2025 ANNUAL REPORT

ACEC
RETIREMENT TRUST

BUILDING ON STRENGTH:

ADVANCING FINANCIAL WELLBEING IN FY2025

ACEC RETIREMENT TRUST **2025 ANNUAL REPORT**

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LETTER **FROM TRUST CHAIR**

To our Plan Sponsors and Participants,

It is my privilege, as Chair of the ACEC Retirement Trust, to share the accomplishments and milestones that have defined fiscal year 2025 — a year marked by growth, strategic refinement, and continued dedication to our mission of enhancing the retirement security and financial well-being of our ACEC plan members.

This year, the Trust exceeded an important milestone, reaching $3.3 billion in total plan assets, an increase of more than $300 million from the prior year. This growth reflects the confidence placed in us by our plan sponsors and participants, the effectiveness of our partnerships, and the collective commitment of our Trustees and leadership team. With more than 26,000 participants across 380 employer-sponsored plans, we continue to build on a foundation of integrity, fiduciary excellence, and service.

Commitment to Fiduciary Leadership

Our foremost responsibility remains the prudent stewardship of participant assets. To that end, the Trust implemented several significant governance and fiduciary improvements this year. We successfully transitioned to a 3(38) Investment Manager model, appointing CAPTRUST to assume discretionary responsibility for fund selection and monitoring. This shift enhances both efficiency and independence in our investment process, aligning with best practices in fiduciary management.

We also conducted a Recordkeeper Request for Proposal (RFP) process, resulting in the reaffirmation of Empower as our recordkeeper. A due diligence RFI was also conducted for our ERISA Attorney in which McDermott Will & Emery was chosen to continue to be engaged with the Trust. These decisions underscore our dedication to transparency, competitive pricing, and the consistent evaluation of all service providers to ensure they meet the Trust's highest standards of performance and value.

The Governance Subcommittee was formally established this year, enhancing oversight and enabling a more structured approach to evaluating board performance, trustee succession, and policy compliance. These steps ensure that the Trust continues to operate with integrity, accountability, and alignment with evolving ERISA standards.

Service Expansion and Participant Empowerment

Our participants remain at the center of every initiative. In FY25, we expanded educational and financial wellness offerings through the CFP Special Webinar Series, an extension of the complimentary Certified Financial Planning service launched in 2024. This initiative gives participants direct access to credentialed advisors for individualized retirement planning, budgeting, estate planning, and financial goal-setting support, just to name a few.

We also proudly launched the new acecrt.com website, designed to simplify access to resources and showcase the full suite of services offered to both employers and participants. The site's redesign emphasizes intuitive navigation, real-time insights, and a modern look consistent with our refreshed brand identity.

Additionally, our marketing and communications efforts — led in partnership with Kallal Creative — have helped strengthen

visibility and engagement with ACEC member firms nationwide. The Plan Sponsor Quarterly Newsletter, written by the Trust's Executive Director Deb Stevens, continues to serve as an important communication channel, ensuring that our stakeholders remain informed and connected throughout the year.

Financial Strength and Strategic Efficiency

Our financial performance remains robust. The Trust's ERISA account ended the year ahead of budget, driven by increased assets and operational efficiency. The Trust's goal is to operate at a net-zero profit, allowing for the continued evolution of enhanced services at extremely competitive costs. Meanwhile, fiduciary insurance premiums were maintained with favorable retention levels while keeping appropriate risk management coverage due to the Trust's proven and unparalleled fiduciary oversight practices.

A Vision for the Future

As we look toward fiscal year 2026, our focus will remain on continuous improvement and forward-looking innovation. With an evolving modernized governance structure, strengthened fiduciary framework, and enhanced digital capabilities, the Trust is well-positioned to meet the evolving needs of our participants and the engineering community we serve.

Furthermore, the Trustees approved implementing decumulation strategies designed to support participants through the retirement income phase. The introduction of Blueprint and Secure Income Account products within the Empower platform will be launched in the spring of 2026 and this resource will ensure our participants have access to in-plan and out-of-plan income solutions — an essential next step in helping them achieve lasting financial security throughout their retirement years.

I would like to extend my deepest gratitude to our Board of Trustees and our valued partners at Empower, CAPTRUST, and McDermott Will & Emery. Their commitment, insight, and diligence have made this year's success possible. Together, we continue to embody the Trust's guiding principles of prudence, transparency, and purpose.

Thank you for your continued confidence and partnership. We are proud to serve you and remain steadfast in our mission to secure your financial future.

With appreciation,

Ron Wathen

RON WATHEN

Chair of the ACEC Retirement Trust
Board of Trustees

BUILT ON VISION AND VALUES

The Core Purpose of the Retirement Trust — *"To help ACEC member firms engineer a successful and secure retirement for their employees."*

This guiding statement defines who we are and why we exist. It shapes our direction, informs our decisions, and reinforces our responsibility to deliver trusted retirement plan solutions that advance the financial well-being of ACEC member firms and their people.

Core Values

The principles that shape every decision we make:

Agile and Visionary Leadership

Anticipating change and leading with purpose.

Integrity and Professionalism

Upholding the highest fiduciary standards.

Inclusion and Diversity

Ensuring broad perspectives and equitable representation.

Excellence through Innovation

Continually improving through insight and expertise.

Trusted Advisor

Serving ACEC member firms with partnership and reliability.

Strategic Priorities

Our focus for FY2026 and beyond:

Strengthen Governance and Efficiency

Enhance transparency, structure, and accountability across Trustees, partners, and subcommittees.

Deliver Comprehensive Resources

Expand tools, education, and partnerships that elevate retirement planning for ACEC member firms.

Enhance Engagement and Outcomes

Drive higher participation and satisfaction through tailored outreach and plan design support.

Foster Innovation and Inclusion

Embrace emerging trends and diverse perspectives to shape the future of retirement plan excellence.

Guided by purpose. Focused on progress.

GOVERNANCE UPDATE

Since its inception in 1973, the ACEC Retirement Trust has evolved from a platform for negotiating guaranteed interest contracts into a comprehensive retirement services program offering competitive investment opportunities, fiduciary oversight, and financial education and support for plan participants. Today, the Trust brings together over 380 employer-sponsored plans, representing more than 25,000 participants.

FY2025 introduced several key governance advancements. The newly created Governance Subcommittee formalized oversight processes, and the Declaration of Trust and Participation Agreement were reviewed and updated to reflect current fiduciary standards and trustee terms. These updates further align with the Trust's strategic plan and reinforce its independence and accountability.

GOVERNANCE FRAMEWORK

BOARD STRUCTURE
Effective. Dedicated. Beneficial.

- ✓ Organizational Board and Committees Structure
- ✓ Strategic Plan/Trust Identity

OVERSIGHT RESPONSIBILITIES
Prudent. Transparent Decisions. Ethical.

- ✓ Trustee Fiduciary Responsibilities, Authority, and Expectations
- ✓ Subcommittees' Authority and Responsibilities
- ✓ Executive Director Accountability, Responsibilities, and Expectations

OPERATIONAL GUIDELINES
Concise. Efficient. Accountable.

- ✓ Declaration of Trust, Trust Policies, and Procedures
- ✓ Fiduciary Risk Management & Checklist
- ✓ Trustee Development & Training

PARTNER MANAGEMENT & REPORTING
Oversight. Monitor. Inform.

- ✓ Partner/Vendor Agreements (Roles & Responsibilities)
- ✓ Meeting Reporting
- ✓ Performance Management & Key Performance Indicators

COMPLIANCE AND REGULATORY UPDATE

The Trust continues to adapt to evolving regulatory requirements under the SECURE 2.0 Act, which expands access and incentives for retirement savings. Key updates include the implementation of automatic enrollment, expanded eligibility for part-time workers, and higher catch-up contributions for individuals aged 60–63.

Beginning in 2026, participants whose Social Security wages exceed $150,000 must make catch-up contributions as Roth (after-tax) rather than pretax. You should have received communications from Empower regarding this change with action items to change your plan document to add the Roth feature if you did not previously have this in your document.

2026 Plan Limits

Retirement Plan Limits	2026	2025	2024
Elective contribution limit for 401(k), 403(b) and most 457 plans	$24,500	$23,500	$23,000
Catch-up contribution limit (employees over the age of 50)	$8,000	$7,500	$7,500
Catch-up contribution limit (for employees ages 60-63)	$11,250	$11,250	N/A
Defined contribution limit under Section 415©(1)(A)	$72,000	$70,000	$69,000
Annual compensation limit under Sections 401(a)(17), 404(1), 408(k)(3)(C), and 408(k)(6)(D)(ii)	$360,000	$350,000	$345,000
Annual compensation limit for highly compensated employees	$160,000	$160,000	$155,000
Annual compensation limit for key employees	$235,000	$230,000	$220,000
Individual Retirement Account (IRA) contribution limit	$7,500	$7,000	$7,000
Individual Retirement Account (IRA) Catch-up contribution limit	$1,100	$1,000	$1,000

RETIREMENT TRUST PARTICIPANT STATISTICS

as of 9/30/2025

25,000+
total participants

9%
average participant contribution rate

$3.379B
total assets

14.1%
participants with account balances over $250,000

$140,334
average participant account balance

23.1%
participants contributing over 10%

83%
plan participation rate

97%
lifetime income score

These numbers demonstrate steady growth, a direct result of the Trust's focus on participant engagement, plan design flexibility, and the introduction of expanded financial planning resources.

MARKET COMMENTARY

Macroeconomic Overview

Economic Growth

The U.S. economic outlook for the next six to twelve months is for continued, albeit slower, growth compared to 2024, but with mounting risks that could weigh on the expansion. Real GDP growth so far in 2025 has been mixed: after contracting in the first quarter, the economy rebounded sharply in the second quarter, but forecasting consensus points toward sub-trend momentum and increased vulnerability as policy headwinds, tariffs, and softer domestic demand take effect.

Forecasts for 2026 and beyond generally expect slower growth near the long-run trend, with high uncertainty driven by tariffs, political volatility, and global demand concerns.

(Source: IMF World Economic Outlook, October 2025; Morgan Stanley Global Outlook, May 2025)

Inflation

Since the 2023-24 fiscal year, inflation has been gradually decreasing at a steady pace, moving closer to the Federal Reserve's 2% target mandate. However, the pace of this decline has slowed in recent months. See recent monthly inflation reports below:

- **September 2025:** The annual inflation rate was 3.0%, up from 2.9% in August.
  (Source: U.S. Bureau of Labor Statistics, CPI Report September 2025; Investopedia, October 2025)

- **October 2025:** Inflation remained at 3.0%.
  (Source: U.S. Bureau of Labor Statistics, CPI Report September 2025; Investopedia, October 2025)

- **November 2025:** Data is unavailable due to the government shutdown.
  (Source: U.S. Bureau of Labor Statistics, CPI Report September 2025; Investopedia, October 2025)

Employment

Since the 2023-24 fiscal year, the labor market remains strong with moderate job gains. Unemployment rates also stayed low, supporting consumer confidence and spending. See recent monthly jobs numbers below:

- **August 2025:** The U.S. economy added 22,000 jobs, with unemployment at 4.3%.
  (Source: U.S. Bureau of Labor Statistics, Employment Situation August 2025; CBS News, October 2025)

- **September 2025:** The annual inflation rate was 3.0%, up from 2.9% in August.
  (Source: U.S. Bureau of Labor Statistics, CPI Report September 2025; Investopedia, October 2025)

- **October 2025:** Inflation remained at 3.0%.
  (Source: U.S. Bureau of Labor Statistics, CPI Report September 2025; Investopedia, October 2025)

Market Insights

Stock Market

The U.S. stock market continued to experience a positive trend in the 2024-25 fiscal year, with a notable rise in stocks related to artificial intelligence. The market trended at a slight premium, with a price/fair value ratio of 1.03 as of late June 2025. Emerging market equities outperformed developed markets, especially in Asia, driven by enthusiasm for AI and easing trade tensions.

- Dow Jones Industrial Average (DJIA): The DJIA closed at 46,397.89 at the end of September

2025, marking a record high.
(Source: StatMuse, Dow Jones Industrial Average September 2025)

- S&P 500: The S&P 500 posted a 12-month return of 15.5% as of October 2025.
(Source: StatMuse, S&P 500 Index Returns October 2025)

Bonds

The Barclays U.S. Aggregate Bond Index returned 6.59% year-to-date through October 2025, reflecting stable yields and investor interest in fixed income.

(Source: Yahoo Finance, iShares Core U.S. Aggregate Bond ETF Performance October 2025)

Sector Performance

Technology, especially AI-related stocks, continued to lead with a 27% gain year-to-date. Other top sectors included capital goods, healthcare, and utilities.

(Source: CSIMarket Sector Performance Report 2025; UBS Sector Outlook December 2024)

Investment Environment

Federal Reserve Policy

The Fed has maintained a cautious approach, balancing between supporting economic growth and controlling inflation. This has included keeping interest rates relatively stable.

(Source: Federal Reserve Press Releases September & October 2025; CBS News, October 2025)

- September 2025: The annual inflation rate was 3.0%, up from 2.9% in August.
(Source: U.S. Bureau of Labor Statistics, CPI Report September 2025; Investopedia, October 2025)

Global Economic Conditions

Global growth remains subdued at 3.2% in 2025, with advanced economies growing around 1.5%. Trade tensions and policy fragmentation continue to pose risks.

(Source: IMF World Economic Outlook January 2025; Visual Capitalist Global GDP Forecast November 2025)

Investor Sentiment

Overall, investor sentiment has been cautiously optimistic, with a focus on sectors poised for growth and those offering stability in uncertain times. (Source: Vanguard Investor Pulse Survey January 2025; Morningstar Market Outlook November 2025)

Benchmark Descriptions:

S&P 500® Index: *Measures the performance of 500 leading publicly traded U.S. companies from a broad range of industries. It is a float-adjusted market-capitalization-weighted index.*

Bloomberg U.S. Aggregate Index: *Measures the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market. The index includes Treasurys, government-related and corporate securities, mortgage passthrough securities, commercial mortgage-backed securities and asset-backed securities that are publicly for sale in the U.S.*

Important Compliance Disclosures:

Investment advisory services offered by CapFinancial Partners, LLC ("CAPTRUST" or "CAPTRUST Financial Advisors"), an investment advisor registered under The Investment Advisors Act of 1940.

ANNUAL FUNDS SUMMARY

The Trust maintained a broad, diversified lineup of funds providing access to domestic and international equities, fixed income, real estate, and target-date options. The transition to CAPTRUST as 3(38) Investment Manager has strengthened ongoing fund monitoring and selection processes.

Fund Returns and Asset Values as of 9/30/2025

Fund Name	Expense Ratio	Return for the Year Ended 9/30/2025	Net Assets as of 9/30/2025
Domestic Equity Funds			
Vanguard Institutional Index Insl1 P1	0.02%	17.57%	409,033,692.04
American Funds Washington Mutual R6	0.26%	14.99%	179,973,426.05
Emp InsPlus-Empower Large Cap Gr/ Jennison SP	0.36%	21.42%	261,646,786.10
Empower I-Empower Mid Cap Value/ Robeco SP	0.57%	10.05%	87,985,804.17
T. Rowe Price Instl1 Mid-Cap Equity Gr	0.61%	2.82%	98,176,954.47
Vanguard Mid Cap Index Institutional	0.04%	13.10%	120,161,377.24
Victory Small Cap Value CIT (Net 75)	0.75%	1.73%	31,548,311.68
T. Row Price Integrated US Sm Gr Eq I	0.65%	6.14%	41,731,463.31
Vanguard Small Cap Index I	0.04%	8.67%	96,383,464.03
Socially Responsible Funds			
Vanguard FTSE Social Index I	0.07%	18.68%	77,727,360.74
International Equity			
Vanguard Total Intl Stock Index I	0.06%	17.16%	147,142,628.56
Empower Capital Group EUPAC SA	0.41%	14.89%	122,600,884.59
Real Estate Funds			
Nuveen Real Estate Securities R6	0.78%	-3.34%	28,694,013.97
Balanced Funds/Loans			
American Funds American Balanced R6	0.25%	14.84%	114,628,113.38

Fund Returns and Asset Values as of 9/30/2025 continued

Fund Name	Expense Ratio	Return for the Year Ended 9/30/2025	Net Assets as of 9/30/2025
Fixed Income			
Core Plus Bond/PGIM Fund	0.21%	4.07%	102,259,742.48
Vanguard Total Bond Market Index I	0.03%	2.89%	97,224,052.67
Guaranteed Income			
Guaranteed Interest Fund	0.35%	Current Fixed Rate: 1.85%	14,450,253.82
EIFA – Series Class III	0.25%	Current Fixed Rate: 1.95%	129,547,461.68
Target Date Funds			
T. Rowe Price Ret Hybrid 2005 Tr-T14	0.16%	8.67%	1,251,259.68
T. Rowe Price Ret Hybrid 2010 Tr-T14	0.16%	9.03%	1,169,635.11
T. Rowe Price Ret Hybrid 2015 Tr-T14	0.16%	9.33%	32,621,308.92
T. Rowe Price Ret Hybrid 2020 Tr-T14	0.16%	9.62%	20,904,836.63
T. Rowe Price Ret Hybrid 2025 Tr-T14	0.16%	9.99%	149,409,241.56
T. Rowe Price Ret Hybrid 2030 Tr-T14	0.16%	11.03%	97,041,924.78
T. Rowe Price Ret Hybrid 2035 Tr-T14	0.16%	12.40%	258,928,193.81
T. Rowe Price Ret Hybrid 2040 Tr-T14	0.16%	13.54%	956,252.73
T. Rowe Price Ret Hybrid 2045 Tr-T14	0.16%	14.52%	227,710,971.22
T. Rowe Price Ret Hybrid 2050 Tr-T14	0.16%	14.84%	81,465,071.62
T. Rowe Price Ret Hybrid 2055 Tr-T14	0.16%	14.95%	142,701,972.37
T. Rowe Price Ret Hybrid 2060 Tr-T14	0.16%	14.93%	54,407,255.25
T. Rowe Price Ret Hybrid 2065 Tr-T14	0.16%	14.99%	24,043,307.66
Other			
Miscellaneous Legacy Funds	N/A	N/A	19,583,632.91
Self-Directed Brokerage Account	N/A	N/A	7,092,246.77
Loans	N/A	N/A	21,130,855.53

2025 **BOARD OF TRUSTEES**

The ACEC Retirement Trust Board of Trustees provides fiduciary oversight and strategic direction for the Trust. Together, they drive a retirement plan designed to build stronger futures — ***engineered with excellence, driven by trust***.

RON WATHEN
Chair | *Region 7*
QK, Inc.
Visalia, CA

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