Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

2025

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2025 or fiscal plan year beginning 01/01/2025 and ending 12/31/2025

A This return/report is for:
- [ ] a multiemployer plan
- [ ] a multiple-employer plan (Filers checking this box must provide participating employer information in accordance with the form instructions.)
- [X] a single-employer plan
- [ ] a DFE (specify) _____

B This return/report is:
- [ ] the first return/report
- [ ] the final return/report
- [ ] an amended return/report
- [ ] a short plan year return/report (less than 12 months)

C If the plan is a collectively-bargained plan, check here. . . . . ▶ [ ]

D Check box if filing under:
- [X] Form 5558
- [ ] automatic extension
- [ ] the DFVC program
- [ ] special extension (enter description)

E If this is a retroactively adopted plan permitted by SECURE Act section 201, check here. . . . . ▶ [ ]

Part II Basic Plan Information—enter all requested information

1a Name of plan
RETIREMENT ANNUITY PLAN FOR EES OF SMECO, INC.

1b Three-digit plan number (PN) ▶ 001

1c Effective date of plan 07/01/1954

2a Plan sponsor's name (employer, if for a single-employer plan)
Mailing address (include room, apt., suite no. and street, or P.O. Box)
City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions)
SMECO, INC

SOUTHERN MARYLAND ELECTRIC COOP
PO BOX 1937
HUGHESVILLE, MD 20637-1937

2b Employer Identification Number (EIN) 52-0492367

2c Plan Sponsor's telephone number 301-274-3111

2d Business code (see instructions) 221100

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/14/2026	BETH KENNEDY
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address ☐ Same as Plan Sponsor

RETIREMENT ANNUITY PLAN FOR EES OF SMECO, INC

PO BOX 1937
HUGHESVILLE, MD 20637-1937

3b Administrator's EIN: 52-0492367

3c Administrator's telephone number: 301-274-3111

4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report:

a Sponsor's name

c Plan Name

4b EIN

4d PN

5	Total number of participants at the beginning of the plan year	**5**	553
6	Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines **6a(1), 6a(2), 6b, 6c,** and **6d**).		
a(1)	Total number of active participants at the beginning of the plan year	**6a(1)**	194
a(2)	Total number of active participants at the end of the plan year	**6a(2)**	181
b	Retired or separated participants receiving benefits	**6b**	251
c	Other retired or separated participants entitled to future benefits	**6c**	52
d	Subtotal. Add lines **6a(2)**, **6b**, and **6c**.	**6d**	484
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	**6e**	55
f	Total. Add lines **6d** and **6e**.	**6f**	539
g(1)	Number of participants with account balances as of the beginning of the plan year (only defined contribution plans complete this item)	**6g(1)**	
g(2)	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g(2)**	
h	Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested.	**6h**	0
7	Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	**7**	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:

1A 1I

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply)

- (1) [X] Insurance
- (2) [ ] Code section 412(e)(3) insurance contracts
- (3) [X] Trust
- (4) [ ] General assets of the sponsor

9b Plan benefit arrangement (check all that apply)

- (1) [X] Insurance
- (2) [ ] Code section 412(e)(3) insurance contracts
- (3) [X] Trust
- (4) [ ] General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1) [X] **R** (Retirement Plan Information)
- (2) [ ] **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- (3) [X] **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary
- (4) [ ] **DCG** (Individual Plan Information) – Number Attached _____
- (5) [ ] **MEP** (Multiple-Employer Retirement Plan Information)

b General Schedules

- (1) [X] **H** (Financial Information)
- (2) [ ] **I** (Financial Information – Small Plan)
- (3) [X] **A** (Insurance Information) – Number Attached 1
- (4) [X] **C** (Service Provider Information)
- (5) [X] **D** (DFE/Participating Plan Information)
- (6) [ ] **G** (Financial Transaction Schedules)

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ..... ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ..... ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2025 Form M-1 annual report. If the plan was not required to file the 2025 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code_____

SCHEDULE A (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Insurance Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).

▶ **File as an attachment to Form 5500.**

▶ Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).

OMB No. 1210-0110

2025

This Form is Open to Public Inspection

For calendar plan year 2025 or fiscal plan year beginning 01/01/2025 and ending 12/31/2025

A Name of plan
RETIREMENT ANNUITY PLAN FOR EES OF SMECO, INC.

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
SMECO, INC

D Employer Identification Number (EIN)
52-0492367

Part I **Information Concerning Insurance Contract Coverage, Fees, and Commissions** Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.

1 Coverage Information:

(a) Name of insurance carrier
EMPOWER ANNUITY INSURANCE COMPANY

(b) EIN	(c) NAIC code	(d) Contract or identification number	(e) Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	(g) To
06-1050034	93629	556019-E6	539	01/01/2025	12/31/2025

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in line 3 the agents, brokers, and other persons in descending order of the amount paid.

(a) Total amount of commissions paid	(b) Total amount of fees paid

3 Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

Part II Investment and Annuity Contract Information

Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

4	Current value of plan's interest under this contract in the general account at year end	4	0
5	Current value of plan's interest under this contract in separate accounts at year end	5	84854297

6 Contracts With Allocated Funds:

a State the basis of premium rates ▶

b	Premiums paid to carrier	6b	
c	Premiums due but unpaid at the end of the year	6c	
d	If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount. Specify nature of costs ▶	6d	

e Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity (3) ☐ other (specify) ▶

f If contract purchased, in whole or in part, to distribute benefits from a terminating plan, check here ▶ ☐

7 Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)

a Type of contract: (1) ☐ deposit administration (2) ☐ immediate participation guarantee (3) ☐ guaranteed investment (4) ☐ other ▶

b	Balance at the end of the previous year			7b	0
c	Additions: (1) Contributions deposited during the year	7c(1)	0		
	(2) Dividends and credits	7c(2)	0		
	(3) Interest credited during the year	7c(3)	0		
	(4) Transferred from separate account	7c(4)	0		
	(5) Other (specify below) ▶	7c(5)	0		
	(6) Total additions			7c(6)	0
d	Total of balance and additions (add lines **7b** and **7c(6)**)			7d	0
e	Deductions:				
	(1) Disbursed from fund to pay benefits or purchase annuities during year	7e(1)	0		
	(2) Administration charge made by carrier	7e(2)	0		
	(3) Transferred to separate account	7e(3)	0		
	(4) Other (specify below) ▶	7e(4)	0		
	(5) Total deductions			7e(5)	0
f	Balance at the end of the current year (subtract line **7e(5)** from line **7d**)			7f	0

Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organizations(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 Benefit and contract type (check all applicable boxes)

- **a** ☐ Health (other than dental or vision)
- **b** ☐ Dental
- **c** ☐ Vision
- **d** ☐ Life insurance
- **e** ☐ Temporary disability (accident and sickness)
- **f** ☐ Long-term disability
- **g** ☐ Supplemental unemployment
- **h** ☐ Prescription drug
- **i** ☐ Stop loss (large deductible)
- **j** ☐ HMO contract
- **k** ☐ PPO contract
- **l** ☐ Indemnity contract
- **m** ☐ Other (specify) ▶

9 Experience-rated contracts:				
a Premiums: (1) Amount received	**9a(1)**			
(2) Increase (decrease) in amount due but unpaid	**9a(2)**			
(3) Increase (decrease) in unearned premium reserve	**9a(3)**			
(4) Earned (**(1)** + **(2)** - **(3)**)			**9a(4)**	0
b Benefit charges (1) Claims paid	**9b(1)**			
(2) Increase (decrease) in claim reserves	**9b(2)**			
(3) Incurred claims (add **(1)** and **(2)**)			**9b(3)**	0
(4) Claims charged			**9b(4)**	
c Remainder of premium: (1) Retention charges (on an accrual basis) --				
(A) Commissions	**9c(1)(A)**			
(B) Administrative service or other fees	**9c(1)(B)**			
(C) Other specific acquisition costs	**9c(1)(C)**			
(D) Other expenses	**9c(1)(D)**			
(E) Taxes	**9c(1)(E)**			
(F) Charges for risks or other contingencies	**9c(1)(F)**			
(G) Other retention charges	**9c(1)(G)**			
(H) Total retention			**9c(1)(H)**	0
(2) Dividends or retroactive rate refunds. (These amounts were ☐ paid in cash, or ☐ credited.)			**9c(2)**	
d Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement			**9d(1)**	
(2) Claim reserves			**9d(2)**	
(3) Other reserves			**9d(3)**	
e Dividends or retroactive rate refunds due. (Do not include amount entered in line **9c(2)**.)			**9e**	
10 Nonexperience-rated contracts:				
a Total premiums or subscription charges paid to carrier			**10a**	
b If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, line 2 above, report amount.			**10b**	

Specify nature of costs.

Part IV Provision of Information

11 Did the insurance company fail to provide any information necessary to complete Schedule A? ☐ Yes ☒ No

12 If the answer to line 11 is "Yes," specify the information not provided. ▶

SCHEDULE SB (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Single-Employer Defined Benefit Plan Actuarial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500 or 5500-SF.**

OMB No. 1210-0110

2025

This Form is Open to Public Inspection

For calendar plan year 2025 or fiscal plan year beginning 01/01/2025 and ending 12/31/2025

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of $1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan
RETIREMENT ANNUITY PLAN FOR EES OF SMECO, INC.

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF
SMECO, INC

D Employer Identification Number (EIN)
52-0492367

E Type of plan: [X] Single [ ] Multiple-A [ ] Multiple-B

F Prior year plan size: [ ] 100 or fewer [ ] 101-500 [X] More than 500

Part I Basic Information

1 Enter the valuation date: Month 01 Day 01 Year 2025

2 Assets:

a Market value	**2a**	114810309
b Actuarial value	**2b**	115393825

3 Funding target/participant count breakdown

	(1) Number of participants	(2) Vested Funding Target	(3) Total Funding Target
a For retired participants and beneficiaries receiving payment	310	81526752	81526752
b For terminated vested participants	49	2961059	2961059
c For active participants	194	24611057	25742055
d Total	553	109098868	110229866

4 If the plan is in at-risk status, check the box and complete lines (a) and (b) [ ]

a Funding target disregarding prescribed at-risk assumptions	**4a**	
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	**4b**	

5 Effective interest rate	**5**	5.35 %
6 Target normal cost		
a Present value of current plan year accruals	**6a**	0
b Expected plan-related expenses	**6b**	125000
c Target normal cost	**6c**	125000

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE

Signature of actuary

10/02/2026
Date

STACEY M. SCHMID
Type or print name of actuary

26-08213
Most recent enrollment number

EMPOWER
Firm name

303-737-7048
Telephone number (including area code)

280 TRUMBULL STREET
HARTFORD, CT 06103
Address of the firm

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions [ ]

Part II Beginning of Year Carryover and Prefunding Balances

		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	0	0
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9	Amount remaining (line 7 minus line 8)	0	0
10	Interest on line 9 using prior year's actual return of 1.63 %	0	0
11	Prior year's excess contributions to be added to prefunding balance:		
	a Present value of excess contributions (line 38a from prior year)		0
	b(1) Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of 5.10 %		0
	b(2) Interest on line 38b from prior year Schedule SB, using prior year's actual return		0
	c Total available at beginning of current plan year to add to prefunding balance		0
	d Portion of (c) to be added to prefunding balance		0
12	Other reductions in balances due to elections or deemed elections	0	0
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	0	0

Part III Funding Percentages

14	Funding target attainment percentage	14	104.68 %
15	Adjusted funding target attainment percentage	15	104.68 %
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	111.69 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.	17	%

Part IV Contributions and Liquidity Shortfalls

18 Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
			Totals ► 18(b)	0	18(c) 0

19	Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:		
	a Contributions allocated toward unpaid minimum required contributions from prior years	19a	0
	b Contributions made to avoid restrictions adjusted to valuation date.	19b	0
	c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	0

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? ☐ Yes ☒ No

b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☐ Yes ☐ No

c If line 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of quarter of this plan year

(1) 1st	(2) 2nd	(3) 3rd	(4) 4th

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:

a Segment rates:	1st segment: 5.07 %	2nd segment: 5.31 %	3rd segment: 5.50 %	☐ N/A, full yield curve used

b Applicable month (enter code)	**21b**	4
22 Weighted average retirement age	**22**	64

23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute

Part VI Miscellaneous Items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment. ☒ Yes ☐ No

25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment. ☐ Yes ☒ No

26 Demographic and benefit information

a Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment. ☒ Yes ☐ No

b Is the plan required to provide a projection of expected benefit payments? If "Yes," see instructions regarding required attachment ☐ Yes ☒ No

27 If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment	**27**	

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

28 Unpaid minimum required contributions for all prior years	**28**	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a)	**29**	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	**30**	0

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):

a Target normal cost (line 6c)	**31a**	125000
b Excess assets, if applicable, but not greater than line 31a	**31b**	125000

32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment	0	0
b Waiver amortization installment	0	0

33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____)_and the waived amount	**33**	
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)	**34**	0

	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement	0	0	0

36 Additional cash requirement (line 34 minus line 35)	**36**	0
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	**37**	0
38 Present value of excess contributions for current year (see instructions)		
a Total (excess, if any, of line 37 over line 36)	**38a**	0
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	**38b**	0
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	**39**	0
40 Unpaid minimum required contributions for all years	**40**	0

Part IX Pension Funding Relief Under the American Rescue Plan Act of 2021 (See Instructions)

41 If an election was made to use the extended amortization rule for a plan year beginning on or before December 31, 2021, check the box to indicate the first plan year for which the rule applies. ☐ 2019 ☐ 2020 ☐ 2021

SCHEDULE C (Form 5500)	Service Provider Information	OMB No. 1210-0110
Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ **File as an attachment to Form 5500.**	**2025** **This Form is Open to Public Inspection.**

For calendar plan year 2025 or fiscal plan year beginning 01/01/2025 and ending 12/31/2025

A Name of plan
RETIREMENT ANNUITY PLAN FOR EES OF SMECO, INC.

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
SMECO, INC

D Employer Identification Number (EIN)
52-0492367

Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).. . . . . [X] Yes [ ] No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

EMPOWER ANNUITY INSURANCE COMPANY

06-1050034

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

EMPOWER ANNUITY INSURANCE COMPANY

06-1050034

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
13	NONE	275659	Yes [X] No [ ]	Yes [X] No [ ]	0	Yes [X] No [ ]

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes [ ] No [ ]	Yes [ ] No [ ]		Yes [ ] No [ ]

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes [ ] No [ ]	Yes [ ] No [ ]		Yes [ ] No [ ]

Part I Service Provider Information (continued)

3. If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)

(complete as many entries as needed)

a Name:

b EIN:

c Position:

d Address:

e Telephone:

Explanation:

a Name:

b EIN:

c Position:

d Address:

e Telephone:

Explanation:

a Name:

b EIN:

c Position:

d Address:

e Telephone:

Explanation:

a Name:

b EIN:

c Position:

d Address:

e Telephone:

Explanation:

a Name:

b EIN:

c Position:

d Address:

e Telephone:

Explanation:

SCHEDULE D (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

DFE/Participating Plan Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2025

This Form is Open to Public Inspection.

For calendar plan year 2025 or fiscal plan year beginning 01/01/2025 and ending 12/31/2025

A Name of plan
RETIREMENT ANNUITY PLAN FOR EES OF SMECO, INC.

B Three-digit plan number (PN) ▶ 001

C Plan or DFE sponsor's name as shown on line 2a of Form 5500
SMECO, INC

D Employer Identification Number (EIN)
52-0492367

Part I **Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs)**
(Complete as many entries as needed to report all interests in DFEs)

a Name of MTIA, CCT, PSA, or 103-12 IE: CORE PLUS BOND / PGIM FUND

b Name of sponsor of entity listed in (a): EMPOWER ANNUITY INSURANCE COMPANY

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
06-1050034-299	P	30115745

a Name of MTIA, CCT, PSA, or 103-12 IE: LONG DURATION BOND/IR&M FUND

b Name of sponsor of entity listed in (a): EMPOWER ANNUITY INSURANCE COMPANY

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
06-1050034-537	P	15938174

a Name of MTIA, CCT, PSA, or 103-12 IE: PGIM LONG DURATION CORPORATE BOND (

b Name of sponsor of entity listed in (a): EMPOWER ANNUITY INSURANCE COMPANY

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
06-1050034-714	P	15925247

a Name of MTIA, CCT, PSA, or 103-12 IE: PGIM SHORT-TERM FUND (IS PLATFORM)

b Name of sponsor of entity listed in (a): EMPOWER ANNUITY INSURANCE COMPANY

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
06-1050034-041	P	22875131

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

Part II **Information on Participating Plans (to be completed by DFEs, other than DCGs)**
(Complete as many entries as needed to report all participating plans. DCGs must report each participating plan using Schedule DCG.)

a Plan name

b Name of plan sponsor | **c** EIN-PN

a Plan name

b Name of plan sponsor | **c** EIN-PN

a Plan name

b Name of plan sponsor | **c** EIN-PN

a Plan name

b Name of plan sponsor | **c** EIN-PN

a Plan name

b Name of plan sponsor | **c** EIN-PN

a Plan name

b Name of plan sponsor | **c** EIN-PN

a Plan name

b Name of plan sponsor | **c** EIN-PN

a Plan name

b Name of plan sponsor | **c** EIN-PN

a Plan name

b Name of plan sponsor | **c** EIN-PN

a Plan name

b Name of plan sponsor | **c** EIN-PN

a Plan name

b Name of plan sponsor | **c** EIN-PN

a Plan name

b Name of plan sponsor | **c** EIN-PN

a Plan name

b Name of plan sponsor | **c** EIN-PN

SCHEDULE H (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Financial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2025

This Form is Open to Public Inspection

For calendar plan year 2025 or fiscal plan year beginning 01/01/2025 and ending 12/31/2025

A Name of plan
RETIREMENT ANNUITY PLAN FOR EES OF SMECO, INC.

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
SMECO, INC

D Employer Identification Number (EIN)
52-0492367

Part I Asset and Liability Statement

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		
(2) Participant contributions	1b(2)		
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)	84775347	84854297
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	30034962	30088103
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		

		(a) Beginning of Year	(b) End of Year
1d Employer-related investments:			
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
1e Buildings and other property used in plan operation	1e		
1f Total assets (add all amounts in lines 1a through 1e)	1f	114810309	114942400
Liabilities			
1g Benefit claims payable	1g		
1h Operating payables	1h		
1i Acquisition indebtedness	1i		
1j Other liabilities	1j		
1k Total liabilities (add all amounts in lines 1g through1j)	1k	0	0
Net Assets			
1l Net assets (subtract line 1k from line 1f)	1l	114810309	114942400

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: **(A)** Employers	2a(1)(A)		
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		0
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		0
(2) Dividends: **(A)** Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	1417525	
(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		1417525
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		0
(5) Unrealized appreciation (depreciation) of assets: **(A)** Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)**	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		0
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		6212438
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		1008116
c Other income	2c		
d Total income. Add all **income** amounts in column (b) and enter total	2d		8638079
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	8171711	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines **2e(1)** through **(3)**	2e(4)		8171711
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		
i Administrative expenses:			
(1) Salaries and allowances	2i(1)		
(2) Contract administrator fees	2i(2)	275659	
(3) Recordkeeping fees	2i(3)		
(4) IQPA audit fees	2i(4)		
(5) Investment advisory and investment management fees	2i(5)	58618	
(6) Bank or trust company trustee/custodial fees	2i(6)		
(7) Actuarial fees	2i(7)		
(8) Legal fees	2i(8)		
(9) Valuation/appraisal fees	2i(9)		
(10) Other trustee fees and expenses	2i(10)		
(11) Other expenses	2i(11)		
(12) Total administrative expenses. Add lines **2i(1)** through **(11)**	2i(12)		334277
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		8505988
Net Income and Reconciliation			
k Net income (loss). Subtract line **2j** from line **2d**	2k		132091
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) [X] Unmodified **(2)** [ ] Qualified **(3)** [ ] Disclaimer **(4)** [ ] Adverse

b Check the appropriate box(es) to indicate whether the IQPA performed an ERISA section 103(a)(3)(C) audit. Check both boxes (1) and (2) if the audit was performed pursuant to both 29 CFR 2520.103-8 and 29 CFR 2520.103-12(d). Check box (3) if pursuant to neither.

(1) [X] DOL Regulation 2520.103-8 **(2)** [ ] DOL Regulation 2520.103-12(d) **(3)** [ ] neither DOL Regulation 2520.103-8 nor DOL Regulation 2520.103-12(d).

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: ADAMS, JENKINS & CHEATHAM **(2)** EIN: 54-1320089

d The opinion of an independent qualified public accountant is **not attached** as part of Schedule H because:

(1) [ ] This form is filed for a CCT, PSA, DCG or MTIA. **(2)** [ ] It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l. DCGs do not complete lines 4e, 4f, 4k, 4l, and 5, and DCGs generally complete the rest of Part IV collectively for all plans in the DCG, except as otherwise provided (see instructions).

During the plan year:

		Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)	**4a**		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)	**4b**		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	**4c**		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	**4d**		X	
e Was this plan covered by a fidelity bond?	**4e**	X		500000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	**4f**		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	**4g**		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	**4h**		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	**4i**	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked and see instructions for format requirements.)	**4j**	X		
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	**4k**		X	
l Has the plan failed to provide any benefit when due under the plan?	**4l**		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	**4m**			
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	**4n**			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? [X] Yes [ ] No

If "Yes," enter the amount of any plan assets that reverted to the employer this year _____.

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	**5b(2)** EIN(s)	**5b(3)** PN(s)

5c Was the plan a defined benefit plan covered under the PBGC insurance program at any time during this plan year? (See ERISA section 4021 and instructions.) ..... [X] Yes [ ] No [ ] Not determined

If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year 587841.

SCHEDULE R (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Retirement Plan Information

This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2025

This Form is Open to Public Inspection.

For calendar plan year 2025 or fiscal plan year beginning 01/01/2025 and ending 12/31/2025

A Name of plan
RETIREMENT ANNUITY PLAN FOR EES OF SMECO, INC.

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
SMECO, INC

D Employer Identification Number (EIN)
52-0492367

Part I Distributions

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions **1** 0

2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):

EIN(s): 20-3691708

Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.

3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year **3** 0

Part II Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ..... ☐ Yes ☒ No ☐ N/A

If the plan is a defined benefit plan, go to line 8.

5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. **Date:** Month _____ Day _____ Year _____

If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.

6 **a** Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived) **6a**

b Enter the amount contributed by the employer to the plan for this plan year **6b**

c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount) **6c**

If you completed line 6c, skip lines 8 and 9.

7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ..... ☐ Yes ☐ No ☐ N/A

8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ..... ☐ Yes ☐ No ☐ N/A

Part III Amendments

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box. ..... ☐ Increase ☐ Decrease ☐ Both ☒ No

Part IV ESOPs (see instructions). If this is not a plan described under section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ..... ☐ Yes ☐ No

11 **a** Does the ESOP hold any preferred stock? ..... ☐ Yes ☐ No

b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ..... ☐ Yes ☐ No

12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ..... ☐ Yes ☐ No

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that (1) contributed more than 5% of total contributions to the plan during the plan year or (2) was one of the top-ten highest contributors (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

14 Enter the number of deferred vested and retired participants (inactive participants), as of the beginning of the plan year, whose contributing employer is no longer making contributions to the plan for:

a The current plan year. Check the box to indicate the counting method used to determine the number of inactive participants: ☐ last contributing employer ☐ alternative ☐ reasonable approximation (see instructions for required attachment)	**14a**	
b The plan year immediately preceding the current plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment)	**14b**	
c The second preceding plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment)	**14c**	

15 Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	**15a**	
b The corresponding number for the second preceding plan year	**15b**	

16 Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	**16a**	
b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	**16b**	

17 If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

18 If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

19 If the total number of participants is 1,000 or more, complete lines (a) and (b):

a Enter the percentage of plan assets held as:
Public Equity: _____% Private Equity: _____% Investment-Grade Debt and Interest Rate Hedging Assets: _____%
High-Yield Debt: _____% Real Assets: _____% Cash or Cash Equivalents: _____% Other: _____%

b Provide the average duration of the Investment-Grade Debt and Interest Rate Hedging Assets:
☐ 0-5 years ☐ 5-10 years ☐ 10-15 years ☐ 15 years or more

20 **PBGC missed contribution reporting requirements.** If this is a multiemployer plan or a single-employer plan that is not covered by PBGC, skip line 20.

a Is the amount of unpaid minimum required contributions for all years from Schedule SB (Form 5500) line 40 greater than zero? ☐ Yes ☒ No

b If line 20a is "Yes," has PBGC been notified as required by ERISA sections 4043(c)(5) and/or 303(k)(4)? Check the applicable box:

☐ Yes.

☐ No. Reporting was waived under 29 CFR 4043.25(c)(2) because contributions equal to or exceeding the unpaid minimum required contribution were made by the 30th day after the due date.

☐ No. The 30-day period referenced in 29 CFR 4043.25(c)(2) has not yet ended, and the sponsor intends to make a contribution equal to or exceeding the unpaid minimum required contribution by the 30th day after the due date.

☐ No. Other. Provide explanation._____

Part VII IRS Compliance Questions

21a Does the plan satisfy the coverage and nondiscrimination tests of Code sections 410(b) and 401(a)(4) by combining this plan with any other plans under the permissive aggregation rules? ☐ Yes ☒ No

21b If this is a Code section 401(k) plan, check all boxes that apply to indicate how the plan is intended to satisfy the nondiscrimination requirements for employee deferrals and employer matching contributions (as applicable) under Code sections 401(k)(3) and 401(m)(2).

☐ Design-based safe harbor method

☐ "Prior year" ADP test

☐ "Current year" ADP test

☐ N/A

22 If the plan sponsor is an adopter of a pre-approved plan that received a favorable IRS Opinion Letter, enter the date of the Opinion Letter ___/___/_____ (MM/DD/YYYY) and the Opinion Letter serial number_____.

Structured Attachment	Schedule SB, line 26a Schedule of Active Participant Data	2025
Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation		This Form is Open to Public Inspection

Name of Plan	RETIREMENT ANNUITY PLAN FOR EES OF SMECO, INC.						
Plan Year Begin Date	01/01/2025	Plan Year End Date	12/31/2025	EIN	52-0492367	PN	001

Attained Age	YEARS OF CREDITED SERVICE					
	Under 1			1 to 4		
	No.	Average		No.	Average	
		Compensation	Cash Balance		Compensation	Cash Balance
Under 25						
25 to 29						
30 to 34						
35 to 39				3		
40 to 44				5		
45 to 49				1		
50 to 54				3		
55 to 59				3		
60 to 64				1		
65 to 69						
70 & Up						

Attained Age	YEARS OF CREDITED SERVICE					
	5 to 9			10 to 14		
	No.	Average		No.	Average	
		Compensation	Cash Balance		Compensation	Cash Balance
Under 25						
25 to 29						
30 to 34						
35 to 39	4					
40 to 44	15					
45 to 49	22			7		
50 to 54	18			9		
55 to 59	10			7		
60 to 64	6			9		
65 to 69						
70 & Up						

Name of Plan	RETIREMENT ANNUITY PLAN FOR EES OF SMECO, INC.						
Plan Year Begin Date	01/01/2025	**Plan Year End Date**	12/31/2025	**EIN**	52-0492367	**PN**	001

Attained Age	YEARS OF CREDITED SERVICE					
	15 to 19			20 to 24		
	No.	Average		No.	Average	
		Compensation	Cash Balance		Compensation	Cash Balance
Under 25						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54	5			5		
55 to 59	13			19		
60 to 64	7			12		
65 to 69						
70 & Up						

Attained Age	YEARS OF CREDITED SERVICE					
	25 to 29			30 to 34		
	No.	Average		No.	Average	
		Compensation	Cash Balance		Compensation	Cash Balance
Under 25						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54						
55 to 59	5					
60 to 64	4					
65 to 69				1		
70 & Up						

Name of Plan	RETIREMENT ANNUITY PLAN FOR EES OF SMECO, INC.						
Plan Year Begin Date	01/01/2025	**Plan Year End Date**	12/31/2025	**EIN**	52-0492367	**PN**	001

Attained Age	YEARS OF CREDITED SERVICE					
	35 to 39			40 & Up		
	No.	Average		No.	Average	
		Compensation	Cash Balance		Compensation	Cash Balance
Under 25						
25 to 29						
30 to 34						
35 to 39						
40 to 44						
45 to 49						
50 to 54						
55 to 59						
60 to 64						
65 to 69						
70 & Up						

Retirement Annuity Plan for Employees of Southern Maryland Electric Cooperative, Inc.

Audited Financial Statements

December 31, 2025 and 2024

Contents

Financial Statements:

Independent Auditor's Report.....Page 1 - 3

Statements of Net Assets Available for Benefits 4

Statements of Changes in Net Assets Available for Benefits..... 5

Statements of Accumulated Plan Benefits 6

Statements of Changes in Accumulated Plan Benefits 7

Notes to Financial Statements..... 8 - 14

Supplementary Information:

Schedule H, Part IV, Line 4(i) - Schedule of Assets (Held at End of Year) 15

Schedule H, Part IV, Line 4(j) - Schedule of Reportable Transactions 16

Independent Auditor's Report

To the Trustees
Retirement Annuity Plan for Employees of
Southern Maryland Electric Cooperative, Inc.
Hughesville, Maryland

Scope and Nature of the ERISA Section 103(a)(3)(C) Audit

We have performed the audits of the financial statements of the Retirement Annuity Plan for Employees of Southern Maryland Electric Cooperative, Inc., an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), as permitted by ERISA Section 103(a)(3)(C) (ERISA Section 103(a)(3)(C) audit). The financial statements comprise the statements of net assets available for benefits and statements of accumulated plan benefits as of December 31, 2025 (in liquidation) and 2024, and the related statements of changes in net assets available for benefits and the statements of changes in accumulated plan benefits for the year ended December 31, 2025 (in liquidation) and 2024, and the related notes to the financial statements.

Management, having determined it is permissible in the circumstances, has elected to have the audits of Retirement Annuity Plan for Employees of Southern Maryland Electric Cooperative, Inc.'s financial statements performed in accordance with ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. As permitted by ERISA Section 103(a)(3)(C), our audits need not extend to any statements or information related to assets held for investment of the plan (investment information) by a bank or similar institution or insurance carrier that is regulated, supervised, and subject to periodic examination by a state or federal agency, provided that the statements or information regarding assets so held are prepared and certified to by the bank in accordance with 29 CFR 2520.103-5 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA (qualified institution).

Management has obtained certifications from a qualified institution as of December 31, 2025 and 2024 and for the years ended December 31, 2025 and 2024, stating that the certified investment information, as described in Note C to the financial statements, is complete and accurate.

Opinion

In our opinion, based on our audits and on the procedures performed as described in the Auditor's Responsibilities for the Audit of the Financial Statements section -

- The amounts and disclosures in the accompanying financial statements, other than those agreed to or derived from the certified investment information, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.
- The information in the accompanying financial statements related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

231 Wylderose Drive | Midlothian, VA 23113 | 804.323.1313

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Retirement Annuity Plan for Employees of Southern Maryland Electric Cooperative, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our ERISA Section 103(a)(3)(C) audit opinion.

Emphasis of Matter - Basis of Accounting

As discussed in Note A to the financial statements, the Plan’s trustees approved the termination of the Plan in 2024 and management determined liquidation is imminent during 2025 and, accordingly, the Plan changed its basis of accounting for the year ended December 31, 2025 from the going-concern basis to the liquidation basis of accounting. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. Management's election of the ERISA Section 103(a)(3)(C) audit does not affect management's responsibility for the financial statements.

Management is also responsible for maintaining a current plan instrument, including all plan amendments, administering the plan, and determining that the plan's transactions that are presented and disclosed in the financial statements are in conformity with the plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

Auditor's Responsibilities for the Audit of the Financial Statements

Except as described in the Scope and Nature of the ERISA Section 103(a)(3)(C) Audit section of our report, 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 generally accepted 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 generally accepted 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 the Retirement Annuity Plan for Employees of Southern Maryland Electric Cooperative, Inc.'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.

Our audits did not extend to the certified investment information, except for obtaining and reading the certification, comparing the certified investment information with the related information presented and disclosed in the financial statements, and reading the disclosures relating to the certified investment information to assess whether they are in accordance with the presentation and disclosure requirements of accounting principles generally accepted in the United States of America.

Accordingly, the objective of an ERISA Section 103(a)(3)(C) audit is not to express an opinion about whether the financial statements as a whole are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

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.

Supplemental Schedules Required by ERISA

The supplemental schedules, Schedule H, Part IV, Line 4(i) - Schedule of Assets (Held at End of Year) and Schedule H, Part IV, Line 4(j) - Schedule of Reportable Transactions as of and for the year ended December 31, 2025, are presented for purposes of additional analysis and are not a required part of the financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information included in the supplemental schedules, other than that agreed to or derived from the certified investment information, has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with generally accepted auditing standards. For information included in the supplemental schedules that agreed to or is derived from the certified investment information, we compared such information to the related certified investment information.

In forming our opinion on the supplemental schedules, we evaluated whether the supplemental schedules, other than the information agreed to or derived from the certified investment information, including their form and content, are presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion:

- The form and content of the supplemental schedules, other than the information in the supplemental schedules that agreed to or is derived from the certified investment information, are presented, in all material respects, in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.
- The information in the supplemental schedules related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).



Richmond, Virginia
October 8, 2026

Statements of Net Assets Available for Benefits

Retirement Annuity Plan for Employees of Southern Maryland Electric Cooperative, Inc.

	December 31,	
	2025 Liquidation Basis	2024 Going-Concern Basis
Assets		
Investments at fair value	$ 114,942,400	$ 114,810,309
Estimated income expected during liquidation	601,872	
	115,544,272	114,810,309
Liabilities		
Estimated costs through completion of liquidation	233,233	
Net Assets Available for Benefits	$ 115,311,039	$ 114,810,309

See Independent Auditor's Report and Notes to Financial Statements

Statements of Changes in Net Assets Available for Benefits

Retirement Annuity Plan for Employees of Southern Maryland Electric Cooperative, Inc.

	Year Ended December 31,	
	2025 Liquidation Basis	2024 Going-Concern Basis
Additions to Net Assets Attributed to		
Investment income:		
Net appreciation in fair value of investments	$ 7,220,554	$ 540,595
Interest and dividends	1,417,525	1,280,325
Total Additions	8,638,079	1,820,920
Deductions from Net Assets Attributed to		
Benefits paid to participants	8,171,711	8,885,519
Administrative expenses	334,277	154,513
Total Deductions	8,505,988	9,040,032
Net Increase (Decrease) Before Liquidation-Basis Adjustments	132,091	(7,219,112)
Liquidation-basis adjustments for expected income and costs	368,639	
Net Change	500,730	(7,219,112)
Net assets available for benefits at beginning of year	114,810,309	122,029,421
Net Assets Available for Benefits at End of Year	$ 115,311,039	$ 114,810,309

See Independent Auditor's Report and Notes to Financial Statements

Statements of Accumulated Plan Benefits

Retirement Annuity Plan for Employees of Southern Maryland Electric Cooperative, Inc.

	December 31,	
	2025 Liquidation Basis	2024 Going-Concern Basis
Actuarial Present Value of Accumulated Plan Benefits		
Vested benefits	$ 115,072,520	$ 120,920,743
Nonvested benefits		1,289,112
Total Actuarial Present Value of Accumulated Plan Benefits	$ 115,072,520	$ 122,209,855

See Independent Auditor's Report and Notes to Financial Statements

Statements of Changes in Accumulated Plan Benefits

Retirement Annuity Plan for Employees of Southern Maryland Electric Cooperative, Inc.

	Year Ended December 31,	
	2025 Liquidation Basis	2024 Going-Concern Basis
Actuarial Present Value of Accumulated Plan Benefits at Beginning of Year	$ 122,209,855	$ 113,632,398
Increase (decrease) during the year attributable to:		
Net effect of interest, participant experience, and termination assumption changes	1,034,376	17,462,976
Benefits paid	(8,171,711)	(8,885,519)
Net Increase (Decrease)	(7,137,335)	8,577,457
Actuarial Present Value of Accumulated Plan Benefits at End of Year	$ 115,072,520	$ 122,209,855

See Independent Auditor's Report and Notes to Financial Statements

Notes to Financial Statements

Retirement Annuity Plan for Employees of Southern Maryland Electric Cooperative, Inc.

December 31, 2025 and 2024

Note A - Plan Description and Summary of Significant Accounting Policies

Plan Description

The following brief description of the Retirement Annuity Plan for Employees of Southern Maryland Electric Cooperative, Inc. (the "Plan") is provided for general information purposes only. Participants should refer to the Plan agreement for more complete information.

General

The Plan is a defined benefit pension plan covering substantially all full-time employees of Southern Maryland Electric Cooperative, Inc. (the "Cooperative") hired on or before December 31, 2006. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Basis of Accounting

The 2024 financial statements were prepared under the accrual method of accounting using the going-concern basis. Although the Cooperative's Board of Directors authorized termination of the Plan on December 19, 2024, management concluded that liquidation was not imminent at December 31, 2024. During 2025, management determined that liquidation became imminent as of March 31, 2025. Accordingly, the Plan adopted the liquidation basis of accounting prospectively from that date in accordance with Accounting Standards Codification (ASC) 205-30.

Under the liquidation basis, assets are measured at the amount of cash or other consideration expected to be collected in liquidation. Liabilities continue to be recognized and measured under otherwise applicable generally accepted accounting principles (GAAP). The Plan also recognizes separately the income expected to be earned and the costs expected to be incurred through completion of liquidation when those amounts can be reasonably estimated. At December 31, 2025, investments were carried at fair value, which management expects to approximate liquidation proceeds before the effect of subsequent investment income, liquidation expenses and final settlement adjustments.

Pension Benefits and Vesting

The Plan historically provided normal retirement benefits at age 65 and reduced or unreduced early retirement benefits under specified age and service conditions. The benefit formula and other provisions are described in the Plan document. In connection with the termination, affected participants became fully vested and benefits were expected to be settled through lump-sum distributions, immediate or deferred annuity contracts, or transfers under the PBGC Missing Participants Program, as applicable.

Note A - Plan Description and Summary of Significant Accounting Policies - Continued

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, disclosure of contingent assets and liabilities and the actuarial present value of accumulated plan benefits at the date of the financial statements. Actual results could differ from those estimates. The Plan uses an actuary to determine the actuarial present value of accumulated plan benefits. A change in the actuarial assumptions could significantly change the amount of the actuarial present value of accumulated plan benefits reported in the accompanying financial statements.

Actuarial Present Value of Accumulated Plan Benefits

Accumulated Plan benefits represent future periodic payments and lump-sum distributions attributable under the Plan's provisions to service rendered through the valuation date. The actuarial present value reflects the time value of money and the probability and expected form of payment. For 2025, the amount shown in the accompanying statements reflects termination assumptions, including a 4.50% rate for annuity obligations, applicable segment rates of 4.06%, 5.12% and 5.93% for lump sums, and the IRS 2026 applicable mortality table for lump sums.

Valuation of Investments

Plan investments are stated at fair value. Management concluded that fair value approximated the amount expected to be realized in liquidation as of December 31, 2025. Purchases and sales are recorded on a trade-date basis. Interest income is recognized on the accrual basis and dividend income on the ex-dividend date.

Administrative Expenses and Payment of Benefits

The administrative expenses of the Plan are paid from the Plan's assets. Benefit payments to participants are recorded upon distribution. Costs expected to be incurred after the financial statement date through completion of liquidation are accrued separately when reasonably estimable.

Subsequent Events

The Plan management has evaluated all subsequent events through October 8, 2026, which is the date these financial statements were available to be issued. Subsequent settlement activity is described in Note D.

Note B - Funding Policy

The Cooperative's funding policy historically was to make contributions necessary to provide assets sufficient to meet benefits payable to participants and applicable minimum funding requirements. No employer contributions were recorded during 2025. The Plan Sponsor committed to fund any amount necessary to complete a standard termination.

Note C - Certified Investments

Certain information related to investments disclosed in the accompanying financial statements and ERISA-required supplemental schedules, including investments held at December 31, 2025 and 2024, and related investment activity for the years ended December 31, 2025 and 2024, was obtained by management and agreed to or derived from information certified as complete and accurate by Empower Annuity Insurance Company of America and Empower Trust Company, LLC (collectively, Empower).

The following table represents the investments in this Plan that were certified by Empower:

	December 31,	
	2025	2024
Investments at fair value:		
Pooled separate accounts	$ 84,854,297	$ 84,775,347
Mutual funds	30,088,103	30,034,962
	$ 114,942,400	$ 114,810,309

For the year ended December 31, 2025, Empower certified investment information included approximately $7,220,554 of net appreciation in fair value and $1,417,525 of interest and dividends. For the year ended December 31, 2024, certified investment information included $540,595 of net appreciation in fair value and $1,280,325 of interest and dividends.

Note D - Plan Termination

On December 19, 2024, the Board of Directors of the Cooperative authorized the termination of the Plan. The Plan termination date was established as March 31, 2025, and the termination was pursued as a standard termination under ERISA. Required participant notices were issued, and participant benefit elections and settlement procedures were undertaken during 2025. The termination amendment provided for full vesting of participant benefits. During 2026, substantially all participant benefit obligations were settled through lump-sum distributions, the purchase of group annuity contracts and transfers under the PBGC Missing Participants Program.

Certain matters related to the termination remain in process, including finalization of the annuity contract and related premium adjustment, payment of remaining termination expenses and disposition of the Plan’s remaining assets. Management expects these matters to be completed after the necessary calculations, documentation and regulatory requirements have been satisfied.

At December 31, 2025, the Plan recognized estimated income expected during liquidation of $601,872 and estimated costs through completion of liquidation of $233,233. These estimates were based on management’s expectations for the remaining liquidation period, informed by subsequent income and expense activity and estimates of remaining costs. Estimated costs include administrative and actuarial fees, PBGC premiums, and fees for a potential PBGC audit, if the Plan is selected. Transfers under the PBGC Missing Participants Program are treated as benefit settlements rather than administrative expenses.

Note D - Plan Termination - Continued

Management expects liquidation to be completed by December 31, 2026. The estimates cover income expected to be earned and costs expected to be incurred from January 1, 2026 through that date. No additional annuity premium payment or refund has been included in the liquidation estimates because the final premium adjustment has not yet been determined. Management expects any resulting payment or refund to be immaterial. Remaining assets will be distributed or transferred in accordance with the Plan's provisions and applicable regulatory requirements. Actual income, costs, premium adjustments and the timing of completion may differ from these estimates.

Note E - Investment Management Agreements

The Plan had investment management agreements with various investment managers during 2024 and 2025. The investment strategy was adjusted as necessary to maintain liquidity and implement the Plan termination and settlement process.

Note F - Income Tax Status

The IRS determined, by letter dated August 18, 2025, that the termination of the Plan did not adversely affect the Plan's qualification for federal tax purposes. Management believes the Plan remained qualified under the applicable provisions of the Internal Revenue Code through the termination process and the related trust continued to be exempt from federal taxes.

Management evaluates tax positions taken by the Plan and recognizes a liability when it is more likely than not that a tax position would not be sustained upon examination. Management was not aware of any uncertain tax positions requiring recognition as of December 31, 2025 and 2024.

Note G - Risks and Uncertainties

Plan assets were invested primarily in fixed-income pooled separate accounts and mutual funds. Investments are exposed to interest-rate, market, credit and liquidity risks. Because the Plan was in liquidation, changes in market values and the timing of benefit settlement, annuity placement and liquidation expenses could affect the amount ultimately available for distribution or transfer.

Note H - Fair Value Measurements

The Financial Accounting Standards Board establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described on the following page:

Note H - Fair Value Measurements - Continued

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2025 and 2024:

Pooled separate accounts: Unit value calculated based on the net assets or observable net asset value (NAV) of the underlying pool of securities or investments. The NAV, as provided by the trustee, is used as a practical expedient to estimate fair value.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission (SEC). These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

The following table summarizes the financial assets measured at fair value:

	Assets at Fair Value as of December 31, 2025			
	Level 1	Level 2	Level 3	Total
Mutual Funds	$ 30,088,103	$	$	$ 30,088,103
Investments measured at NAV				84,854,297
Total investments at fair value				$ 114,942,400

Note H - Fair Value Measurements - Continued

	Assets at Fair Value as of December 31, 2024			
	Level 1	Level 2	Level 3	Total
Mutual Funds	$ 30,034,962	$	$	$ 30,034,962
Investments measured at NAV				84,775,347
Total investments at fair value				$ 114,810,309

The following table summarizes investments at fair value based on NAV per share as of December 31, 2025 and 2024:

2025	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Pooled separate accounts	$ 84,854,297	n/a	Daily	30 days

2024	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Pooled separate accounts	$ 84,775,347	n/a	Daily	30 days

There were no changes in valuation methodologies during 2025. Management considered the expected liquidation of these investments and concluded that reported fair values approximated expected proceeds at December 31, 2025.

Note I - Related Party Transactions

The Plan held investment products and used recordkeeping, trustee and administrative services provided by Empower and its affiliates. Empower was a party in interest to the Plan. Contract charges paid from Plan assets during 2025 were approximately $275,659. Total administrative expenses, including other Plan expenses, were $334,277 and $154,513 for the years ended December 31, 2025 and 2024, respectively. These transactions qualify as party-in-interest transactions; management believes they were exempt from prohibited-transaction rules under applicable statutory or administrative exemptions.

Note J - Form 5500 Reconciliation

The following is a reconciliation of net assets available for benefits per the financial statements to Form 5500:

	December 31, 2025	December 31, 2024
Net assets available for benefits per the financial statements	$ 115,311,039	$ 114,810,309
Estimated income expected during liquidation	(601,872)	
Estimated costs through completion of liquidation	233,233	
Net assets available for benefits per the Form 5500	$ 114,942,400	$ 114,810,309

The following is a reconciliation of the net increase in net assets per the financial statements to the Form 5500 for the year ended December 31, 2025:

Net increase in net assets available for benefits	$ 500,730
Liquidation-basis adjustments for expected income and costs	(368,639)
Net increase in net assets per the Form 5500	$ 132,091

Supplementary Information

Schedule H, Part IV, Line 4(i) - Schedule of Assets (Held at End of Year)

Retirement Annuity Plan for Employees of Southern Maryland Electric Cooperative, Inc.

December 31, 2025

EIN: 52-0492367, PN 001

(a)	(b) Identity of issuer, Identity of issue, borrower lessor, or similar party	(c) Description of Investment	(d) Cost	(e) Current Value
*	Empower Annuity Insurance Company	Core Plus Bond/PGIM Fund	$ 26,663,343	$ 30,115,745
*	Empower Annuity Insurance Company	Long Duration Bond/IR&M Fund	15,306,549	15,938,174
*	Empower Annuity Insurance Company	PGIM Long Corporate Bond	14,279,801	15,925,247
	PIMCO	Investment Grade Credit Bond	30,201,974	30,088,103
*	Empower Annuity Insurance Company	PGIM Short-Term Grade Credit Bond	22,663,413	22,875,131
			$ 109,115,080	$ 114,942,400

* Represents party-in-interest

See Independent Auditor's Report and Notes to Financial Statements

Schedule H, Part IV, Line 4(j) - Schedule of Reportable Transactions

Retirement Annuity Plan for Employees of Southern Maryland Electric Cooperative, Inc.

Year Ended December 31, 2025

EIN: 52-0492367, PN 001

(a) Identity of party involved	(b) Description of asset	(c) Purchase price	(d) Selling price	(g) Cost of asset/book value	(h) Current value of assets on transaction date	(i) Realized gain or (loss)
Empower Annuity Insurance Company	Long Duration Bond/IR&M Fund	$	$ 11,087,500	$ 10,585,091	$ 11,087,500	$ 502,409
Empower Annuity Insurance Company	PGIM Long Corporate Bond	$	$ 11,442,500	$ 10,259,571	$ 11,442,500	$ 1,182,929
Empower Annuity Insurance Company	PGIM Short-Term Fund	$ 27,157,744	$ 8,518,732	$ 27,157,744	$ 27,157,744	$ 171,613

Actuarial methods

Under the actuarial methods described below, if all current assumptions remain constant and are realized, funding at least the minimum required contribution each year will eventually accumulate sufficient plan assets to cover the funding target. Future widening of the interest rate stabilization corridor may extend the time period for the plan to become fully funded.

Cost method

Costs have been computed in accordance with the unit credit actuarial cost method and reflect the actuarial assumptions described under "Actuarial assumptions" of this report as provided under the applicable regulations of the Pension Protection Act of 2006.

Accrued vs. vested benefits

Accrued benefits are the benefits accumulated according to the service, compensation, and benefits outlined in the plan provisions. Vested benefits are the same except that they exclude the following, if applicable:

- Benefits for non-vested participants
- Death benefits over the value of the plan's qualified pre-retirement survivor annuity (QPSA)
- Disability benefits over the value of the standard termination or retirement benefits for participants who are not disabled as of the measurement date
- Benefits over the value of the standard termination benefits for participants who have not attained eligibility for early retirement and supplemental benefits as of the measurement date

Target normal cost

The target normal cost is the present value of benefits expected to accrue during the plan year plus an estimate of the expenses to be paid from plan assets during the plan year.

Funding target and funding shortfall

The funding target is the present value of benefits accrued as of the beginning of the plan year and the funding shortfall is the excess of the funding target over the actuarial value of assets (reduced by the credit balance). The initial funding shortfall is amortized over 15 years.

In subsequent years, the funding shortfall less the present value of prior year amortization installments is amortized over 15 years, and added to any prior year amortization installments.

Segment rates are adjusted as necessary to fall within the specified corridor of the corresponding 25-year average of segment rates for the period ending September 30 of the calendar year preceding the first day of the plan year. The specified corridor is listed on the following page:

Plan year	Corridor
Through 2030	95% - 105%
2031	90% - 110%
2032	85% - 115%
2033	80% - 120%
2034	75% - 125%
2035 and later	70% - 130%

In the event the 25-year average of either the first, second, or third segment rate falls below 5%, the 25-year average of such rate will be deemed to be 5%.

The adjustments to fall within the specified corridor of the 25-year average of segment rates apply for determining the minimum required contribution and related funded percentages. They do not apply for determining the maximum tax deductible contribution or certain other situations.

Sponsor elections

Discount rate: Segment rates, with a 4-month lookback

Mortality table: Prescribed IRS generational mortality table – separate

At-risk determination

The at-risk funding target is determined by assuming that participants eligible to retire in the current plan year and next 10 plan years retire at the earliest possible date, but not before the end of the plan year. All participants are assumed to elect the optional form resulting in the highest possible present value.

A load is added to the at-risk funding target and at-risk target normal cost when a plan is at-risk in at least two years during the preceding four years. The load increases the at-risk funding target by 4% of the not at-risk funding target plus $700 per participant, and increases the at-risk target normal cost by 4% of the not at-risk target normal cost.

The funding target and target normal cost are calculated by multiplying the not at-risk values by 100% minus the phase-in percentage, plus the at-risk values multiplied by the phase-in percentage.

Credit balance

The credit balance consists of the carryover balance from excess contributions prior to the Pension Protection Act (PPA) of 2006, plus the prefunding balance from elected excess contributions after the PPA. Balances accumulate with interest and are reduced for amounts applied towards the minimum required contribution, voluntary waivers by the plan sponsor, and compelled waivers to avoid benefit restrictions. The actuarial value of assets is reduced by the credit balance to determine certain funded percentages and to determine the funding shortfall.

Asset valuation method

The actuarial value of assets is determined using an annual average of the adjusted fair market value of assets with the earliest determination 24 months prior to the valuation date. The fair market value of assets in prior years is adjusted for contributions, benefit payments, expenses and expected earnings (not to exceed the third segment rate).

This is equivalent to the fair market value of assets, plus two-thirds of the (gain)/loss from the prior year, plus one-third of the (gain)/loss from the second preceding year. The (gain)/loss in each year is the difference between the expected and actual returns on the fair market value of assets.

The actuarial value of assets is adjusted to be no less than 90% or no more than 110% of the fair market value of assets, as required by IRC Section 430(g)(3)(B)(iii).

Since the expected earnings assumption cannot exceed the third segment rate, over time, the method may produce an actuarial value of assets slightly below the fair market value of assets.

The actuarial value of assets for determining the maximum tax deductible contribution reflects interest rate stabilization rates for discounting contributions and limiting expected earnings.

Actuarial assumptions

Funding Assumptions:

The discount rate and mortality assumptions are prescribed assumptions set by law. All other assumptions are non-prescribed assumptions set by the actuary which reflect estimates of future experience, are appropriate for the purpose of the measurement, consider relevant plan characteristics, and contain no significant bias unless otherwise noted. Relevant historical information, such as credible plan experience and experience from representative populations, was considered in the selection of the non-prescribed assumptions with a significant effect on the measurement. Factors that may affect future experience and the views of experts were also considered.

The termination and retirement age assumptions consider the experience study completed in March 2019 based on plan experience from 2008 through 2017.

An annual review of actuarial assumptions is completed and there has been no consistent pattern of material gains or losses occurring for any non-prescribed assumptions.

The investment return is based on the plan's asset allocation and reflects a weighted average of expected returns by asset class based on the Empower Capital Market Assumptions.

ASC 960 Assumptions:

All assumptions are set by the plan sponsor and they align with the Funding Assumptions except for the mortality assumption.

The mortality assumption reflects experience from representative populations, based on the Pri-2012 Private Retirement Plans Mortality Table Report issued by the Society of Actuaries (SOA) in October 2019 and the Mortality Improvement Scale MP-2021 Report issued by the SOA in October 2021.

Below are the actuarial assumptions as of January 1, 2025:

Discount Rate:	**With Interest Rate Stabilization**	**Without Interest Rate Stabilization**	**ASC 960**
Effective Rate	5.35%	5.32%	4.50%
First Segment – First 5 Years	5.07%	5.07%	N/A
Second Segment – Next 15 Years	5.31%	5.33%	N/A
Third Segment – After 20 Years	5.50%	5.36%	N/A

Investment Return: 4.50% per annum, compounded annually.

Salary Scale: N/A

Estimated Expenses: $125,000

Mortality:

Funding

Male: IRS 2025 Generational Mortality Table (male).

Female: IRS 2025 Generational Mortality Table (female).

Accounting

Management: Pri-2012 White Collar Dataset with Scale MP-2021.

Bargaining: Pri-2012 Blue Collar Dataset with Scale MP-2021.

Termination: The annual rates of termination at selected ages are:

Age	Male/Female
20	5.8%
25	4.7%
30	3.7%
35	2.8%
40	2.2%
45	1.8%
50	1.3%
55	0.8%
60	0.0%

Disability: None

Retirement:

Active Participants: The retirement probabilities used are as follows:

Age	Rate
55	5%
58	5%
62	20%
64	35%
65	60%
67	100%

Participants that are assumed to retire beyond age 65 are assumed to commence their benefit at age 65.

The weighted average retirement age is 64.

Terminated Vested Participants: Age 65

Form of Payment: Life annuity

Survivor's Benefit: It is assumed that husbands are 3 years older than wives and that 75% of the male Participants and 75% of the female Participants who are or will become eligible for coverage under the Survivor's Benefit will be survived by an eligible survivor.

Retirement Annuity Plan for Employees of Southern Maryland Electric Cooperative, Inc.

Audited Financial Statements

December 31, 2025 and 2024

Contents

Financial Statements:

Independent Auditor's Report ..... Page 1 - 3

Statements of Net Assets Available for Benefits 4

Statements of Changes in Net Assets Available for Benefits 5

Statements of Accumulated Plan Benefits 6

Statements of Changes in Accumulated Plan Benefits 7

Notes to Financial Statements ..... 8 - 14

Supplementary Information:

Schedule H, Part IV, Line 4(i) - Schedule of Assets (Held at End of Year) 15

Schedule H, Part IV, Line 4(j) - Schedule of Reportable Transactions 16

Independent Auditor's Report

To the Trustees
Retirement Annuity Plan for Employees of
Southern Maryland Electric Cooperative, Inc.
Hughesville, Maryland

Scope and Nature of the ERISA Section 103(a)(3)(C) Audit

We have performed the audits of the financial statements of the Retirement Annuity Plan for Employees of Southern Maryland Electric Cooperative, Inc., an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), as permitted by ERISA Section 103(a)(3)(C) (ERISA Section 103(a)(3)(C) audit). The financial statements comprise the statements of net assets available for benefits and statements of accumulated plan benefits as of December 31, 2025 (in liquidation) and 2024, and the related statements of changes in net assets available for benefits and the statements of changes in accumulated plan benefits for the year ended December 31, 2025 (in liquidation) and 2024, and the related notes to the financial statements.

Management, having determined it is permissible in the circumstances, has elected to have the audits of Retirement Annuity Plan for Employees of Southern Maryland Electric Cooperative, Inc.'s financial statements performed in accordance with ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. As permitted by ERISA Section 103(a)(3)(C), our audits need not extend to any statements or information related to assets held for investment of the plan (investment information) by a bank or similar institution or insurance carrier that is regulated, supervised, and subject to periodic examination by a state or federal agency, provided that the statements or information regarding assets so held are prepared and certified to by the bank in accordance with 29 CFR 2520.103-5 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA (qualified institution).

Management has obtained certifications from a qualified institution as of December 31, 2025 and 2024 and for the years ended December 31, 2025 and 2024, stating that the certified investment information, as described in Note C to the financial statements, is complete and accurate.

Opinion

In our opinion, based on our audits and on the procedures performed as described in the Auditor's Responsibilities for the Audit of the Financial Statements section -

- The amounts and disclosures in the accompanying financial statements, other than those agreed to or derived from the certified investment information, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.
- The information in the accompanying financial statements related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

231 Wylderose Drive | Midlothian, VA 23113 | 804.323.1313

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Retirement Annuity Plan for Employees of Southern Maryland Electric Cooperative, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our ERISA Section 103(a)(3)(C) audit opinion.

Emphasis of Matter - Basis of Accounting

As discussed in Note A to the financial statements, the Plan's trustees approved the termination of the Plan in 2024 and management determined liquidation is imminent during 2025 and, accordingly, the Plan changed its basis of accounting for the year ended December 31, 2025 from the going-concern basis to the liquidation basis of accounting. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. Management's election of the ERISA Section 103(a)(3)(C) audit does not affect management's responsibility for the financial statements.

Management is also responsible for maintaining a current plan instrument, including all plan amendments, administering the plan, and determining that the plan's transactions that are presented and disclosed in the financial statements are in conformity with the plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

Auditor's Responsibilities for the Audit of the Financial Statements

Except as described in the Scope and Nature of the ERISA Section 103(a)(3)(C) Audit section of our report, 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 generally accepted 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 generally accepted 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 the Retirement Annuity Plan for Employees of Southern Maryland Electric Cooperative, Inc.'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.

Our audits did not extend to the certified investment information, except for obtaining and reading the certification, comparing the certified investment information with the related information presented and disclosed in the financial statements, and reading the disclosures relating to the certified investment information to assess whether they are in accordance with the presentation and disclosure requirements of accounting principles generally accepted in the United States of America.

Accordingly, the objective of an ERISA Section 103(a)(3)(C) audit is not to express an opinion about whether the financial statements as a whole are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

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.

Supplemental Schedules Required by ERISA

The supplemental schedules, Schedule H, Part IV, Line 4(i) - Schedule of Assets (Held at End of Year) and Schedule H, Part IV, Line 4(j) - Schedule of Reportable Transactions as of and for the year ended December 31, 2025, are presented for purposes of additional analysis and are not a required part of the financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information included in the supplemental schedules, other than that agreed to or derived from the certified investment information, has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with generally accepted auditing standards. For information included in the supplemental schedules that agreed to or is derived from the certified investment information, we compared such information to the related certified investment information.

In forming our opinion on the supplemental schedules, we evaluated whether the supplemental schedules, other than the information agreed to or derived from the certified investment information, including their form and content, are presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion:

- The form and content of the supplemental schedules, other than the information in the supplemental schedules that agreed to or is derived from the certified investment information, are presented, in all material respects, in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.
- The information in the supplemental schedules related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).



Richmond, Virginia
October 8, 2026

Statements of Net Assets Available for Benefits

Retirement Annuity Plan for Employees of Southern Maryland Electric Cooperative, Inc.

	December 31,	
	2025 Liquidation Basis	2024 Going-Concern Basis
Assets		
Investments at fair value	$ 114,942,400	$ 114,810,309
Estimated income expected during liquidation	601,872	
	115,544,272	114,810,309
Liabilities		
Estimated costs through completion of liquidation	233,233	
Net Assets Available for Benefits	$ 115,311,039	$ 114,810,309

See Independent Auditor's Report and Notes to Financial Statements

Statements of Changes in Net Assets Available for Benefits

Retirement Annuity Plan for Employees of Southern Maryland Electric Cooperative, Inc.

	Year Ended December 31,	
	2025 Liquidation Basis	2024 Going-Concern Basis
Additions to Net Assets Attributed to		
Investment income:		
Net appreciation in fair value of investments	$ 7,220,554	$ 540,595
Interest and dividends	1,417,525	1,280,325
Total Additions	8,638,079	1,820,920
Deductions from Net Assets Attributed to		
Benefits paid to participants	8,171,711	8,885,519
Administrative expenses	334,277	154,513
Total Deductions	8,505,988	9,040,032
Net Increase (Decrease) Before Liquidation-Basis Adjustments	132,091	(7,219,112)
Liquidation-basis adjustments for expected income and costs	368,639	
Net Change	500,730	(7,219,112)
Net assets available for benefits at beginning of year	114,810,309	122,029,421
Net Assets Available for Benefits at End of Year	$ 115,311,039	$ 114,810,309

See Independent Auditor's Report and Notes to Financial Statements

Statements of Accumulated Plan Benefits

Retirement Annuity Plan for Employees of Southern Maryland Electric Cooperative, Inc.

	December 31,	
	2025 Liquidation Basis	2024 Going-Concern Basis
Actuarial Present Value of Accumulated Plan Benefits		
Vested benefits	$ 115,072,520	$ 120,920,743
Nonvested benefits		1,289,112
Total Actuarial Present Value of Accumulated Plan Benefits	$ 115,072,520	$ 122,209,855

See Independent Auditor's Report and Notes to Financial Statements

Statements of Changes in Accumulated Plan Benefits

Retirement Annuity Plan for Employees of Southern Maryland Electric Cooperative, Inc.

	Year Ended December 31,	
	2025 Liquidation Basis	2024 Going-Concern Basis
Actuarial Present Value of Accumulated Plan Benefits at Beginning of Year	$ 122,209,855	$ 113,632,398
Increase (decrease) during the year attributable to:		
Net effect of interest, participant experience, and termination assumption changes	1,034,376	17,462,976
Benefits paid	(8,171,711)	(8,885,519)
Net Increase (Decrease)	(7,137,335)	8,577,457
Actuarial Present Value of Accumulated Plan Benefits at End of Year	$ 115,072,520	$ 122,209,855

See Independent Auditor's Report and Notes to Financial Statements

Notes to Financial Statements

Retirement Annuity Plan for Employees of Southern Maryland Electric Cooperative, Inc.

December 31, 2025 and 2024

Note A - Plan Description and Summary of Significant Accounting Policies

Plan Description

The following brief description of the Retirement Annuity Plan for Employees of Southern Maryland Electric Cooperative, Inc. (the "Plan") is provided for general information purposes only. Participants should refer to the Plan agreement for more complete information.

General

The Plan is a defined benefit pension plan covering substantially all full-time employees of Southern Maryland Electric Cooperative, Inc. (the "Cooperative") hired on or before December 31, 2006. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Basis of Accounting

The 2024 financial statements were prepared under the accrual method of accounting using the going-concern basis. Although the Cooperative's Board of Directors authorized termination of the Plan on December 19, 2024, management concluded that liquidation was not imminent at December 31, 2024. During 2025, management determined that liquidation became imminent as of March 31, 2025. Accordingly, the Plan adopted the liquidation basis of accounting prospectively from that date in accordance with Accounting Standards Codification (ASC) 205-30.

Under the liquidation basis, assets are measured at the amount of cash or other consideration expected to be collected in liquidation. Liabilities continue to be recognized and measured under otherwise applicable generally accepted accounting principles (GAAP). The Plan also recognizes separately the income expected to be earned and the costs expected to be incurred through completion of liquidation when those amounts can be reasonably estimated. At December 31, 2025, investments were carried at fair value, which management expects to approximate liquidation proceeds before the effect of subsequent investment income, liquidation expenses and final settlement adjustments.

Pension Benefits and Vesting

The Plan historically provided normal retirement benefits at age 65 and reduced or unreduced early retirement benefits under specified age and service conditions. The benefit formula and other provisions are described in the Plan document. In connection with the termination, affected participants became fully vested and benefits were expected to be settled through lump-sum distributions, immediate or deferred annuity contracts, or transfers under the PBGC Missing Participants Program, as applicable.

Note A - Plan Description and Summary of Significant Accounting Policies - Continued

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, disclosure of contingent assets and liabilities and the actuarial present value of accumulated plan benefits at the date of the financial statements. Actual results could differ from those estimates. The Plan uses an actuary to determine the actuarial present value of accumulated plan benefits. A change in the actuarial assumptions could significantly change the amount of the actuarial present value of accumulated plan benefits reported in the accompanying financial statements.

Actuarial Present Value of Accumulated Plan Benefits

Accumulated Plan benefits represent future periodic payments and lump-sum distributions attributable under the Plan's provisions to service rendered through the valuation date. The actuarial present value reflects the time value of money and the probability and expected form of payment. For 2025, the amount shown in the accompanying statements reflects termination assumptions, including a 4.50% rate for annuity obligations, applicable segment rates of 4.06%, 5.12% and 5.93% for lump sums, and the IRS 2026 applicable mortality table for lump sums.

Valuation of Investments

Plan investments are stated at fair value. Management concluded that fair value approximated the amount expected to be realized in liquidation as of December 31, 2025. Purchases and sales are recorded on a trade-date basis. Interest income is recognized on the accrual basis and dividend income on the ex-dividend date.

Administrative Expenses and Payment of Benefits

The administrative expenses of the Plan are paid from the Plan's assets. Benefit payments to participants are recorded upon distribution. Costs expected to be incurred after the financial statement date through completion of liquidation are accrued separately when reasonably estimable.

Subsequent Events

The Plan management has evaluated all subsequent events through October 8, 2026, which is the date these financial statements were available to be issued. Subsequent settlement activity is described in Note D.

Note B - Funding Policy

The Cooperative's funding policy historically was to make contributions necessary to provide assets sufficient to meet benefits payable to participants and applicable minimum funding requirements. No employer contributions were recorded during 2025. The Plan Sponsor committed to fund any amount necessary to complete a standard termination.

Note C - Certified Investments

Certain information related to investments disclosed in the accompanying financial statements and ERISA-required supplemental schedules, including investments held at December 31, 2025 and 2024, and related investment activity for the years ended December 31, 2025 and 2024, was obtained by management and agreed to or derived from information certified as complete and accurate by Empower Annuity Insurance Company of America and Empower Trust Company, LLC (collectively, Empower).

The following table represents the investments in this Plan that were certified by Empower:

	December 31,	
	2025	2024
Investments at fair value:		
Pooled separate accounts	$ 84,854,297	$ 84,775,347
Mutual funds	30,088,103	30,034,962
	$ 114,942,400	$ 114,810,309

For the year ended December 31, 2025, Empower certified investment information included approximately $7,220,554 of net appreciation in fair value and $1,417,525 of interest and dividends. For the year ended December 31, 2024, certified investment information included $540,595 of net appreciation in fair value and $1,280,325 of interest and dividends.

Note D - Plan Termination

On December 19, 2024, the Board of Directors of the Cooperative authorized the termination of the Plan. The Plan termination date was established as March 31, 2025, and the termination was pursued as a standard termination under ERISA. Required participant notices were issued, and participant benefit elections and settlement procedures were undertaken during 2025. The termination amendment provided for full vesting of participant benefits. During 2026, substantially all participant benefit obligations were settled through lump-sum distributions, the purchase of group annuity contracts and transfers under the PBGC Missing Participants Program.

Certain matters related to the termination remain in process, including finalization of the annuity contract and related premium adjustment, payment of remaining termination expenses and disposition of the Plan's remaining assets. Management expects these matters to be completed after the necessary calculations, documentation and regulatory requirements have been satisfied.

At December 31, 2025, the Plan recognized estimated income expected during liquidation of $601,872 and estimated costs through completion of liquidation of $233,233. These estimates were based on management's expectations for the remaining liquidation period, informed by subsequent income and expense activity and estimates of remaining costs. Estimated costs include administrative and actuarial fees, PBGC premiums, and fees for a potential PBGC audit, if the Plan is selected. Transfers under the PBGC Missing Participants Program are treated as benefit settlements rather than administrative expenses.

Note D - Plan Termination - Continued

Management expects liquidation to be completed by December 31, 2026. The estimates cover income expected to be earned and costs expected to be incurred from January 1, 2026 through that date. No additional annuity premium payment or refund has been included in the liquidation estimates because the final premium adjustment has not yet been determined. Management expects any resulting payment or refund to be immaterial. Remaining assets will be distributed or transferred in accordance with the Plan's provisions and applicable regulatory requirements. Actual income, costs, premium adjustments and the timing of completion may differ from these estimates.

Note E - Investment Management Agreements

The Plan had investment management agreements with various investment managers during 2024 and 2025. The investment strategy was adjusted as necessary to maintain liquidity and implement the Plan termination and settlement process.

Note F - Income Tax Status

The IRS determined, by letter dated August 18, 2025, that the termination of the Plan did not adversely affect the Plan's qualification for federal tax purposes. Management believes the Plan remained qualified under the applicable provisions of the Internal Revenue Code through the termination process and the related trust continued to be exempt from federal taxes.

Management evaluates tax positions taken by the Plan and recognizes a liability when it is more likely than not that a tax position would not be sustained upon examination. Management was not aware of any uncertain tax positions requiring recognition as of December 31, 2025 and 2024.

Note G - Risks and Uncertainties

Plan assets were invested primarily in fixed-income pooled separate accounts and mutual funds. Investments are exposed to interest-rate, market, credit and liquidity risks. Because the Plan was in liquidation, changes in market values and the timing of benefit settlement, annuity placement and liquidation expenses could affect the amount ultimately available for distribution or transfer.

Note H - Fair Value Measurements

The Financial Accounting Standards Board establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described on the following page:

Note H - Fair Value Measurements - Continued

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2025 and 2024:

Pooled separate accounts: Unit value calculated based on the net assets or observable net asset value (NAV) of the underlying pool of securities or investments. The NAV, as provided by the trustee, is used as a practical expedient to estimate fair value.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission (SEC). These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

The following table summarizes the financial assets measured at fair value:

	Assets at Fair Value as of December 31, 2025			
	Level 1	Level 2	Level 3	Total
Mutual Funds	$ 30,088,103	$	$	$ 30,088,103
Investments measured at NAV				84,854,297
Total investments at fair value				$ 114,942,400

Note H - Fair Value Measurements - Continued

	Assets at Fair Value as of December 31, 2024			
	Level 1	Level 2	Level 3	Total
Mutual Funds	$ 30,034,962	$	$	$ 30,034,962
Investments measured at NAV				84,775,347
Total investments at fair value				$ 114,810,309

The following table summarizes investments at fair value based on NAV per share as of December 31, 2025 and 2024:

2025	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Pooled separate accounts	$ 84,854,297	n/a	Daily	30 days

2024	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Pooled separate accounts	$ 84,775,347	n/a	Daily	30 days

There were no changes in valuation methodologies during 2025. Management considered the expected liquidation of these investments and concluded that reported fair values approximated expected proceeds at December 31, 2025.

Note I - Related Party Transactions

The Plan held investment products and used recordkeeping, trustee and administrative services provided by Empower and its affiliates. Empower was a party in interest to the Plan. Contract charges paid from Plan assets during 2025 were approximately $275,659. Total administrative expenses, including other Plan expenses, were $334,277 and $154,513 for the years ended December 31, 2025 and 2024, respectively. These transactions qualify as party-in-interest transactions; management believes they were exempt from prohibited-transaction rules under applicable statutory or administrative exemptions.

Notes to Financial Statements

Retirement Annuity Plan for Employees of Southern Maryland Electric Cooperative, Inc.

December 31, 2025 and 2024

Note J - Form 5500 Reconciliation

The following is a reconciliation of net assets available for benefits per the financial statements to Form 5500:

	December 31, 2025	December 31, 2024
Net assets available for benefits per the financial statements	$ 115,311,039	$ 114,810,309
Estimated income expected during liquidation	(601,872)	
Estimated costs through completion of liquidation	233,233	
Net assets available for benefits per the Form 5500	$ 114,942,400	$ 114,810,309

The following is a reconciliation of the net increase in net assets per the financial statements to the Form 5500 for the year ended December 31, 2025:

Net increase in net assets available for benefits	$ 500,730
Liquidation-basis adjustments for expected income and costs	(368,639)
Net increase in net assets per the Form 5500	$ 132,091

Supplementary Information

Schedule H, Part IV, Line 4(i) - Schedule of Assets (Held at End of Year)

Retirement Annuity Plan for Employees of Southern Maryland Electric Cooperative, Inc.

December 31, 2025

EIN: 52-0492367, PN 001

(a)	(b) Identity of issuer, Identity of issue, borrower lessor, or similar party	(c) Description of Investment	(d) Cost	(e) Current Value
*	Empower Annuity Insurance Company	Core Plus Bond/PGIM Fund	$ 26,663,343	$ 30,115,745
*	Empower Annuity Insurance Company	Long Duration Bond/IR&M Fund	15,306,549	15,938,174
*	Empower Annuity Insurance Company	PGIM Long Corporate Bond	14,279,801	15,925,247
	PIMCO	Investment Grade Credit Bond	30,201,974	30,088,103
*	Empower Annuity Insurance Company	PGIM Short-Term Grade Credit Bond	22,663,413	22,875,131
			$ 109,115,080	$ 114,942,400

* Represents party-in-interest

Schedule H, Part IV, Line 4(j) - Schedule of Reportable Transactions

Retirement Annuity Plan for Employees of Southern Maryland Electric Cooperative, Inc.

Year Ended December 31, 2025

EIN: 52-0492367, PN 001

(a) Identity of party involved	(b) Description of asset	(c) Purchase price	(d) Selling price	(g) Cost of asset/book value	(h) Current value of assets on transaction date	(i) Realized gain or (loss)
Empower Annuity Insurance Company	Long Duration Bond/IR&M Fund	$	$ 11,087,500	$ 10,585,091	$ 11,087,500	$ 502,409
Empower Annuity Insurance Company	PGIM Long Corporate Bond	$	$ 11,442,500	$ 10,259,571	$ 11,442,500	$ 1,182,929
Empower Annuity Insurance Company	PGIM Short-Term Fund	$ 27,157,744	$ 8,518,732	$ 27,157,744	$ 27,157,744	$ 171,613

SCHEDULE SB (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Single-Employer Defined Benefit Plan Actuarial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500 or 5500-SF.**

OMB No. 1210-0110

2025

This Form is Open to Public Inspection

For calendar plan year 2025 or fiscal plan year beginning 01/01/2025 and ending 12/31/2025

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of $1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan
RETIREMENT ANNUITY PLAN FOR EES OF SMECO, INC.

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF
SMECO, INC

D Employer Identification Number (EIN)
52-0492367

E Type of plan: [X] Single [ ] Multiple-A [ ] Multiple-B

F Prior year plan size: [ ] 100 or fewer [ ] 101-500 [X] More than 500

Part I Basic Information

1 Enter the valuation date: Month 01 Day 01 Year 2025

2 Assets:

a Market value	**2a**	114,810,309
b Actuarial value	**2b**	115,393,825

3 Funding target/participant count breakdown

	(1) Number of participants	(2) Vested Funding Target	(3) Total Funding Target
a For retired participants and beneficiaries receiving payment	310	81,526,752	81,526,752
b For terminated vested participants	49	2,961,059	2,961,059
c For active participants	194	24,611,057	25,742,055
d Total	553	109,098,868	110,229,866

4 If the plan is in at-risk status, check the box and complete lines (a) and (b) [ ]

a Funding target disregarding prescribed at-risk assumptions	**4a**	
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	**4b**	

5 Effective interest rate	**5**	5.35 %
6 Target normal cost		
a Present value of current plan year accruals	**6a**	0
b Expected plan-related expenses	**6b**	125,000
c Target normal cost	**6c**	125,000

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE

Stacey M. Schmid SMS
Signature of actuary

10/02/2026
Date

STACEY M. SCHMID
Type or print name of actuary

2608213
Most recent enrollment number

Empower
Firm name

303-737-7048
Telephone number (including area code)

280 Trumbull Street
Hartford CT 06103
Address of the firm

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions [ ]

Part II Beginning of Year Carryover and Prefunding Balances

		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	0	0
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9	Amount remaining (line 7 minus line 8)	0	0
10	Interest on line 9 using prior year's actual return of 1.63 %	0	0
11	Prior year's excess contributions to be added to prefunding balance:		
	a Present value of excess contributions (line 38a from prior year)		0
	b(1) Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of 5.10 %		0
	b(2) Interest on line 38b from prior year Schedule SB, using prior year's actual return		0
	c Total available at beginning of current plan year to add to prefunding balance		0
	d Portion of (c) to be added to prefunding balance		0
12	Other reductions in balances due to elections or deemed elections	0	0
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	0	0

Part III Funding Percentages

14	Funding target attainment percentage	14	104.68 %
15	Adjusted funding target attainment percentage	15	104.68 %
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	111.69 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and Liquidity Shortfalls

18 Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
			Totals ► 18(b)	0	18(c) 0

19	Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:		
	a Contributions allocated toward unpaid minimum required contributions from prior years.	19a	0
	b Contributions made to avoid restrictions adjusted to valuation date	19b	0
	c Contributions allocated toward minimum required contribution for current year adjusted to valuation date.	19c	0

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? ☐ Yes ☒ No

b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☐ Yes ☐ No

c If line 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of quarter of this plan year

(1) 1st	(2) 2nd	(3) 3rd	(4) 4th

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:

a Segment rates:

1st segment:	2nd segment:	3rd segment:	
5.07 %	5.31 %	5.50%	☐ N/A, full yield curve used

b Applicable month (enter code)	**21b**	4
22 Weighted average retirement age	**22**	64

23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute

Part VI Miscellaneous Items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment. ☒ Yes ☐ No

25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment. ☐ Yes ☒ No

26 Demographic and benefit information

a Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment. ☒ Yes ☐ No

b Is the plan required to provide a projection of expected benefit payments? If "Yes," see instructions regarding required attachment ☐ Yes ☒ No

27 If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment	**27**	

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

28 Unpaid minimum required contributions for all prior years	**28**	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a)	**29**	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	**30**	0

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):

a Target normal cost (line 6c)	**31a**	125,000
b Excess assets, if applicable, but not greater than line 31a	**31b**	125,000

32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment	0	0
b Waiver amortization installment	0	0

33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	**33**	
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)	**34**	0

	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement	0	0	0

36 Additional cash requirement (line 34 minus line 35)	**36**	0
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	**37**	0
38 Present value of excess contributions for current year (see instructions)		
a Total (excess, if any, of line 37 over line 36)	**38a**	0
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	**38b**	0
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	**39**	0
40 Unpaid minimum required contributions for all years	**40**	0

Part IX Pension Funding Relief Under the American Rescue Plan Act of 2021 (See Instructions)

41 If an election was made to use the extended amortization rule for a plan year beginning on or before December 31, 2021, check the box to indicate the first plan year for which the rule applies. ☐ 2019 ☐ 2020 ☐ 2021

2025 Schedule SB, Line 22 - Description of Weighted Average Retirement Age

Retirement Annuity Plan for Employees of SMECO, Inc.
EIN / PN: 52-0492367 / 001

(1)	(2)	(3)	(4) = (2) x (3)	(5) = (1) x (4)	(6)
Decrement Age	**Participants**	**Retirement Probability**	**Retirees**	**Age-Weighted Retirees**	**Weighted Avg. Retirement Age**
55	1000.0	5.0%	50.0	2750.0	
56	950.0	0.0%	0.0	0.0	
57	950.0	0.0%	0.0	0.0	
58	950.0	5.0%	47.5	2755.0	
59	902.5	0.0%	0.0	0.0	
60	902.5	0.0%	0.0	0.0	
61	902.5	0.0%	0.0	0.0	
62	902.5	20.0%	180.5	11191.0	
63	722.0	0.0%	0.0	0.0	
64	722.0	35.0%	252.7	16172.8	
65	469.3	60.0%	281.6	18302.7	
66	187.7	0.0%	0.0	0.0	
67	187.7	100.0%	187.7	12577.2	
		Sum of Age-Weighted Retirees		63748.7	= **63.7**
		Participants at First Decrement		1000.0	

Changes since last year's valuation

Changes in pension plan provisions

The Plan was terminated effective March 31, 2025. This valuation report reflects a short plan year from January 1, 2025 through the termination date of March 31, 2025.

Legislated changes

There were no legislative changes recognized with this actuarial valuation.

Changes in actuarial assumptions

The investment return assumption and the discount rate used for ASC 960 purposes were decreased from 5.50% to 4.50%.

The expected plan-related expenses were decreased from $500,000 to $125,000 to account for the short plan year due to termination.

Changes in actuarial methods

No changes in actuarial methods were recognized with this actuarial valuation.

Distribution of active participants by age and service

Number of active participants as of January 1, 2025 – distribution by age and service

Active participant counts are shown below.

	Years of credited service										
Attained age	**Under 1**	**1–4**	**5–9**	**10–14**	**15–19**	**20–24**	**25–29**	**30–34**	**35–39**	**40+**	**Total**
Under 25											
25–29											
30–34											
35–39		3	4								7
40–44		5	15								20
45–49		1	22	7							30
50–54		3	18	9	5	5					40
55–59		3	10	7	13	19	5				57
60–64		1	6	9	7	12	4				39
65–69								1			1
70+											
Total		16	75	32	25	36	9	1			194

Plan provisions

Effective Date	July 1, 1954 and most recently amended February 2007.
Eligibility	First day of the month following age 21 and 1 year of service. Participation is frozen for employees hired on or after January 1, 2007. Employees hired prior to January 1, 2007 may not commence participation after January 1, 2009.
Average Compensation	The average monthly rate of compensation during the highest 3 consecutive years out of the last 10. Compensation earned after December 31, 2010 will not be considered.
Credited Service	Elapsed time rounded to the nearest month such that if a participant is hired on or before the 15th of the month or terminates on or after the 15th of the month, he will be credited with the entire month. Credited Service ceases to accrue effective December 31, 2010, except for the purposes of determining eligibility and reductions for Early Retirement.
Benefit Formula	For Bargaining Unit participants who terminate or retire on or after January 1, 2004, 1.725% times Average Compensation times Credited Service up to a maximum of 40 years. For Management participants who terminate or retire on or after January 1, 2004, 1.895% times Average Compensation times Credited Service up to a maximum of 40 years. Benefits are frozen effective December 31, 2010.
Normal Retirement Date	Age 65
Early Retirement Date	Age 55 and 10 years of Credited Service

Early Retirement Benefit	If the participant has less than 25 years of Credited Service, then the benefit is reduced by 1/15th for each of the first 5 years and 1/30th for each of the next 5 years by which the commencement date precedes age 65. If the participant has Credited Service totaling 25 years or more but less than 33 years, the benefit is reduced by 1/15th for each of the first 5 years and 1/30th for the remaining years by which 33 exceeds the number of years of Credited Service. The reduction shall not exceed the reduction calculated as if the participant had less than 25 years of Credited Service. If the participant has 33 or more years of Credited Service, the benefit is unreduced.
Vesting Schedule	5 years of service = 100% vesting. Also 100% vesting at Early Retirement and Normal Retirement dates.
Vested Benefit	Retirement benefit accrued to date of termination and payable at Normal Retirement Date or on or after Early Retirement Date. If the participant elects to receive payment of his Vested Benefit prior to Normal Retirement Date the benefit will be subject to the following reductions: If the participant has less than 33 years of Credited Service, then the benefit is reduced by 1/15th for each of the first 5 years and 1/30th for each of the next 5 years by which the commencement date precedes age 65. If the participant has 33 or more years of Credited Service, the benefit is unreduced.
Normal Form of Annuity	Life annuity for single participants. A reduced 50% Joint and Survivor for married participants.

Optional Forms of Annuity	Life Annuity 75%, 66 2/3%, or 50% Joint and Survivor, with pop-up if the beneficiary is the spouse 5 or 10 Year Certain & Life Lump Sum up to $75,000
Disability Benefit	
Eligibility	10 years of service
Benefit	Normal Retirement benefit formula based on Credited Service assuming continued employment to Normal Retirement Date, but subject to the plan freeze effective December 31, 2010
Death Benefit	
Eligibility	10 years of service, married.
Benefit	Normal Retirement benefit accrued to date of death, payable immediately to the surviving spouse without reduction
Eligibility	5 or more but less than 10 years of service, married
Benefit	50% of the Normal Retirement benefit accrued to date of death, payable at Normal Retirement Date and reduced for the J&S form of payment. Payable as early as the participant's earliest retirement date, with reduction for early commencement.

Actuarial methods

Under the actuarial methods described below, if all current assumptions remain constant and are realized, funding at least the minimum required contribution each year will eventually accumulate sufficient plan assets to cover the funding target. Future widening of the interest rate stabilization corridor may extend the time period for the plan to become fully funded.

Cost method

Costs have been computed in accordance with the unit credit actuarial cost method and reflect the actuarial assumptions described under "Actuarial assumptions" of this report as provided under the applicable regulations of the Pension Protection Act of 2006.

Accrued vs. vested benefits

Accrued benefits are the benefits accumulated according to the service, compensation, and benefits outlined in the plan provisions. Vested benefits are the same except that they exclude the following, if applicable:

- Benefits for non-vested participants
- Death benefits over the value of the plan's qualified pre-retirement survivor annuity (QPSA)
- Disability benefits over the value of the standard termination or retirement benefits for participants who are not disabled as of the measurement date
- Benefits over the value of the standard termination benefits for participants who have not attained eligibility for early retirement and supplemental benefits as of the measurement date

Target normal cost

The target normal cost is the present value of benefits expected to accrue during the plan year plus an estimate of the expenses to be paid from plan assets during the plan year.

Funding target and funding shortfall

The funding target is the present value of benefits accrued as of the beginning of the plan year and the funding shortfall is the excess of the funding target over the actuarial value of assets (reduced by the credit balance). The initial funding shortfall is amortized over 15 years.

In subsequent years, the funding shortfall less the present value of prior year amortization installments is amortized over 15 years, and added to any prior year amortization installments.

Segment rates are adjusted as necessary to fall within the specified corridor of the corresponding 25-year average of segment rates for the period ending September 30 of the calendar year preceding the first day of the plan year. The specified corridor is listed on the following page:

Plan year	Corridor
Through 2030	95% - 105%
2031	90% - 110%
2032	85% - 115%
2033	80% - 120%
2034	75% - 125%
2035 and later	70% - 130%

In the event the 25-year average of either the first, second, or third segment rate falls below 5%, the 25-year average of such rate will be deemed to be 5%.

The adjustments to fall within the specified corridor of the 25-year average of segment rates apply for determining the minimum required contribution and related funded percentages. They do not apply for determining the maximum tax deductible contribution or certain other situations.

Sponsor elections

Discount rate: Segment rates, with a 4-month lookback

Mortality table: Prescribed IRS generational mortality table – separate

At-risk determination

The at-risk funding target is determined by assuming that participants eligible to retire in the current plan year and next 10 plan years retire at the earliest possible date, but not before the end of the plan year. All participants are assumed to elect the optional form resulting in the highest possible present value.

A load is added to the at-risk funding target and at-risk target normal cost when a plan is at-risk in at least two years during the preceding four years. The load increases the at-risk funding target by 4% of the not at-risk funding target plus $700 per participant, and increases the at-risk target normal cost by 4% of the not at-risk target normal cost.

The funding target and target normal cost are calculated by multiplying the not at-risk values by 100% minus the phase-in percentage, plus the at-risk values multiplied by the phase-in percentage.

Credit balance

The credit balance consists of the carryover balance from excess contributions prior to the Pension Protection Act (PPA) of 2006, plus the prefunding balance from elected excess contributions after the PPA. Balances accumulate with interest and are reduced for amounts applied towards the minimum required contribution, voluntary waivers by the plan sponsor, and compelled waivers to avoid benefit restrictions. The actuarial value of assets is reduced by the credit balance to determine certain funded percentages and to determine the funding shortfall.

Asset valuation method

The actuarial value of assets is determined using an annual average of the adjusted fair market value of assets with the earliest determination 24 months prior to the valuation date. The fair market value of assets in prior years is adjusted for contributions, benefit payments, expenses and expected earnings (not to exceed the third segment rate).

This is equivalent to the fair market value of assets, plus two-thirds of the (gain)/loss from the prior year, plus one-third of the (gain)/loss from the second preceding year. The (gain)/loss in each year is the difference between the expected and actual returns on the fair market value of assets.

The actuarial value of assets is adjusted to be no less than 90% or no more than 110% of the fair market value of assets, as required by IRC Section 430(g)(3)(B)(iii).

Since the expected earnings assumption cannot exceed the third segment rate, over time, the method may produce an actuarial value of assets slightly below the fair market value of assets.

The actuarial value of assets for determining the maximum tax deductible contribution reflects interest rate stabilization rates for discounting contributions and limiting expected earnings.

Actuarial assumptions

Funding Assumptions:

The discount rate and mortality assumptions are prescribed assumptions set by law. All other assumptions are non-prescribed assumptions set by the actuary which reflect estimates of future experience, are appropriate for the purpose of the measurement, consider relevant plan characteristics, and contain no significant bias unless otherwise noted. Relevant historical information, such as credible plan experience and experience from representative populations, was considered in the selection of the non-prescribed assumptions with a significant effect on the measurement. Factors that may affect future experience and the views of experts were also considered.

The termination and retirement age assumptions consider the experience study completed in March 2019 based on plan experience from 2008 through 2017.

An annual review of actuarial assumptions is completed and there has been no consistent pattern of material gains or losses occurring for any non-prescribed assumptions.

The investment return is based on the plan's asset allocation and reflects a weighted average of expected returns by asset class based on the Empower Capital Market Assumptions.

ASC 960 Assumptions:

All assumptions are set by the plan sponsor and they align with the Funding Assumptions except for the mortality assumption.

The mortality assumption reflects experience from representative populations, based on the Pri-2012 Private Retirement Plans Mortality Table Report issued by the Society of Actuaries (SOA) in October 2019 and the Mortality Improvement Scale MP-2021 Report issued by the SOA in October 2021.

Below are the actuarial assumptions as of January 1, 2025:

Discount Rate:	**With Interest Rate Stabilization**	**Without Interest Rate Stabilization**	**ASC 960**
Effective Rate	5.35%	5.32%	4.50%
First Segment – First 5 Years	5.07%	5.07%	N/A
Second Segment – Next 15 Years	5.31%	5.33%	N/A
Third Segment – After 20 Years	5.50%	5.36%	N/A

Investment Return: 4.50% per annum, compounded annually.

Salary Scale: N/A

Estimated Expenses: $125,000

Mortality:

Funding

Male: IRS 2025 Generational Mortality Table (male).

Female: IRS 2025 Generational Mortality Table (female).

Accounting

Management: Pri-2012 White Collar Dataset with Scale MP-2021.

Bargaining: Pri-2012 Blue Collar Dataset with Scale MP-2021.

Termination: The annual rates of termination at selected ages are:

Age	Male/Female
20	5.8%
25	4.7%
30	3.7%
35	2.8%
40	2.2%
45	1.8%
50	1.3%
55	0.8%
60	0.0%

Disability: None

Retirement:

Active Participants: The retirement probabilities used are as follows:

Age	Rate
55	5%
58	5%
62	20%
64	35%
65	60%
67	100%

Participants that are assumed to retire beyond age 65 are assumed to commence their benefit at age 65.

The weighted average retirement age is 64.

Terminated Vested Participants: Age 65

Form of Payment: Life annuity

Survivor's Benefit: It is assumed that husbands are 3 years older than wives and that 75% of the male Participants and 75% of the female Participants who are or will become eligible for coverage under the Survivor's Benefit will be survived by an eligible survivor.

2025 Schedule SB, Line 22 - Description of Weighted Average Retirement Age

Retirement Annuity Plan for Employees of SMECO, Inc.
EIN / PN: 52-0492367 / 001

(1)	(2)	(3)	(4) = (2) x (3)	(5) = (1) x (4)	(6)
Decrement Age	**Participants**	**Retirement Probability**	**Retirees**	**Age-Weighted Retirees**	**Weighted Avg. Retirement Age**
55	1000.0	5.0%	50.0	2750.0	
56	950.0	0.0%	0.0	0.0	
57	950.0	0.0%	0.0	0.0	
58	950.0	5.0%	47.5	2755.0	
59	902.5	0.0%	0.0	0.0	
60	902.5	0.0%	0.0	0.0	
61	902.5	0.0%	0.0	0.0	
62	902.5	20.0%	180.5	11191.0	
63	722.0	0.0%	0.0	0.0	
64	722.0	35.0%	252.7	16172.8	
65	469.3	60.0%	281.6	18302.7	
66	187.7	0.0%	0.0	0.0	
67	187.7	100.0%	187.7	12577.2	
		Sum of Age-Weighted Retirees		63748.7	= **63.7**
		Participants at First Decrement		1000.0	

Plan provisions

Effective Date	July 1, 1954 and most recently amended February 2007.
Eligibility	First day of the month following age 21 and 1 year of service. Participation is frozen for employees hired on or after January 1, 2007. Employees hired prior to January 1, 2007 may not commence participation after January 1, 2009.
Average Compensation	The average monthly rate of compensation during the highest 3 consecutive years out of the last 10. Compensation earned after December 31, 2010 will not be considered.
Credited Service	Elapsed time rounded to the nearest month such that if a participant is hired on or before the 15th of the month or terminates on or after the 15th of the month, he will be credited with the entire month. Credited Service ceases to accrue effective December 31, 2010, except for the purposes of determining eligibility and reductions for Early Retirement.
Benefit Formula	For Bargaining Unit participants who terminate or retire on or after January 1, 2004, 1.725% times Average Compensation times Credited Service up to a maximum of 40 years. For Management participants who terminate or retire on or after January 1, 2004, 1.895% times Average Compensation times Credited Service up to a maximum of 40 years. Benefits are frozen effective December 31, 2010.
Normal Retirement Date	Age 65
Early Retirement Date	Age 55 and 10 years of Credited Service

Early Retirement Benefit	If the participant has less than 25 years of Credited Service, then the benefit is reduced by 1/15th for each of the first 5 years and 1/30th for each of the next 5 years by which the commencement date precedes age 65. If the participant has Credited Service totaling 25 years or more but less than 33 years, the benefit is reduced by 1/15th for each of the first 5 years and 1/30th for the remaining years by which 33 exceeds the number of years of Credited Service. The reduction shall not exceed the reduction calculated as if the participant had less than 25 years of Credited Service. If the participant has 33 or more years of Credited Service, the benefit is unreduced.
Vesting Schedule	5 years of service = 100% vesting. Also 100% vesting at Early Retirement and Normal Retirement dates.
Vested Benefit	Retirement benefit accrued to date of termination and payable at Normal Retirement Date or on or after Early Retirement Date. If the participant elects to receive payment of his Vested Benefit prior to Normal Retirement Date the benefit will be subject to the following reductions: If the participant has less than 33 years of Credited Service, then the benefit is reduced by 1/15th for each of the first 5 years and 1/30th for each of the next 5 years by which the commencement date precedes age 65. If the participant has 33 or more years of Credited Service, the benefit is unreduced.
Normal Form of Annuity	Life annuity for single participants. A reduced 50% Joint and Survivor for married participants.

Optional Forms of Annuity	Life Annuity 75%, 66 2/3%, or 50% Joint and Survivor, with pop-up if the beneficiary is the spouse 5 or 10 Year Certain & Life Lump Sum up to $75,000
Disability Benefit	
Eligibility	10 years of service
Benefit	Normal Retirement benefit formula based on Credited Service assuming continued employment to Normal Retirement Date, but subject to the plan freeze effective December 31, 2010
Death Benefit	
Eligibility	10 years of service, married.
Benefit	Normal Retirement benefit accrued to date of death, payable immediately to the surviving spouse without reduction
Eligibility	5 or more but less than 10 years of service, married
Benefit	50% of the Normal Retirement benefit accrued to date of death, payable at Normal Retirement Date and reduced for the J&S form of payment. Payable as early as the participant's earliest retirement date, with reduction for early commencement.

Retirement Annuity Plan for Employees of Southern Maryland Electric Cooperative, Inc.

Audited Financial Statements

December 31, 2025 and 2024

Contents

Financial Statements:

Independent Auditor's Report.....Page 1 - 3

Statements of Net Assets Available for Benefits 4

Statements of Changes in Net Assets Available for Benefits..... 5

Statements of Accumulated Plan Benefits 6

Statements of Changes in Accumulated Plan Benefits 7

Notes to Financial Statements..... 8 - 14

Supplementary Information:

Schedule H, Part IV, Line 4(i) - Schedule of Assets (Held at End of Year) 15

Schedule H, Part IV, Line 4(j) - Schedule of Reportable Transactions 16

Independent Auditor's Report

To the Trustees
Retirement Annuity Plan for Employees of
Southern Maryland Electric Cooperative, Inc.
Hughesville, Maryland

Scope and Nature of the ERISA Section 103(a)(3)(C) Audit

We have performed the audits of the financial statements of the Retirement Annuity Plan for Employees of Southern Maryland Electric Cooperative, Inc., an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), as permitted by ERISA Section 103(a)(3)(C) (ERISA Section 103(a)(3)(C) audit). The financial statements comprise the statements of net assets available for benefits and statements of accumulated plan benefits as of December 31, 2025 (in liquidation) and 2024, and the related statements of changes in net assets available for benefits and the statements of changes in accumulated plan benefits for the year ended December 31, 2025 (in liquidation) and 2024, and the related notes to the financial statements.

Management, having determined it is permissible in the circumstances, has elected to have the audits of Retirement Annuity Plan for Employees of Southern Maryland Electric Cooperative, Inc.'s financial statements performed in accordance with ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. As permitted by ERISA Section 103(a)(3)(C), our audits need not extend to any statements or information related to assets held for investment of the plan (investment information) by a bank or similar institution or insurance carrier that is regulated, supervised, and subject to periodic examination by a state or federal agency, provided that the statements or information regarding assets so held are prepared and certified to by the bank in accordance with 29 CFR 2520.103-5 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA (qualified institution).

Management has obtained certifications from a qualified institution as of December 31, 2025 and 2024 and for the years ended December 31, 2025 and 2024, stating that the certified investment information, as described in Note C to the financial statements, is complete and accurate.

Opinion

In our opinion, based on our audits and on the procedures performed as described in the Auditor's Responsibilities for the Audit of the Financial Statements section -

- The amounts and disclosures in the accompanying financial statements, other than those agreed to or derived from the certified investment information, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.
- The information in the accompanying financial statements related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

231 Wylderose Drive | Midlothian, VA 23113 | 804.323.1313

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Retirement Annuity Plan for Employees of Southern Maryland Electric Cooperative, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our ERISA Section 103(a)(3)(C) audit opinion.

Emphasis of Matter - Basis of Accounting

As discussed in Note A to the financial statements, the Plan’s trustees approved the termination of the Plan in 2024 and management determined liquidation is imminent during 2025 and, accordingly, the Plan changed its basis of accounting for the year ended December 31, 2025 from the going-concern basis to the liquidation basis of accounting. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. Management's election of the ERISA Section 103(a)(3)(C) audit does not affect management's responsibility for the financial statements.

Management is also responsible for maintaining a current plan instrument, including all plan amendments, administering the plan, and determining that the plan's transactions that are presented and disclosed in the financial statements are in conformity with the plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

Auditor's Responsibilities for the Audit of the Financial Statements

Except as described in the Scope and Nature of the ERISA Section 103(a)(3)(C) Audit section of our report, 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 generally accepted 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 generally accepted 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 the Retirement Annuity Plan for Employees of Southern Maryland Electric Cooperative, Inc.'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.

Our audits did not extend to the certified investment information, except for obtaining and reading the certification, comparing the certified investment information with the related information presented and disclosed in the financial statements, and reading the disclosures relating to the certified investment information to assess whether they are in accordance with the presentation and disclosure requirements of accounting principles generally accepted in the United States of America.

Accordingly, the objective of an ERISA Section 103(a)(3)(C) audit is not to express an opinion about whether the financial statements as a whole are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

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.

Supplemental Schedules Required by ERISA

The supplemental schedules, Schedule H, Part IV, Line 4(i) - Schedule of Assets (Held at End of Year) and Schedule H, Part IV, Line 4(j) - Schedule of Reportable Transactions as of and for the year ended December 31, 2025, are presented for purposes of additional analysis and are not a required part of the financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information included in the supplemental schedules, other than that agreed to or derived from the certified investment information, has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with generally accepted auditing standards. For information included in the supplemental schedules that agreed to or is derived from the certified investment information, we compared such information to the related certified investment information.

In forming our opinion on the supplemental schedules, we evaluated whether the supplemental schedules, other than the information agreed to or derived from the certified investment information, including their form and content, are presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion:

- The form and content of the supplemental schedules, other than the information in the supplemental schedules that agreed to or is derived from the certified investment information, are presented, in all material respects, in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.
- The information in the supplemental schedules related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).



Richmond, Virginia
October 8, 2026

Statements of Net Assets Available for Benefits

Retirement Annuity Plan for Employees of Southern Maryland Electric Cooperative, Inc.

	December 31,	
	2025 Liquidation Basis	2024 Going-Concern Basis
Assets		
Investments at fair value	$ 114,942,400	$ 114,810,309
Estimated income expected during liquidation	601,872	
	115,544,272	114,810,309
Liabilities		
Estimated costs through completion of liquidation	233,233	
Net Assets Available for Benefits	$ 115,311,039	$ 114,810,309

See Independent Auditor's Report and Notes to Financial Statements

Statements of Changes in Net Assets Available for Benefits

Retirement Annuity Plan for Employees of Southern Maryland Electric Cooperative, Inc.

	Year Ended December 31,	
	2025 Liquidation Basis	2024 Going-Concern Basis
Additions to Net Assets Attributed to		
Investment income:		
Net appreciation in fair value of investments	$ 7,220,554	$ 540,595
Interest and dividends	1,417,525	1,280,325
Total Additions	8,638,079	1,820,920
Deductions from Net Assets Attributed to		
Benefits paid to participants	8,171,711	8,885,519
Administrative expenses	334,277	154,513
Total Deductions	8,505,988	9,040,032
Net Increase (Decrease) Before Liquidation-Basis Adjustments	132,091	(7,219,112)
Liquidation-basis adjustments for expected income and costs	368,639	
Net Change	500,730	(7,219,112)
Net assets available for benefits at beginning of year	114,810,309	122,029,421
Net Assets Available for Benefits at End of Year	$ 115,311,039	$ 114,810,309

See Independent Auditor's Report and Notes to Financial Statements

Statements of Accumulated Plan Benefits

Retirement Annuity Plan for Employees of Southern Maryland Electric Cooperative, Inc.

	December 31,	
	2025 Liquidation Basis	2024 Going-Concern Basis
Actuarial Present Value of Accumulated Plan Benefits		
Vested benefits	$ 115,072,520	$ 120,920,743
Nonvested benefits		1,289,112
Total Actuarial Present Value of Accumulated Plan Benefits	$ 115,072,520	$ 122,209,855

See Independent Auditor's Report and Notes to Financial Statements

Statements of Changes in Accumulated Plan Benefits

Retirement Annuity Plan for Employees of Southern Maryland Electric Cooperative, Inc.

	Year Ended December 31,	
	2025 Liquidation Basis	2024 Going-Concern Basis
Actuarial Present Value of Accumulated Plan Benefits at Beginning of Year	$ 122,209,855	$ 113,632,398
Increase (decrease) during the year attributable to:		
Net effect of interest, participant experience, and termination assumption changes	1,034,376	17,462,976
Benefits paid	(8,171,711)	(8,885,519)
Net Increase (Decrease)	(7,137,335)	8,577,457
Actuarial Present Value of Accumulated Plan Benefits at End of Year	$ 115,072,520	$ 122,209,855

See Independent Auditor's Report and Notes to Financial Statements

Notes to Financial Statements

Retirement Annuity Plan for Employees of Southern Maryland Electric Cooperative, Inc.

December 31, 2025 and 2024

Note A - Plan Description and Summary of Significant Accounting Policies

Plan Description

The following brief description of the Retirement Annuity Plan for Employees of Southern Maryland Electric Cooperative, Inc. (the "Plan") is provided for general information purposes only. Participants should refer to the Plan agreement for more complete information.

General

The Plan is a defined benefit pension plan covering substantially all full-time employees of Southern Maryland Electric Cooperative, Inc. (the "Cooperative") hired on or before December 31, 2006. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Basis of Accounting

The 2024 financial statements were prepared under the accrual method of accounting using the going-concern basis. Although the Cooperative's Board of Directors authorized termination of the Plan on December 19, 2024, management concluded that liquidation was not imminent at December 31, 2024. During 2025, management determined that liquidation became imminent as of March 31, 2025. Accordingly, the Plan adopted the liquidation basis of accounting prospectively from that date in accordance with Accounting Standards Codification (ASC) 205-30.

Under the liquidation basis, assets are measured at the amount of cash or other consideration expected to be collected in liquidation. Liabilities continue to be recognized and measured under otherwise applicable generally accepted accounting principles (GAAP). The Plan also recognizes separately the income expected to be earned and the costs expected to be incurred through completion of liquidation when those amounts can be reasonably estimated. At December 31, 2025, investments were carried at fair value, which management expects to approximate liquidation proceeds before the effect of subsequent investment income, liquidation expenses and final settlement adjustments.

Pension Benefits and Vesting

The Plan historically provided normal retirement benefits at age 65 and reduced or unreduced early retirement benefits under specified age and service conditions. The benefit formula and other provisions are described in the Plan document. In connection with the termination, affected participants became fully vested and benefits were expected to be settled through lump-sum distributions, immediate or deferred annuity contracts, or transfers under the PBGC Missing Participants Program, as applicable.

Note A - Plan Description and Summary of Significant Accounting Policies - Continued

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, disclosure of contingent assets and liabilities and the actuarial present value of accumulated plan benefits at the date of the financial statements. Actual results could differ from those estimates. The Plan uses an actuary to determine the actuarial present value of accumulated plan benefits. A change in the actuarial assumptions could significantly change the amount of the actuarial present value of accumulated plan benefits reported in the accompanying financial statements.

Actuarial Present Value of Accumulated Plan Benefits

Accumulated Plan benefits represent future periodic payments and lump-sum distributions attributable under the Plan's provisions to service rendered through the valuation date. The actuarial present value reflects the time value of money and the probability and expected form of payment. For 2025, the amount shown in the accompanying statements reflects termination assumptions, including a 4.50% rate for annuity obligations, applicable segment rates of 4.06%, 5.12% and 5.93% for lump sums, and the IRS 2026 applicable mortality table for lump sums.

Valuation of Investments

Plan investments are stated at fair value. Management concluded that fair value approximated the amount expected to be realized in liquidation as of December 31, 2025. Purchases and sales are recorded on a trade-date basis. Interest income is recognized on the accrual basis and dividend income on the ex-dividend date.

Administrative Expenses and Payment of Benefits

The administrative expenses of the Plan are paid from the Plan's assets. Benefit payments to participants are recorded upon distribution. Costs expected to be incurred after the financial statement date through completion of liquidation are accrued separately when reasonably estimable.

Subsequent Events

The Plan management has evaluated all subsequent events through October 8, 2026, which is the date these financial statements were available to be issued. Subsequent settlement activity is described in Note D.

Note B - Funding Policy

The Cooperative's funding policy historically was to make contributions necessary to provide assets sufficient to meet benefits payable to participants and applicable minimum funding requirements. No employer contributions were recorded during 2025. The Plan Sponsor committed to fund any amount necessary to complete a standard termination.

Note C - Certified Investments

Certain information related to investments disclosed in the accompanying financial statements and ERISA-required supplemental schedules, including investments held at December 31, 2025 and 2024, and related investment activity for the years ended December 31, 2025 and 2024, was obtained by management and agreed to or derived from information certified as complete and accurate by Empower Annuity Insurance Company of America and Empower Trust Company, LLC (collectively, Empower).

The following table represents the investments in this Plan that were certified by Empower:

	December 31,	
	2025	2024
Investments at fair value:		
Pooled separate accounts	$ 84,854,297	$ 84,775,347
Mutual funds	30,088,103	30,034,962
	$ 114,942,400	$ 114,810,309

For the year ended December 31, 2025, Empower certified investment information included approximately $7,220,554 of net appreciation in fair value and $1,417,525 of interest and dividends. For the year ended December 31, 2024, certified investment information included $540,595 of net appreciation in fair value and $1,280,325 of interest and dividends.

Note D - Plan Termination

On December 19, 2024, the Board of Directors of the Cooperative authorized the termination of the Plan. The Plan termination date was established as March 31, 2025, and the termination was pursued as a standard termination under ERISA. Required participant notices were issued, and participant benefit elections and settlement procedures were undertaken during 2025. The termination amendment provided for full vesting of participant benefits. During 2026, substantially all participant benefit obligations were settled through lump-sum distributions, the purchase of group annuity contracts and transfers under the PBGC Missing Participants Program.

Certain matters related to the termination remain in process, including finalization of the annuity contract and related premium adjustment, payment of remaining termination expenses and disposition of the Plan’s remaining assets. Management expects these matters to be completed after the necessary calculations, documentation and regulatory requirements have been satisfied.

At December 31, 2025, the Plan recognized estimated income expected during liquidation of $601,872 and estimated costs through completion of liquidation of $233,233. These estimates were based on management’s expectations for the remaining liquidation period, informed by subsequent income and expense activity and estimates of remaining costs. Estimated costs include administrative and actuarial fees, PBGC premiums, and fees for a potential PBGC audit, if the Plan is selected. Transfers under the PBGC Missing Participants Program are treated as benefit settlements rather than administrative expenses.

Note D - Plan Termination - Continued

Management expects liquidation to be completed by December 31, 2026. The estimates cover income expected to be earned and costs expected to be incurred from January 1, 2026 through that date. No additional annuity premium payment or refund has been included in the liquidation estimates because the final premium adjustment has not yet been determined. Management expects any resulting payment or refund to be immaterial. Remaining assets will be distributed or transferred in accordance with the Plan's provisions and applicable regulatory requirements. Actual income, costs, premium adjustments and the timing of completion may differ from these estimates.

Note E - Investment Management Agreements

The Plan had investment management agreements with various investment managers during 2024 and 2025. The investment strategy was adjusted as necessary to maintain liquidity and implement the Plan termination and settlement process.

Note F - Income Tax Status

The IRS determined, by letter dated August 18, 2025, that the termination of the Plan did not adversely affect the Plan's qualification for federal tax purposes. Management believes the Plan remained qualified under the applicable provisions of the Internal Revenue Code through the termination process and the related trust continued to be exempt from federal taxes.

Management evaluates tax positions taken by the Plan and recognizes a liability when it is more likely than not that a tax position would not be sustained upon examination. Management was not aware of any uncertain tax positions requiring recognition as of December 31, 2025 and 2024.

Note G - Risks and Uncertainties

Plan assets were invested primarily in fixed-income pooled separate accounts and mutual funds. Investments are exposed to interest-rate, market, credit and liquidity risks. Because the Plan was in liquidation, changes in market values and the timing of benefit settlement, annuity placement and liquidation expenses could affect the amount ultimately available for distribution or transfer.

Note H - Fair Value Measurements

The Financial Accounting Standards Board establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described on the following page:

Note H - Fair Value Measurements - Continued

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2025 and 2024:

Pooled separate accounts: Unit value calculated based on the net assets or observable net asset value (NAV) of the underlying pool of securities or investments. The NAV, as provided by the trustee, is used as a practical expedient to estimate fair value.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission (SEC). These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

The following table summarizes the financial assets measured at fair value:

	Assets at Fair Value as of December 31, 2025			
	Level 1	Level 2	Level 3	Total
Mutual Funds	$ 30,088,103	$	$	$ 30,088,103
Investments measured at NAV				84,854,297
Total investments at fair value				$ 114,942,400

Note H - Fair Value Measurements - Continued

	Assets at Fair Value as of December 31, 2024			
	Level 1	Level 2	Level 3	Total
Mutual Funds	$ 30,034,962	$	$	$ 30,034,962
Investments measured at NAV				84,775,347
Total investments at fair value				$ 114,810,309

The following table summarizes investments at fair value based on NAV per share as of December 31, 2025 and 2024:

2025	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Pooled separate accounts	$ 84,854,297	n/a	Daily	30 days

2024	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Pooled separate accounts	$ 84,775,347	n/a	Daily	30 days

There were no changes in valuation methodologies during 2025. Management considered the expected liquidation of these investments and concluded that reported fair values approximated expected proceeds at December 31, 2025.

Note I - Related Party Transactions

The Plan held investment products and used recordkeeping, trustee and administrative services provided by Empower and its affiliates. Empower was a party in interest to the Plan. Contract charges paid from Plan assets during 2025 were approximately $275,659. Total administrative expenses, including other Plan expenses, were $334,277 and $154,513 for the years ended December 31, 2025 and 2024, respectively. These transactions qualify as party-in-interest transactions; management believes they were exempt from prohibited-transaction rules under applicable statutory or administrative exemptions.

Note J - Form 5500 Reconciliation

The following is a reconciliation of net assets available for benefits per the financial statements to Form 5500:

	December 31, 2025	December 31, 2024
Net assets available for benefits per the financial statements	$ 115,311,039	$ 114,810,309
Estimated income expected during liquidation	(601,872)	
Estimated costs through completion of liquidation	233,233	
Net assets available for benefits per the Form 5500	$ 114,942,400	$ 114,810,309

The following is a reconciliation of the net increase in net assets per the financial statements to the Form 5500 for the year ended December 31, 2025:

Net increase in net assets available for benefits	$ 500,730
Liquidation-basis adjustments for expected income and costs	(368,639)
Net increase in net assets per the Form 5500	$ 132,091

Supplementary Information

Schedule H, Part IV, Line 4(i) - Schedule of Assets (Held at End of Year)

Retirement Annuity Plan for Employees of Southern Maryland Electric Cooperative, Inc.

December 31, 2025

EIN: 52-0492367, PN 001

(a)	(b) Identity of issuer, Identity of issue, borrower lessor, or similar party	(c) Description of Investment	(d) Cost	(e) Current Value
*	Empower Annuity Insurance Company	Core Plus Bond/PGIM Fund	$ 26,663,343	$ 30,115,745
*	Empower Annuity Insurance Company	Long Duration Bond/IR&M Fund	15,306,549	15,938,174
*	Empower Annuity Insurance Company	PGIM Long Corporate Bond	14,279,801	15,925,247
	PIMCO	Investment Grade Credit Bond	30,201,974	30,088,103
*	Empower Annuity Insurance Company	PGIM Short-Term Grade Credit Bond	22,663,413	22,875,131
			$ 109,115,080	$ 114,942,400

* Represents party-in-interest

See Independent Auditor's Report and Notes to Financial Statements

Schedule H, Part IV, Line 4(j) - Schedule of Reportable Transactions

Retirement Annuity Plan for Employees of Southern Maryland Electric Cooperative, Inc.

Year Ended December 31, 2025

EIN: 52-0492367, PN 001

(a) Identity of party involved	(b) Description of asset	(c) Purchase price	(d) Selling price	(g) Cost of asset/book value	(h) Current value of assets on transaction date	(i) Realized gain or (loss)
Empower Annuity Insurance Company	Long Duration Bond/IR&M Fund	$	$ 11,087,500	$ 10,585,091	$ 11,087,500	$ 502,409
Empower Annuity Insurance Company	PGIM Long Corporate Bond	$	$ 11,442,500	$ 10,259,571	$ 11,442,500	$ 1,182,929
Empower Annuity Insurance Company	PGIM Short-Term Fund	$ 27,157,744	$ 8,518,732	$ 27,157,744	$ 27,157,744	$ 171,613

Changes since last year's valuation

Changes in pension plan provisions

The Plan was terminated effective March 31, 2025. This valuation report reflects a short plan year from January 1, 2025 through the termination date of March 31, 2025.

Legislated changes

There were no legislative changes recognized with this actuarial valuation.

Changes in actuarial assumptions

The investment return assumption and the discount rate used for ASC 960 purposes were decreased from 5.50% to 4.50%.

The expected plan-related expenses were decreased from $500,000 to $125,000 to account for the short plan year due to termination.

Changes in actuarial methods

No changes in actuarial methods were recognized with this actuarial valuation.