initially measured as the initial amount of the subscription liability, less any vendor incentives received at or before the subscription commencement date. Subsequently, the subscription IT asset is amortized into depreciation expense on a straight-line basis over the subscription term.

SAIF's future annual lease payments for buildings as of December 31, 2025, are as follows (dollars in thousands):

Years ending December 31,	Principal	Interest	Total Payment
2026	$ 1,164	$ 208	$ 1,372
2027	1,288	153	1,441
2028	1,391	93	1,484
2029	1,110	30	1,140
2030	192	3	195
Total	$ 5,145	$ 487	$ 5,632

SAIF's future annual lease payments for subscriptions as of December 31, 2025, are as follows (dollars in thousands):

Years ending December 31,	Principal	Interest	Total Payment
2026	$ 5,357	$ 563	$ 5,920
2027	4,706	399	5,106
2028	2,852	248	3,100
2029	1,606	154	1,760
2030 - 2031	1,674	86	1,760
Total	$ 16,195	$ 1,450	$ 17,646

7. RISK MANAGEMENT

The State of Oregon administers property and casualty insurance programs covering state government agencies through its Insurance Fund, an internal service fund. The Insurance Fund, established by ORS 278.425, is used to provide both self-insurance and commercial insurance coverage for State of Oregon agencies. The Insurance Fund services claims for: direct physical loss or damage to state property; tort liability claims brought against the state, its officers, employees, or agents; and employees, elected officials, and members of commissions and boards for faithful performance. The Insurance Fund is backed by a commercial excess property policy with limits of $425 million and a blanket commercial excess bond with limits of $4.7 million.

SAIF participates in the Insurance Fund. The cost of servicing insurance claims and payments is covered by charging an assessment to each participating state entity based on its share of services provided in a prior period. The total statewide assessment of each type of coverage is based on independent biennial actuarial forecasts and administrative expenses, less any available fund balance of the Insurance Fund from the prior biennium. In addition, SAIF can elect to purchase additional coverage through the fund. SAIF's assessment was $0.7 million for the year ended December 31, 2025 and $0.4 million at December 31, 2024.

SAIF is self-insured for workers' compensation insurance. SAIF's employees do not participate in the State of Oregon's health insurance plans. SAIF is also self-funded for one health and one dental insurance option offered to its employees.

8. CONTINGENCIES

SAIF has entered into structured settlements wherein SAIF has purchased annuities for which the claimant is payee, but for which SAIF is contingently liable. The amount of the contingent liability is the amount of the liability due to the various claimants that has been offset by the purchase of the annuity. Contingent liabilities arising from these settlements were $1.4 million and $1.5 million at December 31, 2025 and 2024, respectively.

During the normal course of business, SAIF becomes involved in litigation arising out of matters incident to the conduct of its insurance operations. SAIF is represented in these actions by the Oregon Department of Justice. Some of these potential liabilities become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability would be recorded on SAIF's financial statements. Management believes that these matters do not materially impact the financial statements. SAIF had no unfunded commitments at December 31, 2025 and December 31, 2024.

9. SUBSEQUENT EVENTS

Subsequent events have been considered through July 27, 2026, which is the date the financial statements were available to be issued.

10. DEFERRED COMPENSATION PLAN

SAIF provides a deferred compensation plan, authorized under and consistent with Internal Revenue Code Section 457(b), as a benefit available to eligible employees. As a tax-advantaged retirement savings vehicle, the plan authorizes the employee to execute an individual agreement with the plan’s record keeper, Empower Retirement. Participants cannot receive the funds until certain circumstances are met. Funds withheld from employee compensation and remitted to the plan may be invested by the employee in a variety of mutual funds, collective investment trusts, and other offerings selected by SAIF’s Deferred Compensation Plan Committee. Plan assets are generally held in a trust account with Great-West Trust Company, LLC and administered by Empower Retirement for the exclusive benefit of the participants and their beneficiary(ies). Participants’ rights under the plan are equal to the fair market value (or book value in the case of stable value option) of their deferred compensation plan account. SAIF has no rights to participant funds and does not perform the investing function for the participant, except in the instance where a participant fails to make an affirmative investment election. SAIF’s primary fiduciary responsibilities for the plan extends to selection and monitoring of the investment options that are made available to the participants as well as the monitoring of plan service providers. Thus, plan assets and any related liability to plan participants have been excluded from the financial statements.

11. RETIREMENT PLAN

***Plan* descriptions—**SAIF’s employees hired prior to August 29, 2003, participate in the Oregon Public Employees’ Retirement System (PERS), a cost-sharing multiple-employer defined benefit pension plan. The PERS Board of Trustees under the guidelines of ORS Chapter 238 administers PERS. The PERS retirement allowance, payable monthly for life, may be selected from multiple retirement benefit options. Options include survivorship benefits, non-survivorship benefits, and lump-sum benefits. The basic benefit formula is 1.67 percent of a member’s final average salary multiplied by the member’s number of years of service. Benefits may also be calculated under either a money match or an annuity-plus-pension computation if a greater benefit results. PERS also provides death and disability benefits. A copy of the Oregon Public Employees’ Retirement System annual financial report may be obtained by writing to PERS, Fiscal Services Division, PO Box 23700, Tigard, Oregon 97281-3700. The report may also be accessed online at: http://www.oregon.gov/PERS/pages/financials/actuarial-financial-information.aspx.

On December 30, 2019, SAIF funded a PERS side account totaling $97.0 million which represented approximately 90 percent of SAIF's unfunded actuarial liability based on a preliminary actuarial valuation from PERS. This side account does not impact employee benefits received under PERS; instead, it represents a prepayment of SAIF's on-going contributions. SAIF will see the benefit of lower contribution rates over 16 years as the account is amortized at approximately $6.06 million per year. As of December 31, 2025, SAIF received rate relief of 7.26 percent of each covered employee's salary for its otherwise required pension contribution rates. The balance is factored into the calculation of the net pension liability and deferred outflows of resources as a difference between employer contributions and employer's proportionate share on the statement of net position.

Beginning January 1, 2004, all covered employees are required by state statute to contribute 6.00 percent of their salary to the Individual Account Program (IAP), a defined contribution plan. Current law permits employers to pay employees' contributions to PERS, which SAIF has elected to do. Additionally, SAIF is required by statute to contribute a percentage of each covered employee's salary to fund the PERS program. Beginning on July 1, 2020, certain amounts of the IAP contributions are "redirected" under Oregon statute from employee accounts to fund the pension UAL. This provision remains in effect until the pension reaches a certain funded status.

As of December 31, 2025, SAIF contributes 24.82 percent of each employee's covered salary to the PERS program. This contribution is the minimum contribution required for future periods. For the required contributions, 7.26 percent of employees' salaries is covered by the side account rate relief, and SAIF contributes the remaining 17.56 percent of salary. Rates are subject to change as a result of subsequent actuarial valuations.

SAIF employees hired on or after August 29, 2003, participate in the Oregon Public Service Retirement Plan (OPSRP) after completing six months of service. OPSRP is a hybrid pension plan (cost-sharing multiple-employer plan) administered by the PERS Board of Trustees under the guidelines of ORS Chapter 238A with two components: the Pension Program (defined benefit) and the IAP (defined contribution). As of December 31, 2025, SAIF contributes 21.94 percent of each covered employee's salary to the Pension Program and 6.00 percent to the IAP. This contribution is the minimum contribution required for future periods. For the required OPSRP Pension Program contributions, 7.26 percent of employee's salaries is covered by the side account rate relief, and SAIF contributes the remaining 14.68 percent of salary. Rates are subject to change as a result of subsequent actuarial valuations.

SAIF participates, along with other State of Oregon agencies, in paying the debt service for State of Oregon general obligation bonds issued in October 2003 to reduce an unfunded PERS liability. The bonds are scheduled to mature 25 years after the date of issuance. Currently, the repayment rate is 4.00 percent of payroll each month. The payment rate is recalculated periodically, as needed.

The total amount contributed by SAIF for all plans (including RHIA and RHIPA plans discussed in Note 12) for the years ended December 31, 2025 and 2024, consist of the following (dollars in thousands):

	2025	2024
Employer contributions:		
Debt service	$ 5,986	$ 5,713
PERS-Pension Program	6,010	5,930
OPSRP-Pension Program	20,680	16,986
Total employer contributions	32,676	28,629
PERS side account rate relief:	(11,438)	(12,342)
Net employer contributions	21,238	16,287
Employee contributions paid by SAIF:		
PERS-IAP	1,494	1,566
OPSRP-IAP	6,190	5,574
Total employee contributions	7,684	7,140
Total contributions	$28,922	$23,427

For the years ended December 31, 2025 and 2024, SAIF's employer contributions were equal to the annual required contributions. SAIF's contributions were less than 5.00 percent of each plan's total contributions. There are no funding improvement or rehabilitation plans implemented or pending for any of the plans SAIF participates in. SAIF did not pay any surcharges during the year ended December 31, 2025. SAIF is a funder of last resort, embodied in the scheme of ORS Chapter 238, along with every other employer in PERS. PERS' board from time to time will evaluate the liabilities of PERS and set the amount of contributions to be made by SAIF to ensure that those liabilities will be funded no more than 40 years after the date on which the determination is made.

Net pension liability—At December 31, 2025, SAIF reported a liability of $126.8 million for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. At December 31, 2025, SAIF's proportionate share was 0.57 percent of the statewide pension plan.

For the year ended December 31, 2025, SAIF recorded pension expense of $9.5 million. At December 31, 2025, SAIF reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 8,089	$ 181
Changes in assumptions	7,370	-
Net difference between projected and actual earnings on investments	10,683	-
Changes in proportionate share	23,595	5,898
Differences between employer contributions and employer's proportionate share of system contributions	262	12,431
Total (prior to post-measurement date contributions)	49,999	18,510
Net deferred outflows (inflows) of resources before contributions subsequent to the measurement date	31,489	-
Contributions subsequent to the measurement date	9,031	-
Net deferred outflows (inflows) of resources	$ 40,520	$ -

The $9.0 million reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows (in thousands):

Year ending December 31,	Deferred Outflows (Inflows) of Resources (Prior to Post-Measurement Date Contributions)
2026	$ 16,317
2027	8,327
2028	5,635
2029	1,132
2030	78
Total	$ 31,489

Actuarial methods and assumptions—The following methods and assumptions were used in the development of the total pension liability:

Valuation date	December 31, 2023
Measurement date	June 30, 2025
Experience study	2022, published July 24, 2023
Actuarial assumptions:	
Actuarial cost method	Entry age normal
Inflation rate	2.40 percent
Long-term expected rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increases	3.40 percent
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with *Moro* decision; blend based on service.
Mortality	***Healthy retirees and beneficiaries:*** Pub-2010 Healthy Retiree, sex distinct, generational with Unisex Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. ***Active members:*** Pub-2010 Employee, sex distinct, generational with Unisex Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. ***Disabled retirees:*** Pub-2010 Disabled Retiree, sex distinct, generational with Unisex Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

Long-term expected rate of return—In January 2023, the PERS board sought to develop an analytical basis for selecting the long-term expected rate of return assumption. The Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The following table shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation:

Long-Term Expected Rate of Return[1]

Asset Class	**Target Allocation**	**Annual Arithmetic Return[2]**	**20-Year Annualized Geometric Mean**	**Annual Standard Deviation**
Global equity	27.50 %	8.18 %	6.63 %	18.30 %
Private equity	25.50	12.46	8.38	30.00
Core fixed income	25.00	4.70	4.61	4.44
Real estate	12.25	8.00	6.69	16.79
Master limited partnerships	0.75	8.89	5.62	26.46
Infrastructure	1.50	8.13	6.75	17.18
Hedge fund of funds - multistrategy	1.25	6.36	5.90	8.74
Hedge fund - equity hedge	0.63	6.87	6.01	11.81
Hedge fund - macro	5.63	5.78	5.52	6.11
Assumed inflation - mean			2.31 %	1.46 %

[1]Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, including revisions adopted at the OIC meeting on January 25, 2023.

[2]The arithmetic mean is a component that goes into calculating the geometric mean. Expected rates of return are presented using the geometric mean, which the Board uses in setting the discount rate.

The OIC's description of each asset class was used to map the target allocation to the asset classes. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns; instead, they are based on a forward-looking capital market economic model.

Discount rate—The discount rate used to measure the total pension liability was 6.90 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that the contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

The following table presents the net pension liability (asset) calculated using the discount rate of 6.90 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percent lower (5.90 percent) or one percent higher (7.90 percent) than the current rate (in millions):

Net Pension Liability (Asset)	**1% Decrease (5.90%)**	**Discount Rate (6.90%)**	**1% Increase (7.90%)**
Defined Benefit Pension Plan	$ 202.2	$ 126.8	$ 63.6

Pension plan fiduciary net position—Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

Pension related payable—Prior to the formation of the PERS State and Local Government Rate Pool (SLGRP), the State and community colleges were pooled together in the State and Community College Pool (SCCP), while local government employers participated in the Local Government Rate Pool (LGRP). These two pools combined to form the SLGRP, effective January 1, 2002. The unfunded actuarial liability (UAL) attributable to the SCCP at the time the SLGRP was formed is maintained separately from the SLGRP and is reduced by contributions and increased for interest charges at the assumed interest rate, which was 6.90 percent in fiscal year 2025. The pre-SLGRP pooled liability attributable to SAIF is being amortized over the period ending December 31, 2027. SAIF is being assessed an employer contribution rate of 0.53 percent of covered payroll for payment of this liability. The outstanding pre-SLGRP pooled liability as of December 31, 2025 for SAIF is $1.7 million, of which $0.8 million is recorded as the current portion and is reported in the accompanying financial statements as pension related payable.

SAIF's future principal and interest payments on pension-related debt at December 31, 2025, are as follows (dollars in thousands):

Years ending December 31:	**Principal**	**Interest**
2026	$ 832	$ 105
2027	890	46
Total	$ 1,722	$ 151

12. OTHER POSTEMPLOYMENT BENEFIT PLANS (OPEB)

SAIF administers a single-employer defined benefit healthcare plan for qualified employees and postemployment healthcare for retiring employees eligible to receive medical coverage. Additionally, for eligible PERS members, PERS administers the Retirement Health Insurance Account (RHIA), a cost-sharing, multiple-employer defined-benefit OPEB plan, and the Retirement Health Insurance Premium Account (RHIPA), a single-employer plan with the State of Oregon as the employer.

Plan administered by SAIF

Plan description—SAIF employees retiring under Oregon PERS are eligible to receive medical coverage for self and eligible dependents until age 65. Retirees must pay the premium for the coverage elected. Premiums for coverage are identical for active and retired employees, except to the extent that SAIF pays all or a portion of its active employees' premiums. Participating retirees pay their own monthly premiums based on a blended premium rate since retirees are pooled together with active employees for insurance rating purposes. Benefit provisions are established by SAIF. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Funding policy—SAIF's funding policy provides for contributions at amounts sufficient to fund benefits on a pay-as-you-go basis. For the years ended December 31, 2025 and 2024 respectively, retired plan members contributed $735 thousand and $712 thousand through their required contributions, and the required contribution rate per retired member was an average of $1,228 and $1,137 per month.

Employees covered by benefit terms—As of the actuarial valuation date of January 1, 2025, the following employees were covered by the benefit terms:

	January 1, 2025
Active employees	1,198
Retired members and others receiving benefits	68
Total participants	1,266

Benefit payments—Benefit payments made for the fiscal year ended December 31, 2025 was $674 thousand.

Total OPEB liability—SAIF's total OPEB liability was determined in accordance with the parameters of GASB Statement No. 75. The total OPEB liability was calculated using the entry age normal actuarial cost allocation method. In addition, GASB Statement No. 75 requires that the allocation of costs for accounting purposes be made as a level percentage of employees' projected pay, including future anticipated pay increases. The total OPEB liability was determined by an actuarial valuation as of January 1, 2025, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date (in thousands):

	December 31, 2025	December 31, 2024
Total OPEB liability	$9,232	$9,805
Covered payroll	$135,238	$127,307
Total OPEB liability as a % of covered payroll	6.8%	7.7%
Discount rate	4.08%	3.26%

Actuarial methods and assumptions—The total OPEB liability in the January 1, 2025 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	January 1, 2025	January 1, 2023
Measurement date	December 31, 2024	December 31, 2023
Inflation	2.40%	2.40%
Projected Salary Growth	3.40%	3.40%
Mortality Rates	Post-retirement mortality uses the Pub-2016 retiree mortality tables, sex distinct, for general employees, set back one year for males, no set back for females. Pre-retirement mortality uses 120% for males and 120% for females of the Pub-2016 employee mortality tables, sex distinct, for general employees, set back one year for males, no set back for females. Mortality is projected on a generational basis using the Unisex Social Security Data Scale.	Post-retirement mortality uses the Pub-2010 retiree mortality tables, sex distinct, for general employees, set back one year for males, no set back for females. Pre-retirement mortality uses 115% for males and 125% for females of the Pub-2010 employee mortality tables, sex distinct, for general employees, set back one year for males, no set back for females. Mortality is projected on a generational basis using the Unisex Social Security Data Scale.
Actuarial cost method	Individual Entry Age Normal Level Percent of Pay	Individual Entry Age Normal Level Percent of Pay

Health Care Cost Trend	Year	Pre-65 Trend
	2025	6.75
	2026	6.00
	2027-2028	5.00
	2029-2031	4.75
	2032-2033	4.50
	2034-2066	4.25
	2067-2072	4.00
	2073+	3.75

Health care cost trend affects both the projected health care costs as well as the projected health care premiums.

Change in total OPEB liability—At December 31, 2025, SAIF's change in total OPEB liability is as follows (in thousands):

		Total OPEB Liability
Balance as of December 31, 2024	$	9,805
Changes for the year:		
Service cost		513
Interest on total OPEB liability		325
Effect of changes to benefit terms		-
Effect of economic/demographic gains or losses		(233)
Effect of assumptions, changes, or inputs		(504)
Benefit payments		(674)
Balance as of December 31, 2025	$	9,232

Discount rate—The following presents the total OPEB liability of the Plan, calculated using the discount rate of 4.08 percent, as well as what the Plan's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.08 percent) or one percentage point higher (5.08 percent) than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption (in thousands):

	1% Decrease (3.08%)	Discount Rate (4.08%)	1% Increase (5.08%)
Total OPEB liability	$9,872	$9,232	$8,636

	1% Decrease	Assumed Healthcare Trend Rate	1% Increase
Total OPEB liability	$8,445	$9,232	$10,149

The discount rate was based on the Bond Buyer 20-Year General Obligation Bond Index.

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB—For the year ended December 31, 2025, SAIF recognized a negative OPEB expense of $68 thousand. At December 31, 2025, the deferred outflows and inflows of resources related to OPEB were as follows (in thousands):

	Deferred Outflows of Resources		Deferred Inflows of Resources	
Differences between expected and actual experience	$	512	$	492
Changes of assumptions or inputs		392		922
Contributions made subsequent to measurement date		670		-
Total as of December 31, 2025	$	1,574	$	1,414

The contributions made subsequent to the measurement date of $670 thousand will be recognized as a reduction in the total OPEB liability during the year ending December 31, 2026.

Other amounts currently reported as deferred outflows of resources and (deferred inflows) of resources related to OPEB will be recognized in OPEB expense as follows (in thousands):

Years ending December 31:		
2026	$	(89)
2027		(149)
2028		(55)
2029		(60)
2030		(65)
Thereafter		(92)
Total	$	(510)

Plans administered by the Public Employees Retirement System (PERS)

Plan descriptions—The Retirement Health Insurance Account (RHIA), administered by PERS, is a cost-sharing, multiple-employer OPEB plan. The plan authorizes a payment of up to $60 toward the monthly cost of health insurance for eligible PERS members. To be eligible the PERS member must have eight or more years of qualifying service in PERS at the time of retirement, receive both Medicare parts A and B coverage, and enroll in a PERS-sponsored health plan. The coverage also extends to members receiving a disability allowance as if the member had at least eight years of creditable service. A surviving spouse or dependent of a deceased PERS retiree is eligible if he or she is receiving a retirement benefit or allowance from PERS or was insured at the time of the member's death and the member retired before May 1, 1991. The plan is closed to entrants hired on or after August 29, 2003. The RHIA plan and benefit amount is established by ORS 238.420. There are no automatic or ad-hoc adjustments to the benefit amount in the statute.

The other plan administered by PERS is the Retiree Health Insurance Premium Account (RHIPA). This plan is a single employer plan with the State of Oregon as the single employer. As authorized by ORS 238.415, retirees receive payment for the average difference between the health insurance premiums paid by retired state employees and the premiums paid by active state employees. The average amount is determined by the PERS Board on or before January 1 of each year. This plan is closed to entrants hired on or after August 29, 2003.

Retirees are eligible for the RHIPA plan if they have eight or more years of qualifying service but are not eligible for federal Medicare coverage. Retirees receiving a disability pension are also eligible if the pension was calculated as if they had eight or more years of qualifying service and are not receiving federal Medicare coverage. A surviving spouse or dependent of a retired state employee is eligible if he or she is receiving a retirement benefit from PERS or was insured at the time the member died and the member retired on or after September 29, 1991.

Funding policy—Both plans are required by statute to be funded through employer contributions actuarially necessary to fund the liabilities of the plan. Employer contribution levels must be established by the PERS Board using the same actuarial assumptions it uses to determine employer contribution rates for the PERS fund. Contribution rates for the fiscal year ended December 31, 2025, were effective July 1, 2025, and based on the December 31, 2023 valuation. The rates are a percentage of covered payroll and vary by the retirement plan of the participant. SAIF made no employer contributions to PERS for RHIA and RHIPA for the fiscal year ended December 31, 2025 as the plans were fully funded. There were no contractually required contributions for both RHIA and RHIPA for the fiscal year.

Net OPEB Asset (RHIA)—At December 31, 2025, SAIF reported an asset of $3.6 million for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2025, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2023. At December 31, 2025, SAIF's proportionate share was 0.81 percent of the statewide pension plan, and 2.63 percent of employer state agencies, and was estimated by SAIF based on prior year allocations.

Net OPEB Asset (RHIPA)—At December 31, 2025, SAIF reported a net OPEB asset of $1.2 million. The net OPEB asset was measured as of June 30, 2025, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2023. At December 31, 2025, SAIF's proportionate share was 2.22 percent of employer state agencies, and was estimated by SAIF based on prior year allocations.

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB—For the year ended December 31, 2025, SAIF recognized OPEB expense of a negative $298 thousand for the RHIA plan and a negative $209 thousand for the RHIPA plan. The deferred outflows and inflows of resources for the two plans were as follows (in thousands):

	RHIA		RHIPA	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ -	$ 47	$ -	$ 185
Changes in assumptions	-	4	5	122
Net difference between projected and actual earnings on investments	134	-	42	-
Changes in proportion and differences between fund contributions and proportionate share of contributions	16	11	-	-
Total (prior to post-measurement date contributions)	150	62	47	307
Net deferred outflow/(inflow) of resources before contributions subsequent to measurement date	-	88	-	(260)
Contributions subsequent to the measurement date	-	-	-	-
Net deferred outflow/(inflow) of resources		$ 88		$ (260)

There were no contributions made subsequent to the measurement date for RHIA and RHIPA as of December 31, 2025, as both plans were fully funded. Other amounts reported as deferred outflows or inflows of resources related to OPEB will be recognized in OPEB expense as follows (in thousands):

Fiscal Years Ending December 31	RHIA	RHIPA
2026	$ 63	$ (110)
2027	38	(58)
2028	(1)	(55)
2029	(12)	(25)
2030	-	(12)
Total	$ 88	$ (260)

Actuarial methods and assumptions—The following methods and assumptions were used in the development of the total OPEB liability:

	RHIA	RHIPA
Valuation date	December 31, 2023	December 31, 2023
Measurement date	June 30, 2025	June 30, 2025
Experience study	2022, published July 24, 2023	2022, published July 24, 2023
Actuarial assumptions:		
Actuarial cost method	Entry age normal	Entry age normal
Inflation rate	2.40 percent	2.40 percent
Long-term expected rate of return	6.90 percent	6.90 percent
Discount rate	6.90 percent	6.90 percent
Projected salary increases	3.40 percent	3.40 percent
Retiree healthcare participation	Healthy retirees: 25.0% Disabled retirees: 15.0%	8-14 Years of Service: 10.0% 15-19 Years of Service: 11.0% 20-24 Years of Service: 12.0% 25-29 Years of Service: 20.0% 30+ Years of Service: 25.0%
Healthcare cost trend rate	Not applicable	Applied at beginning of plan year, starting with 6.6% for 2023, increasing to 7.0% for 2024, decreasing to 4.2% for 2032, increasing to 4.3% for 2055, and decreasing to an ultimate rate rate of 3.8% for 2074 and beyond.
Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

Long-term expected rate of return—In June 2023, the PERS board sought to develop an analytical basis for selecting the long-term expected rate of return assumption. The Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The following table shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation for both RHIA and RHIPA:

Long-Term Expected Rate of Return[1] Asset Class	Target Allocation	Annual Arithmetic Return[2]	20-Year Annualized Geometric Mean	Annual Standard Deviation
Global equity	27.50 %	8.18 %	6.63 %	18.30 %
Private equity	25.50	12.46	8.38	30.00
Core fixed income	25.00	4.70	4.61	4.44
Real estate	12.25	8.00	6.69	16.79
Master limited partnerships	0.75	8.89	5.62	26.46
Infrastructure	1.50	8.13	6.75	17.18
Hedge fund of funds - multistrategy	1.25	6.36	5.90	8.74
Hedge fund equity - hedge	0.63	6.87	6.01	11.81
Hedge fund - macro	5.63	5.78	5.52	6.11
Assumed inflation - mean			2.31 %	1.46 %

[1]Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, including revisions adopted at the OIC meeting on January 25, 2023.

[2]The arithmetic mean is a component that goes into calculating the geometric mean. Expected rates of return are presented using the geometric mean, which the Board uses in setting the discount rate.

Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns but instead are based on a forward-looking capital market economic model.

Discount rate—The discount rate used to measure the total OPEB liability was 6.90 percent for both RHIA and RHIPA plans. The projection of cash flows used to determine the discount rate assumed that the contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA and RHIPA plans' fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on OPEB plan investments for the RHIA and RHIPA plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

The following table presents the net OPEB liability (asset) for the RHIA and RHIPA plans calculated using the discount rate of 6.90 percent, as well as what the net OPEB liability (asset) would be if it were calculated using a discount rate that is one percent lower (5.90 percent) or one percent higher (7.90 percent) than the current rate (in thousands):

Employers' Net OPEB Liability/(Asset)	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
OPEB - RHIA	$ (3,401)	$ (3,631)	$ (3,829)
OPEB - RHIPA	$ (1,190)	$ (1,239)	$ (1,283)

The following table presents the net OPEB liability (asset) for the RHIA and RHIPA plans calculated using the assumed healthcare cost trend rate, as well as what the net OPEB liability (asset) would be if it were calculated using a discount rate that is one percent lower or one percent higher than the current rate (in thousands):

Employers' Net OPEB Liability/(Asset)	1% Decrease	Assumed Healthcare Trend Rate	1% Increase
OPEB - RHIA	$ (3,631)	$ (3,631)	$ (3,631)
OPEB - RHIPA	$ (1,306)	$ (1,239)	$ (1,166)

RHIA and RHIPA plans' fiduciary net position—Detailed information about the RHIA and RHIPA's fiduciary net position is available in the separately issued PERS financial report.

(Unaudited)

REQUIRED SUPPLEMENTARY INFORMATION
CASH BASED OPERATING BUDGET

For Period ending December 31, 2025
(In Thousands)

SAIF Corporation develops an annual calendar year cash-based operating budget before the beginning of each calendar year. Revised budgets are prepared if requested by the Board of Directors or Executive Leadership Team. The object of developing a budget is to promote planning and efficient use of resources. Once established, the budget is also used as a measure of performance during the course of the year.

Cash Based Operating Budget

SAIF Corporation
Cash Based Operating Budget
For period ending December 31, 2025
(In Thousands)

	2025 Budget	2025 Actuals	Variance
Employee Costs	$ 205,901	$ 207,996	$ 2,095
Training & Wellness Programs	3,338	3,656	$ 318
Facilities, Software & Equipment	36,212	34,795	$ (1,417)
Services, Supplies, & Other	33,574	32,747	$ (827)
Assessments, Fees, & Taxes	3,487	3,350	$ (137)
Commissions	39,428	37,206	$ (2,222)
Reinsurance	10,678	9,325	$ (1,353)
Total Budget	**$332,618**	**$329,076**	**$(3,542)**

Total 2025 operating expenses were $329.1 million, which is approximately $3.5 million, or 1%, under budget. The major items that contributed to the year-end variance include:

Savings:

- Agent commissions were lower than budgeted as a result of lower-than-anticipated new sales and policyholder premium; $2.2 million
- Funds for software license renewals and purchases were lower than anticipated or were not needed in 2025; $1.4 million
- Reinsurance expenses were under budget due to lower than anticipated commissions and associated taxes and fees for the other states coverage program and assigned risk pool; $1.4 million
- Employee salaries, retirement expenses and payroll taxes were under budget because of vacant positions and lower unemployment compensation expenses; $0.9 million
- Banking fees were lower than anticipated as a result of savings and lower than expected credit card fees; $0.6 million

Overages:

- Employee benefits were over budget due to higher self-funded medical claims and paid leave costs; $2.4 million
- Consulting services for technology and strategic projects exceeded the $3.0 million savings factor that was included in the 2025 budget; $1.2 million

(Unaudited)

REQUIRED SUPPLEMENTARY INFORMATION

DEFINED BENEFIT PENSION PLAN

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

Last 10 Fiscal Years

(In thousands)

The Schedule of the Proportionate Share of the Net Pension Liability (Asset) presents multi-year trend information comparing the proportionate share of the net pension liability (asset) to covered payroll.

Schedule of the Proportionate Share of the Net Pension Liability (Asset)

	2025	2024	2023	2022	2021
Proportion of the net pension liability (asset)	0.57%	0.54%	0.39%	0.47%	0.37%
Proportionate share of the net pension liability (asset)	$126,808	$120,721	$ 72,694	$ 72,675	$ 44,322
Covered payroll	$135,238	$127,307	$115,613	$110,788	$ 96,427
Employer net pension liability (asset) as a percentage of covered payroll	93.8%	94.8%	62.9%	65.6%	46.0%
Plan fiduciary net position as a percentage of the total pension liability	79.9%	79.3%	81.7%	84.5%	87.6%

	2020	2019	2018	2017	2016
Proportion of the net pension liability (asset)	0.38%	0.72%	0.59%	0.68%	0.62%
Proportionate share of the net pension liability (asset)	$ 82,928	$124,823	$ 90,082	$ 91,953	$ 93,594
Covered payroll	$ 91,190	$ 86,110	$ 81,426	$ 77,158	$ 72,940
Employer net pension liability (asset) as a percentage of covered payroll	90.9%	145.0%	110.6%	119.2%	128.3%
Plan fiduciary net position as a percentage of the total pension liability	75.8%	80.2%	82.1%	83.1%	80.5%

(Unaudited)

REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Last 10 Fiscal Years
(In thousands)

The Schedule of Employer Contributions presents multi-year trend information comparing the actual contributions to the contractually required contributions.

Schedule of Employer Contributions

	2025	2024	2023	2022	2021
Contractually required contributions	$ 15,251	$ 10,573	$ 9,454	$ 8,126	$ 6,787
Contributions in relation to the contractually required contributions	(15,251)	(10,573)	(9,454)	(8,126)	(6,787)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 135,238	$ 127,307	$115,613	$110,788	$ 96,427
Contributions as a percentage of covered payroll	11.3%	8.3%	8.2%	7.3%	7.0%

	2020	2019	2018	2017	2016
Contractually required contributions	$ 5,615	$ 12,217	$ 10,162	$ 8,985	$ 7,340
Contributions in relation to the contractually required contributions	(5,615)	(12,217)	(10,162)	(8,985)	(7,340)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 91,190	$ 86,110	$ 81,426	$ 77,158	$ 72,940
Contributions as a percentage of covered payroll	6.2%	14.2%	12.5%	11.6%	10.1%

(Unaudited)

REQUIRED SUPPLEMENTARY INFORMATION
POSTEMPLOYMENT HEALTHCARE BENEFIT PLAN (SAIF)
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years*
(In thousands)

The Schedule of Changes in Total OPEB Liability and Related Ratios presents multi-year trend information comparing the proportionate share of the total OPEB liability to covered payroll.

Schedule of Changes in Total OPEB Liability and Related Ratios

Fiscal year ended December 31

Total OPEB Liability	**2025**	**2024**	**2023**	**2022**	**2021**
Service cost	$ 513	$ 460	$ 493	$ 478	$ 474
Interest on total OPEB liability	325	352	191	191	259
Effect of changes to benefit terms	-	-	-	-	-
Effect of economic/demographic gains or (losses)	(233)	-	887	-	(1,063)
Effect of assumption changes or inputs	(504)	296	(851)	38	334
Benefit payments	(674)	(610)	(420)	(421)	(491)
Net change in total OPEB liability	(573)	498	300	286	(487)
Total OPEB liability, beginning	9,805	9,307	9,007	8,721	9,208
Total OPEB liability, ending	$ 9,232	$ 9,805	$ 9,307	$ 9,007	$ 8,721
Covered payroll	$135,238	$127,307	$115,613	$110,788	$96,427
Total OPEB liability as a % of covered payroll	6.8%	7.7%	8.1%	8.1%	9.0%

Total OPEB Liability	**2020**	**2019**	**2018**	**2017**
Service cost	$ 378	$ 449	$ 408	N/A
Interest on total OPEB liability	342	354	369	N/A
Effect of changes to benefit terms	-	-	-	N/A
Effect of economic/demographic gains or (losses)	-	225	-	N/A
Effect of assumption changes or inputs	784	(2,371)	263	N/A
Benefit payments	(522)	(531)	(617)	N/A
Net change in total OPEB liability	982	(1,874)	423	-
Total OPEB liability, beginning	8,226	10,100	9,677	N/A
Total OPEB liability, ending	$ 9,208	$ 8,226	$ 10,100	$ 9,677
Covered payroll	$ 91,190	$ 86,110	$ 81,426	N/A
Total OPEB liability as a % of covered payroll	10.1%	9.6%	12.4%	N/A

*10-year trend information specific to SAIF Corporation will be presented prospectively.

(Unaudited)

REQUIRED SUPPLEMENTARY INFORMATION
POSTEMPLOYMENT HEALTHCARE BENEFIT PLAN
RETIREE HEALTH INSURANCE ACCOUNT (RHIA)
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
AND EMPLOYER CONTRIBUTIONS

Last 10 Fiscal Years*
(In thousands)

The Schedule of the Proportionate Share of the Net OPEB Liability (Asset) and the Schedule of Employer Contributions present multi-year trend information comparing the proportionate share of the net OPEB liability (asset) to covered payroll, and the actual contributions to the contractually required contributions.

Schedule of the Proportionate Share of the Net OPEB Liability (Asset)

	2025	2024	2023	2022	2021	2020	2019	2018
Proportion of the net OPEB liability (asset)	0.81%	0.90%	1.00%	1.10%	0.75%	2.95%	0.75%	0.71%
Proportionate share of the net OPEB liability (asset)	$ (3,631)	$ (3,255)	$ (3,710)	$ (3,362)	$ (3,390)	$ (6,019)	$ (1,456)	$ (794)
Covered payroll	$135,238	$127,307	$115,613	$110,788	$ 96,427	$ 91,190	$ 86,110	$ 81,426
Employer net OPEB liability (asset) as a percentage of covered payroll	(2.7%)	(2.6%)	(3.2%)	(3.0%)	(3.5%)	(6.6%)	(1.7%)	(1.0%)
Plan fiduciary net position as a percentage of the total OPEB liability	239.9%	220.6%	201.6%	194.6%	183.9%	150.1%	144.4%	124.0%

Schedule of Employer Contributions

	2025	2024	2023	2022	2021	2020	2019	2018
Contractually required contributions	$ -	$ -	$ 8	$ 14	$ 17	$ 19	$ 207	$ 360
Contributions in relation to the contractually required contributions	-	-	(8)	(14)	(17)	(19)	(207)	(360)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$135,238	$127,307	$115,613	$110,788	$ 96,427	$ 91,190	$ 86,110	$ 81,426
Contributions as a percentage of covered payroll	0.00%	0.00%	0.01%	0.01%	0.02%	0.02%	0.24%	0.44%

*10-year trend information specific to SAIF Corporation will be presented prospectively.

(Unaudited)

REQUIRED SUPPLEMENTARY INFORMATION
POSTEMPLOYMENT HEALTHCARE BENEFIT PLAN
RETIREE HEALTH INSURANCE PREMIUM ACCOUNT (RHIPA)
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
AND EMPLOYER CONTRIBUTIONS

Last 10 Fiscal Years*
(In thousands)

The Schedule of the Proportionate Share of the Net OPEB Liability (Asset) and the Schedule of Employer Contributions present multi-year trend information comparing the proportionate share of the net OPEB liability (asset) to covered payroll, and the actual contributions to the contractually required contributions.

Schedule of the Proportionate Share of the Net OPEB Liability (Asset)

	2025	2024	2023	2022	2021	2020	2019	2018
Proportion of the net OPEB liability (asset)	2.22%	2.22%	2.86%	2.37%	2.72%	2.72%	2.43%	2.27%
Proportionate share of the net OPEB liability (asset)	$ (1,239)	$ (1,140)	$ (1,259)	$ (810)	$ (421)	$ 271	$ 615	$ 803
Covered payroll	$135,238	$127,307	$115,613	$110,788	$ 96,427	$ 91,190	$ 86,110	$ 81,426
Employer net OPEB liability (asset) as a percentage of covered payroll	(0.9%)	(0.9%)	(1.1%)	(0.7%)	(0.4%)	0.3%	0.7%	1.0%
Plan fiduciary net position as a percentage of the total OPEB liability	233.7%	220.7%	193.2%	169.7%	124.6%	84.5%	64.9%	49.8%

Schedule of Employer Contributions

	2025	2024	2023	2022	2021	2020	2019	2018
Contractually required contributions	$ -	$ -	$ 114	$ 192	$ 238	$ 273	$ 309	$ 335
Contributions in relation to the contractually required contributions	-	-	(114)	(192)	(238)	(273)	(309)	(335)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$135,238	$127,307	$115,613	$110,788	$ 96,427	$ 91,190	$ 86,110	$ 81,426
Contributions as a percentage of covered payroll	0.00%	0.00%	0.10%	0.17%	0.25%	0.30%	0.36%	0.41%

*10-year trend information specific to SAIF Corporation will be presented prospectively.