ALASKA RETIREMENT MANAGEMENT BOARD

Actuarial Committee Meeting

December 2, 2025

State of Alaska

ALASKA RETIREMENT MANAGEMENT BOARD

ACTUARIAL COMMITTEE MEETING

December 2, 2025 – 1:00 PM

Alaska Housing Finance Corporation, 4300 Boniface Pkwy., Anchorage, AK

Videoconference:	Click here to join the meeting Meeting ID: 295 334 238 545 68 Passcode: Kj9gC78e	**Teleconference:**	Call-In #: 1-907-202-7104 Code: 253 319 374#

1:00 p.m. Call to Order

Roll Call
Public Meeting Notice
Approval of Agenda
Approval of Minutes – September 16, 2025

Public / Member Participation, Communications and Appearances
*(Callers: Select *5 to raise your hand & *6 to unmute. Limit three minutes.)*

Certification and Acceptance of FY2024 Valuations and Reports

- ***Action:*** Committee Recommendation of Board Acceptance of GRS Certification for June 30, 2024, JRS & NGNMRS valuation reports

- ***Action*****:** Committee Recommendation of Board Acceptance of Gallagher Valuations for June 30, 2024, JRS & NGNMRS valuation reports

PERS and TRS Preliminary Valuation Results - June 30, 2025
David Kershner, Principal, Consulting Actuary, Gallagher
Bob Besenhofer, Director, Health Actuary, Gallagher

Actuary Review of Preliminary Valuation Results
Paul Wood, Senior Consultant & Team Leader, GRS
Cassie Rapoport, Consultant, GRS

Economic Assumptions Component of Experience Study for the Period 7/01/2021 – 6/30/2025
David Kershner, Principal, Consulting Actuary, Gallagher
Kevin Spanier, Principal, Public Sector Retirement Operations Leader, Gallagher
Bob Besenhofer, Director, Health Actuary, Gallagher

ARMB Strategic Review and Action Committee Update

- ***Action:*** Resolution 2025-23 Recommendation to the Commissioner of Administration Regarding the Judicial Retirement System (JRS) Funding Policy and Payroll Growth Assumption

Bob Williams, SRAC Chair

Review of Committee Charter & Periodic Self-Assessment

Future Meetings

1. **Calendar Review**
2. **Agenda Items**
    a. Fully Funded and Over-Funded Strategies
3. **Requests / Follow-Ups**

Public / Members Comment

*(Callers: Select *5 to raise your hand & *6 to unmute. Limit three minutes.)*

3:00 p.m. **Adjournment**

ALASKA RETIREMENT MANAGEMENT BOARD

ACTUARIAL COMMITTEE MEETING

HYBRID/TEAMS

September 16, 2025
Originating from:
Tiaga Center
420 Wedgewood Dr., Fairbanks, AK

Committee Members Present:
• Sandi Ryan, Chair
• Lorne Bretz
• Janelle Earls, Commissioner of Revenue
• Donald Krohn
• Dennis Moen
• Norman West
• Bob Williams
• Michael Williams

Investment Advisory Council Members
• Ruth Traylor
• Josh Rabuck
• Dr. William Jennings

Department of Law
• Ben Hofmeister, Assistance Attorney General, ARMB Legal Counsel
• Allison Baldock, Attorney IV

Department of Revenue – Treasury Division Staff
• Zach Hanna, CIO
• Pam Leary, Director
• Shane Carson
• James Dawson
• Benjamin Garrett
• Scott Jones
• Chris Madsen
• Tyler McCormack
• Mariell Mendoza
• Robyn Mesdag
• Mark Moon
• Grant Ficek
• Alysia Jones, ARMB Liaison

Department of Administration – Division of Retirement and Benefits

• Kathy Lea, Director
• Christopher Novell, Chief Financial Officer
• Mindy Voigt, Chief Pension Officer
• Nimeri Denis
• Christina Maiquis
• Mark Rosier
• Traci Walther

Guests / Presenters
• David Kershner, Gallagher
• Bob Besenhofer, Gallagher
• Kevin Spanier, Gallagher
• Paul Wood, GRS
• Cassie Rapoport, GRS

Public
• Randall Burns, RPEA President
• Deanna • "DG"
• Rhonda
• Alexei Painter
• Barbara Reid, RPEA Member
• Caitlin Wallace
• Douglas Wilson
• Jeff Walton

Minutes prepared by: Staci Anderson, ANP Reporting
Reviewed and edits by: Treasury Division Staff

PROCEEDINGS

CALL TO ORDER
CHAIR SANDI RYAN called the meeting at 9:00 a.m.

ROLL CALL
ALYSIA JONES conducted roll call. Committee members TRUSTEE LORNE BRETZ, COMMISSIONER JANELLE EARLS, TRUSTEE DONALD KROHN, TRUSTEE DENNIS MOEN, TRUSTEE NORMAN WEST, TRUSTEE BOB WILLIAMS, TRUSTEE MICHAEL WILLIAMS, and CHAIR S. RYAN were present, establishing a quorum.

PUBLIC MEETING NOTICE
A. JONES confirmed that public meeting requirements had been met.

AGENDA REVIEW AND APPROVAL
CHAIR RYAN called for a review of the meeting agenda. Seeing and hearing no changes, the agenda was approved, without objection.

APPROVAL OF MINUTES
CHAIR RYAN asked if anyone had any corrections or additions to the meeting minutes from June 16, 2025. Hearing none, the meeting minutes were approved without objection.

PUBLIC MEMBER PARTICIPATION – None.

REPLICATION AUDIT AND RESULTS
PAUL WOOD and CASSIE RAPOPORT presented the full replication of the PERS DB pension and medical, TRS DB pension and medical, the PERS and TRS DCR plans, JRS, and the National Guard and Naval Militia Retirement System pension plans.

P. WOOD explained the purpose and scope of the replication audit, which includes replicating all actuarial valuations for all plan members to verify the accuracy of Gallagher's work. The audit involved reviewing and validating the underlying data, assessing the reasonableness of economic and demographic assumptions, and running their own actuarial calculations using the same methods as Gallagher.

They noted that their results closely matched Gallagher's, with differences typically within 1%, which were well within accepted actuarial standards, and confirmed Gallagher's valuation methods and contribution rate calculations are accurate and reliable.

P. WOOD added that one of the reasons they asked to present these findings at the September meeting versus December was to provide the committee with a little more comfort going into the contribution rate setting discussion.

FISCAL YEAR 2027 CONTRIBUTION RATE SETTINGS
DAVID KERSHNER from Gallager, acknowledged KEVIN SPANIER and invited him to introduce himself to the Committee. K. SPANIER stated that he was an actuary with over 20 years of experience, including 11 with Gallagher, working with public entities such as Alaska. He added that he recently joined the team and was working on getting up to speed.

D. KERSHNER explained the background and calculation for the FY 2027 contribution rates, and then presented six different scenarios, each with varying amortization methods and healthcare normal cost contributions. The committee discussed the scenarios, emphasizing the importance of paying more now to reduce future liabilities. They highlighted scenario 1D for its potential to accelerate funding more rapidly that other scenarios.

RESOLUTION 2025-11 – FY27 PERS Contribution Rate
TRUSTEE B. WILLIAMS moved Resolution 2025-11 FY 27 PERS contribution rate, stating "that the Actuarial Committee recommends that the Alaska Retirement Management Board set the fiscal year 2027 PERS actuarial determined contribution rate attributed to employers consistent with its fiduciary duty as set out in attached form of resolution 2025-11 Proposed #1D."

Seconded by TRUSTEE WEST. A roll call vote was taken and the motion passed unanimously.

RESOLUTION 2025-12 FY27 PERS RMMI Contribution Rate & RESOLUTION 2025-13 FY27 PERS ODD Contribution Rate

TRUSTEE B. WILLIAMS moved Resolution 2025-12 FY 27 PERS RMMI contribution rates and resolution 2025-13 FY 27 PERS ODD contribution rate, stating "the actuarial committee recommends that the Alaska Retirement Management Board set fiscal year 2027 PERS defined contribution retirement retiree major medical insurance, and occupational death and disability benefit rates as set out in the following resolutions: Resolution 2025-12 Public Employees Defined Contribution Retirement Plan Retiree Major Medical Insurance Rate and 2025-13 Public Employees Defined Contribution Retirement Plan Occupational Death and Disability Benefit Rates."

Seconded by TRUSTEE M. WILLIAMS. A roll call vote was taken and the motion passed unanimously.

RESOLUTION 2025-14 FY2027 TRS Employer Contribution Rate

TRUSTEE B. WILLIAMS moved resolution 2025-14 FY 27 TRS contribution rate, stating "that the actuarial committee recommends that the Alaska Retirement Management Board set the fiscal year 2027 TRS actuarily determine contribution rate attributable to the employer's consistent with its fiduciary duty as set out in the attached form of Resolution 2025-14, proposed option #1D."

Seconded by TRUSTEE WEST. A roll call vote was taken and the motion passed unanimously.

RESOLUTIONS 2025-15 FY2027 TRS RMMI Contribution Rate & 2025-16 TRS ODD Contribution Rate

TRUSTEE B. WILLIAMS moved resolution 2025-15 FY 27 TRS RMMI contribution rates and resolution 2025-16 FY 27 TRS ODD contribution rates stating that "the actuarial committee recommends the Alaska Time Management Board set the fiscal year 2027 TRS defined contribution retirement plan, retiree major medical insurance, and occupational death and disability benefit rates as set out in the following resolutions. Resolution 2025-15, TRS Defined Contribution Retirement Plan Retiree Major Medical Insurance Rate and Resolution 2025-16, Teachers Defined Contribution Retirement Plan Occupational Death and Disability Benefit Rate."

Seconded by TRUSTEE M. WILLIAMS. A roll call vote was taken, and the motion passed unanimously.

RESOLUTION 2025-17 FY2027 NGNMRS Amount

TRUSTEE B. WILLIAMS moved Resolution 2025-17 FY 27 NGNMRS contribution amount, stating the Actuarial Committee recommends that the Alaska Retirement Management Board set the fiscal year 2027 NGNMRS, annual contribution amount consistent with its fiduciary duty as set out in the attached form of resolution 2025-17."

Seconded by TRUSTEE WEST. A roll call vote was taken, and the motion passed unanimously.

PROJECTIONS: WITH and WITHOUT EMPLOYER GROUP WAIVER PLAN (EGWP) SUBSIDIES

CHAIR RYAN expressed her concern that there were a lot of different variables related to the healthcare plans and employer group waiver plan (EGWP) subsidies seemed to be one that was unpredictable.

BOB BESENHOFER, health actuary with Gallagher, reviewed scenarios analyzing the financial impact of al impact of losing EGWP subsidies for healthcare. He noted that even in a "worst-case" where these federal pharmacy subsidies were eliminated, the funded status for both PERS and TERS healthcare plans remained well above 100%, indicating strong overfunding. He explained that the removal of EGWP subsidies would reduce some of the surplus cushion, state contributions would rise only moderately, and the plans could absorb the risk of losing EGWP without jeopardizing their overall funded status.

JRS CONTRIBUTION PAST SERVICE RATE & FY 2027 JUDICIAL RETIREMENT SYSTEM (JRS) EMPLOYER CONTRIBUTION RATE

D. KERSHNER explained that the Judicial Retirement System (JRS) is currently overfunded, yet the existing "layered" amortization schedule continued to result in positive payments to an unfunded liability that no longer exists.

K. SPANIER gave a presentation about the JRS contribution and past service rates, demonstrating how differences in remaining amortization periods between positive and negative bases produced this odd outcome. To address it, K. SPANIER recommended consolidating all amortization layers into a new single 15-year "fresh start" base, which would align payments more logically with the plan's true funding position. He also proposed updating JRS's payroll growth assumption to 1.25% to reflect recent experience. These changes would enhance the accuracy and consistency of future funding requirements for JRS.

RESOLUTION 2025-19 – Recommendation for Amortization of JRS Unfunded Liabilities

TRUSTEE B. WILLIAMS moved resolution 2025-19 which recommends (1) the Commissioner of Administration, adopt an amortization scheduled containing all existing amortization basis into a new single base for the JRS plan in the June 30th, 2024, actuarial valuation. (2) the board recommends that the new amortization base be amortized over a closed 15-year period, beginning with the June 30th, 2024, evaluation."

Seconded by TRUSTEE M. WILLIAMS. A roll call vote was taken, and the motion passed unanimously.

ACTUARY REVIEW OF JRS and NATIONAL GUARD AND NAVAL MILITIA RETIREMENT SYSTEM (NGNMRS)

P. WOOD explained full valuations for the JRS and NGNMRS plans are reviewed every other year and this year a full valuation was performed. He stated that there were only a couple of recommendations, most of which Gallagher had already addressed. Recommendations included clarifying and documenting the process for updating the salary scale and cost-of-living assumptions for the Judges plan, given their major impact on liabilities.

P. WOOD expressed his support of the recently adopted approach of consolidating amortization layers into a single base for JRS to better match the plan's funding status. For both the Judges' and National Guard plans, he emphasized the importance of ongoing experience studies, transparency around program changes, and maintaining clean, well-audited data.

DISCUSSION of FY 2025 VALUATION TIMELINE
C. NOVELL directed the committee to the timeline in the packet. D. KERSHNER reviewed the timeline, noting preliminary valuation results for PERS and TRS would be presented in December. He also explained that the current valuation cycle, ending June 30, 2025, was the final year of the next four-year experience study. They would be analyzing the economic and demographic assumptions and hoped to have some of those materials ready to present at the December meeting.

FUTURE MEETINGS – There were no requests for future agenda items or follow ups.

PUBLIC / MEMBER COMMENTS
RANDALL BURNS, President of the Retired Public Employees of Alaska (RPEA) raised a question about the projected impact of losing EGWP subsidies, referencing a report by Segal that showed a substantial financial effect—possibly focused on pharmacy benefits only. He recommended the committee consult with Segal to clarify any differences in how pharmacy and medical subsidies are assessed.

ADJOURNMENT
There being no further items to discuss, CHAIR RYAN adjourned the meeting at 11:26 a.m.

ALASKA RETIREMENT MANAGEMENT BOARD

Actuarial Committee

SUBJECT: Certification of Actuarial Review ACTION: X

DATE: December 2, 2025 INFORMATION: _____

BACKGROUND:

AS 39.10.220 (a) (9) prescribes certain duties and reports that the Alaska Retirement Management Board is responsible for securing from a member of the American Academy of Actuaries. Additionally, it contains a requirement that "the results of all actuarial assumptions prepared under this paragraph shall be reviewed and certified by a second member of the American Academy of Actuaries before presentation to the board."

AS 37.10.220(a)(9) provides that "the results of all actuarial assumptions prepared under this paragraph shall be reviewed and certified by a second member of the American Academy of Actuaries before presentation to the Board."

STATUS:

Gallagher, the board's primary actuary, has completed valuation reports of the following defined benefit plans as of June 30, 2024:

- Judicial Retirement System (JRS)
- National Guard and Naval Militia Retirement System (NGNMRS)

Gabriel Roeder Smith & Company (GRS), the board's review actuary, has reviewed the valuation reports prepared by Gallagher and provided a letter and report describing a review of the above listed valuation reports.

GRS compiled and reviewed an audit findings list (incorporated in the report referenced above) setting out recommendations and suggestions from the GRS review reports for further discussion or action.

RECOMMENDATION:

That the Actuarial Committee recommend the Alaska Retirement Management Board accept the review and certification of the FY 2024 actuarial reports by Gabriel Roeder Smith & Company.

Alaska Retirement Management Board

Actuarial Review of the Judicial Retirement System Pension and Health Plans

Actuarial Review of the National Guard and Naval Militia Retirement System Pension Plan

August 29, 2025

P: 720.274.7270 | www.grsconsulting.com

August 29, 2025

Mr. Zach Hanna
Chief Investment Officer
Department of Revenue, Treasury Division
Alaska Retirement Management Board
P.O. Box 110405
Juneau, AK 99811-0405

Subject: **Actuarial Review of June 30, 2024 valuations for the State of Alaska Judicial Retirement System (JRS) and National Guard and Naval Militia Retirement System (NGNMRS)**

Dear Zach:

We have performed an actuarial review of the June 30, 2024 Actuarial Valuations for JRS and NGNMRS.

This report includes a review of:

- Pension Assumptions and Benefits
- Actuarial Valuation Methods and Procedures
- Contribution Rate Determination
- Actuarial Valuation Report
- Potential Areas for Future Review

This report should be considered supplemental to the Actuarial Review of Pension and Post-Employment Healthcare Plans for PERS and TRS dated June 4, 2025. Only items unique to these plans were reviewed and discussed in this report.

A major part of our review is a thorough analysis of the test lives provided by Gallagher. We have included exhibits in our report that summarize the detailed analysis of these sample test cases for JRS and NGNMRS, as well as a comparison of the results between Gallagher and GRS. We wish to thank the staff of the State of Alaska Treasury Division and Gallagher, without whose willing cooperation this review could not have been completed.

Sincerely,

Gabriel, Roeder, Smith & Company

Paul Wood, ASA, FCA, MAAA
Senior Consultant

Cassie Rapoport, ASA, MAAA
Consultant

cc: Ms. Pamela Leary
Ms. Alysia Jones

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SECTION 1

EXECUTIVE SUMMARY

Executive Summary

Gabriel, Roeder, Smith & Co. was engaged by the Alaska Retirement Management Board (ARMB) to review the June 30, 2024 Actuarial Valuations of the State of Alaska Judicial Retirement System (JRS) and the National Guard and Naval Militia Retirement System (NGNMRS).

This report presents our findings in the following areas:

- General Approach
- Review of Assumptions
- Review of Actuarial Valuation Methods and Procedures (including the test lives review)
- Review of Contribution Rate Determination
- Review of Actuarial Valuation Report
- Potential Areas for Future Review
- Summary and Conclusions

In general, we found that the Gallagher's actuarial results and reports were reasonable and find the assumptions consistent with generally accepted actuarial practice.

Monthly conference calls conducted between Gallagher and GRS were made this year and contributed greatly to resolving issues more quickly and thoroughly. Those issues, even if resolved, are highlighted in this report.

Key Findings From The Audit Of The June 30, 2024 Valuations

- We recommend that Gallagher clarify with the ARM Board the process and considerations for changing the JRS salary assumption each year and, if applicable, receive and document the necessary approvals for the assumption changes.
- We recommend that Gallagher provide education to the ARM Board on the implications of being fully funded while at the same time having a positive part service liability contribution for JRS. We understand Gallagher is providing some scenarios related to the topic at the September 2025 ARM Board actuarial committee meeting.
- We recommend consideration of funding policy for JRS that takes into account the funded status of the plan, i.e. a surplus funding policy, when applicable.
- We recommend Gallagher continue to carefully monitor the current assumptions going forward to determine if they are working as intended.
- We recommend Gallagher review with the Board whether to implement a new entrant assumption for the JRS plan.
- We recommend Gallagher continue to disclose the nature and impact of all programming changes included in the valuation.

Gallagher's Implementation of Recommendations From prior Review Report

As part of the June 30, 2022 actuarial review, we made some recommendations to improve the valuations. The findings from the last report were minimal and were incorporated already as part of the June 30, 2022 valuations.

Summary Of Test Life Review

We have included as a part of this report a detailed test life results summary.

- We matched the present value of benefits closely in total on all test lives submitted. We have included exhibits in Section 6 of the report that summarize the differences in calculations by decrement for the test lives analyzed. Differences between actuarial firms will always occur due to system differences and other nuances in the calculations.

SECTION 2

GENERAL APPROACH

General Approach

Gabriel, Roeder, Smith & Co. was charged with reviewing the actuarial assumptions of the pension actuarial valuations of JRS and NGNMRS and the health care actuarial valuation of JRS.

We requested a number of items from Gallagher Consultants in order to perform the actuarial review and health cost assumption review:

1. We received the final report for JRS in May of 2025. We received the test lives in May of 2025 for pension and retiree health.
2. We received the draft report for NGNMRS in May of 2025. We received the pension test lives in May of 2025.
3. Monthly conference calls between Gallagher and GRS occurred, with the agenda items including timing of deliverables and the discussion of audit matters.

In performing our review, we:

4. Reviewed actuarial assumptions – we checked to see if they were consistent, comprehensive, and appeared reasonable.
5. Reviewed the actuarial valuation reports as of June 30, 2024, for completeness and a review of financial determinations.
6. Reviewed, in detail, the sample members provided us – This provided us with a perspective on the actuarial process utilized by Gallagher with respect to the plan and allowed us to review the valuation methods and procedures.
7. Reviewed the health care plan cost assumptions and trend for JRS.

KEY ACTUARIAL CONCEPTS

An actuarial valuation is a detailed statistical simulation of the future operation of a retirement system using the set of actuarial assumptions adopted by the Board. It is designed to simulate all of the dynamics of such a system for each current system member including:

1. Earning future service and making contributions,
2. Receiving changes in compensation,
3. Leaving the system through job change, disablement, death, or retirement, and
4. Determination of and payment of benefits from the System.

This simulated dynamic is applied to each active member of the System. It results in a set of expected future benefit payments to that member. Bringing those expected payments to present value, at the assumed rate of investment return, produces the Actuarial Present Value (“APV”) of future benefits for that member. In like manner, an APV of future salaries is determined.

The actuarial present value of future benefits and the actuarial present value of future salaries for the entire System are the total of these values across all members. The remainder of the actuarial valuation process depends upon these building blocks.

Once the basic results are derived, an actuarial method is applied in order to develop information on contribution levels and funding status. An actuarial method splits the APV of future benefits into two components:

1. Present Value of Future Normal Costs, and
2. Actuarial Accrued Liability ("AAL")

The actuarial method in use by the State of Alaska is known as the Entry Age Normal (EAN) method. Under entry age normal funding method, the Normal Cost for a member is that portion of the Actuarial Present Value of the increase in the value of that member's benefit for service during the upcoming year. The actuarial accrued liability is the difference between the total actuarial present value and the present value of all future normal costs.

For JRS and NGNMRS, the present value of future benefits applies to the following benefits:

- Retirement benefits
- Withdrawal benefits
- Disability benefits
- Death benefits
- Return of contributions
- Medical benefits (JRS only)

The retiree medical benefits are based on potential future health care benefits, while the others are a type of post-employment income replacement benefit, based on salary. For the medical benefits, estimates must be made of the future health care costs. This is done by determining current per capita health care claim costs by age of retiree, and projecting them into the future based on anticipated future health care inflation. Per capita claims used were those used in the PERS and TRS valuations as of June 30, 2024 and the methodology used to determine those claims was found to be appropriate in the audit of those plans. Please refer to the PERS and TRS audit report for further information pertaining to the claims cost development.

SECTION 3

REVIEW OF GAINS AND LOSSES

Review of Gains and Losses

As a part of the annual audit, we take a historical look at the gains and losses on the accrued liability. Gains and losses may measure "how closely" experience matches the actuarial assumption. Recurring gains or losses may indicate an assumption that is not meeting the actual experience for this population. In the tables below, we detail the historical gains and losses for each plan. In addition, we have shown the gain or loss as a percent of the beginning of year (BOY) accrued liability (AL).

JRS Pension Gains and (Losses) by Source (000's)

Source	2024 Valuation	2022 Valuation	2020 Valuation	2018 Valuation
Retirement	$ (1,792)	$ (941)	$ (1,596)	$ 1,239
Termination	(1,365)	(328)	535	(790)
Mortality	(1,099)	(972)	1,467	(889)
Disability	10	8	8	7
New Entrants	(1,200)	(991)	(2,857)	(998)
Other	108	948	(879)	485
Salary	(195)	(29)	(392)	4,581
COLA	(605)	(322)	(361)	8,482
Total G/L	**$ (6,138)**	**$ (2,627)**	**$ (4,075)**	**$ 12,117**
Total AL at BOY	**$ 227,228**	**$ 211,742**	**$ 226,560**	**$ 205,548**
G/L as a % of AL	**-2.70%**	**-1.24%**	**-1.80%**	**5.89%**

The $6.1 million loss in the most recent valuation is predominantly made up of more retirements than expected, less terminations than expected, new entrants, and less deaths than expected. The COLA was also higher than expected.

Gallagher does not make any assumption for new active members entering the plan, so there will always be new entrant losses. We recommend Gallagher review with the Board whether to implement a new entrant assumption for this plan.

The other gains and losses will need to be continuously and carefully monitored going forward to determine if the current assumptions are working as intended.

JRS Healthcare Gains and (Losses) by Source (000's)

Source	2024 Valuation	2022 Valuation	2020 Valuation	2018 Valuation
Retirement	$ (19)	$ 20	$ 342	$ (188)
Termination	(251)	(29)	(4)	(2)
Mortality	256	(107)	421	27
Disability	15	14	10	7
New Entrants	(180)	(213)	(271)	(317)
Other	496	(496)	(488)	319
Medical Claims	(1,407)	1,363	2,287	1,843
Modified Part B Assumption	4	5	9	(41)
Updated EGWP Estimates	1,405	-	-	-
Updated Cost Trend Rates	(771)	-	-	-
Cadillac Tax	0	0	234	(233)
Total	**$ (452)**	**$ 557**	**$ 2,540**	**$ 1,415**

Overall, there was a $0.5 million loss on the JRS DB Healthcare results. This is mostly due to negative experience on the medical claims and updated healthcare cost trend rates, partially offset by positive experience on EGWP estimates.

NGNMRS Pension Gains and (Losses) by Source (000's)

Gallagher does not show gain/loss detail for NGNMRS. As shown on page 6 of the NGNMRS valuation report, the plan experienced a $1.4 million liability loss during fiscal year 2024.

Gallagher should continue to monitor the gains/loss for this plan to make sure the assumptions are working as intended and show more detail if necessary.

Summary of recommendations Resulting from a Review of Gains and Losses

Based on our review above, we recommend the following be considered by Gallagher:

- Continue to carefully monitor the current assumptions going forward to determine if they are working as intended.
- Disclose the nature and impact of all programming changes included in the valuation.
- Discuss with the Board whether to include a new entrant assumption for the JRS plan.

SECTION 4

REVIEW OF ASSUMPTIONS

Review of Actuarial Assumptions

Gallagher released an experience study in 2022 and the Board approved a new assumption set to be used beginning with the actuarial valuations as of June 30, 2022. GRS issued a supplemental report that reviewed this new experience study and the adopted assumptions. General conclusions for the current assumptions are included in this report.

Although this audit examines many assumptions and methods, not all of them are equal in terms of their ultimate impact on contribution rates. It is not the intention of this audit to imply that all proposed changes would have a similar impact on the liabilities. For example, the investment return assumption may be the greatest lever in influencing contribution rates. Thus, where options exist for spending time and resources studying assumptions, we recommend studying those with the largest impact first.

Economic Assumptions

General

These assumptions simulate the impact of economic forces on the amounts and values of future benefits. Key economic assumptions are the assumed rate of investment return and assumed rates of future salary increase.

Economic assumptions are normally defined by an underlying inflation assumption. Gallagher has cited 2.50% as the inflation assumption. A few years ago, actual inflation was historically high, although forecasts generally showed it declining back down to something near the current assumption. This has played out recently, as current inflation levels are now much lower. We do find the assumption to be reasonable at this time, but expect a significant amount of scrutiny to continue to be paid to this particular assumption over the short term.

Investment Return Assumption

The nominal investment return assumption for JRS is 7.25%, which is the same as PERS and TRS. Our discussion on this assumption from that review report holds for JRS as well.

The nominal investment return assumption for NGNMRS is 5.75%. We find this assumption to be reasonable, based on the different, more conservative asset allocation for this particular plan.

Member Pay Increase Assumption

The pay increase assumption for JRS is 8.50% for FY25 and 3.00% per year thereafter. The long-term assumption of 3.00% was lowered from 3.62% during the most recent experience study. This assumption should be carefully monitored going forward to make sure it is reasonable.

It is our understanding that Gallagher adjusts this particular assumption each year based upon information provided to them. We recommend that Gallagher clarify with the ARM Board the process and considerations for changing the JRS salary assumption each year and, if applicable, receive and document the necessary approvals for the assumption changes.

COLA

We find the assumption for JRS to be reasonable as the rate is directly tied to pay increases.

DEMOGRAPHIC ASSUMPTIONS

Healthy mortality during active service and after termination

For JRS, the Pub-2010 General Employee tables with MP-2021 generational improvement are reasonable.

For NGNMRS, the Pub-2010 Safety Employee tables with MP-2021 generational improvement are reasonable.

Healthy mortality after retirement

For JRS, the Pub-2010 General Retiree tables with MP-2021 generational improvement are reasonable.

For NGNMRS, the Pub-2010 Safety Retiree tables with MP-2021 generational improvement are reasonable.

For beneficiaries, the Pub-2010 Contingent Survivor tables with MP-2021 generational improvement are also reasonable.

Disabled mortality

For JRS, the Pub-2010 Non-Safety Disabled Retiree tables with MP-2021 generational improvement are reasonable.

For NGNMRS, the Pub-2010 Safety Disabled Retiree tables with MP-2021 generational improvement are reasonable.

Withdrawal from service before retirement (termination)

The rates look reasonable based on the data presented in the most recent experience study report.

Retirement

The rates look reasonable based on the data presented in the most recent experience study report.

Disability

The rates look reasonable based on the data presented in the most recent experience study report.

Form of Payment

The form of payment assumptions for NGNMRS look reasonable based on the data presented in the most recent experience study report. The assumption for the percentage of actives and terminated vested

members assuming to elect a lump sum was lowered from 70% to 50% as part of the most recent experience study.

Payroll Growth

Contribution rates are based on a percent of total payroll for JRS. The assumption used in the valuation is that payroll will grow at a rate of 2.75 percent per year. This is comprised of 2.50 percent for inflation and 0.25 percent for productivity.

Payroll growth is significant because the unfunded accrued liability (UAL) is amortized as a level percentage of pay. That is the same as expecting all future amortization payments to grow at the same rate as total payroll. When payroll does not grow as assumed then the UAL is not going to be paid off as assumed. In order for the UAL to be paid off according to the current amortization schedule, payroll must grow at the assumed payroll growth rate. If payroll does not grow at that rate, as was the case for the past couple years, there will be upward pressure on the contribution rate because contributions that are less than anticipated are flowing in to the plan. We expect Gallagher to examine this assumption in more detail during the upcoming experience study and consider lowering it.

Data

Gallagher spends a significant amount of time and effort reconciling the NGNMRS data and has to make a series of assumptions regarding the data due to its quality. We would recommend that Gallagher include some additional detail showing proportion of data that has imputed elements.

Healthcare Cost Assumptions

The health care cost assumptions for JRS are the same as PERS and TRS. Our discussion on these assumptions from that review report holds for JRS as well.

SUMMARY

We believe the current assumptions and methods are reasonable. However, the economic environment is continuing to rapidly evolve and change. These assumptions should be carefully monitored to see if any biased patterns start to develop and updated accordingly.

SECTION 5

REVIEW OF ACTUARIAL VALUATION METHODS AND PROCEDURES

Review of Actuarial Valuation Methods and Procedures

I. *Background*

An actuarial valuation is a detailed statistical simulation of the future operation of a retirement system using the set of actuarial assumptions adopted by the Board.

The actuarial values generated from this process are based not only on these assumptions, but also on the additional assumptions built into each actuarial firm's pension valuation software.

Our scope for performing the review did not include a complete replication of the valuation results as determined by Gallagher at June 30, 2024. Rather, we reviewed a number of sample test lives from Gallagher in great detail, and made our determinations as to whether the methods and assumptions being employed were being done so properly. We also reviewed the report in order to examine the aggregate results and conclusions of this actuarial valuation.

Though this approach is not intended to meet the rigors of a full-scale replication of results – it still serves as a strong indicator of the appropriateness of the assumptions and methods being used to value the liabilities and determine the costs for these plans.

II. *Process:*

Our review process can be summarized as follows:

Computation: Valuation Liabilities

We analyzed test cases to compare the Actuarial Liability under the EAN funding method for the test cases of the JRS and NGNMRS Systems. As a starting point, we first replicate Gallagher test case liabilities by using their assumptions and methods to ensure that the computations were in sync with the descriptions listed in the valuation report.

When conducting an actuarial audit, and reviewing the test lives, we look at the projected benefits at each age for each decrement type. We also look at the component of the benefit (final average earnings and years of service). This is critical to understanding what the valuation system is actually valuing and making sure that the valuation is not "right for the wrong reasons", (meaning, errors could occur in two different directions making total liabilities approximate a correct value.)

We also review the construction of the commutation functions- the varying probabilities for each decrement and the discounting to the valuation date.

A more detailed analysis of the test lives we reviewed and our findings is shown in the next section.

Tying Test Lives to Total Liabilities

The basis of the audit is that the test lives reviewed tie directly to the liabilities being submitted in the valuation. As a result of learning of a discrepancy discovered a few years ago, we now request

that Gallagher also supply a list of every member with their total liability. We check that the total liability on the test life matches that from the larger group, and the larger group matches the total in the valuation report. That way we can be certain that the test life we review is directly tied to the final liabilities.

Actuarial Method:

Findings:

An actuarial cost method is a mathematical process for allocating the dollar amount of the total present value of plan benefits (PVB) between future normal costs and actuarial accrued liability (AAL). The retained actuary uses the Entry Age Normal actuarial cost method (EAN Method), characterized by:

(1) Normal Cost – the level percent of payroll contribution for JRS and level dollar contribution for NGNMRS, paid from each participant's date of hire to date of retirement, which will accumulate enough assets at retirement to fund the participant's projected benefits from retirement to death.

(2) Actuarial Accrued Liability – the assets which would have accumulated to date had contributions been made at the level of the normal cost since the date of the first benefit accrual, if all actuarial assumptions had been exactly realized, and there had been no benefit changes.

The EAN Method is the most prevalent funding method in the public sector. It is appropriate for the public sector because it produces costs that remain stable, either as a percentage of payroll or as a level dollar amount, over time, resulting in intergenerational equity for taxpayers and budget predictability. A prior Public Fund Survey included 199 retirement systems (mostly statewide). Over 82% of the plans reported using the EAN Method. Therefore, the retained actuary's stated funding methods for JRS and NGNMRS are certainly in line with national trends.

Application of Cost Method

In order to determine the normal cost as a level percentage of pay for JRS, the valuation must first determine the future compensation that each individual member is expected to receive over the course of their career (which is also the compensation used to generate contributions). The projection of the future compensation should be based on the salary that the participant is expected to receive according to the timing of the expected departures from active service (or, decrements). For NGNMRS, the method is similar, but based on a level dollar amount.

Conclusion:

For JRS, the level percent of pay method for both amortization of the unfunded accrued liability and the normal cost are both appropriate as a funding policy, considering that the payroll is not closed. For NGNMRS, the level dollar method for both amortization of the unfunded accrued liability and the normal cost are both appropriate as a funding policy since the benefits are not pay related.

SECTION 6

SAMPLE LIFE REVIEW

Sample Life Review

Background

We reviewed sample test cases used for the June 30, 2024 valuation draft reports. In order to perform the review, we requested a number of sample cases from Gallagher. We combined this with our understanding of the plan provisions and reviewed the liability values produced by Gallagher for these sample cases only.

Note that the active test lives analyzed are not necessarily exposed to all of the possible benefits under the plans (i.e. already beyond the eligibility period for certain benefits, or not eligible for particular benefits). Therefore, findings may occur for these other benefits in future audits depending on the set of test lives chosen for review at that time. However, the vast majority of the liability for each plan is due to the retirement benefits (included for all active test lives), and retirement-related withdrawal benefits (one active test life included per plan), so any future findings are also expected to be de minimis. Also, the impact for any one test life may not be representative of the impact on the total plan.

When employing Gallagher's methods and assumptions, we matched the present value of benefits in total closely for the test cases submitted under the Pension plans for JRS and NGNMRS, and present value of retirement benefits under the JRS Retiree Health plan. In addition, we have analyzed the calculations of the ancillary benefits and have provided a summary of this detailed analysis at the end of this section. These exhibits provide a comparison of the calculations by decrement provided to us from Gallagher against our replication of those benefits as we interpret them from the plan provisions and assumptions.

In matching the present value of benefits, it is being determined that all benefits are being valued, and that the valuation of the liability for those benefits is consistent with the stated assumptions and methods.

Findings

Pension Plan - JRS

For JRS pension, the test life PVB match was within 0.0% on the active test case shown. The retiree matches to within 0.0%. The beneficiary matches to within 0.0%. The deferred vested member matches to within 0.1%. This is considered a reasonable overall match for purposes of the valuation.

Retiree Health Plan – JRS

For JRS retiree health, the test life PVB match on the active test case was within 0.0%. The retiree matches to within 0.0%. The beneficiary matches to within 0.0%. The deferred vested member matches to within 0.0%. This is considered a reasonable overall match for purposes of the valuation.

We have surmised there are no significant issues to report for the Retiree Health Plan under JRS.

Pension Plan - NGNMRS

For NGNMRS pension, the test life PVB match was within 0.0% on the active test case shown. The retiree matches to within 0.0%. The deferred vested member matches to within 4.5%. The alternate payee matches to within 0.0%. For all four of the cases, this would be considered as an overall match for purposes of the valuation.

NOTE

Ancillary or non-retirement benefits such as death and disability tend to be low probability events (and hence low liability) and they also tend to have many "bells and whistles" which can be valued in different ways by different actuaries. When looking at the test life results, it may be most informative to review the decrement (retirement, termination, disability, death) totals rather than each particular segment of the decrement (married non-occupational death, etc.). For all ancillary benefits comprising less than 0.1% of the total PVB for that individual, we checked the amounts for reasonableness, but did not always replicate.

ALASKA RETIREMENT MANAGEMENT BOARD

Actuarial Review of Pension and Health Plans - June 30, 2024

Comparison of Present Value of Benefits - **JRS**

Actives	**Test Case 1 - Pension**		
Basic Data:			
Sex	Male		
Current Age	48.01		
Current Credited Service	1.92		
Present Value of Benefits (PVB)	**GRS***	**Gallagher**	**% Diff**
Retirement:			
Normal Retirement Benefit	808,452.31	808,452.43	0.0%
Early Retirement Benefit	207,404.32	207,404.35	0.0%
Total Retirement PVB	**1,015,856.63**	**1,015,856.78**	**0.0%**
Disability:			
Disability Benefit	3,641.24	3,641.24	0.0%
Disability Benefit < 2	-	-	
Total Disability PVB	**3,641.24**	**3,641.24**	**0.0%**
Death:			
Married and Eligible	5,982.61	5,982.61	0.0%
Married and Not Eligible	13,192.14	13,192.14	0.0%
Single	281.23	281.23	0.0%
Death Benefit < 2	-	-	
Total Death PVB	**19,455.98**	**19,455.98**	**0.0%**
Withdrawal:			
Nonvested	4,130.15	4,130.15	0.0%
Normal DV Benefit	80,518.20	80,518.22	0.0%
Normal DV Death Benefit	866.42	866.42	0.0%
Total Withdrawal PVB	**85,514.77**	**85,514.79**	**0.0%**
GRAND TOTAL PVB	**1,124,468.62**	**1,124,468.79**	**0.0%**
	Test Case 1 - Health		
Present Value of Benefits (PVB)	**GRS***	**Gallagher**	**% Diff**
Retirement:			
Benefit - Member	117,122.81	117,122.81	0.0%
Benefit - Spouse	121,431.93	121,431.93	0.0%
Post 65 Part D Contribution - Member	(22,494.36)	(22,501.83)	0.0%
Post 65 Part D Contribution - Spouse	(18,237.82)	(18,245.35)	0.0%
Total Retirement PVB	**197,822.56**	**197,807.56**	**0.0%**

Inactives - PVB	**GRS***	**Gallagher**	**% Diff**
Retiree - Pension	2,179,633.00	2,179,633.00	0.0%
Retiree - Health	97,576.00	97,579.00	0.0%
Beneficiary - Pension	1,318,079.00	1,318,263.00	0.0%
Beneficiary - Health	187,359.00	187,371.00	0.0%
Deferred Vested - Pension	784,761.00	784,275.00	0.1%
Deferred Vested - Health	390,737.00	390,727.00	0.0%
Total Retirement PVB	**3,782,647.00**	**3,782,846.00**	**0.0%**

** GRS' audit of Gallagher calculation includes review of the benefit amounts, annuity values, assumptions and other factors related to the PVB calculation at each projected age. Differences may exist due to different interpretations of the statutes, as well as additional items as discussed throughout this audit report.*

Comparison of Present Value of Benefits - JRS Pension & Health

JRS - Pension

Benefits - Gallagher Valuation Terminology	Description*
Retirement:	
Normal Retirement Benefit	Normal Retirement (base) Benefit
Early Retirement Benefit	Early Retirement (base) Benefit
Disability:	
Disability Benefit	Disability Benefit
Disability Benefit < 2	Disability Benefit for Employees With Less Than Two Years of Service
Death:	
Married and Eligible	Death Benefit for Married Participants Who are Eligible for Unreduced Benefits
Married and Not Eligible	Death Benefit for Married Participants Who are Not Eligible for Unreduced Benefits
Single	Refund of Contributions for Participants With no Beneficiary
Death Benefit < 2	Death (base) Benefit for Employees With Less Than Two Years of Service
Withdrawal:	
Nonvested	Nonvested Term Benefit
Normal DV Benefit	Normal Deferred Vested Benefit
Normal DV Death Benefit	Normal Deferred Vested Death benefit for Married Employees

JRS - Health

Benefits - Gallagher Valuation Terminology	Description*
Retirement:	
Pre 65 <Member>	Base Benefit Paid to Employee While Employee is Under 65
Pre 65 <Spouse>	Base Benefit Paid to Spouse While Employee is Under 65
Post 65 <Member>	Base Benefit Paid to Employee While Employee is at Least 65
Post 65 <Spouse>	Base Benefit Paid to Spouse While Employee is at Least 65
Post 65 Part D <Member>	Employee Post-Age 65 Medicare Part D Reimbursement
Post 65 Part D <Spouse>	Spouse Post-Age 65 Medicare Part D Reimbursement
Disability:	
Pre 65 <Member>	Base Benefit Paid to Disabled Employee While Employee is Under 65
Pre 65 <Spouse>	Base Benefit Paid to Spouse of Disabled Employee While Employee is Under 65
Pre 65 Contribution <Member>	Member Contributions Made While Employee is Under 65
Pre 65 Contribution <Spouse>	Spouse Contributions Made While Employee is Under 65
Post 65 <Member>	Base Benefit Paid to Disabled Employee While Employee is at Least 65
Post 65 <Spouse>	Base Benefit Paid to Spouse of Disabled Employee While Employee is at Least 65
Post 65 Contribution <Member>	Member Contributions Made While Employee is at Least 65
Post 65 Contribution <Spouse>	Spouse Contributions Made While Employee is at Least 65
Post 65 Part D <Member>	Disabled Employee Post-Age 65 Medicare Part D Reimbursement
Post 65 Part D <Spouse>	Spouse of Disabled Employee Post-Age 65 Medicare Part D Reimbursement
Post 65 Part D Contribution <Member>	Member Reimbursement for Medicare Part D
Post 65 Part D Contribution <Spouse>	Spouse Reimbursement for Medicare Part D
Death:	
Pre 65	Base Benefit Paid to Spouse While Employee would have been Under 65
Post 65	Base Benefit Paid to Spouse While Employee would have been at Least 65
Post 65 Part D	Spouse Post-Age 65 Medicare Part D Reimbursement
Withdrawal:	
Pre 65 <Member>	Base Benefit Paid to Terminated Employee While Employee is Under 65
Pre 65 <Spouse>	Base Benefit Paid to Spouse of Terminated Employee While Employee is Under 65
Post 65 <Member>	Base Benefit Paid to Terminated Employee While Employee is at Least 65
Post 65 <Spouse>	Base Benefit Paid to Spouse of Terminated Employee While Employee is at Least 65
Post 65 Part D <Member>	Terminated Employee Post-Age 65 Medicare Part D Reimbursement
Post 65 Part D <Spouse>	Spouse of Terminated Employee Post-Age 65 Medicare Part D Reimbursement

ALASKA RETIREMENT MANAGEMENT BOARD

Actuarial Review of Pension Plans - June 30, 2024

Comparison of Present Value of Benefits - **NGNMRS**

Actives	**Test Case 1**			
Basic Data:				
Sex	Male			
Current Age	42.36			
Current Credited Service	3.41			
Present Value of Benefits (PVB)	**GRS**	**Gallagher**	**% Diff**	**Description***
Retirement:				*Retirement:*
Normal Retirement Benefit - LS	2,297.53	2,297.53	0.0%	Normal Retirement (base) Benefit Payable if Lump Sum Elected
Normal Retirement Benefit - Annuity	2,264.84	2,264.84	0.0%	Normal Retirement (base) Benefit Payable if Annuity Elected
Normal Retirement Benefit - Annuity - Death	49.02	49.02	0.0%	Base Benefit Payable to the Spouse if the Participant Elects the Annuity and Dies
Total Retirement PVB	**4,611.39**	**4,611.39**	**0.0%**	
Disability:				*Disability:*
Disability Benefit - LS	22.62	22.61	0.0%	Disability Retirement Benefit Payable to the Participant if Lump Sum Elected
Disability Benefit - Annuity	22.06	22.06	0.0%	Disability Retirement Benefit Payable to the Participant if Annuity Elected
Disability Benefit - Annuity - Death	0.83	0.83	0.0%	Disability Benefit Payable to the Spouse if the Participant Elects the Annuity and Dies
Total Disability PVB	**45.51**	**45.50**	**0.0%**	
Death:				*Death:*
Death Benefit	40.97	40.97	0.0%	Benefit Payable if the Participant Dies Before Retirement
Total Death PVB	**40.97**	**40.97**	**0.0%**	
Withdrawal:				*Withdrawal:*
Term Benefit	-	-		Termination Benefit Payable to the Participant at Retirement
Total Withdrawal PVB	**-**	**-**	**0.0%**	
GRAND TOTAL PVB	**4,697.87**	**4,697.86**	**0.0%**	

Inactives - PVB	**GRS**	**Gallagher**	**% Diff**
Retiree	3,287	3,287	0.0%
Deferred Vested	15,103	15,822	-4.5%
QDRO	2,642	2,642	0.0%

** GRS' audit of Gallagher's calculation includes review of the benefit amounts, annuity values, assumptions and other factors related to the PVB calculation at each projected age. Differences may exist due to different interpretations of the statutes, as well as additional items as discussed throughout this audit report.*

SECTION 7

REVIEW OF CONTRIBUTION RATE DETERMINATION

Review of Contribution Rate Determination

GRS was to analyze the funding method being used and verify its computation (as shown in page 8 of the JRS valuation report and page 4 of the NGNMRS valuation report). The goal here is to start with the Actuarial Accrued Liabilities and the Normal Costs that are developed from the data and valuation software and compare this to the assets in the system. The difference between the two, the Unfunded Actuarial Accrued Liability (UAAL) in conjunction with the Normal Cost forms the basis of the contributions that the actuary recommends the system make in order to ensure that benefits can be provided for current and future retirees.

FINDINGS

The calculations were reasonable and consistent with actuarial practice.

We recommend consideration of a longer period over which to amortize surpluses for NGNMRS. This could help manage rate volatility, which could be especially useful in a plan exhibiting data quality and volatility issues. However, we understand this will not have any impact on the total contribution amount as long as the plan remains significantly overfunded.

We recommend that Gallagher provide education to the ARM Board on the implications of being fully funded while at the same time having a positive past service liability contribution for JRS. We understand Gallagher is providing some scenarios related to the topic at the September 2025 ARM Board actuarial committee meeting.

SECTION 8

REVIEW OF ACTUARIAL VALUATION REPORT

Review of Actuarial Valuation Report

GRS reviewed the June 30, 2024 valuation reports for scope as well as content to determine if actuarial statistics were being reflected fairly and if the details of the plan were being correctly communicated. GRS did not review GASB 67/68/74/75 Accounting information, which was provided in a separate report.

In general, we consider the scope and content of Gallagher's report to be effective in communicating the financial position and contribution requirements of JRS and NGNMRS.

ALASKA RETIREMENT MANAGEMENT BOARD

Actuarial Committee

SUBJECT: Acceptance of Actuarial Valuation Reports JRS & NGNMRS

ACTION: X

DATE: December 2, 2025

INFORMATION:

BACKGROUND:

AS 37.10.220(a)(8) prescribes that the Alaska Retirement Management Board (Board) "coordinate with the retirement system administrator to have an annual actuarial valuation of each retirement system prepared to determine system assets, accrued liabilities, and funding ratios and to certify to the appropriate budgetary authority of each employer in the system."

AS 37.10.220(a)(9) provides that "the results of all actuarial assumptions prepared under this paragraph shall be reviewed and certified by a second member of the American Academy of Actuaries before presentation to the Board."

STATUS:

Gallagher (formerly known as Buck), the Department of Administration's and Plans' actuary, has completed and reviewed the following results and reports with the Board's Actuarial Committee on June 16, 2025:

1) an actuarial valuation of the Judicial Retirement System (JRS) as of June 30, 2024
2) an actuarial valuation of the National Guard and Naval Militia Retirement System (NGNMRS) as of June 30, 2024.

These are the assumption changes recommended and presented in the final reports:

1) Healthcare claim costs are updated annually as described in Section 4.2 of the JRS actuarial valuation report.
2) EGWP subsidies were updated based on estimates provided by Segal Consulting and a 5-year EGWP smoothing methodology was implemented as adopted by the Board at the March 2025 meeting.
3) Prescription drug and EGWP trend rates were updated to reflect recent survey information.
4) The JRS salary increase, and pensioner benefit increase assumptions were modified to be 8.50% effective July 1, 2024 and 3.00% effective July 1, 2025 and annually thereafter to better reflect expected short-term experience;
5) The Normal Cost loads for administrative expenses were updated based on the most recent two years of actual amounts paid from JRS and NGNMRS assets

Gabriel Roeder Smith & Company (GRS), the Board's actuary, has reviewed the listed actuarial valuations and provided their reports and audit findings to the Actuarial Committee and the Board.

RECOMMENDATION:

The Actuarial Committee recommends that the Alaska Retirement Management Board accept the actuarial valuation reports prepared by Gallagher for the Judicial Retirement System (JRS) and National Guard and Naval Militia Retirement System (NGNMRS) as of June 30, 2024.

State of Alaska
Judicial Retirement System

Actuarial Valuation Report as of June 30, 2024

Gallagher

Insurance | Risk Management | Consulting

Gallagher

Insurance | Risk Management | Consulting

May 9, 2025

State of Alaska
The Alaska Retirement Management Board
The Department of Revenue, Treasury Division
The Department of Administration, Division of Retirement and Benefits
P.O. Box 110203
Juneau, AK 99811-0203

Certification of Actuarial Valuation

Dear Members of The Alaska Retirement Management Board, The Department of Revenue, and The Department of Administration,

This report summarizes the actuarial valuation results of the State of Alaska Judicial Retirement System (JRS) as of June 30, 2024 performed by Gallagher Benefit Services, Inc. (Gallagher).

The actuarial valuation is based on financial information provided in the financial statements audited by KPMG LLP, member data provided by the Division of Retirement and Benefits, and medical enrollment data provided by the healthcare claims administrator (Aetna), as summarized in this report. The benefits considered are those delineated in Alaska statutes effective June 30, 2024. The actuary did not verify the data submitted, but did perform tests for consistency and reasonableness.

All costs, liabilities, and other factors under JRS were determined in accordance with generally accepted actuarial principles and procedures. An actuarial cost method is used to measure the actuarial liabilities which we believe is reasonable. Gallagher is solely responsible for the actuarial data and actuarial results presented in this report. This report fully and fairly discloses the actuarial position of JRS as of June 30, 2024.

JRS is funded by Employer, State, and Member Contributions in accordance with the funding policy adopted by the Alaska Retirement Management Board (Board) and as required by Alaska state statutes. The calculations of the Employer and State Contributions are reasonable actuarially determined contributions as defined in Actuarial Standard of Practice No. 4 (ASOP 4). When determining the smoothing period for the actuarial value of assets and the amortization period for the unfunded actuarial accrued liability, the following items were considered: (i) the balance among benefit security, intergenerational equity, and stability of actuarially determined contributions, (ii) the timing and duration of expected benefit payments, and (iii) the nature and frequency of plan amendments.

The funding objective for JRS is to pay required contributions that remain level as a percent of total JRS compensation. The Board has also established a funding policy objective that the required contributions be sufficient to pay the Normal Costs of active plan members, plan expenses, and amortize the annual changes in Unfunded Actuarial Accrued Liability as a level percentage of payroll over closed 25-year periods. The compensation used to determine required contributions is the total compensation of all active members in JRS. This objective is currently being met and is projected to continue to be met. Absent future gains/losses and/or changes in actuarial assumptions/methods, actuarially determined contributions are expected to remain level as a percent of pay and the funded status of the pension trust and the healthcare trust are expected to remain above 100%.

The Board and staff of the State of Alaska may use this report for the review of the operations of JRS. Use of this report for any other purpose or by anyone other than the Board or staff of the State of Alaska may not be appropriate and may result in mistaken conclusions due to failure to understand applicable assumptions, methodologies, or inapplicability of the report for that purpose. Because of the risk of misinterpretation of actuarial results, Gallagher recommends requesting its advanced review of any statement to be based on information contained in this report. Gallagher will accept no liability for any such statement made without its prior review.

Future actuarial measurements may differ significantly from current measurements due to plan experience differing from that anticipated by the actuarial assumptions, changes in assumptions, changes expected as part of the natural operation of the methodology used for these measurements, and changes in plan provisions or applicable law. In particular, retiree group benefits models necessarily rely on the use of approximations and estimates and are sensitive to changes in these approximations and estimates. Small variations in these approximations and estimates may lead to significant changes in actuarial measurements. An analysis of the potential range of such future differences is beyond the scope of this valuation.

In our opinion, the actuarial assumptions used in the valuation are reasonable, taking into account the experience of the plan and reasonable long-term expectations, and represent our best estimate of the anticipated long-term experience under the plan. In our professional judgment, the combined effect of the assumptions is expected to have no significant bias. The actuary performs an analysis of plan experience periodically and recommends changes if, in the opinion of the actuary, assumption changes are needed to more accurately reflect expected future experience. The last full experience analysis was performed for the period July 1, 2017 to June 30, 2021. Based on that experience study, the Board adopted new assumptions effective beginning with the June 30, 2022 valuation to better reflect expected future experience. Effective June 30, 2024, the salary increase and pensioner benefit increase assumptions were modified to be 8.50% effective July 1, 2024, and 3.00% effective July 1, 2025 and annually thereafter to better reflect expected short-term experience.

Based on our analysis of recent claims experience, changes were made to the healthcare per capita claims cost rates effective June 30, 2024 to better reflect expected future healthcare experience. As a result of changes to the Standard Medicare Part D plan under the Inflation Reduction Act, EGWP subsides are expected to be higher than originally anticipated for 2025 and beyond. EGWP subsidies were updated based on estimates provided by Segal Consulting. Because of the significant increase in the EGWP subsidy for FY25 and beyond due to the Inflation Reduction Act, and uncertainty regarding future subsidy levels, the ARMB has adopted a smoothing of EGWP subsidy estimates over five years. In addition, the prescription drug and EGWP trend assumption was updated to reflect recent survey information indicating higher initial trend rates in part due to the recent higher-than-expected inflationary environment.

A summary of the actuarial assumptions and methods used in this actuarial valuation is shown in Sections 4.2 and 4.3. We certify that the assumptions and methods used for funding purposes, as described in Sections 4.2 and 4.3 of this report, meet the requirements of all applicable Actuarial Standards of Practice.

Actuarial Standards of Practice No. 27 (ASOP 27) and No. 35 (ASOP 35) require the actuary to disclose the information and analysis used to support the actuary’s determination that the assumptions selected by the plan sponsor do not significantly conflict with those that, in the actuary’s professional judgment, are reasonable for the purpose of the measurement. Gallagher provides advice on reasonable assumptions when performing periodic experience studies. The Board selects the assumptions used in the valuation, and the signing actuaries review the assumptions through discussions with the Board staff and analysis of actuarial experience.

In the case of the Board's selected expected return on assets (EROA), the signing actuaries have used economic information and tools provided by Gallagher's Investments practice. A spreadsheet tool created by this practice converts averages, standard deviations, and correlations from Gallagher's Capital Market Assumptions that are used for stochastic forecasting into approximate percentile ranges for the arithmetic and geometric average returns. The EROA spreadsheet tool is intended to suggest possible reasonable ranges for the expected return on assets without attempting to predict or select a specific best estimate rate of return. It takes into account the duration of investment and the target allocation of assets in the portfolio to various asset classes.

Based on the actuaries' analysis, including consistency with other assumptions used in the valuation, the percentiles generated by the EROA spreadsheet tool described above, and review of actuarial gain/loss analysis, the signing actuaries believe the assumptions, in their professional judgment, do not significantly conflict with what are reasonable for the purpose of the measurement.

ACFR Information

We have prepared the following information in this report for the Actuarial Section and Statistical Section of the ACFR: (i) member data tables in Section 3; (ii) changes in contribution rates in the Executive Summary; and (iii) summary of actuarial assumptions in Section 4.3.

Governmental Accounting Standards Board (GASB) Statement No. 67 (GASB 67) was effective for JRS beginning with fiscal year ending June 30, 2014, and Statement No. 74 (GASB 74) was effective for JRS beginning with fiscal year ending June 30, 2017. Please see our separate GASB 67 and GASB 74 reports for other information needed for the ACFR.

Risk Information

Actuarial Standard of Practice No. 51 (ASOP 51) applies to actuaries performing funding calculations related to a pension plan. ASOP 51 does not apply to actuaries performing services in connection with other post-employment benefits, such as medical benefits. Accordingly, ASOP 51 does not apply to the healthcare portion of JRS. See Section 5 of this report for further details regarding ASOP 51. Section 5 also contains information on the Low-Default-Risk Obligation Measure (LDROM) required to be disclosed under Actuarial Standard of Practice No. 4 (ASOP 4).

Use of Models

Actuarial Standard of Practice No. 56 (ASOP 56) provides guidance to actuaries performing actuarial services that involve designing, developing, selecting, modifying, using, reviewing, or evaluating models. In addition to the EROA spreadsheet tool disclosed above, Gallagher uses third-party software to perform annual actuarial valuations and projections. The model is intended to calculate the liabilities associated with the provisions of the plan using data and assumptions as of the measurement date under the funding methods specified in this report. Gallagher also uses internally developed models that apply applicable funding methods and policies to the liabilities derived from the third-party software and other inputs, such as plan assets and contributions, to generate many of the exhibits found in this report.

Gallagher maintains an extensive review process in which the results of the liability calculations are checked using detailed sample life output, changes from year to year are summarized by source, and significant deviations from expectations are investigated. Other funding outputs and the internal models are similarly reviewed in detail and at a higher level for accuracy, reasonability, and consistency with prior results. Gallagher also reviews the third-party model when significant changes are made to the software. This review is performed by experts within Gallagher who are familiar with applicable funding methods, as well as the manner in which the model generates its output. If significant changes are made to the internal models, extra checking and review are completed.

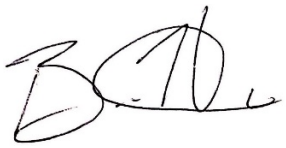
Additional models used in valuing health benefits are described later in the report.

This report was prepared under the overall direction of David Kershner, who meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. He is a Fellow of the Society of Actuaries, an Enrolled Actuary, a Member of the American Academy of Actuaries, and a Fellow of the Conference of Consulting Actuaries.

We are available to discuss this report with you at your convenience. David can be reached at (602) 803-6174 and Brett can be reached at (260) 423-1072.

Respectfully submitted,

David J. Kershner, FSA, EA, MAAA, FCA
Principal



Brett Hunter, ASA, EA, MAAA
Senior Consultant

The undersigned actuary is responsible for all assumptions related to the average annual per capita health claims cost and the health care cost trend rates, and hereby affirms his qualification to render opinions in such matters in accordance with the Qualification Standards of the American Academy of Actuaries. Robert can be reached at (312) 399-9339.

Robert Besenhofer, ASA, MAAA, FCA
Director

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Executive Summary

Overview

The State of Alaska Judicial Retirement System (JRS) provides pension and postemployment healthcare benefits to judicial and other eligible participants. The Commissioner of the Department of Administration is responsible for administering the plan. The Alaska Retirement Management Board has fiduciary responsibility over the assets of the plan. This report presents the results of the actuarial valuation of JRS as of the valuation date of June 30, 2024.

Purpose

An actuarial valuation is performed on the plan once every two years as of the end of the fiscal year, and roll-forward valuations are performed every other year. The main purposes of the actuarial valuation detailed in this report are:

1. To determine the Employer/State contribution necessary to meet the Board's funding policy for the plan;
2. To disclose the funding assets and liability measures as of the valuation date;
3. To review the current funded status of the plan and assess the funded status as an appropriate measure for determining future actuarially determined contributions;
4. To compare actual and expected experience under the plan during the fiscal year; and
5. To report trends in contributions, assets, liabilities, and funded status over the last several years.

The actuarial valuation provides a "snapshot" of the funded position of JRS based on the plan provisions, membership data, assets, and actuarial methods and assumptions as of the valuation date.

Retiree group benefits models necessarily rely on the use of approximations and estimates, and are sensitive to changes in these approximations and estimates. Small variations in these approximations and estimates may lead to significant changes in actuarial measurements.

Funded Status

Where presented, references to "funded ratio" and "unfunded actuarial accrued liability" typically are measured on an actuarial value of assets basis. It should be noted that the same measurements using market value of assets would result in different funded ratios and unfunded accrued liabilities. Moreover, the funded ratio presented is appropriate for evaluating the need and level of future contributions but makes no assessment regarding the funded status of the plan if the plan were to settle (i.e., purchase annuities) for a portion or all of its liabilities.

Funded Status as of June 30	2022	2024
Pension		
a. Actuarial Accrued Liability	$ 227,227,808	$ 250,320,485
b. Valuation Assets	230,801,847	254,470,112
c. Unfunded Actuarial Accrued Liability, (a) - (b)	$ (3,574,039)	$ (4,149,627)
d. Funded Ratio based on Valuation Assets, (b) ÷ (a)	101.6%	101.7%
e. Fair Value of Assets	$ 227,181,866	$ 253,339,136
f. Funded Ratio based on Fair Value of Assets, (e) ÷ (a)	100.0%	101.2%

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Funded Status as of June 30	2022	2024
Healthcare		
a. Actuarial Accrued Liability	$ 17,864,257	$ 20,639,244
b. Valuation Assets	40,855,819	46,493,394
c. Unfunded Actuarial Accrued Liability, (a) - (b)	$ (22,991,562)	$ (25,854,150)
d. Funded Ratio based on Valuation Assets, (b) ÷ (a)	228.7%	225.3%
e. Fair Value of Assets	$ 40,267,620	$ 46,378,542
f. Funded Ratio based on Fair Value of Assets, (e) ÷ (a)	225.4%	224.7%

The key reasons for the change in the funded status are explained below. The funded status for healthcare benefits is not necessarily an appropriate measure to confirm that assets are sufficient to settle health plan obligations as there are no available financial instruments for purchase. Future experience is likely to vary from assumptions so there is potential for actuarial gains or losses.

1. Investment Experience

The asset valuation method recognizes 20% of the investment gain or loss each year, for a period of five years. The FY24 investment return based on fair value of assets was approximately 8.9% compared to the expected investment return of 7.25% (net of investment expenses). This resulted in a market asset gain of $3.8 million (pension) and $0.7 million (healthcare). Due to the recognition of investment gains and losses over a 5-year period, the FY24 investment return based on actuarial value of assets was approximately 7.9%, which resulted in an actuarial asset gain of $1.4 million (pension) and $0.3 million (healthcare).

2. Salary Increases

Recent salary increases for continuing active members were slightly higher than expected based on the valuation assumptions due to judges moving to higher courts. These salary increases resulted in a liability loss of $0.2 million.

The following table summarizes the annual base salaries for each of the court appointments:

	June 30, 2022	June 30, 2024
District Court	$ 160,848	$ 168,890
Superior Court	189,720	199,193
Appellate Court	193,836	203,522
Supreme Court	205,176	215,436
Administrative Director	189,720	199,193
Chief Justice	205,776	216,080

Executive Summary

3. Demographic Experience

Section 3 provides statistics on active and inactive members. The number of active members decreased from 73 at June 30, 2022 to 72 at June 30, 2024. There were 9 new entrants, 1 return to work from inactive status, 2 vested terminations, and 9 retirements during this 2-year period. The average age of active members decreased from 53.74 to 53.47, their average service decreased from 6.85 to 6.71 years, and their average entry age decreased from 46.89 to 46.76.

The number of benefit recipients increased from 149 to 153, and their average age increased from 74.88 to 75.53. The number of vested terminated participants increased from 1 to 3, and their average age decreased from 55.17 to 53.69.

The overall effect of the recent demographic experience was a liability loss of $4.2 million (pension) and a liability gain of $24,000[1] (healthcare).

4. Retiree Medical Claims Experience

As described in Section 4.2, recent medical claims experience and changes in healthcare enrollment data provided to us for the June 30, 2024 valuation generated a liability loss of $1.4 million. Healthcare benefits paid during FY24 were more than expected, which generated a liability loss of $0.3 million. The EGWP subsidy received by the plan during FY24 was $215,000, as compared to the expected EGWP subsidy for FY24 of $201,000.

5. Changes in Methods Since the Prior Valuation

There were no changes in actuarial methods since the prior valuation.

6. Changes in Assumptions Since the Prior Valuation

Effective June 30, 2024, the salary increase and pensioner benefit increase assumptions were modified to be 8.50% effective July 1, 2024, and 3.00% effective July 1, 2025 and annually thereafter to better reflect expected short-term experience. The effects of these assumption changes are shown on page 5.

Healthcare claim costs are updated annually as described in Section 4.2. As a result of changes to the Standard Medicare Part D plan under the Inflation Reduction Act, EGWP subsidies are expected to be higher than originally anticipated for 2025 and beyond. EGWP subsidies were updated based on estimates provided by Segal Consulting. Because of the significant increase in the EGWP subsidy for FY25 and beyond due to the Inflation Reduction Act, and uncertainty regarding future subsidy levels, the ARMB has adopted a smoothing of EGWP subsidy estimates over five years[2]. In addition, the prescription drug and EGWP trend assumption was updated to reflect recent survey information indicating higher initial trend rates in part due to the recent higher-than-expected inflationary environment. The effects of these assumption changes are shown on page 5.

The amounts included in the Normal Cost for administrative expenses were updated based on the last two years of actual administrative expenses paid from plan assets.

There were no other changes in actuarial assumptions since the prior valuation.

7. Changes in Benefit Provisions Since the Prior Valuation

There have been no changes in benefit provisions valued since the prior valuation.

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[1] Includes the effects of changes in dependent coverage elections and Medicare Part B only experience.
[2] Implementation of 5-year smoothing of the EGWP subsidy increased the June 30, 2024 Healthcare Actuarial Accrued Liability by $1.7 million (9.1%).

Executive Summary

Comparative Summary of Contribution Rates

	FY 2025	FY 2027
Pension		
a. Normal Cost Rate Net of Member Contributions	35.32%	35.22%
b. Past Service Cost Rate	17.17%	18.91%
c. Total Employer/State Contribution Rate, (a) + (b), not less than (a)	52.49%	54.13%
Healthcare		
a. Normal Cost Rate	6.75%	7.28%
b. Past Service Cost Rate	(10.19%)	(11.11%)
c. Total Employer/State Contribution Rate, (a) + (b), not less than (a)	6.75%	7.28%
Total		
a. Normal Cost Rate Net of Member Contributions	42.07%	42.50%
b. Past Service Cost Rate	17.17%	18.91%
c. Total Employer/State Contribution Rate, (a) + (b)	59.24%	61.41%

The contribution rates for FY26 based on the June 30, 2023 roll-forward valuation were 40.48% (pension) and 6.93% (healthcare).

The funded ratio of the pension trust as of June 30, 2024 exceeds 100% yet the total pension unfunded liability amortization payment is $2.9 million. This is due to older amortization layers that have relatively large amortization loss amounts. See Section 1.2 for additional details.

Summary of Actuarial Accrued Liability Gain/(Loss) and Other Changes

The following table summarizes the sources of change in the total Employer/State contribution rates as of June 30, 2022, June 30, 2023, and June 30, 2024:

	Pension	Healthcare
1. Total Employer/State Contribution Rate as of June 30, 2022	52.49%	6.75%
2. Change during FY23	(12.01%)	0.18%
3. Total Employer/State Contribution Rate as of June 30, 2023 from Roll-Forward Valuation	40.48%	6.93%
4. Change due to:		
a. Investment Experience	(0.61%)	0.00%
b. Demographic Experience, Health Claims Experience, and New Entrants[1]	1.93%	0.59%
c. Actual vs Expected Contributions	(1.09%)	0.00%
d. Assumption/Method Changes	13.42%	(0.24%)
e. Plan Changes	0.00%	0.00%
f. Total Change, (a) + (b) + (c) + (d) + (e)	13.65%	0.35%
5. Total Employer/State Contribution Rate as of June 30, 2024, (3) + (4)(f)	54.13%	7.28%

[1] Includes changes in future healthcare claims costs.

Executive Summary

The following table shows the gain/(loss) on actuarial accrued liability as of June 30, 2024:

	Pension	Healthcare
Retirement Experience	$ (1,791,900)	$ (18,804)
Termination Experience	(1,364,999)	(251,139)
Disability Experience	9,683	15,206
Active Mortality Experience	(7,014)	11,576
Inactive Mortality Experience	(1,091,567)	244,027
Salary Increases	(195,263)	N/A
New Entrants	(1,200,421)	(180,482)
Inactive Benefit Increases	(604,814)	N/A
Benefit Payments Different than Expected	(408,357)	(328,665)
Per Capita Claims Cost	N/A	(1,407,403)
Medicare Part B Only Experience	N/A	3,633
Changes in Dependent Coverage Elections	N/A	19,930
Miscellaneous[1]	516,161	446,687
Total	$ (6,138,491)	$ (1,445,434)

Other items that increased/(decreased) the actuarial accrued liability as of June 30, 2024 are shown below:

	Pension	Healthcare
Updated Salary / Pensioner Benefit Increase Assumptions	$ 23,997,676	$ (358,082)[2]
Updated EGWP Estimates - Inflation Reduction Act	N/A	(1,404,936)
Updated Healthcare Cost Trend Rates	N/A	771,400
Total	$ 23,997,676	$ (991,618)

[1] Includes the effects of various data changes that are typical when new census data is received for the valuation, as well as other items that do not fit neatly into any of the other categories.

[2] Although these assumptions do not affect future expected healthcare benefits, the healthcare liabilities are affected by the salary increase assumption under the Entry Age Normal actuarial cost method.

1 Actuarial Funding Results

1.1 Actuarial Liabilities and Normal Cost

As of June 30, 2024	Present Value of Projected Benefits	Actuarial Accrued (Past Service) Liability
Active Members		
Retirement Benefits	$ 88,606,684	$ 48,610,070
Disability Benefits	212,284	5,727
Death Benefits	894,018	267,281
Termination Benefits[1]	4,251,354	207,579
Medical and Prescription Drug Benefits	18,735,661	8,773,356
Medicare Part D Subsidy	(3,735,302)	(1,856,438)
Subtotal	$ 108,964,699	$ 56,007,575
Benefit Recipients		
Retiree Benefits	$ 174,277,987	$ 174,277,987
Survivor Benefits	23,135,923	23,135,923
Disability Benefits	0	0
Medical and Prescription Drug Benefits	17,052,072	17,052,072
Medicare Part D Subsidy	(4,037,112)	(4,037,112)
Subtotal	$ 210,428,870	$ 210,428,870
Vested Terminations		
Deferred Retirement Benefits	$ 3,736,070	$ 3,736,070
Medical and Prescription Drug Benefits	821,620	821,620
Medicare Part D Subsidy	(114,254)	(114,254)
Subtotal	$ 4,443,436	$ 4,443,436
Non-Vested Terminations	$ 79,848	$ 79,848
Total	**$ 323,916,853**	**$ 270,959,729**
Total Pension	**$ 295,194,168**	**$ 250,320,485**
Total Medical, Net of Part D Subsidy	**$ 28,722,685**	**$ 20,639,244**
Total Medical, Gross of Part D Subsidy	**$ 36,609,353**	**$ 26,647,048**

[1] Includes return of contributions.

1 Actuarial Funding Results

1.1 Actuarial Liabilities and Normal Cost (continued)

As of June 30, 2024		Normal Cost
Active Members		
Retirement Benefits	$	5,676,221
Disability Benefits		22,867
Death Benefits		92,979
Termination Benefits[1]		421,017
Medical and Prescription Drug Benefits		1,319,758
Medicare Part D Subsidy		(257,175)
Administrative Expenses (Pension)		114,000
Administrative Expenses (Medical)		37,000
Total	**$**	**7,426,667**
Total Pension	**$**	**6,327,084**
Total Medical, Net of Part D Subsidy	**$**	**1,099,583**
Total Medical, Gross of Part D Subsidy	**$**	**1,356,758**

[1] Includes return of contributions.

1 Actuarial Funding Results

1.2 Actuarial Contributions as of June 30, 2024 for FY27

Normal Cost Rate	Pension	Healthcare
1. Total Normal Cost	$ 6,327,084	$ 1,099,583
2. Base Salaries for Upcoming Fiscal Year	15,109,595	15,109,595
3. Normal Cost Rate, (1) ÷ (2)	41.87%	7.28%
4. Average Member Contribution Rate	6.65%	0.00%
5. Employer Normal Cost Rate, (3) - (4)	35.22%	7.28%

Past Service Rate	Pension	Healthcare
1. Actuarial Accrued Liability	$ 250,320,485	$ 20,639,244
2. Valuation Assets	254,470,112	46,493,394
3. Unfunded Actuarial Accrued Liability, (1) - (2)	$ (4,149,627)	$ (25,854,150)
4. Funded Ratio, (2) ÷ (1)	101.7%	225.3%
5. Past Service Cost Amortization Payment	2,857,193	(1,678,841)
6. Base Salaries for Upcoming Fiscal Year	15,109,595	15,109,595
7. Past Service Rate, (5) ÷ (6)	18.91%	(11.11%)
Total Employer / State Contribution Rate, not less than Normal Cost Rate	**54.13%**	**7.28%**

1 Actuarial Funding Results

1.2 Actuarial Contributions as of June 30, 2024 for FY27 (continued)

Schedule of Past Service Cost Amortizations - Pension

Layer	Amortization Period		Balances		
	Date Created	Years Remaining	Initial	Outstanding	Beginning-of-Year Payment
Initial Unfunded Liability[1]	6/30/2002	3	$ 5,864,449	$ 2,277,310	$ 791,864
FY03/04 Loss[1]	6/30/2004	5	855,068	491,321	106,863
Revaluation of Liabilities[1]	6/30/2005	6	9,115,451	5,923,380	1,095,958
FY05/06 Loss[1]	6/30/2006	7	18,186,558	12,995,405	2,103,505
FY07 Loss	6/30/2007	8	1,364,721	1,051,166	151,930
FY08 Gain	6/30/2008	9	(29,014,739)	(23,741,547)	(3,112,232)
FY09 Loss	6/30/2009	10	21,273,454	18,266,615	2,198,575
Change in Assumptions	6/30/2010	11	13,976,981	12,469,837	1,391,756
FY10 Loss	6/30/2010	11	6,474,780	5,776,601	644,725
FY11 Loss	6/30/2011	12	7,397,917	6,816,823	711,282
FY12 Loss	6/30/2012	13	11,916,371	11,263,590	1,106,255
FY13 Loss	6/30/2013	14	7,033,497	6,551,849	609,218
Change in Assumptions	6/30/2014	15	4,219,851	4,128,173	365,219
FY14 Gain	6/30/2014	15	(14,458,986)	(14,144,870)	(1,251,395)
FY15 Gain	6/30/2015	16	(3,325,706)	(3,287,424)	(277,912)
FY16 Gain	6/30/2016	17	(9,932,623)	(9,883,426)	(801,400)
FY17 Gain	6/30/2017	18	(1,137,538)	(1,135,629)	(88,615)
Change in Assumptions	6/30/2018	19	10,343,783	10,329,889	777,997
FY18 Gain	6/30/2018	19	(12,096,419)	(12,080,172)	(909,820)
Change in Assumptions	6/30/2019	20	(14,775,890)	(14,833,893)	(1,081,153)
FY19 Loss	6/30/2019	20	3,344,559	3,357,689	244,722
Change in Assumptions	6/30/2020	21	(21,604,253)	(21,752,363)	(1,537,839)
FY20 Loss	6/30/2020	21	5,424,705	5,461,893	386,143
FY21 Gain	6/30/2021	22	(11,633,233)	(11,722,351)	(805,589)
Change in Assumptions	6/30/2022	23	(1,189,628)	(1,197,405)	(80,144)
FY22 Gain	6/30/2022	23	(2,902,472)	(2,921,449)	(195,536)
Change in Assumptions	6/30/2023	24	(17,358,229)	(17,428,752)	(1,138,104)
FY23 Gain	6/30/2023	24	(3,426,224)	(3,440,145)	(224,643)
Change in Assumptions	6/30/2024	25	23,997,676	23,997,676	1,531,313
FY24 Loss	6/30/2024	25	2,260,582	2,260,582	144,250
Total				**$ (4,149,627)**	**$ 2,857,193**

[1] The pension and healthcare split was done based on the ratio of unfunded actuarial accrued liability as of June 30, 2006.

1 Actuarial Funding Results

1.2 Actuarial Contributions as of June 30, 2024 for FY27 (continued)

Schedule of Past Service Cost Amortizations - Healthcare

Layer	Amortization Period		Balances		
	Date Created	Years Remaining	Initial	Outstanding	Beginning-of-Year Payment
Initial Unfunded Liability[1]	6/30/2002	3	$ 2,295,257	$ 891,306	$ 309,924
FY03/04 Loss[1]	6/30/2004	5	334,660	192,295	41,825
Revaluation of Liabilities[1]	6/30/2005	6	3,567,649	2,318,319	428,941
FY05/06 Loss[1]	6/30/2006	7	7,117,943	5,086,204	823,280
FY07 Gain	6/30/2007	8	(810,073)	(623,952)	(90,183)
Change in Assumptions	6/30/2008	9	789,072	645,665	84,639
FY08 Gain	6/30/2008	9	(14,011,596)	(11,465,103)	(1,502,937)
FY09 Loss	6/30/2009	10	901,355	773,957	93,154
Change in Assumptions	6/30/2010	11	2,006,196	1,789,866	199,767
FY10 Gain	6/30/2010	11	(1,930,656)	(1,722,470)	(192,245)
FY11 Loss	6/30/2011	12	550,376	507,144	52,917
Change in Assumptions	6/30/2012	13	353,605	334,233	32,827
FY12 Gain	6/30/2012	13	(5,516,210)	(5,214,034)	(512,097)
FY13 Loss	6/30/2013	14	226,259	218,115	20,281
Change in Assumptions	6/30/2014	15	772,305	755,527	66,841
FY14 Gain	6/30/2014	15	(3,342,464)	(3,269,851)	(289,283)
FY15 Gain	6/30/2015	16	(1,416,996)	(1,400,685)	(118,411)
Change in Method	6/30/2016	17	(3,567,789)	(3,550,118)	(287,862)
FY16 Gain	6/30/2016	17	(425,711)	(423,602)	(34,348)
FY17 Gain	6/30/2017	18	(586,113)	(585,130)	(45,659)
Change in Assumptions/Methods/EGWP	6/30/2018	19	1,009,960	1,008,604	75,963
FY18 Gain	6/30/2018	19	(2,148,478)	(2,145,591)	(161,596)
Change in Assumptions	6/30/2019	20	126,754	127,250	9,274
FY19 Gain	6/30/2019	20	(155,028)	(155,636)	(11,343)
Change in Assumptions	6/30/2020	21	200,955	202,332	14,304
FY20 Gain	6/30/2020	21	(2,842,610)	(2,862,096)	(202,343)
FY21 Gain	6/30/2021	22	(1,754,192)	(1,767,630)	(121,476)
Change in Assumptions	6/30/2022	23	(802,844)	(808,093)	(54,087)
Medical/Prescription Drug Plan Changes	6/30/2022	23	(223,750)	(225,213)	(15,074)
FY22 Gain	6/30/2022	23	(1,845,814)	(1,857,882)	(124,350)
Change in Assumptions	6/30/2023	24	162,192	162,851	10,634
FY23 Gain	6/30/2023	24	(1,363,609)	(1,369,149)	(89,406)
Change in Assumptions	6/30/2024	25	(991,618)	(991,618)	(63,276)
FY24 Gain	6/30/2024	25	(429,965)	(429,965)	(27,436)
Total				**$(25,854,150)**	**$ (1,678,841)**

[1] The pension and healthcare split was done based on the ratio of unfunded actuarial accrued liability as of June 30, 2006.

1 Actuarial Funding Results

1.3 Actuarial Gain/(Loss) for FY24

	Pension	Healthcare
1. Expected Actuarial Accrued Liability		
a. Actuarial Accrued Liability as of June 30, 2023	$ 215,813,907	$ 19,234,976
b. Normal Cost	5,319,765	938,119
c. Interest on (a) and (b) at 7.25%	16,032,191	1,462,549
d. Employer Group Waiver Plan	0	216,456
e. Benefit Payments	(16,349,783)	(1,616,798)
f. Refund of Contributions	0	0
g. Interest on (d) thru (f) at 7.25%, adjusted for timing	(631,762)	(49,874)
h. Assumptions/Methods Changes	23,997,676	(991,618)
i. Expected Actuarial Accrued Liability as of June 30, 2024 (a) + (b) + (c) + (d) + (e) + (f) + (g) + (h)	$ 244,181,994	$ 19,193,810
2. Actual Actuarial Accrued Liability as of June 30, 2024	250,320,485	20,639,244
3. Liability Gain/(Loss), (1)(i) - (2)	**$ (6,138,491)**	**$ (1,445,434)**
4. Expected Actuarial Asset Value		
a. Actuarial Value of Assets as of June 30, 2023	$ 243,016,248	$ 43,561,548
b. Interest on (a) at 7.25%	17,618,678	3,158,212
c. Employee Contributions	932,583	0
d. Employer Contributions	5,601,474	939,570
e. State Appropriation	2,593,000	0
f. Employer Group Waiver Plan	0	216,456
g. Interest on (c) thru (f) at 7.25%, adjusted for timing	420,708	41,173
h. Benefit Payments	(16,349,783)	(1,616,798)
i. Refund of Contributions	0	0
j. Administrative Expenses	(129,318)	(39,626)
k. Interest on (h) thru (j) at 7.25%, adjusted for timing	(636,368)	(58,995)
l. Expected Actuarial Asset Value as of June 30, 2024 (a) + (b) + (c) + (d) + (e) + (f) + (g) + (h) + (i) + (j) + (k)	$ 253,067,222	$ 46,201,540
5. Actual Actuarial Asset Value as of June 30, 2024	254,470,112	46,493,394
6. Actuarial Asset Value Gain/(Loss), (5) - (4)(l)	**$ 1,402,890**	**$ 291,854**
7. Total Actuarial Gain/(Loss), (3) + (6)	**$ (4,735,601)**	**$ (1,153,580)**
8. Contribution Gain/(Loss)	**$ 2,498,475**	**$ 1,588,117**
9. Administrative Expense Gain/(Loss)	**$ (23,456)**	**$ (4,572)**
10. FY24 Gain/(Loss), (7) + (8) + (9)	**$ (2,260,582)**	**$ 429,965**

1 Actuarial Funding Results

1.4 Development of Change in Unfunded Liability During FY24

	Pension	Healthcare
1. 2023 Unfunded Liability	$ (27,202,341)	$ (24,326,572)
a. Interest on Unfunded Liability at 7.25%	$ (1,972,170)	$ (1,763,676)
b. Normal Cost	5,319,765	938,119
c. Employee Contributions	(932,583)	0
d. Employer Contributions	(5,601,474)	(939,570)
e. State Appropriation	(2,593,000)	0
f. Administrative Expenses	129,318	39,626
g. Interest on (b) thru (f) at 7.25%, adjusted for timing	(30,419)	35,961
h. Assumptions/Methods Changes	23,997,676	(991,618)
i. Expected Change in Unfunded Liability During FY24 (a) + (b) + (c) + (d) + (e) + (f) + (g) + (h)	$ 18,317,113	$ (2,681,158)
2. Expected 2024 Unfunded Liability, (1) + (1)(i)	$ (8,885,228)	$ (27,007,730)
a. Liability (Gain)/Loss During FY24	$ 6,138,491	$ 1,445,434
b. Actuarial Assets (Gain)/Loss During FY24	(1,402,890)	(291,854)
c. Total Actuarial (Gain)/Loss During FY24	$ 4,735,601	$ 1,153,580
3. Actual 2024 Unfunded Liability, (2) + (2)(c)	$ (4,149,627)	$ (25,854,150)

1 Actuarial Funding Results

1.5 History of Unfunded Liability and Funded Ratio

Pension

Valuation Date	Total Actuarial Accrued Liability	Valuation Assets	Assets as a Percent of Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)
June 30, 2006	$ 111,819,972	$ 77,310,716	69.1%	$ 34,509,256
June 30, 2007	117,378,824	81,041,009	69.0%	36,337,815
June 30, 2008	130,596,048	122,882,726	94.1%	7,713,322
June 30, 2009	137,586,315	108,691,018	79.0%	28,895,297
June 30, 2010	164,523,775	115,000,226	69.9%	49,523,549
June 30, 2011	173,424,484	116,213,133	67.0%	57,211,351
June 30, 2012	182,267,524	112,870,360	61.9%	69,397,164
June 30, 2013	191,505,115	115,032,531	60.1%	76,472,584
June 30, 2014	194,430,266	128,004,452	65.8%	66,425,814
June 30, 2015	205,160,847	142,191,071	69.3%	62,969,776
June 30, 2016	205,547,759	152,888,596	74.4%	52,659,163
June 30, 2017	216,673,191	165,875,722	76.6%	50,797,469
June 30, 2018	226,559,580	178,489,284	78.8%	48,070,296
June 30, 2019	221,159,289	186,117,830	84.2%	35,041,459
June 30, 2020	211,742,043	194,788,043	92.0%	16,954,000
June 30, 2021	218,717,460	215,641,198	98.6%	3,076,262
June 30, 2022	227,227,808	230,801,847	101.6%	(3,574,039)
June 30, 2023	215,813,907	243,016,248	112.6%	(27,202,341)
June 30, 2024	250,320,485	254,470,112	101.7%	(4,149,627)

1 Actuarial Funding Results

1.5 History of Unfunded Liability and Funded Ratio (continued)

Healthcare

Valuation Date	Total Actuarial Accrued Liability	Valuation Assets	Assets as a Percent of Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)
June 30, 2006	$ 15,905,786	$ 2,399,387	15.1%	$ 13,506,399
June 30, 2007	16,610,082	3,732,217	22.5%	12,877,865
June 30, 2008	18,141,832	18,352,929	101.2%	(211,097)
June 30, 2009	19,093,191	18,482,598	96.8%	610,593
June 30, 2010	20,304,331	19,693,969	97.0%	610,362
June 30, 2011	21,406,833	20,333,071	95.0%	1,073,762
June 30, 2012	16,654,623	20,835,672	125.1%	(4,181,049)
June 30, 2013	17,583,031	21,706,165	123.4%	(4,123,134)
June 30, 2014	17,207,952	24,074,313	139.9%	(6,866,361)
June 30, 2015	18,304,497	26,800,113	146.4%	(8,495,616)
June 30, 2016	15,731,490	28,454,747	180.9%	(12,723,257)
June 30, 2017	16,874,200	30,468,517	180.6%	(13,594,317)
June 30, 2018	16,846,959	31,868,079	189.2%	(15,021,120)
June 30, 2019	18,089,100	33,319,896	184.2%	(15,230,796)
June 30, 2020	16,763,770	34,805,639	207.6%	(18,041,869)
June 30, 2021	17,920,646	37,884,167	211.4%	(19,963,521)
June 30, 2022	17,864,257	40,855,819	228.7%	(22,991,562)
June 30, 2023	19,234,976	43,561,548	226.5%	(24,326,572)
June 30, 2024	20,639,244	46,493,394	225.3%	(25,854,150)

2 Plan Assets

2.1 Summary of Fair Value of Assets

As of June 30, 2024	Pension	Healthcare	Allocation Percent
Cash and Short-Term Investments			
- Cash and Cash Equivalents	$ 2,888,033	$ 565,132	1.2%
- Subtotal	$ 2,888,033	$ 565,132	1.2%
Fixed Income Investments			
- Domestic Fixed Income Pool	$ 50,756,172	$ 9,307,583	20.0%
- International Fixed Income Pool	0	0	0.0%
- Alternative Fixed Income Pool	6,604,324	1,211,061	2.6%
- High Yield Pool	0	0	0.0%
- Treasury Inflation Protection Pool	0	0	0.0%
- Emerging Debt Pool	0	0	0.0%
- Subtotal	$ 57,360,496	$ 10,518,644	22.6%
Equity Investments			
- Domestic Equity Pool	$ 64,193,528	$ 11,771,708	25.4%
- International Equity Pool	33,779,863	6,194,546	13.3%
- Private Equity Pool	39,815,738	7,301,319	15.7%
- Emerging Markets Equity Pool	8,163,081	1,496,932	3.2%
- Alternative Equity Strategies	11,616,820	2,129,857	4.6%
- Subtotal	$ 157,569,030	$ 28,894,362	62.2%
Other Investments			
- Real Estate Pool	$ 16,616,197	$ 3,039,720	6.6%
- Other Investments Pool	18,835,828	3,454,156	7.4%
- Absolute Return Pool	0	0	0.0%
- Other Assets	0	3,076	0.0%
- Subtotal	$ 35,452,025	$ 6,496,952	14.0%
Total Cash and Investments	$ 253,269,584	$ 46,475,090	100.0%
Net Accrued Receivables	69,552	(96,548)	
Net Assets	$ 253,339,136	$ 46,378,542	

2 Plan Assets

2.2 Changes in Fair Value of Assets During FY24

Fiscal Year 2024	Pension	Healthcare
1. Fair Value of Assets as of June 30, 2023	$ 239,742,591	$ 43,039,373
2. Additions:		
a. Employee Contributions	$ 932,583	$ 0
b. Employer Contributions	5,601,474	939,570
c. State Appropriation	2,593,000	0
d. Interest and Dividend Income	4,006,959	728,644
e. Net Appreciation/(Depreciation) in Fair Value of Investments	17,610,969	3,216,973
f. Employer Group Waiver Plan	0	216,456
g. Other	3	14,215
h. Total Additions	$ 30,744,988	$ 5,115,858
3. Deductions:		
a. Medical Benefits	$ 0	$ 1,616,798
b. Retirement Benefits	16,349,783	0
c. Refund of Contributions	0	0
d. Investment Expenses	669,342	120,265
e. Administrative Expenses	129,318	39,626
f. Total Deductions	$ 17,148,443	$ 1,776,689
4. Fair Value of Assets as of June 30, 2024	$ 253,339,136	$ 46,378,542
5. Approximate Fair Value Investment Return Rate during FY24 Net of Investment Expenses	8.9%	9.0%

2 Plan Assets

2.3 Development of Actuarial Value of Assets

Investment gains and losses are recognized 20% per year over 5 years. In no event may valuation assets be less than 80% or more than 120% of fair value as of the current valuation date.

	Pension	Healthcare
1. Deferral of Investment Gain/(Loss) for FY24		
a. Fair Value as of June 30, 2023	$ 239,742,591	$ 43,039,373
b. Contributions	9,127,057	939,570
c. Employer Group Waiver Plan	0	216,456
d. Benefit Payments	16,349,783	1,616,798
e. Administrative Expenses	129,318	39,626
f. Actual Investment Return (net of investment expenses)	20,948,589	3,839,567
g. Expected Return Rate (net of investment expenses)	7.25%	7.25%
h. Expected Return, Weighted for Timing	17,165,678	3,102,532
i. Investment Gain/(Loss) for the Year, (f) - (h)	3,782,911	737,035
2. Actuarial Value as of June 30, 2024		
a. Fair Value as of June 30, 2024	$ 253,339,136	$ 46,378,542
b. Deferred Investment Gain/(Loss)	(1,130,976)	(114,852)
c. Preliminary Actuarial Value as of June 30, 2024, (a) - (b)	254,470,112	46,493,394
d. Upper Limit: 120% of Fair Value as of June 30, 2024	304,006,963	55,654,250
e. Lower Limit: 80% of Fair Value as of June 30, 2024	202,671,309	37,102,834
f. Actuarial Value at June 30, 2024, (c) limited by (d) and (e)	254,470,112	46,493,394
3. Ratio of Actuarial Value of Assets to Fair Value of Assets	100.4%	100.2%
4. Approximate Actuarial Value Investment Return Rate during FY24 Net of Investment Expenses	7.9%	7.9%

2 Plan Assets

2.3 Development of Actuarial Value of Assets (continued)

The tables below show the development of the gains/(losses) to be recognized in the current year:

Pension

Fiscal Year Ending	Asset Gain / (Loss)	Gain / (Loss) Recognized in Prior Years	Gain / (Loss) Recognized This Year	Gain / (Loss) Deferred to Future Years
June 30, 2020	$ (6,148,327)	$ (4,918,661)	$ (1,229,666)	$ 0
June 30, 2021	42,620,191	25,572,114	8,524,039	8,524,038
June 30, 2022	(32,754,159)	(13,101,664)	(6,550,832)	(13,101,663)
June 30, 2023	700,534	140,107	140,107	420,320
June 30, 2024	3,782,911	0	756,582	3,026,329
Total	**$ 8,201,150**	**$ 7,691,896**	**$ 1,640,230**	**$ (1,130,976)**

Healthcare

Fiscal Year Ending	Asset Gain / (Loss)	Gain / (Loss) Recognized in Prior Years	Gain / (Loss) Recognized This Year	Gain / (Loss) Deferred to Future Years
June 30, 2020	$ (1,023,945)	$ (819,156)	$ (204,789)	$ 0
June 30, 2021	7,559,703	4,535,822	1,511,941	1,511,940
June 30, 2022	(5,790,607)	(2,316,242)	(1,158,122)	(2,316,243)
June 30, 2023	166,373	33,275	33,275	99,823
June 30, 2024	737,035	0	147,407	589,628
Total	**$ 1,648,559**	**$ 1,433,699**	**$ 329,712**	**$ (114,852)**

2 Plan Assets

2.4 Historical Asset Rates of Return

	Actuarial Value		Fair Value	
Year Ending	Annual	Cumulative	Annual	Cumulative
June 30, 2005	8.0%	8.0%	8.0%	8.0%
June 30, 2006	11.0%	9.5%	11.0%	9.5%
June 30, 2007	10.2%	9.7%	18.1%	12.3%
June 30, 2008	7.4%	9.1%	(4.8%)	7.7%
June 30, 2009	(9.7%)	5.1%	(20.6%)	1.4%
June 30, 2010	8.7%	5.7%	10.6%	2.8%
June 30, 2011	5.0%	5.6%	20.8%	5.2%
June 30, 2012	0.7%	5.0%	0.1%	4.6%
June 30, 2013	3.6%	4.8%	12.3%	5.4%
June 30, 2014	12.2%	5.5%	18.3%	6.6%
June 30, 2015	10.8%	6.0%	3.0%	6.3%
June 30, 2016	6.6%	6.0%	(0.5%)	5.7%
June 30, 2017	8.3%	6.2%	13.0%	6.3%
June 30, 2018	8.1%	6.3%	8.3%	6.4%
June 30, 2019	5.7%	6.3%	6.0%	6.4%
June 30, 2020	5.9%	6.3%	4.1%	6.2%
June 30, 2021	11.5%	6.6%	30.0%	7.5%
June 30, 2022	8.6%	6.7%	(6.0%)	6.7%
June 30, 2023	7.3%	6.7%	7.6%	6.8%
June 30, 2024	7.9%	6.8%	8.9%	6.9%

Rates of return are shown based on combined assets for Pension and Healthcare.

Cumulative returns are since fiscal year ending June 30, 2005.

3 Member Data

3.1 Summary of Members Included

As of June 30	2016	2018	2020	2022	2024
Active Members					
1. Number	76	71	72	73	72
2. Average Age	58.80	57.53	55.03	53.74	53.47
3. Average Service	9.39	9.49	6.83	6.85	6.71
4. Average Entry Age	49.41	48.04	48.20	46.89	46.76
5. Average Annual Earnings	$ 178,903	$ 182,045	$ 182,739	$ 183,102	$ 191,551
6. Number Vested	54	51	36	35	43
7. Percent Who Are Vested	71.1%	71.8%	50.0%	47.9%	59.7%
Retirees, Disabilitants, and Beneficiaries					
1. Number	109	125	144	149	153
2. Average Age	73.34	73.71	73.98	74.88	75.53
3. Average Monthly Pension Benefit	$ 8,529	$ 8,291	$ 8,305	$ 8,395	$ 8,821
Vested Terminations (vested at termination, not refunded contributions, and not commenced benefit)					
1. Number	3	3	2	1	3
2. Average Age	57.35	59.05	55.87	55.17	53.69
3. Average Monthly Pension Benefit	$ 7,017	$ 7,623	$ 6,305	$ 4,049	$ 6,885
Non-Vested Terminations (not vested at termination and not refunded contributions)					
1. Number	0	0	1	2	1
2. Average Account Balance	$ 0	$ 0	$ 66,828	$ 55,738	$ 79,848
Total Number of Members	**188**	**199**	**219**	**225**	**229**

As of June 30, 2024	Retirees
Summary of Retiree Medical Data Received	
1. Retiree records on pension data	153
2. Remove duplicates on pension data	0
3. Valued in a different retiree healthcare plan	(53)
4. Records without medical coverage	(5)
5. Total	95

3 Member Data

3.2 Age and Service Distribution of Active Members

Annual Earnings by Age

Age	Number	Total Annual Earnings	Average Annual Earnings
0 - 19	0	$ 0	$ 0
20 - 24	0	0	0
25 - 29	0	0	0
30 - 34	0	0	0
35 - 39	5	995,963	199,193
40 - 44	6	1,211,399	201,900
45 - 49	18	3,484,827	193,602
50 - 54	9	1,736,456	192,940
55 - 59	19	3,627,743	190,934
60 - 64	7	1,289,380	184,197
65 - 69	7	1,380,932	197,276
70 - 74	1	65,000	65,000
75+	0	0	0
Total	**72**	**$13,791,700**	**$ 191,551**

Annual Earnings by Service

Years of Service	Number	Total Annual Earnings	Average Annual Earnings
0	2	$ 398,385	$ 199,193
1	7	1,364,045	194,864
2	5	995,963	199,193
3	7	1,220,122	174,303
4	8	1,532,935	191,617
0 - 4	**29**	**$ 5,511,450**	**$ 190,050**
5 - 9	26	5,094,610	195,947
10 - 14	13	2,479,778	190,752
15 - 19	3	536,972	178,991
20 - 24	1	168,890	168,890
25 - 29	0	0	0
30 - 34	0	0	0
35 - 39	0	0	0
40+	0	0	0
Total	**72**	**$13,791,700**	**$ 191,551**

Years of Service by Age

	Years of Service									
Age	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40+	Total
0 - 19	0	0	0	0	0	0	0	0	0	0
20 - 24	0	0	0	0	0	0	0	0	0	0
25 - 29	0	0	0	0	0	0	0	0	0	0
30 - 34	0	0	0	0	0	0	0	0	0	0
35 - 39	4	1	0	0	0	0	0	0	0	5
40 - 44	6	0	0	0	0	0	0	0	0	6
45 - 49	9	6	3	0	0	0	0	0	0	18
50 - 54	2	5	2	0	0	0	0	0	0	9
55 - 59	4	9	4	1	1	0	0	0	0	19
60 - 64	3	2	1	1	0	0	0	0	0	7
65 - 69	0	3	3	1	0	0	0	0	0	7
70 - 74	1	0	0	0	0	0	0	0	0	1
75+	0	0	0	0	0	0	0	0	0	0
Total	**29**	**26**	**13**	**3**	**1**	**0**	**0**	**0**	**0**	**72**

3 Member Data

3.3 Member Data Reconciliation

Pension

		Inactive Members			
	Active Members	Due a Refund	Deferred Benefits	Benefit Recipients	Total
As of June 30, 2022	**73**	**2**	**1**	**149**	**225**
New Entrants	9	0	0	0	9
Rehires	1	(1)	0	0	0
Vested Terminations	(2)	0	2	0	0
Non-Vested Terminations	0	0	0	0	0
Refund of Contributions	0	0	0	0	0
Disability Retirements	0	0	0	0	0
Age Retirements	(9)	0	0	9	0
Deceased	0	0	0	(15)	(15)
New Beneficiaries	0	0	0	10	10
New QDROs	0	0	0	0	0
Transfers In/Out	0	0	0	0	0
Data Corrections	0	0	0	0	0
Net Change	**(1)**	**(1)**	**2**	**4**	**4**
As of June 30, 2024	**72**	**1**	**3**	**153**	**229**

3 Member Data

3.3 Member Data Reconciliation (continued)

Healthcare

		Inactive Members				
	Active Members	Retirees	Covered Spouses	Covered Children / Dependents	Deferred	Total Inactive Members
As of June 30, 2022	**69**	**96**	**45**	**5**	**1**	**147**
New Entrants	9	0	0	0	0	0
Rehires	0	0	0	0	0	0
Vested Terminations	(1)	0	0	0	1	1
Non-Vested Terminations	0	0	0	0	0	0
Refund of Contributions	0	0	0	0	0	0
Disability Retirements	0	0	0	0	0	0
Age Retirements	(7)	7	4	0	0	11
Deferred Retirements	0	0	0	0	0	0
Deceased	0	(12)	(1)	0	0	(13)
New Beneficiaries	0	5	(5)	0	0	0
Added Retiree Medical Coverage	0	0	0	0	0	0
Added Dependent Coverage	0	0	0	0	0	0
Dropped Retiree Medical Coverage	0	0	0	0	0	0
Dropped Dependent Coverage	0	0	0	(2)	0	(2)
Transfers In/Out	(1)	(1)	(1)	0	0	(2)
Net Change	**0**	**(1)**	**(3)**	**(2)**	**1**	**(5)**
As of June 30, 2024	**69**	**95**	**42**	**3**	**2**	**142**

4 Basis of the Actuarial Valuation

4.1 Summary of Plan Provisions

Effective Date

May 4, 1963, with amendments through June 30, 2024.

Administration of Plan

The Commissioner of Administration is responsible for administering the Judicial Retirement System (JRS). The Alaska Retirement Management Board is responsible for managing and investing the fund.

Membership

Membership in JRS is mandatory for all Supreme Court justices and Superior, District, and Appellate Court judges. The administrative director of the Court System may elect to participate in either JRS or Public Employees' Retirement System (PERS).

Credited Service

Members receive credit for each day of JRS employment. Earlier service as a magistrate or deputy magistrate before July 1, 1967 is covered under JRS. JRS members become vested in the plan after completing five years of credited service.

Member Contributions

Mandatory Contributions

Members hired after July 1, 1978, are required to contribute 7% of their base salaries. Contributions are required for a maximum of 15 years. Members hired before July 1, 1978 are not required to contribute.

Interest

Members' contributions earn 4.5% interest, compounded semiannually on June 30 and December 31.

Refund of Contributions

Non-vested members may receive a refund of their contributions and interest earned if they terminate employment. Refunded contributions, plus 7% indebtedness interest, must be repaid before appointment to retirement.

JRS contributions for terminated members may be attached to satisfy claims under Alaska Statute 09.38.065 or federal tax levies. Contributions that are attached to satisfy claims or tax levies may be reinstated at any time. The member is not required to return to JRS employment.

Retirement Benefits

Normal Retirement

Members are eligible for normal retirement at age 60 if they have at least five years of JRS service. Terminated vested members may defer retirement and begin receiving normal retirement benefits when they reach age 60. Vesting is completion of at least five years of JRS service.

Early Retirement

Members are eligible for early retirement at any age if they have at least 20 years of service. Terminated vested members may defer retirement and begin receiving early retirement benefits when they reach age 55. Under early retirement, members receive reduced benefits equal to the actuarial equivalent of their normal retirement benefits. Early benefits are based on the member's service and early retirement date.

4 Basis of the Actuarial Valuation

Benefit Type

Lifetime monthly benefits are paid to the member. Upon the member's death, a survivor's benefit (see below) may be payable if the member has an eligible spouse or dependent children.

Benefit Calculations for Normal Retirement

5% of authorized monthly base salary for each year of JRS service up to a maximum of 15 years. JRS retirement benefit payments are recalculated when the salary for the office held by the member at the time of retirement changes. The maximum JRS benefit payable to a member is 75% of the authorized salary.

Disability Benefits

Members are eligible to receive monthly disability benefits at any age if they become incapacitated and they have at least two years of JRS service. Disability benefits are calculated the same as normal retirement benefits.

Survivor's Benefits

Survivor's benefits are payable to the spouse of a member if they have been married for at least one year immediately preceding the member's death and the member has at least two years of JRS service. The monthly survivor's benefit is equal to the greater of:

a. 50% of the monthly benefit that the member would have received if retired at the time of death; or

b. 30% of the authorized monthly base salary if the member was not eligible to retire, or was entitled to less than 60% of the authorized monthly base salary.

If there is no eligible surviving spouse, the member's dependent children receive, in equal shares, 50% of the benefit under (a) or (b) until age 19, or age 23 and attending an accredited educational or technical institution on a full-time basis.

When there is both an eligible surviving spouse and dependent children residing in separate households, the spouse and children share equally the benefit under (a) or (b) while the children are under age 19, or age 23 and attending an accredited educational or technical institution on a full-time basis.

When there is no surviving spouse or dependent children, the member's contribution account balance, including interest earned, will be paid to the designated beneficiary.

4 Basis of the Actuarial Valuation

Postemployment Healthcare Benefits

Medical benefits are provided at no cost to JRS members, their spouses, and dependents while monthly retirement, disability, and survivor benefits are being paid.

Starting in 2022, prior authorization is required for certain specialty medications for all participants. There is no change to the medications that are covered by the plan.

Starting in 2022, certain preventive benefits for pre-Medicare participants are covered by the plan.

Participants in the defined benefit plan are covered under the following benefit design:

Plan Design Feature	Amounts
Deductible (single / family)	$150 / $450
Coinsurance (most services)	20%
Outpatient Surgery / Testing	0%
Maximum Out-of-Pocket (single / family, excluding deductible)	$800 / $2,400
Rx Copays (generic / brand / mail-order), does not apply to OOP max	$4 / $8 / $0
Lifetime Maximum	$2,000,000

The plan coordinates with Medicare on a traditional Coordination of Benefits Method. Starting in 2019, the prescription drug coverage is through a Medicare Part D EGWP arrangement.

Changes in Benefit Provisions Valued Since the Prior Valuation

There were no changes in benefit provisions since the prior valuation.

4 Basis of the Actuarial Valuation

4.2 Description of Actuarial Methods and Valuation Procedures

The funding method used in this valuation was adopted by the Board in October 2006. Changes in methods were adopted by the Board in January 2019 based on the experience study for the period July 1, 2013 to June 30, 2017. The asset smoothing method used to determine valuation assets was changed effective June 30, 2014.

Benefits valued are those delineated in Alaska State statutes as of the valuation date. Changes in State statutes effective after the valuation date are not taken into consideration in setting the assumptions and methods.

Actuarial Cost Method

Liabilities and contributions shown in the report are computed using the Entry Age Normal Actuarial Cost Method, level percent of pay.

Each year's difference between actual and expected unfunded actuarial accrued liability is amortized over 25 years as a level percent of expected payroll.

Projected pension and postemployment healthcare benefits were determined for all active members. Cost factors designed to produce annual costs as a constant percentage of each member's expected compensation in each year from the assumed entry age to the assumed retirement age were applied to the projected benefits to determine the normal cost (the portion of the total cost of the plan allocated to the current year under the method). The normal cost is determined by summing intermediate results for active members and determining an average normal cost rate which is then related to the total payroll of active members. The actuarial accrued liability for active members (the portion of the total cost of the plan allocated to prior years under the method) was determined as the excess of the actuarial present value of projected benefits over the actuarial present value of future normal costs.

The actuarial accrued liability for retired members and their beneficiaries currently receiving benefits, terminated vested members and disabled members not yet receiving benefits was determined as the actuarial present value of the benefits expected to be paid. No future normal costs are payable for these members.

The actuarial accrued liability under this method at any point in time is the theoretical amount of the fund that would have been accumulated had annual contributions equal to the normal cost been made in prior years (it does not represent the liability for benefits accrued to the valuation date). The unfunded actuarial accrued liability is the excess of the actuarial accrued liability over the actuarial value of plan assets measured on the valuation date.

Under this method, experience gains or losses (i.e., decreases or increases in accrued liabilities attributable to deviations in experience from the actuarial assumptions) adjust the unfunded actuarial accrued liability.

Valuation of Assets

The actuarial asset value was initialized to equal Fair Value of Assets as of June 30, 2006. Beginning in FY07, the asset valuation method recognizes 20% of the gain or loss each year, for a period of five years. All assets are valued at fair value. Assets are accounted for on an accrued basis and are taken directly from financial statements audited by KPMG LLP. Valuation assets are constrained to a range of 80% to 120% of the fair value of assets.

Changes in Methods Since the Prior Valuation

There were no changes in the asset or valuation methods since the prior valuation.

4 Basis of the Actuarial Valuation

Valuation of Retiree Medical and Prescription Drug Benefits

This section outlines the detailed methodology used in the internal model developed by Gallagher to calculate the initial per capita claims cost rates for the JRS postemployment healthcare plan. Note that the methodology reflects the results of our experience rate update for the period from July 1, 2023 to June 30, 2024.

Base claims cost rates are incurred healthcare costs expressed as a rate per member per year. Ideally, claims cost rates should be derived for each significant component of cost that can be expected to require differing projection assumptions or methods (i.e., medical claims, prescription drug claims, administrative costs, etc.). Separate analysis is limited by the availability and historical credibility of cost and enrollment data for each component of cost. This valuation reflects non-prescription claims separated by Medicare status, including eligibility for free Part A coverage. Prescription costs are analyzed separately as in prior valuations. Administrative costs are assumed in the final per capita claims cost rates used for valuation purposes, as described below. Analysis to date on Medicare Part A coverage is limited since Part A claim data is not available by individual, nor is this status incorporated into historical claim data.

Benefits

Medical, prescription drug, dental, vision and audio coverage is provided through the AlaskaCare Retiree Health Plan and is available to employees of the State and subdivisions who meet retirement criteria based on the retirement plan tier in effect at their date of hire. Health plan provisions do not vary by retirement tier or age, except for Medicare coordination for those Medicare-eligible. Dental, vision, and audio claims (DVA) are excluded from data analyzed for this valuation because those are retiree-pay all benefits where rates are assumed to be self-supporting. Gallagher relies upon rates set by a third-party for the DVA benefits. Gallagher reviewed historical rate-setting information and views contribution rate adjustments made are not unreasonable.

Administration and Data Sources

The plan has been administered by Aetna since January 1, 2014.

Claims incurred for the period from July 2022 through June 2024 (FY23 through FY24) were provided by the State of Alaska from reports extracted from their data warehouse, which separated claims by Medicare status. Monthly enrollment data for the same period was provided by Aetna.

Aetna also provided census information identifying Medicare Part B only participants. These participants are identified when hospital claims are denied by Medicare. Aetna then flags that participant as a Part B only participant. Gallagher added newly identified participants to our list of Medicare Part B only participants. Gallagher assumes that once identified as Part B only, that participant remains in that status until we are notified otherwise.

Aetna provided a snapshot file as of July 1, 2024 of retirees and dependents that included a coverage level indicator. The monthly enrollment data includes double coverage participants. These are participants whereby both the retiree and spouse are retirees from the State and both are reflected with Couple coverage in the enrollment. In this case, such a couple would show up as four members in the monthly enrollment (each would be both a retiree and a spouse). As a result, the snapshot census file was used to adjust the total member counts in the monthly enrollment reports to estimate the number of unique participants enrolled in coverage. Based on the snapshot files from the last two valuations, the total member count in the monthly enrollment reports needs to be reduced by approximately 13% to account for the number of participants with double coverage.

Aetna does not provide separate experience by Medicare status in standard reporting, so the special reports mentioned above from the data warehouse were used to obtain that information and incorporate it into the per capita rate development for each year of experience (with corresponding weights applied in the final per capita cost).

4 Basis of the Actuarial Valuation

Methodology

Gallagher projected historical claim data to FY25 for retirees using the following steps:

1. Develop historical annual incurred claim cost rates – An analysis of medical costs was completed based on claims information and enrollment data provided by the State of Alaska and Aetna for each year in the experience period of FY23 through FY24.

    - Costs for medical services and prescriptions were analyzed separately, and separate trend rates were developed to project expected future medical and prescription costs for the valuation year (e.g., from the experience period up through FY25).
    - Because the reports provided reflected incurred claims, no additional adjustment was needed to determine incurred claims to be used in the valuation.
    - An offset for costs expected to be reimbursed by Medicare was incorporated beginning at age 65. Alaska retirees who do not have 40 quarters of Medicare-covered compensation do not qualify for Medicare Part A coverage free of charge. This is a relatively small and closed group. Medicare was applied to State employment for all employees hired after March 31, 1986. For the "no-Part A" individuals who are required to enroll in Medicare Part B, the State is the primary payer for hospital bills and other Part A services. Claims experience is not available separately for participants with both Medicare Parts A and B and those with Part B only. For Medicare Part B only participants, a lower average claims cost was applied to retirees covered by both Medicare Part A and B vs. retirees covered only by Medicare Part B based upon manual rate models that estimate the Medicare covered proportion of medical costs. To the extent that no-Part A claims can be isolated and applied strictly to the appropriate closed group, actuarial accrued liability will be more accurate.
    - Based on census data received from Aetna, approximately 2% of the current retiree population was identified as having coverage only under Medicare Part B. We assume that 2% of actives hired before April 1, 1986 and current retirees who are not yet Medicare eligible will not be eligible for Medicare Part A.
    - Based upon a reconciliation of valuation census data to the snapshot eligibility files provided by Aetna as of July 1, 2023, and July 1, 2024, Gallagher adjusted member counts used for duplicate records where participants have double coverage (i.e., primary coverage as a retiree and secondary coverage as the covered spouse of another retiree). This adjustment is to reflect the total cost per distinct individual/member which is then applied to distinct members in the valuation census.
    - Gallagher understands that pharmacy claims reported do not reflect rebates. Based on actual pharmacy rebate information provided by Optum, rebates were assumed to be 31.8% of pre-Medicare and 16.4% of Medicare prescription drug claims for FY23; and 29.8% of pre-Medicare and 19.8% of Medicare prescription drug claims for FY24.

2. Develop estimated EGWP reimbursements – Segal Consulting provided estimated calendar year 2025 EGWP subsidies, developed with the assistance of OptumRx. These amounts are applicable only to Medicare-eligible participants. The EGWP estimates increased significantly from 2024 to 2025, as a result of the Inflation Reduction Act, primarily due to increases in Direct Subsidy payments. It is uncertain whether future subsidy levels will remain at the higher level. In addition, retiree cost sharing is expected to decrease in 2025 based on the 2025 Standard Medicare Part D plan design. The estimated reimbursements under EGWP from fiscal years 2021 through 2025, trended to fiscal year 2025, were blended to develop the EGWP subsidies for the June 30, 2024 valuation. The first-year trend rate applied to EGWP per capita costs was also adjusted to reflect the increase in EGWP subsidies from CY 2024 to CY 2025.

4 Basis of the Actuarial Valuation

3. No adjustments were made for any large claims due to group size and demographics. We do blend both Alaska plan-specific and national trend factors as described below. Gallagher compared data utilized to lag reports and quarterly plan experience presentations provided by the State and Aetna to assess accuracy and reasonableness of data.

4. Trend all data points to the projection period – Project prior years' experience forward to FY25 for retiree benefits on an incurred claim basis. Trend factors derived from historical Alaska-specific experience and national trend factors are shown below in item 5.

5. Apply credibility to prior experience – Adjust prior year's data by assigning weighting factors to recent periods, as shown at the right of the table below. The Board approved a change in the weighting of experience periods beginning with the June 30, 2017 valuation. For both experience periods, we averaged projected plan costs by applying 75% weight to Alaska-specific trends and 25% weight to national trends.

Alaska-Specific and National Average Weighted Trend from Experience Period to Valuation Year

Experience Period	Medical, Pre-Medicare	Medical, Medicare	Prescription Drugs	Weighting Factors
FY23 to FY24	11.1%	7.4%	10.2%	50%
FY24 to FY25	6.8%	8.9%	12.0%	50%

Trend assumptions used for rate development are assessed annually and as additional/improved reporting becomes available, we will incorporate into rate development as appropriate.

6. Develop separate administration costs – No adjustments were made for internal administrative costs. Third party retiree plan administration fees for FY25 are based upon total fees projected to 2025 by Segal Consulting based on actual FY24 fees. The annual per participant per year administrative cost rate for medical and prescription benefits is $442.

4 Basis of the Actuarial Valuation

Healthcare Reform

Healthcare Reform legislation passed on March 23, 2010 included several provisions with potential implications for the State of Alaska Retiree Health Plan liability. Gallagher evaluated the impact due to these provisions.

Because the State plan is retiree-only, and was in effect at the time the legislation was enacted, not all provisions of the health reform legislation apply to the State plan. Unlimited lifetime benefits and dependent coverage to age 26 are two of these provisions. We reviewed the impact of including these provisions, but there was no decision made to adopt them, and no requirement to do so.

Because Transitional Reinsurance fees are only in effect until 2016, we excluded these for valuation purposes.

The Further Consolidated Appropriations Act, 2020 passed in December 2019 repealed several healthcare-related taxes, including the Cadillac Tax.

The Tax Cuts and Jobs Act passed in December 2017 included the elimination of the individual mandate penalty and changed the inflation measure for purposes of determining the limits for the High Cost Excise Tax to use chained CPI. It is our understanding the law does not directly impact other provisions of the ACA. While the nullification of the ACA's individual mandate penalty does not directly impact employer group health plans, it could contribute to the destabilization of the individual market and increase the number of uninsured. Such destabilization could translate to increased costs for employers. We have considered this when setting our healthcare cost trend assumptions and will continue to monitor this issue.

The Inflation Reduction Act (IRA) was signed into law on August 16, 2022. The law contains several provisions that are expected to impact Alaska's Medicare prescription drug plan (EGWP) due to design and funding changes, the most meaningful of which are expected in 2025. The IRA is also expected to bend the trend curve through price control measures such as HHS's ability to negotiate prices for older, high-cost single source brand drugs (first effective in 2026) and through the imposition of rebates for drugs that increase in excess of inflation (first effective in 2023). We have adjusted the EGWP subsidy and the first-year trend that is applied to these subsidies for the June 30, 2024 valuation based on estimated reimbursements provided by Segal Consulting. Because of the significant increase in the EGWP subsidy for FY25 and beyond due to the IRA, and uncertainty regarding future subsidy levels, the ARMB has adopted a smoothing of EGWP subsidy estimates over five years. As further guidance and projections regarding the impact of the IRA become available, updates to these assumptions may be made for future measurement dates if deemed appropriate.

We have not identified any other specific provisions of healthcare reform or its potential repeal that would be expected to have a significant impact on the measured obligation. We will continue to monitor legislative activity.

4 Basis of the Actuarial Valuation

Data

In accordance with actuarial standards, we note the following specific data sources and steps taken to value retiree medical benefits:

The Division of Retirement and Benefits provided pension valuation census data, which for people currently in receipt of healthcare benefits was supplemented by coverage data from the healthcare claims administrator (Aetna).

Certain adjustments and assumptions were made to prepare the data for valuation:

- All records provided with retiree medical coverage on the Aetna data were included in this valuation and we relied on the Aetna data as the source of medical coverage for current retirees and their dependents.
- Some records in the Aetna data were duplicates due to the double coverage (i.e., coverage as a retiree and as a spouse of another retiree) allowed under the plan. Records were adjusted for these members so that each member was only valued once. Any additional value of the double coverage (due to coordination of benefits) is small and reflected in the per capita costs.
- Covered children included in the Aetna data were valued until age 23, unless disabled. We assumed that those dependents over 23 were only eligible and valued due to being disabled.
- For individuals included in the pension data expecting a future pension, we valued health benefits starting at the same point that the pension benefit is assumed to start.
- Some records in the pension data were duplicates due to being a covered spouse in the Aetna data. Records were adjusted for these members so that each inactive member was only valued once, removing the record that came in through the pension data.

We are not aware of any other data issues that would be expected to have a material impact on the results and there are no unresolved matters related to the data.

The following chart shows the basis of setting the per capita claims cost assumption, which includes PERS, TRS, and JRS.

4 Basis of the Actuarial Valuation

	Medical		Prescription Drugs (Rx)	
	Pre-Medicare	Medicare	Pre-Medicare	Medicare
A. Fiscal 2023				
1. Incurred Claims	$ 211,125,808	$ 110,136,448	$ 66,184,443	$ 264,456,476
2. Adjustments for Rx Rebates	0	0	(21,046,653)	(43,370,862)
3. Net incurred claims	$ 211,125,808	$ 110,136,448	$ 45,137,790	$ 221,085,614
4. Average Enrollment	16,250	50,465	16,250	50,465
5. Claim Cost Rate (3) / (4)	12,992	2,182	2,778	4,381
6. Trend to Fiscal 2025	1.187	1.170	1.235	1.235
7. Fiscal 2025 Incurred Cost Rate (5) x (6)	$ 15,419	$ 2,553	$ 3,429	$ 5,409
8. Adjustment Factor for 2022 Plan Changes	1.000	1.000	0.976	0.976
9. Adjusted Fiscal 2025 Incurred Cost Rate (7) x (8)	$ 15,419	$ 2,553	$ 3,347	$ 5,278
B. Fiscal 2024				
1. Incurred Claims	$ 212,627,066	$ 124,820,031	$ 71,496,388	$ 303,126,812
2. Adjustments for Rx Rebates	0	0	(21,305,924)	(60,019,109)
3. Net incurred claims	$ 212,627,066	$ 124,820,031	$ 50,190,464	$ 243,107,703
4. Average Enrollment	15,367	51,897	15,367	51,897
5. Claim Cost Rate (3) / (4)	13,837	2,405	3,266	4,684
6. Trend to Fiscal 2025	1.068	1.089	1.120	1.120
7. Fiscal 2025 Incurred Cost Rate (5) x (6)	$ 14,780	$ 2,620	$ 3,659	$ 5,248
8. Adjustment Factor for 2022 Plan Changes	1.000	1.000	0.976	0.976
9. Adjusted Fiscal 2025 Incurred Cost Rate (7) x (8)	$ 14,780	$ 2,620	$ 3,571	$ 5,121

	Medical		Prescription Drugs (Rx)	
	Pre-Medicare	Medicare	Pre-Medicare	Medicare
C. Adjusted Incurred Cost Rate by Fiscal Year				
1. Fiscal 2023 A.(9)	15,419	2,553	3,347	5,278
2. Fiscal 2024 B.(9)	14,780	2,620	3,571	5,121
D. Weighting by Fiscal Year				
1. Fiscal 2023	50%	50%	50%	50%
2. Fiscal 2024	50%	50%	50%	50%
E. Fiscal 2025 Incurred Cost Rate				
1. Rate at Average Age C x D	$ 15,099	$ 2,586	$ 3,459	$ 5,200
2. Average Aging Factor	0.816	1.214	0.843	1.146
3. Rate at Age 65 (1) / (2)	$ 18,503	$ 2,130	$ 4,103	$ 4,539
F. Development of Part A&B and Part B Only Cost from Pooled Rate Above				
1. Part A&B Average Enrollment		51,410		
2. Part B Only Average Enrollment		488		
3. Total Medicare Average Enrollment B(4)		51,897		
4. Cost ratio for those with Part B only to those with Parts A&B		3.300		
5. Factor to determine cost for those with Parts A&B (2) / (3) x (4) + (1) / (3) x 1.00		1.022		
6. Medicare per capita cost for all participants: E(3)		$ 2,130		
7. Cost for those eligible for Parts A&B: (6) / (5)		$ 2,085		
8. Cost for those eligible for Part B only: (7) x (4)		$ 6,880		

4 Basis of the Actuarial Valuation

Following the development of total projected costs, per capita claims costs were distributed by age by allocating total projected costs to the population census used in the valuation. The allocation was done separately for each of prescription drug and medical costs for the Medicare eligible and pre-Medicare populations. The allocation weights were developed using participant counts by age and assumed morbidity and aging factors. Results were tested for reasonableness based on historical trend and external benchmarks for costs paid by Medicare. The results of our analysis are summarized in the table below.

Per Capita Claims Costs by Age for July 1, 2024 through June 30, 2025

Age	Medical and Medicare Parts A & B	Medical and Medicare Part B Only	Prescription Drug	Medicare EGWP Subsidy
45	$ 11,292	$ 11,292	$ 2,633	$ 0
50	$ 12,776	$ 12,776	$ 3,127	$ 0
55	$ 14,455	$ 14,455	$ 3,714	$ 0
60	$ 16,354	$ 16,354	$ 3,904	$ 0
65	$ 2,085	$ 6,880	$ 4,539	$ 1,586
70	$ 2,302	$ 7,596	$ 5,036	$ 1,760
75	$ 2,543	$ 8,387	$ 5,587	$ 1,952
80	$ 2,834	$ 9,351	$ 5,504	$ 1,923

4 Basis of the Actuarial Valuation

4.3 Summary of Actuarial Assumptions

The demographic and economic assumptions used in the June 30, 2024 valuation are described below. Unless noted otherwise, these assumptions were adopted by the Board at the June 2022 meeting based on the experience study for the period July 1, 2017 to June 30, 2021. Effective June 30, 2024, the salary increase and pensioner benefit increase assumptions were modified to be 8.50% effective July 1, 2024, and 3.00% effective July 1, 2025 and annually thereafter to better reflect expected short-term experience.

Investment Return

7.25% per year, net of investment expenses.

Salary Scale

8.50% effective July 1, 2024, and 3.00% effective July 1, 2025 and annually thereafter.

Payroll Growth

2.75% per year (2.50% inflation + 0.25% productivity).

Total Inflation

Total inflation as measured by the Consumer Price Index for urban and clerical workers for Anchorage is assumed to increase 2.50% annually.

Compensation and Benefit Limit Increases

Compensation is limited to the IRC 401(a)(17) amount, which was $345,000 for 2024. This limit is assumed to increase 2.50% each year thereafter.

Benefits are limited to the IRC 415 amount, which was $275,000 for 2024. This limit is assumed to increase 2.50% each year thereafter.

Benefit Payment Increases

Benefits for retired members are assumed to increase 8.50% effective July 1, 2024, and 3.00% effective July 1, 2025 and annually thereafter.

Mortality (Pre-Commencement)

Mortality rates based on the 2017-2021 actual experience, to the extent the experience was statistically credible.

- Pension: Pub-2010 General Employee table, above-median, amount-weighted, and projected with MP-2021 generational improvement.
- Healthcare: Pub-2010 General Employee table, above-median, headcount-weighted, and projected with MP-2021 generational improvement.

Mortality (Post-Commencement)

Mortality rates based on the 2017-2021 actual experience, to the extent the experience was statistically credible.

Retiree mortality in accordance with the following tables:

- Pension: Pub-2010 General Retiree table, above-median, amount-weighted, and projected with MP-2021 generational improvement.
- Healthcare: Pub-2010 General Retiree table, above-median, headcount-weighted, and projected with MP-2021 generational improvement.

4 Basis of the Actuarial Valuation

Beneficiary mortality in accordance with the following tables. These tables are applied only after the death of the original member.

- Pension: Pub-2010 Contingent Survivor table, above-median, amount-weighted, and projected with MP-2021 generational improvement.
- Healthcare: Pub-2010 Contingent Survivor table, above-median, headcount-weighted, and projected with MP-2021 generational improvement.

Turnover

Select and ultimate rates as shown in Table 1. Turnover rates cease once a member is eligible for retirement.

Disability

Incidence rates as shown in Table 2. Disability rates cease once a member is eligible for retirement.

Post-disability mortality in accordance with the following tables:

- Pension: Pub-2010 Non-Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement.
- Healthcare: Pub-2010 Non-Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement.

Retirement

Retirement rates as shown in Table 3.

Deferred vested members are assumed to retire at age 60.

Spouse Age Difference

Male members are assumed to be four years older than their wives. Female members are assumed to be four years younger than their husbands.

Percent Married for Pension

90% of male members and 70% of female members are assumed to be married at termination from active service.

Dependent Spouse Medical Coverage Election

Applies to members who do not have double medical coverage. 80% of male members and 60% of female members are assumed to be married and cover a dependent spouse.

Dependent Children

- Pension: None.
- Healthcare: Benefits for dependent children have been valued only for members currently covering their dependent children. These benefits are only valued through the dependent children's age 23 (unless the child is disabled).

Imputed Data

Data changes from the prior year which are deemed to have an immaterial impact on liabilities and contribution rates are assumed to be correct in the current year's client data.

Non-vested terminations with appropriate refund dates are assumed to have received a full refund of contributions. Active members with missing salary and service are assumed to be terminated with status based on their vesting percentage.

4 Basis of the Actuarial Valuation

Administrative Expenses

The Normal Cost as of June 30, 2024 was increased by the following amounts. These amounts are based on the average of actual administrative expenses during the last two fiscal years.

- Pension: $ 114,000
- Healthcare: $ 37,000

Contribution Refunds

0% of terminating members with vested benefits are assumed to have their contributions refunded. 100% of those with non-vested benefits are assumed to have their contributions refunded.

Early Retirement Factors

State of Alaska staff provided the early retirement factors, which reflect grandfathered factors.

Form of Payment

Married members are assumed to elect the 50% Joint and Survivor benefit option. Single members are assumed to elect the Modified Cash Refund Annuity.

Healthcare Participation

100% of system paid members and their spouses are assumed to elect healthcare benefits as soon as they are eligible.

Medicare Part B Only

We assume that 2% of actives hired before April 1, 1986 and current retirees who are not yet Medicare eligible will not be eligible for Medicare Part A.

Healthcare Per Capita Claims Cost

Sample claims cost rates adjusted to age 65 for FY25 medical and prescription drugs are shown below. The prescription drug costs reflect the plan change to require prior authorization for certain specialty medications. The pre-Medicare medical cost reflects the coverage of additional preventive benefits.

	Medical	Prescription Drugs
Pre-Medicare	$ 18,503	$ 4,103
Medicare Parts A & B	$ 2,085	$ 4,539
Medicare Part B Only	$ 6,880	$ 4,539
Medicare Part D – EGWP	N/A	$ 1,586

Members are assumed to attain Medicare eligibility at age 65. All costs are for the 2025 fiscal year (July 1, 2024 – June 30, 2025).

The smoothed fiscal year 2025 EGWP subsidy assumption reflects a weighted blend of estimated reimbursements from fiscal years 2021 through 2025. Since estimated FY25 EGWP subsidies contained only 6 months of increased subsidy due to the IRA changes as of January 1, 2025, the first year EGWP subsidy trend is 30.20% taking into account the estimated FY26 subsidy has 12 months of increased subsidy. Thereafter, the EGWP subsidy is assumed to increase in future years by the trend rates shown on the following pages. No future legislative changes or other events are anticipated to impact the EGWP subsidy. If any legislative or other changes occur in the future that impact the EGWP subsidy (which could either increase or decrease the plan's Actuarial Accrued Liability), those changes will be evaluated and quantified when they occur.

4 Basis of the Actuarial Valuation

Healthcare Morbidity

Morbidity rates (also called aging factors) are used to estimate utilization of healthcare benefits at each age to reflect the fact that healthcare utilization typically increases with age. Separate morbidity rates are used for medical and prescription drug benefits. These rates are based on the 2017-2021 actual experience.

Age	Medical	Prescription Drugs
0 - 44	2.0%	4.5%
45 - 54	2.5%	3.5%
55 - 64	2.5%	1.0%
65 - 74	2.0%	2.1%
75 - 84	2.2%	(0.3%)
85 - 94	0.5%	(2.5%)
95+	0.0%	0.0%

Healthcare Third Party Administrator Fees

$442 per person per year; assumed to increase at 4.50% per year.

Healthcare Cost Trend

The table below shows the rate used to project the cost from the shown fiscal year to the next fiscal year. For example, 6.40% is applied to the FY25 pre-Medicare medical claims costs to get the FY26 pre-Medicare medical claims costs.

Fiscal Year	Medical Pre-65	Medical Post-65	Prescription Drugs / EGWP
FY25	6.40%	5.40%	8.80%[1]
FY26	6.20%	5.40%	8.50%
FY27	6.05%	5.35%	8.20%
FY28	5.85%	5.35%	7.90%
FY29	5.65%	5.30%	7.45%
FY30	5.45%	5.30%	7.05%
FY31	5.30%	5.30%	6.60%
FY32	5.30%	5.30%	6.15%
FY33	5.30%	5.30%	5.70%
FY34-FY38	5.30%	5.30%	5.30%
FY39	5.25%	5.25%	5.30%
FY40	5.20%	5.20%	5.30%
FY41	5.10%	5.10%	5.20%
FY42	5.05%	5.05%	5.10%
FY43	4.95%	4.95%	5.00%

[1] The FY25 trend rate applied to the EGWP subsidy is 30.20%.

4 Basis of the Actuarial Valuation

Fiscal Year	Medical Pre-65	Medical Post-65	Prescription Drugs / EGWP
FY44	4.90%	4.90%	4.90%
FY45	4.80%	4.80%	4.85%
FY46	4.75%	4.75%	4.75%
FY47	4.70%	4.70%	4.70%
FY48	4.60%	4.60%	4.65%
FY49	4.55%	4.55%	4.55%
FY50+	4.50%	4.50%	4.50%

For the June 30, 2014 valuation and later, the updated Society of Actuaries' Healthcare Cost Trend Model is used to project medical and prescription drug costs. This model estimates trend amounts that are projected out for 80 years. The model has been populated with assumptions that are specific to the State of Alaska.

Changes in Assumptions Since the Prior Valuation

Effective June 30, 2024, the salary increase and pensioner benefit increase assumptions were modified to be 8.50% effective July 1, 2024, and 3.00% effective July 1, 2025 and annually thereafter to better reflect expected short-term experience.

The healthcare per capita claims cost assumption is updated annually as described in Section 4.2. As a result of changes to the Standard Medicare Part D plan under the Inflation Reduction Act, EGWP subsidies are expected to be higher than originally anticipated for 2025 and beyond. EGWP subsidies were updated based on estimates provided by Segal Consulting. Because of the significant increase in the EGWP subsidy for FY25 and beyond due to the Inflation Reduction Act, and uncertainty regarding future subsidy levels, the ARMB has adopted a smoothing of EGWP subsidy estimates over five years. In addition, the prescription drug and EGWP trend assumption was updated to reflect recent survey information indicating higher than initial trend rates in part due to the recent higher-than-expected inflationary environment.

The amounts included in the Normal Cost for administrative expenses were changed from $102,000 to $114,000 for pension, and from $34,000 to $37,000 for healthcare (based on the most recent two years of actual administrative expenses paid from plan assets).

There were no other changes in actuarial assumptions since the prior valuation.

4 Basis of the Actuarial Valuation

Table 1: Turnover Rates

Years of Service	Rate
< 1	3%
1	3%
2	3%
3	3%
4	3%
5	3%
6	3%
7	3%
8	3%
9	3%
10+	1%

4 Basis of the Actuarial Valuation

Table 2: Disability Rates

Age	Rate	Age	Rate
20	0.017%	40	0.029%
21	0.017%	41	0.030%
22	0.018%	42	0.032%
23	0.018%	43	0.034%
24	0.018%	44	0.037%
25	0.019%	45	0.041%
26	0.019%	46	0.044%
27	0.019%	47	0.048%
28	0.020%	48	0.052%
29	0.020%	49	0.056%
30	0.021%	50	0.060%
31	0.021%	51	0.065%
32	0.022%	52	0.072%
33	0.022%	53	0.080%
34	0.023%	54	0.089%
35	0.024%	55	0.100%
36	0.025%	56	0.115%
37	0.026%	57	0.134%
38	0.027%	58	0.153%
39	0.028%	59	0.180%
		60+	0.000%

4 Basis of the Actuarial Valuation

Table 3: Retirement Rates

Age	Rate
< 59	3%
59	10%
60	20%
61	20%
62	10%
63	10%
64	10%
65	20%
66	20%
67	10%
68	10%
69	10%
70+	100%

5 Risk Information

5.1 Risk Overview

Funding future retirement benefits prior to when those benefits become due involves assumptions regarding future economic and demographic experience. These assumptions are applied to calculate actuarial liabilities, current contribution requirements, and the funded status of the plan. However, to the extent future experience deviates from the assumptions used in the valuation, variations will occur in these calculated values. These variations create risk to the plan. Understanding the risks to the funding of the plan is important.

Actuarial Standard of Practice No. 51 (ASOP 51)[1] requires certain disclosures of potential risks to the plan and provides useful information for intended users of actuarial reports that determine plan contributions or evaluate the adequacy of specified contribution levels to support benefit provisions.

Under ASOP 51, risk is defined as the potential of actual future measurements deviating from expected future measurements resulting from actual future experience deviating from actuarially assumed experience.

It is important to note that not all risk is negative, but all risk should be understood and accepted based on knowledge, judgment, and educated decisions. Future measurements may deviate in ways that produce positive or negative financial impacts to the plan.

In the actuary's professional judgment, the following risks may reasonably be anticipated to significantly affect the pension plan's future financial condition and contribution requirements.

- Investment Risk – potential that the investment return will differ from the rate assumed in the actuarial valuation
- Contribution Risk – potential that actual contributions will differ from actuarially determined contributions
- Long-Term Return on Investment Risk – potential that changes in long-term capital market assumptions or the plan's asset allocation will create the need to update the long-term return on investment assumption
- Longevity Risk – potential that participants live longer than projected under valuation mortality assumptions
- Salary Increase Risk – potential that future salaries will differ from the valuation assumptions
- Inflation Risk – potential that the consumer price index (CPI) for urban wage earners and clerical workers for Anchorage will differ from the rate assumed in the actuarial valuation
- Other Demographic Risk – potential that other demographic experience will differ from the valuation assumptions

The following information is provided to comply with ASOP 51 and furnish beneficial information on potential risks to the plan. This list is not all-inclusive. It is an attempt to identify the more significant risks and how those risks might affect the results shown in this report.

Note that ASOP 51 does not require the actuary to evaluate the ability or willingness of the plan sponsor to make contributions to the plan when due, or to assess the likelihood or consequences of potential future changes in law. In addition, this valuation report is not intended to provide investment advice or to provide guidance on the management or reduction of risk.

[1] ASOP 51 does not apply to the healthcare portion of the plan. Accordingly, all figures in this section relate to the pension portion.

5 Risk Information

5.2 Assessment of Risks

Investment Risk

Plan costs are very sensitive to the market return.

- Any return on assets lower than assumed will increase costs.
- The plan uses an actuarial value of assets that smooths gains and losses on market returns over a five-year period to help control some of the volatility in costs due to investment risk.
- Historical experience of actual returns is shown in Section 2.4 of this report. This historical experience illustrates how returns can vary over time.

The plan invests in a diversified portfolio of assets with the objective of maximizing investment returns at a reasonable level of risk. Actuarial Standard of Practice No. 4 (ASOP 4) requires the actuary to disclose a Low-Default-Risk Obligation Measure (LDROM) of the plan's pension liability and provide commentary to help the intended users of this report understand the significance of the LDROM with respect to funded status, contributions, and participant benefit security.

The LDROM is based on discount rates derived from low-default-risk fixed income securities whose cash flows are reasonably consistent with the pattern of pension benefits expected to be paid in the future. The LDROM shown here represents what the plan's pension liability would be if the plan invested its assets solely in a portfolio of high-quality bonds whose cash flows approximately match future pension benefit payments. Consequently, the difference between the LDROM and the Actuarial Accrued Liability represents the taxpayer savings from investing in a diversified portfolio of assets versus only investing in high-quality bonds. Furthermore, this difference also represents the cost of reducing investment risk.

As of June 30, 2024, the LDROM is $294.7 million for the pension plan based on an interest rate of 5.62%. The interest rate used for the LDROM was determined by calculating a single equivalent discount rate using projected pension benefit payments and the Gallagher Above Median Yield Curve as of June 30, 2024. Please note that the interest rate used for the LDROM is based on bond yields as of the measurement date and will therefore vary for different measurement dates. All other assumptions are the same as those used for funding purposes as shown in this report.

Actuaries play a role in helping to determine funding methods and policies that can achieve affordable and appropriate contributions and risk management. The funded status based on the Actuarial Accrued Liability, as well as the actuarially determined contributions, are calculated using the expected return on assets, which reflects the actual investment portfolio. Since the assets are not invested solely in an all-bond portfolio, the LDROM does not indicate the plan's pension funded status or progress, nor does it provide information on necessary plan contributions.

Regarding participant benefit security, if this plan were to be funded on an LDROM basis, participant benefits currently accrued as of the measurement date might be considered more secure, since the investment risk would be significantly reduced. However, the fact that assets are invested in a diversified portfolio does not mean that the participants' benefits are not secure. The security of participant benefits relies on a combination of the assets in the plan, the investment returns generated from those assets, and the promise of future contributions from the plan sponsor. Reducing investment risk by investing solely in bonds may significantly increase the actuarially determined contributions, and thereby increase contribution risk by decreasing the ability of the plan sponsor to make necessary contributions to fund the benefits. Unnecessarily high contribution requirements in the near term may not be affordable and could imperil plan sustainability and benefit security. Participant benefits will remain secure if reasonable and appropriate contributions with managed risk are calculated and paid.

5 Risk Information

Contribution Risk

There is a risk to the plan when the employer's and/or State's actual contribution amount and the actuarially determined contribution differ.

- If the actual contribution is lower than the actuarially determined contribution, the plan may not be sustainable in the long term.
- Any underpayment of the actuarially determined contribution will increase future contribution amounts to help pay off the additional Unfunded Actuarial Accrued Liability associated with the underpayment.
- As long as the Board consistently adopts the actuarially determined contributions, this risk is mitigated due to Alaska statutes requiring the State to contribute additional funds necessary to pay the total contributions adopted by the Board.

Long-Term Return on Investment Risk

Inherent in the long-term return on investment assumption is the expectation that the current rate will be used until the last benefit payment of the plan is made. There is a risk that sustained changes in economic conditions, changes in long-term future capital market assumptions, or changes to the plan's asset allocation will necessitate an update to the long-term return on investment assumption used.

- Under a lower long-term return on investment assumption, less investment return is available to pay plan benefits. This may lead to a need for increased employer contributions.
- The liabilities will be higher at a lower assumed rate of return because future benefits will have a lower discount rate applied when calculating the present value.
- A 1% decrease in the long-term return on investment assumption will increase the actuarial accrued liability by approximately 10%.

Longevity Risk

Plan costs will be increased as participants are expected to live longer.

- Benefits are paid over a longer lifetime when life expectancy is expected to increase. The longer duration of payments leads to higher liabilities.
- Health care has been improving, which affects the life expectancy of participants. As health care improves, leading to longer life expectancies, costs to the plan could increase.
- The mortality assumption for the plan mitigates this risk by assuming future improvement in mortality. However, any improvement in future mortality greater than that expected under the current mortality assumption would lead to increased costs for the plan.
- The plan provides cost-of-living adjustments on retirement benefits (based on salary changes of sitting judges) that increase longevity risk because members who live longer than expected will incur more benefit payment increases than expected and therefore increase costs.

5 Risk Information

Salary Increase Risk

Plan costs will be increased if actual salary increases are larger than expected.

- Higher-than-expected salary increases will produce higher benefits.
- The higher benefits may be partially offset by increased employee contributions due to higher salaries.
- If future payroll grows at a rate different than assumed, contributions as a percentage of payroll will be affected.

Inflation Risk

Inflation risk may be associated with the interaction of inflation with other assumptions, but this is not significant as a standalone assumption, and therefore is considered as part of the associated assumption risk instead of being discussed here.

Other Demographic Risk

The plan is subject to risks associated with other demographic assumptions (e.g., retirement and termination). Differences between actual and expected experience for these assumptions tend to have less impact on the overall costs of the plan. The demographic assumptions used in the valuation are re-evaluated regularly as part of the four-year experience studies to ensure the assumptions are consistent with long-term expectations.

5 Risk Information

5.3 Historical Information

Monitoring certain information over time may help understand risks faced by the plan. Historical information is included throughout this report. Some examples are:

- Section 1.5 illustrates how the plan's funded status (comparison of actuarial accrued liabilities to actuarial value of assets) has changed over time.
- Section 2.4 shows the volatility of asset returns over time.
- Section 3 includes various historical information showing how member census data has changed over time.

5 Risk Information

5.4 Plan Maturity Measures

There are certain measures that may aid in understanding the significant risks to the plan.

Ratio of Retired Liability to Total Liability

As of June 30	2018	2020	2022	2024
1. Retiree and Beneficiary Accrued Liability	$ 156,622,684	$ 164,454,193	$ 178,958,142	$ 197,413,910
2. Total Accrued Liability	$ 226,559,580	$ 211,742,043	$ 227,227,808	$ 250,320,485
3. Ratio, (1) ÷ (2)	69.1%	77.7%	78.8%	78.9%

A high percentage of liability concentrated on participants in pay status indicates a mature plan (often a ratio above 60% - 65%). An increasing percentage may indicate a need for a less risky asset allocation, which may lead to a lower long-term return on asset assumption and increased costs. Higher percentages may also indicate greater investment risk as benefit payments may be greater than contributions creating an increased reliance on investment returns. This ratio should be monitored each year in the future.

Ratio of Cash Flow to Assets

During FYE June 30	2018	2020	2022	2024
1. Contributions	$ 11,360,677	$ 11,965,820	$ 11,685,168	$ 9,127,057
2. Benefit Payments	12,125,563	14,178,500	14,770,632	16,349,783
3. Cash Flow, (1) - (2)	$ (764,886)	$ (2,212,680)	$ (3,085,464)	$ (7,222,726)
4. Fair Value of Assets	$ 176,794,969	$ 189,844,025	$ 227,181,866	$ 253,339,136
5. Ratio, (3) ÷ (4)	(0.4%)	(1.2%)	(1.4%)	(2.9%)

When this cash flow ratio is negative, more cash is being paid out than deposited in the trust. Negative cash flow indicates the trust needs to rely on investment returns to cover benefit payments and / or may need to invest in more liquid assets to cover the benefit payments. More liquid assets may not generate the same returns as less liquid assets, which can increase the investment risk. It is normal for plans with funded statuses greater than 100% to have negative cash flow since lower contributions are needed due to the prefunding of the benefits. Also, the low magnitude of the ratio implies there may already be enough liquid assets to cover the benefit payments, less investment return is needed to cover the shortfall, or only a small portion of assets will need to be converted to cash. Therefore, the investment risk is likely not amplified at this time. This maturity measure should be monitored in the future.

5 Risk Information

Contribution Volatility

As of June 30	2018	2020	2022	2024
1. Fair Value of Assets	$ 176,794,969	$ 189,844,025	$ 227,181,866	$ 253,339,136
2. Payroll	$ 13,392,864	$ 13,157,172	$ 14,035,020	$ 15,109,595
3. Asset to Payroll Ratio, (1) ÷ (2)	13.2	14.4	16.2	16.8
4. Accrued Liability	$ 226,559,580	$ 211,742,043	$ 227,227,808	$ 250,320,485
5. Liability to Payroll Ratio, (4) ÷ (2)	16.9	16.1	16.2	16.6

Plans that have higher asset-to-payroll ratios experience more volatile employer contributions (as a percentage of payroll) due to investment return. For example, a plan with an asset-to-payroll ratio of 10 may experience twice the contribution volatility due to investment return volatility than a plan with an asset-to-payroll ratio of 5.

Plans that have higher liability-to-payroll ratios experience more volatile employer contributions (as a percentage of payroll) due to changes in liability. For example, if an assumption change increases the liability of two plans by the same percent, the plan with a liability-to-payroll ratio of 10 may experience twice the contribution volatility than a plan with a liability-to-payroll ratio of 5.

Glossary of Terms

Actuarial Accrued Liability

Total accumulated cost to fund pension or postemployment benefits arising from service in all prior years.

Actuarial Cost Method

Technique used to assign or allocate, in a systematic and consistent manner, the expected cost of a pension or postemployment plan for a group of plan members to the years of service that give rise to that cost.

Actuarial Present Value of Projected Benefits

Amount which, together with future interest, is expected to be sufficient to pay all future benefits.

Actuarial Valuation

Study of probable amounts of future pension or postemployment benefits and the necessary amount of contributions to fund those benefits.

Actuary

Person who performs mathematical calculations pertaining to pension and insurance benefits based on specific procedures and assumptions.

GASB 67 and 68

Governmental Accounting Standards Board Statement Number 67 amends Number 25 effective for the fiscal year beginning after June 15, 2013 and defines new financial reporting requirements for public pension plans. Governmental Accounting Standards Board Statement Number 68 amends Number 27 effective for fiscal years beginning after June 15, 2014 and defines new accounting and financial reporting requirements for employers sponsoring public pension plans.

GASB 74 and 75

Governmental Accounting Standards Board Statement Number 74 amends Number 43 effective for the fiscal year beginning after June 15, 2016 and defines new financial reporting requirements for public postemployment benefit plans. Governmental Accounting Standards Board Statement Number 75 amends Number 45 effective for fiscal years beginning after June 15, 2017 and defines new accounting and financial reporting requirements for employers sponsoring public postemployment benefit plans.

Normal Cost

That portion of the actuarial present value of benefits assigned to a particular year in respect to an individual participant or the plan as a whole.

Unfunded Actuarial Accrued Liability (UAAL)

The portion of the actuarial accrued liability not offset by plan assets.

Vested Benefits

Benefits which are unconditionally guaranteed regardless of employment.

Gallagher

Insurance | Risk Management | Consulting

State of Alaska
National Guard and Naval Militia Retirement System

Actuarial Valuation Report as of June 30, 2024

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May 9, 2025

State of Alaska
The Alaska Retirement Management Board
The Department of Revenue, Treasury Division
The Department of Administration, Division of Retirement and Benefits
P.O. Box 110203
Juneau, AK 99811-0203

Certification of Actuarial Valuation

Dear Members of The Alaska Retirement Management Board, The Department of Revenue, and The Department of Administration,

This report summarizes the actuarial valuation results of the State of Alaska National Guard and Naval Militia Retirement System (NGNMRS) as of June 30, 2024 performed by Gallagher Benefit Services, Inc. (Gallagher).

The actuarial valuation is based on financial information provided in the financial statements audited by KPMG LLP and member data provided by the Division of Retirement and Benefits as summarized in this report. The benefits considered are those delineated in Alaska statutes effective June 30, 2024. The actuary did not verify the data submitted, but did perform tests for consistency and reasonableness.

All costs, liabilities, and other factors under NGNMRS were determined in accordance with generally accepted actuarial principles and procedures. An actuarial cost method is used to measure the actuarial liabilities which we believe is reasonable. Gallagher is solely responsible for the actuarial data and actuarial results presented in this report. This report fully and fairly discloses the actuarial position of NGNMRS as of June 30, 2024.

The contribution requirements reflect the cost of benefits accruing in the upcoming year, administrative expenses expected to be paid from the trust, and a level dollar amortization of the initial unfunded actuarial accrued liability and subsequent gains/losses over a period of 20 years less average military service of active members. The calculations of the contributions are reasonable actuarially determined contributions as defined in Actuarial Standard of Practice No. 4 (ASOP 4). The contribution levels are recommended by the actuary and adopted by the Board each year. This objective is currently being met and is projected to continue to be met. Absent future gains/losses, actuarially determined contributions are expected to remain zero and the funded status is expected to remain at or above 100%.

The Board and staff of the State of Alaska may use this report for the review of the operations of NGNMRS. Use of this report for any other purpose or by anyone other than the Board or staff of the State of Alaska may not be appropriate and may result in mistaken conclusions due to failure to understand applicable assumptions, methodologies, or inapplicability of the report for that purpose. Because of the risk of misinterpretation of actuarial results, Gallagher recommends requesting its advanced review of any statement to be based on information contained in this report. Gallagher will accept no liability for any such statement made without its prior review.

Future actuarial measurements may differ significantly from current measurements due to plan experience differing from that anticipated by the actuarial assumptions, changes in assumptions, changes expected as part of the natural operation of the methodology used for these measurements, and changes in plan provisions or applicable law. An analysis of the potential range of such future differences is beyond the scope of this valuation.

In our opinion, the actuarial assumptions used are reasonable, taking into account the experience of the plan and reasonable long-term expectations, and represent our best estimate of the anticipated long-term experience under the plan. In our professional judgment, the combined effect of the assumptions is expected to have no significant bias. The actuary performs an analysis of plan experience periodically and recommends changes if, in the opinion of the actuary, assumption changes are needed to more accurately reflect expected future experience. The last full experience analysis was performed for the period July 1, 2017 to June 30, 2021. Based on that experience study, the Board adopted new assumptions effective beginning with the June 30, 2022 valuation to better reflect expected future experience.

A summary of the actuarial assumptions and methods used in this actuarial valuation is shown in Sections 4.2 and 4.3. We certify that the assumptions and methods used for funding purposes, as described in Sections 4.2 and 4.3 of this report, meet the requirements of all applicable Actuarial Standards of Practice.

Actuarial Standards of Practice No. 27 (ASOP 27) and No. 35 (ASOP 35) require the actuary to disclose the information and analysis used to support the actuary's determination that the assumptions selected by the plan sponsor do not significantly conflict with those that, in the actuary's professional judgment, are reasonable for the purpose of the measurement. Gallagher provides advice on reasonable assumptions when performing periodic experience studies. The Board selects the assumptions used, and the signing actuaries review the assumptions through discussions with the Board staff and analysis of actuarial experience.

In the case of the Board's selected expected return on assets (EROA), the signing actuaries have used economic information and tools provided by Gallagher's Investment practice. A spreadsheet tool created by this practice converts averages, standard deviations, and correlations from Gallagher's Capital Market Assumptions that are used for stochastic forecasting into approximate percentile ranges for the arithmetic and geometric average returns. The EROA spreadsheet tool is intended to suggest possible reasonable ranges for the expected return on assets without attempting to predict or select a specific best estimate rate of return. It takes into account the duration of investment and the target allocation of assets in the portfolio to various asset classes.

Based on the actuaries' analysis, including consistency with other assumptions used in the valuation, the percentiles generated by the EROA spreadsheet tool described above, and review of actuarial gain/loss analysis, the signing actuaries believe the assumptions, in their professional judgment, do not significantly conflict with what are reasonable for the purpose of the measurement.

ACFR Information

We have prepared the following information in this report for the Actuarial Section and Statistical Section of the ACFR: (i) member data tables in Section 3; (ii) changes in contribution rates in the Executive Summary; and (iii) summary of actuarial assumptions in Section 4.3.

Governmental Accounting Standards Board (GASB) Statement No. 67 (GASB 67) was effective for NGNMRS beginning with fiscal year ending June 30, 2014. Please see our separate GASB 67 report for other information needed for the ACFR.

Risk Information

Actuarial Standard of Practice No. 51 (ASOP 51) applies to actuaries performing funding calculations related to a pension plan. See Section 5 of this report for further details regarding ASOP 51. Section 5 also contains information on the Low-Default-Risk Obligation Measure (LDROM) required to be disclosed under Actuarial Standard of Practice No. 4 (ASOP 4).

Use of Models

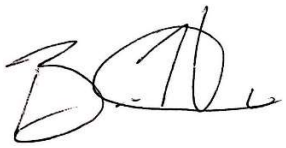
Actuarial Standard of Practice No. 56 (ASOP 56) provides guidance to actuaries performing actuarial services that involve designing, developing, selecting, modifying, using, reviewing, or evaluating models. In addition to the EROA spreadsheet tool disclosed above, Gallagher uses third-party software to perform actuarial valuations and projections. The model is intended to calculate the liabilities associated with the provisions of the plan using data and assumptions as of the measurement date under the funding methods specified in this report. Gallagher also uses internally developed models that apply applicable funding methods and policies to the liabilities derived from the third-party software and other inputs, such as plan assets and contributions, to generate many of the exhibits found in this report.

Gallagher maintains an extensive review process in which the results of the liability calculations are checked using detailed sample life output, changes from year to year are summarized by source, and significant deviations from expectations are investigated. Other funding outputs and the internal models are similarly reviewed in detail and at a higher level for accuracy, reasonability, and consistency with prior results. Gallagher also reviews the third-party model when significant changes are made to the software. This review is performed by experts within Gallagher who are familiar with applicable funding methods, as well as the manner in which the model generates its output. If significant changes are made to the internal models, extra checking and review are completed.

This report was prepared under the overall direction of David Kershner, who meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. He is a Fellow of the Society of Actuaries, an Enrolled Actuary, a Member of the American Academy of Actuaries, and a Fellow of the Conference of Consulting Actuaries.

We are available to discuss this report with you at your convenience. David can be reached at (602) 803-6174 and Brett can be reached at (260) 423-1072.

Respectfully submitted,



David J. Kershner, FSA, EA, MAAA, FCA
Principal

Brett Hunter, ASA, EA, MAAA
Senior Consultant

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Executive Summary

Overview

The State of Alaska National Guard and Naval Militia Retirement System (NGNMRS) provides pension benefits to the Alaska National Guard, Alaska Naval Militia, and other eligible participants. The Commissioner of the Department of Administration is responsible for administering the plan. The Alaska Retirement Management Board has fiduciary responsibility over the assets of the plan. This report presents the results of the actuarial valuation of NGNMRS as of the valuation date of June 30, 2024.

Purpose

An actuarial valuation is performed on the plan once every two years as of the end of the fiscal year, and roll-forward valuations are performed every other year. The main purposes of the actuarial valuation detailed in this report are:

1. To determine the Employer contribution necessary to meet the Board's funding policy for the plan;
2. To disclose the funding assets and liability measures as of the valuation date;
3. To review the current funded status of the plan and assess the funded status as an appropriate measure for determining future actuarially determined contributions;
4. To compare actual and expected experience under the plan during the fiscal year; and
5. To report trends in contributions, assets, liabilities, and funded status over the last several years.

The actuarial valuation provides a "snapshot" of the funded position of NGNMRS based on the plan provisions, membership data, assets, and actuarial methods and assumptions as of the valuation date.

Funded Status

Where presented, references to "funded ratio" and "unfunded actuarial accrued liability" typically are measured on an actuarial value of assets basis. It should be noted that the same measurements using market value of assets would result in different funded ratios and unfunded accrued liabilities. Moreover, the funded ratio presented is appropriate for evaluating the need and level of future contributions but makes no assessment regarding the funded status of the plan if the plan were to settle (i.e. purchase annuities) for a portion or all of its liabilities.

Funded Status as of June 30	2022	2024
a. Actuarial Accrued Liability	$ 28,366,668	$ 30,917,566
b. Valuation Assets	46,215,854	46,504,697
c. Unfunded Actuarial Accrued Liability, (a) - (b)	$ (17,849,186)	$ (15,587,131)
d. Funded Ratio based on Valuation Assets, (b) ÷ (a)	162.9%	150.4%
e. Fair Value of Assets	$ 44,088,041	$ 45,037,891
f. Funded Ratio based on Fair Value of Assets, (e) ÷ (a)	155.4%	145.7%

Actuarially Determined Contribution Amounts	FY25	FY27
a. Normal Cost	$ 690,172	$ 821,153
b. Administrative Expense Load	331,000	328,000
c. Past Service Cost	(2,691,240)	(2,616,965)
d. Total Annual Contribution, (a) + (b) + (c), not less than 0	$ 0	$ 0

The Actuarially Determined Contribution amount for FY26 based on a roll-forward valuation as of June 30, 2023 was $0.

1 Actuarial Funding Results

1.1 Actuarial Liabilities and Normal Cost

As of June 30, 2024	Present Value of Projected Benefits	Actuarial Accrued (Past Service) Liability
Active Members		
Retirement Benefits	$ 21,204,911	$ 16,707,392
Disability Benefits	185,289	148,350
Death Benefits	325,302	223,547
Termination Benefits	0	0
Subtotal	$ 21,715,502	$ 17,079,289
Inactive Members		
Vested Terminations	$ 8,038,459	$ 8,038,459
Benefit Recipients	5,799,818	5,799,818
Subtotal	$ 13,838,277	$ 13,838,277
Total	**$ 35,553,779**	**$ 30,917,566**

As of June 30, 2024	Normal Cost
Active Members	
Retirement Benefits	$ 797,066
Disability Benefits	6,656
Death Benefits	17,431
Termination Benefits	0
Subtotal	$ 821,153
Administrative Expense Load	$ 328,000
Total	**$ 1,149,153**

1 Actuarial Funding Results

1.2 Actuarial Contributions as of June 30, 2024 for FY27

1. Actuarial Accrued Liability	$	30,917,566
2. Valuation Assets		46,504,697
3. Unfunded Actuarial Accrued Liability, (1) - (2)	$	(15,587,131)
4. Funded Ratio, (2) ÷ (1)		150.4%
5. Past Service Cost Amortization Payment[1]	$	(2,616,965)
6. Normal Cost, including Administrative Expense Load		1,149,153
7. Total Contribution, (5) + (6), not less than 0	**$**	**0**

[1] Calculated on a level dollar basis over a 7-year period as of June 30, 2024.

1 Actuarial Funding Results

1.3 Actuarial Gain/(Loss) for FY24

1. Expected Actuarial Accrued Liability		
a. Actuarial Accrued Liability as of June 30, 2023	$	28,928,732
b. Normal Cost		690,172
c. Interest on (a) and (b) at 5.75%		1,703,086
d. Benefit Payments		(1,710,829)
e. Interest on (d) at 5.75%, adjusted for timing		(52,602)
f. Assumptions/Methods Changes		0
g. Expected Actuarial Accrued Liability as of June 30, 2024 (a) + (b) + (c) + (d) + (e) + (f)	$	29,558,559
2. Actual Actuarial Accrued Liability as of June 30, 2024		30,917,566
3. Liability Gain/(Loss), (1)(g) - (2)	**$**	**(1,359,007)**
4. Expected Actuarial Asset Value		
a. Actuarial Value of Assets as of June 30, 2023	$	46,312,767
b. Interest on (a) at 5.75%		2,662,984
c. Employer Contributions		0
d. Interest on (c) at 5.75%, adjusted for timing		0
e. Benefit Payments		(1,710,829)
f. Interest on (e) at 5.75%, adjusted for timing		(52,602)
g. Administrative Expenses		(361,419)
h. Interest on (g) at 5.75%, adjusted for timing		(10,246)
i. Expected Actuarial Asset Value as of June 30, 2024 (a) + (b) + (c) + (d) + (e) + (f) + (g) + (h)	$	46,840,655
5. Actual Actuarial Asset Value as of June 30, 2024		46,504,697
6. Actuarial Asset Value Gain/(Loss), (5) - (4)(i)	**$**	**(335,958)**
7. Total Actuarial Gain/(Loss), (3) + (6)	**$**	**(1,694,965)**

1 Actuarial Funding Results

1.4 Development of Change in Unfunded Liability During FY24

1. 2023 Unfunded Liability	$	(17,384,035)
a. Interest on Unfunded Liability at 5.75%	$	(999,582)
b. Normal Cost		690,172
c. Employer Contributions		0
d. Administrative Expenses		361,419
e. Interest on (b) thru (d) at 5.75%, adjusted for timing		49,930
f. Assumptions/Methods Changes		0
g. Expected Change in Unfunded Liability During FY24 (a) + (b) + (c) + (d) + (e) + (f)	$	101,939
2. Expected 2024 Unfunded Liability, (1) + (1)(g)	$	(17,282,096)
a. Liability (Gain)/Loss During FY24	$	1,359,007
b. Actuarial Assets (Gain)/Loss During FY24		335,958
c. Total Actuarial (Gain)/Loss During FY24	$	1,694,965
3. Actual 2024 Unfunded Liability, (2) + (2)(c)	$	(15,587,131)

1 Actuarial Funding Results

1.5 History of Unfunded Liability and Funded Ratio

Valuation Date	Actuarial Accrued Liability	Valuation Assets	Assets as a Percent of Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)
June 30, 2000	$ 17,967,471	$ 13,734,397	76.4%	$ 4,233,074
June 30, 2002	20,545,214	12,114,025	59.0%	8,431,189
June 30, 2004	19,749,305	13,391,055	67.8%	6,358,250
June 30, 2006	25,457,589	15,587,569	61.2%	9,870,020
June 30, 2007	26,289,978	16,882,529	64.2%	9,407,449
June 30, 2008	28,904,645	28,370,756	98.2%	533,889
June 30, 2009	30,208,411	30,123,348	99.7%	85,063
June 30, 2010	30,034,407	32,000,585	106.5%	(1,966,178)
June 30, 2011	31,324,457	33,019,577	105.4%	(1,695,120)
June 30, 2012	32,771,017	33,682,091	102.8%	(911,074)
June 30, 2013	33,907,968	34,178,622	100.8%	(270,654)
June 30, 2014	36,715,287	36,271,836	98.8%	443,451
June 30, 2015	38,313,473	37,855,133	98.8%	458,340
June 30, 2016	31,184,361	38,439,835	123.3%	(7,255,474)
June 30, 2017	32,483,912	39,638,736	122.0%	(7,154,824)
June 30, 2018[1]	21,934,014	41,031,353	187.1%	(19,097,339)
June 30, 2019	22,592,882	41,939,204	185.6%	(19,346,322)
June 30, 2020	22,417,247	43,020,393	191.9%	(20,603,146)
June 30, 2021	22,975,269	45,248,391	196.9%	(22,273,122)
June 30, 2022	28,366,668	46,215,854	162.9%	(17,849,186)
June 30, 2023	28,928,732	46,312,767	160.1%	(17,384,035)
June 30, 2024	30,917,566	46,504,697	150.4%	(15,587,131)

[1] Approximately $10.7 million of the liability decrease reflected in the June 30, 2018 valuation was due to the removal of 798 active and vested terminated participants who had cashed out prior to June 30, 2016.

2 Plan Assets

2.1 Summary of Fair Value of Assets

As of June 30	2024
Cash and Short-Term Investments	
- Cash and Cash Equivalents	$ 1,227,906
- Subtotal	$ 1,227,906
Fixed Income Investments	
- Domestic Fixed Income Pool	$ 24,148,040
- International Fixed Income Pool	0
- Transition pool	0
- High Yield Pool	0
- Treasury Inflation Protection Pool	0
- Emerging Debt Pool	0
- Subtotal	$ 24,148,040
Equity Investments	
- Domestic Equity Pool	$ 5,285,918
- International Equity Pool	3,190,665
- Private Equity Pool	4,059,238
- Emerging Markets Equity Pool	771,020
- Alternative Equity Strategies	3,250,848
- Subtotal	$ 16,557,689
Other Investments	
- Real Estate Pool	$ 1,482,233
- Other Investments Pool	1,680,173
- Absolute Return Pool	0
- Other Assets	0
- Subtotal	$ 3,162,406
Total Cash and Investments	$ 45,096,041
Net Accrued Receivables	(58,150)
Net Assets	$ 45,037,891

2 Plan Assets

2.2 Changes in Fair Value of Assets

Fiscal Year		2024
1. Fair Value of Assets at beginning of year	$	44,501,184
2. Additions:		
a. Employer Contributions	$	0
b. Interest and Dividend Income		980,339
c. Net Appreciation/(Depreciation) in Fair Value of Investments		1,724,575
d. Other		77
e. Total Additions	$	2,704,991
3. Deductions:		
a. Retirement Benefits	$	1,710,829
b. Investment Expenses		96,036
c. Administrative Expenses		361,419
d. Total Deductions	$	2,168,284
4. Fair Value of Assets at end of year	$	45,037,891
5. Approximate Fair Value Investment Return Rate during Fiscal Year Net of Investment Expenses		6.0%

2 Plan Assets

2.3 Development of Actuarial Value of Assets

The actuarial value of assets was equal to the fair value at June 30, 2006. Investment gains and losses are recognized 20% per year over 5 years. In no event may valuation assets be less than 80% or more than 120% of fair value as of the current valuation date.

1. Deferral of Investment Gain/(Loss) for FY24		
a. Fair Value as of June 30, 2023	$	44,501,184
b. Contributions		0
c. Benefit Payments		1,710,829
d. Administrative Expenses		361,419
e. Actual Investment Return (net of investment expenses)		2,608,955
f. Expected Return Rate (net of investment expenses)		5.75%
g. Expected Return, Weighted for Timing		2,495,970
h. Investment Gain / (Loss) for the Year, (e) - (g)		112,985
2. Actuarial Value as of June 30, 2024		
a. Fair Value as of June 30, 2024	$	45,037,891
b. Deferred Investment Gain/(Loss)		(1,466,806)
c. Preliminary Actuarial Value as of June 30, 2024, (a) - (b)		46,504,697
d. Upper Limit: 120% of Fair Value as of June 30, 2024		54,045,469
e. Lower Limit: 80% of Fair Value as of June 30, 2024		36,030,313
f. Actuarial Value at June 30, 2024, (c) limited by (d) and (e)		46,504,697
3. Ratio of Actuarial Value of Assets to Fair Value of Assets		103.3%
4. Approximate Actuarial Value Investment Return Rate during FY24 Net of Investment Expenses		5.0%

2 Plan Assets

2.3 Development of Actuarial Value of Assets (continued)

The table below shows the development of the gains/(losses) to be recognized in the current year:

Fiscal Year Ending	Asset Gain / (Loss)	Gain / (Loss) Recognized in Prior Years	Gain / (Loss) Recognized This Year	Gain / (Loss) Deferred to Future Years
June 30, 2020	$ (685,847)	$ (548,676)	$ (137,171)	$ 0
June 30, 2021	6,594,160	3,956,496	1,318,832	1,318,832
June 30, 2022	(7,160,610)	(2,864,244)	(1,432,122)	(2,864,244)
June 30, 2023	(19,638)	(3,928)	(3,928)	(11,782)
June 30, 2024	112,985	0	22,597	90,388
Total	**$ (1,158,950)**	**$ 539,648**	**$ (231,792)**	**$ (1,466,806)**

2 Plan Assets

2.4 Historical Asset Rates of Return

Year Ending	Actuarial Value		Fair Value	
	Annual	Cumulative	Annual	Cumulative
June 30, 2005	N/A	N/A	6.4%	6.4%
June 30, 2006	N/A	N/A	5.2%	5.8%
June 30, 2007	8.4%	8.4%	13.1%	8.2%
June 30, 2008	6.4%	7.4%	(2.3%)	5.5%
June 30, 2009	2.8%	5.8%	(9.8%)	2.2%
June 30, 2010	3.0%	5.1%	11.8%	3.8%
June 30, 2011	4.6%	5.0%	13.4%	5.1%
June 30, 2012	3.4%	4.7%	0.5%	4.5%
June 30, 2013	4.6%	4.7%	7.6%	4.8%
June 30, 2014	8.8%	5.2%	13.4%	5.7%
June 30, 2015	7.0%	5.4%	0.9%	5.2%
June 30, 2016	4.2%	5.3%	(0.2%)	4.8%
June 30, 2017	4.8%	5.3%	8.2%	5.0%
June 30, 2018	5.3%	5.3%	4.6%	5.0%
June 30, 2019	4.1%	5.2%	5.9%	5.0%
June 30, 2020	5.1%	5.2%	5.3%	5.1%
June 30, 2021	9.5%	5.4%	23.0%	6.0%
June 30, 2022	6.7%	5.5%	(7.7%)	5.2%
June 30, 2023	4.7%	5.5%	5.7%	5.3%
June 30, 2024	5.0%	5.4%	6.0%	5.3%

Cumulative returns are since fiscal year ending June 30, 2005.

3 Member Data

3.1 Summary of Members Included

As of June 30	2016	2018	2020	2022	2024
Active Members					
Air Guard					
1. Number	2,174	2,139	2,242	2,300	2,713
2. Number Vested	417	364	405	505	647
3. Average Age	35.16	34.98	35.20	36.33	36.75
4. Average Alaska Guard Service	7.55	7.24	7.26	8.94	8.76
5. Average Total Military Service	13.08	12.68	12.82	13.94	14.78
Army Guard					
1. Number	1,820	1,575	1,639	1,560	1,749
2. Number Vested	199	193	218	205	226
3. Average Age	32.00	32.45	32.85	33.47	33.33
4. Average Alaska Guard Service	5.72	6.00	6.41	6.68	7.02
5. Average Total Military Service	10.41	10.34	10.82	11.20	11.03
Naval Militia					
1. Number	60	63	53	49	45
2. Number Vested	6	8	6	7	7
3. Average Age	33.26	34.48	33.85	33.36	34.15
4. Average Alaska Guard Service	4.93	5.44	4.34	5.33	6.45
5. Average Total Military Service	10.72	11.86	10.28	11.02	12.37
Total					
1. Number	4,054	3,777	3,934	3,909	4,507
2. Number Vested	622	565	629	717	880
3. Average Age	33.71	33.92	34.20	35.15	35.40
4. Average Alaska Guard Service	6.69	6.69	6.87	7.99	8.06
5. Average Total Military Service	11.85	11.69	11.95	12.81	13.30
Vested Terminations					
1. Number	1,427	588	649	702	669
2. Average Age	58.37	56.10	57.00	57.82	60.01
3. Average Alaska Guard Service	14.41	13.84	13.84	13.90	15.40
4. Average Total Military Service	24.69	24.42	24.58	24.48	26.15
Benefit Recipients					
1. Number	676	752	708	691	694
2. Average Age	58.28	59.18	58.83	59.58	59.93
3. Average Years Remaining	12.00	11.53	12.13	11.81	11.23
Total Number of Members	**6,157**	**5,117**	**5,291**	**5,302**	**5,870**

For 2022, Air Guard data was provided as of June 30, 2021. As a result, the status of each Air Guard member as of June 30, 2022 was assumed to be the same as June 30, 2021, and service as of June 30, 2021 for active members was increased by a year.

3 Member Data

3.2 Age and Service Distribution of Active Members

Air Guard

	Years of Alaska Guard Service									
Age	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40+	Total
0 - 19	23	0	0	0	0	0	0	0	0	23
20 - 24	136	45	0	0	0	0	0	0	0	181
25 - 29	218	190	30	0	0	0	0	0	0	438
30 - 34	227	218	127	26	0	0	0	0	0	598
35 - 39	171	181	109	78	14	0	0	0	0	553
40 - 44	95	143	99	101	41	5	0	0	0	484
45 - 49	35	60	47	47	22	13	4	0	0	228
50 - 54	13	25	12	24	22	14	13	0	0	123
55 - 59	3	11	8	11	7	8	8	5	0	61
60 - 64	2	5	2	4	3	3	0	2	2	23
65 - 69	1	0	0	0	0	0	0	0	0	1
70 - 74	0	0	0	0	0	0	0	0	0	0
75+	0	0	0	0	0	0	0	0	0	0
Total	**924**	**878**	**434**	**291**	**109**	**43**	**25**	**7**	**2**	**2,713**

Army Guard

	Years of Alaska Guard Service									
Age	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40+	Total
0 - 19	55	0	0	0	0	0	0	0	0	55
20 - 24	265	41	0	0	0	0	0	0	0	306
25 - 29	205	146	13	0	0	0	0	0	0	364
30 - 34	139	133	62	13	0	0	0	0	0	347
35 - 39	76	116	57	29	2	0	0	0	0	280
40 - 44	29	70	35	40	16	0	0	0	0	190
45 - 49	13	24	26	29	9	5	0	0	0	106
50 - 54	10	18	12	9	7	5	0	1	0	62
55 - 59	1	7	5	10	7	3	3	0	0	36
60 - 64	0	0	0	1	0	1	0	0	0	2
65 - 69	0	0	0	1	0	0	0	0	0	1
70 - 74	0	0	0	0	0	0	0	0	0	0
75+	0	0	0	0	0	0	0	0	0	0
Total	**793**	**555**	**210**	**132**	**41**	**14**	**3**	**1**	**0**	**1,749**

3 Member Data

3.2 Age and Service Distribution of Active Members (continued)

Naval Militia

	Years of Alaska Guard Service									
Age	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40+	Total
0 - 19	0	0	0	0	0	0	0	0	0	0
20 - 24	5	1	0	0	0	0	0	0	0	6
25 - 29	4	7	0	0	0	0	0	0	0	11
30 - 34	5	4	1	0	0	0	0	0	0	10
35 - 39	1	7	1	0	0	0	0	0	0	9
40 - 44	1	1	0	0	0	0	0	0	0	2
45 - 49	1	1	2	0	0	0	0	0	0	4
50 - 54	1	0	0	1	0	0	0	0	0	2
55 - 59	0	0	0	0	1	0	0	0	0	1
60 - 64	0	0	0	0	0	0	0	0	0	0
65 - 69	0	0	0	0	0	0	0	0	0	0
70 - 74	0	0	0	0	0	0	0	0	0	0
75+	0	0	0	0	0	0	0	0	0	0
Total	**18**	**21**	**4**	**1**	**1**	**0**	**0**	**0**	**0**	**45**

Total

	Years of Alaska Guard Service									
Age	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40+	Total
0 - 19	78	0	0	0	0	0	0	0	0	78
20 - 24	406	87	0	0	0	0	0	0	0	493
25 - 29	427	343	43	0	0	0	0	0	0	813
30 - 34	371	355	190	39	0	0	0	0	0	955
35 - 39	248	304	167	107	16	0	0	0	0	842
40 - 44	125	214	134	141	57	5	0	0	0	676
45 - 49	49	85	75	76	31	18	4	0	0	338
50 - 54	24	43	24	34	29	19	13	1	0	187
55 - 59	4	18	13	21	15	11	11	5	0	98
60 - 64	2	5	2	5	3	4	0	2	2	25
65 - 69	1	0	0	1	0	0	0	0	0	2
70 - 74	0	0	0	0	0	0	0	0	0	0
75+	0	0	0	0	0	0	0	0	0	0
Total	**1,735**	**1,454**	**648**	**424**	**151**	**57**	**28**	**8**	**2**	**4,507**

3 Member Data

3.3 Member Data Reconciliation

		Inactive Members		
	Active Members	Vested Terms	Benefit Recipients	Total
As of June 30, 2022	**3,909**	**702**	**691**	**5,302**
New Entrants	829	0	0	829
Rehires	24	(4)	0	20
Rehired and then Termed / Retired	0	3	1	4
Vested Terminations	(19)	19	0	0
Non-Vested Terminations	(95)	0	0	(95)
Cashed Out	(97)	(30)	0	(127)
Retirements	(44)	(18)	62	0
Deceased	0	0	0	0
New Beneficiaries	0	0	0	0
New QDROs	0	0	(12)	(12)
Expiration of Benefits	0	0	(50)	(50)
Data Corrections	0	(3)	2	(1)
Net Change	**598**	**(33)**	**3**	**568**
As of June 30, 2024	**4,507**	**669**	**694**	**5,870**

4 Basis of the Actuarial Valuation

4.1 Summary of Plan Provisions

Effective Date

January 1, 1973, with amendments through June 30, 2024.

Membership

Members of the Alaska National Guard who were active on or after January 1, 1973, and members of the Alaska Naval Militia who were active on or after July 1, 1980.

Eligibility Service

Eligibility service is defined as the combined Alaska guard service, guard service in any other state, active military service and the reserves of them. A member must have 20 years of eligibility service to be vested in NGNMRS.

Benefit Service

Benefit service is defined as satisfactory service in any branch of the Alaska guard. A member must have 5 years of benefit service to be vested in NGNMRS. Benefit service is also used to determine the period of the member's pension retirement benefit.

Vesting

Members are 100% vested after 20 years of total service in the Alaska National Guard, Alaska Naval Militia, U.S. Armed Forces or Reserves, or any combination of that service if members have at least 5 years of service in the Alaska National Guard or Alaska Naval Militia.

Retirement Benefits

Eligibility

Members are eligible for voluntary retirement after completing 20 years of satisfactory service in the Alaska National Guard, Alaska Naval Militia, or U.S. Armed Forces, and the reserves of them or any combination of that service if they have at least 5 years of service in the Alaska National Guard or Alaska Naval Militia. Credit is also allowed for Territorial Guard service rendered to the former territory of Alaska.

Members are eligible for involuntary retirement at any time assuming there has been no misconduct.

Benefit Type

Eligible members may elect to receive:

a. monthly benefits of $100 which are payable for a period equal to the number of months that they were active members;

b. a lump sum benefit equal to the actuarial equivalent of a.; or

c. monthly payments until age 72 equal to the actuarial equivalent of a.

Disability Benefits

Members are eligible to receive monthly disability benefits of $100 (payable for a period equal to the number of months that they were active members) at any age if they become incapacitated and are vested in the plan.

4 Basis of the Actuarial Valuation

Death Benefits

Active Members

If the active member had at least 5 years of service in the Alaska National Guard or Alaska Naval Militia, the designated beneficiary will receive a lump sum benefit equal to the retirement benefit.

Retired or Terminated Vested Members

The designated beneficiary will receive a lump benefit equal to the remaining benefits payable.

Changes in Benefit Provisions Valued Since the Prior Valuation

There were no changes in benefit provisions since the prior valuation.

4 Basis of the Actuarial Valuation

4.2 Description of Actuarial Methods and Valuation Procedures

Benefits valued are those delineated in Alaska State statutes as of the valuation date. Changes in State statutes effective after the valuation date are not taken into consideration in setting the assumptions and methods.

Actuarial Cost Method

Liabilities and contributions shown in the report are computed using the Entry Age Normal Actuarial Cost Method (level dollar basis). Any funding surplus or unfunded accrued liability is amortized over 20 years less the average total military service of active members.

The actuarial accrued liability under this method at any point in time is the theoretical amount of the fund that would have been accumulated had annual contributions equal to the normal cost been made in prior years (it does not represent the liability for benefits accrued to the valuation date). The unfunded actuarial accrued liability is the excess of the actuarial accrued liability over the actuarial value of plan assets measured on the valuation date.

Under this method, differences between the actual experience and that assumed in the determination of costs and liabilities will emerge as adjustments in the unfunded actuarial accrued liability, subject to amortization.

Valuation of Assets

The actuarial asset value was initialized to equal Fair Value of Assets as of June 30, 2006. Beginning in FY07, the asset valuation method recognizes 20% of the gain or loss each year, for a period of five years. All assets are valued at fair value. Assets are accounted for on an accrued basis and are taken directly from financial statements audited by KPMG LLP. Valuation assets are constrained to a range of 80% to 120% of the fair value of assets.

Changes in Methods Since the Prior Valuation

There were no changes in the asset or valuation methods since the prior valuation.

4 Basis of the Actuarial Valuation

4.3 Summary of Actuarial Assumptions

The demographic and economic assumptions used in the June 30, 2024 valuation are described below. Unless noted otherwise, these assumptions were adopted by the Board at the June 2022 meeting based on the experience study for the period July 1, 2017 to June 30, 2021.

Investment Return

5.75% per year, net of investment expenses.

Mortality (Pre-Commencement)

Pub-2010 Safety Employee table, amount-weighted, and projected with MP-2021 generational improvement.

Mortality (Post-Commencement)

Retiree mortality in accordance with the Pub-2010 Safety Retiree table, amount-weighted, and projected with MP-2021 generational improvement.

Beneficiary mortality in accordance with the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement.

Turnover

Select and ultimate rates based on the 2017-2021 actual experience (see Table 1).

Disability

No changes to the incidence rates from the prior valuation due to insufficient 2017-2021 actual experience (see Table 2). Disability rates continue after a member is eligible for retirement.

Post-disability mortality in accordance with the Pub-2010 Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement.

Retirement

Retirement rates based on the 2017-2021 actual experience (see Table 3).

Vested terminated members are assumed to retire at the later of current age or age 50 when electing an annuity, and at current age when electing a lump sum.

Imputed Data

Data changes from the prior valuation which are deemed to have an immaterial impact on liabilities and contributions are assumed to be correct in the current year's client data.

Active and terminated members with a date of termination after the last date of hire are assumed to be terminated with status based on their amount of vesting service.

Form of Payment

50% of members are assumed to elect a lump sum benefit. 50% of members are assumed to elect a monthly annuity with the number of payments equal to the number of months they were active in the plan. A lump sum of the remaining payments is paid if the member should die while receiving payments. Lump sums are calculated based on a 5.75% discount rate annuity certain factor.

4 Basis of the Actuarial Valuation

Administrative Expenses

The Normal Cost as of June 30, 2024 was increased by $328,000 for administrative expenses. This amount is based on the average of actual administrative expenses during the last two fiscal years.

Changes in Assumptions Since the Prior Valuation

The amount included in the Normal Cost for administrative expenses was changed from $331,000 to $328,000 (based on the most recent two years of actual administrative expenses paid from plan assets).

4 Basis of the Actuarial Valuation

Table 1: Turnover Rates

Select Rates during the First 5 Years of Employment

Years of Service	Unisex
< 1	20.00%
1	10.00%
2	10.00%
3	10.00%
4	10.00%

Ultimate Rates after the First 5 Years of Employment

Age	Male	Female	Age	Male	Female
< 30	9.53%	9.94%	45	6.83%	7.13%
30	9.43%	9.84%	46	6.51%	6.79%
31	9.33%	9.74%	47	6.06%	6.32%
32	9.23%	9.63%	48	5.49%	5.73%
33	9.12%	9.51%	49	4.82%	5.03%
34	8.98%	9.37%	50	4.16%	4.33%
35	8.81%	9.20%	51	3.63%	3.79%
36	8.63%	9.00%	52	3.26%	3.40%
37	8.41%	8.77%	53	2.98%	3.12%
38	8.18%	8.53%	54	2.78%	2.91%
39	7.95%	8.29%	55	2.64%	2.75%
40	7.73%	8.06%	56	2.57%	2.67%
41	7.54%	7.87%	57	2.58%	2.69%
42	7.38%	7.70%	58	2.64%	2.76%
43	7.23%	7.55%	59	2.78%	2.90%
44	7.06%	7.37%	60	2.88%	3.00%

4 Basis of the Actuarial Valuation

Table 2: Disability Rates

Age	Male	Female	Age	Male	Female
< 23	0.0179%	0.0112%	46	0.1247%	0.0780%
23	0.0244%	0.0153%	47	0.1337%	0.0836%
24	0.0310%	0.0194%	48	0.1462%	0.0914%
25	0.0374%	0.0234%	49	0.1588%	0.0993%
26	0.0440%	0.0275%	50	0.1714%	0.1071%
27	0.0505%	0.0316%	51	0.1839%	0.1150%
28	0.0526%	0.0329%	52	0.1965%	0.1228%
29	0.0548%	0.0343%	53	0.2294%	0.1434%
30	0.0570%	0.0356%	54	0.2624%	0.1640%
31	0.0591%	0.0370%	55	0.2954%	0.1846%
32	0.0612%	0.0383%	56	0.3283%	0.2052%
33	0.0634%	0.0397%	57	0.3613%	0.2258%
34	0.0657%	0.0411%	58	0.4112%	0.2570%
35	0.0679%	0.0425%	59	0.4611%	0.2882%
36	0.0702%	0.0439%	60	0.5110%	0.3194%
37	0.0724%	0.0453%	61	0.5610%	0.3506%
38	0.0757%	0.0473%	62	0.6109%	0.3818%
39	0.0789%	0.0493%	63	0.6109%	0.3818%
40	0.0822%	0.0514%	64	0.6109%	0.3818%
41	0.0854%	0.0534%	65	0.6109%	0.3818%
42	0.0886%	0.0554%	66	0.6109%	0.3818%
43	0.0977%	0.0611%	67	0.6109%	0.3818%
44	0.1066%	0.0667%	68	0.4073%	0.2546%
45	0.1157%	0.0723%	69	0.2036%	0.1273%
			70+	0.2036%	0.1273%

4 Basis of the Actuarial Valuation

Table 3: Retirement Rates

Age	Male	Female
< 53	15.34%	18.20%
53	17.70%	21.00%
54	23.60%	28.00%
55	18.50%	16.25%
56	25.90%	22.75%
57	29.60%	26.00%
58	33.30%	29.25%
59	37.00%	32.50%
60	40.70%	35.75%
61	44.40%	35.75%
62	44.40%	35.75%
63	44.40%	35.75%
64	44.40%	35.75%
65+	100.00%	100.00%

5 Risk Information

5.1 Risk Overview

Funding future retirement benefits prior to when those benefits become due involves assumptions regarding future economic and demographic experience. These assumptions are applied to calculate actuarial liabilities, current contribution requirements, and the funded status of the plan. However, to the extent future experience deviates from the assumptions used, variations will occur in these calculated values. These variations create risk to the plan. Understanding the risks to the funding of the plan is important.

Actuarial Standard of Practice No. 51 (ASOP 51) requires certain disclosures of potential risks to the plan and provides useful information for intended users of actuarial reports that determine plan contributions or evaluate the adequacy of specified contribution levels to support benefit provisions.

Under ASOP 51, risk is defined as the potential of actual future measurements deviating from expected future measurements resulting from actual future experience deviating from actuarially assumed experience.

It is important to note that not all risk is negative, but all risk should be understood and accepted based on knowledge, judgment, and educated decisions. Future measurements may deviate in ways that produce positive or negative financial impacts to the plan.

In the actuary's professional judgment, the following risks may reasonably be anticipated to significantly affect the plan's future financial condition and contribution requirements.

- Investment Risk – potential that the investment return will differ from the rate assumed in the actuarial valuation
- Contribution Risk – potential that actual contributions will differ from actuarially determined contributions
- Long-Term Return on Investment Risk – potential that changes in long-term capital market assumptions or the plan's asset allocation will create the need to update the long-term return on investment assumption
- Longevity Risk – potential that participants live longer than projected under valuation mortality assumptions
- Other Demographic Risk – potential that other demographic experience will differ from the valuation assumptions

The following information is provided to comply with ASOP 51 and furnish beneficial information on potential risks to the plan. This list is not all-inclusive. It is an attempt to identify the more significant risks and how those risks might affect the results shown in this report.

Note that ASOP 51 does not require the actuary to evaluate the ability or willingness of the plan sponsor to make contributions to the plan when due, or to assess the likelihood or consequences of potential future changes in law. In addition, this valuation report is not intended to provide investment advice or to provide guidance on the management or reduction of risk.

5 Risk Information

5.2 Assessment of Risks

Investment Risk

Plan costs are very sensitive to the market return.

- Any return on assets lower than assumed will increase costs.
- The plan uses an actuarial value of assets that smooths gains and losses on market returns over a five-year period to help control some of the volatility in costs due to investment risk.
- Historical experience of actual returns is shown in Section 2.4 of this report. This historical experience illustrates how returns can vary over time.

The plan invests in a diversified portfolio of assets with the objective of maximizing investment returns at a reasonable level of risk. Actuarial Standard of Practice No. 4 (ASOP 4) requires the actuary to disclose a Low-Default-Risk Obligation Measure (LDROM) of the plan's liability and provide commentary to help the intended users of this report understand the significance of the LDROM with respect to funded status, contributions, and participant benefit security.

The LDROM is based on discount rates derived from low-default-risk fixed income securities whose cash flows are reasonably consistent with the pattern of benefits expected to be paid in the future. The LDROM shown here represents what the plan's liability would be if the plan invested its assets solely in a portfolio of high-quality bonds whose cash flows approximately match future benefit payments. Consequently, the difference between the LDROM and the Actuarial Accrued Liability represents the taxpayer savings from investing in a diversified portfolio of assets versus only investing in high-quality bonds. Furthermore, this difference also represents the cost of reducing investment risk.

As of June 30, 2024, the LDROM is $31.6 million for the plan based on an interest rate of 5.52%. The interest rate used for the LDROM was determined by calculating a single equivalent discount rate using projected benefit payments and the Gallagher Above Median Yield Curve as of June 30, 2024. Please note that the interest rate used for the LDROM is based on bond yields as of the measurement date and will therefore vary for different measurement dates. All other assumptions are the same as those used for funding purposes as shown in this report.

Actuaries play a role in helping to determine funding methods and policies that can achieve affordable and appropriate contributions and risk management. The funded status based on the Actuarial Accrued Liability, as well as the actuarially determined contributions, are calculated using the expected return on assets, which reflects the actual investment portfolio. Since the assets are not invested solely in an all-bond portfolio, the LDROM does not indicate the plan's funded status or progress, nor does it provide information on necessary plan contributions.

Regarding participant benefit security, if this plan were to be funded on an LDROM basis, participant benefits currently accrued as of the measurement date might be considered more secure, since the investment risk would be significantly reduced. However, the fact that assets are invested in a diversified portfolio does not mean that the participants' benefits are not secure. The security of participant benefits relies on a combination of the assets in the plan, the investment returns generated from those assets, and the promise of future contributions from the plan sponsor. Reducing investment risk by investing solely in bonds may significantly increase the actuarially determined contributions, and thereby increase contribution risk by decreasing the ability of the plan sponsor to make necessary contributions to fund the benefits. Unnecessarily high contribution requirements in the near term may not be affordable and could imperil plan sustainability and benefit security. Participant benefits will remain secure if reasonable and appropriate contributions with managed risk are calculated and paid.

5 Risk Information

Contribution Risk

There is a risk to the plan when the employer's actual contribution amount and the actuarially determined contribution differ.

- If the actual contribution is lower than the actuarially determined contribution, the plan may not be sustainable in the long term.
- Any underpayment of the actuarially determined contribution will increase future contribution amounts to help pay off the additional Unfunded Actuarial Accrued Liability associated with the underpayment(s).

Long-Term Return on Investment Risk

Inherent in the long-term return on investment assumption is the expectation that the current rate will be used until the last benefit payment of the plan is made. There is a risk that sustained changes in economic conditions, changes in long-term future capital market assumptions, or changes to the plan's asset allocation will necessitate an update to the long-term return on investment assumption used.

- Under a lower long-term return on investment assumption, less investment return is available to pay plan benefits. This may lead to a need for increased employer contributions.
- The liabilities will be higher at a lower assumed rate of return because future benefits will have a lower discount rate applied when calculating the present value.
- Historical experience of actual returns is shown in Section 2.4 of this report. The cumulative historical experience illustrates that although market returns have been above and below the assumed rate, the overall return during the time period was slightly below 5.75%. The assumed rate, asset allocation, and future market expectations should continue to be evaluated. A 1% decrease in the long-term return on investment assumption will increase the actuarial accrued liability by approximately 11%.

Longevity Risk

Plan costs will be increased as participants are expected to live longer.

- Benefits are paid over a longer lifetime when life expectancy is expected to increase. The longer duration of payments leads to higher liabilities.
- Health care has been improving, which affects the life expectancy of participants. As health care improves, leading to longer life expectancies, costs to the plan could increase.
- The mortality assumption for the plan mitigates this risk by assuming future improvement in mortality. However, any improvement in future mortality greater than that expected under the current mortality assumption would lead to increased costs for the plan.

Other Demographic Risk

The plan is subject to risks associated with other demographic assumptions (e.g., retirement and termination). Differences between actual and expected experience for these assumptions tend to have less impact on the overall costs of the plan. The demographic assumptions used in the valuation are re-evaluated regularly as part of the four-year experience studies to ensure the assumptions are consistent with long-term expectations.

5 Risk Information

5.3 Historical Information

Monitoring certain information over time may help understand risks faced by the plan. Historical information is included throughout this report. Some examples are:

- Section 1.5 illustrates how the plan's funded status (comparison of actuarial accrued liabilities to actuarial value of assets) has changed over time.
- Section 2.4 shows the volatility of asset returns over time.
- Section 3 includes various historical information showing how member census data has changed over time.

5 Risk Information

5.4 Plan Maturity Measures

There are certain measures that may aid in understanding the significant risks to the plan.

Ratio of Retired Liability to Total Liability

As of June 30	2018	2020	2022	2024
1. Retiree and Beneficiary Accrued Liability	$ 6,094,900	$ 5,808,004	$ 6,164,835	$ 5,799,818
2. Total Accrued Liability	$ 21,934,014	$ 22,417,247	$ 28,366,668	$ 30,917,566
3. Ratio, (1) ÷ (2)	27.8%	25.9%	21.7%	18.8%

A high percentage of liability concentrated on participants in pay status indicates a mature plan (often a ratio above 60% - 65%). An increasing percentage may indicate a need for a less risky asset allocation, which may lead to a lower long-term return on asset assumption and increased costs. Higher percentages may also indicate greater investment risk as benefit payments may be greater than contributions creating an increased reliance on investment returns. This ratio should be monitored each year in the future.

Ratio of Cash Flow to Assets

During FYE June 30	2018	2020	2022	2024
1. Contributions	$ 907,231	$ 860,686	$ 0	$ 0
2. Benefit Payments	1,359,467	1,641,475	1,620,749	1,710,829
3. Cash Flow, (1) - (2)	$ (452,236)	$ (780,789)	$ (1,620,749)	$ (1,710,829)
4. Fair Value of Assets	$ 39,418,117	$ 42,095,708	$ 44,088,041	$ 45,037,891
5. Ratio, (3) ÷ (4)	(1.1%)	(1.9%)	(3.7%)	(3.8%)

When this cash flow ratio is negative, more cash is being paid out than deposited in the trust. Negative cash flow indicates the trust needs to rely on investment returns to cover benefit payments and / or may need to invest in more liquid assets to cover the benefit payments. More liquid assets may not generate the same returns as less liquid assets, which can increase the investment risk. Currently, due to the funded status being significantly over 100%, negative cash flow is appropriate and expected. Also, the low magnitude of the ratio implies there may already be enough liquid assets to cover the benefit payments, less investment return is needed to cover the shortfall, or only a small portion of assets will need to be converted to cash. Therefore, the investment risk is likely not amplified at this time. It is normal for plans with funded statuses greater than 100% to have negative cash flow as lower contributions are needed due to the prefunding of the benefits. This maturity measure should be monitored in the future especially if the funded status decreases closer to 100%.

Glossary of Terms

Actuarial Accrued Liability

Total accumulated cost to fund pension benefits arising from service in all prior years.

Actuarial Cost Method

Technique used to assign or allocate, in a systematic and consistent manner, the expected cost of a pension plan for a group of plan members to the years of service that give rise to that cost.

Actuarial Present Value of Projected Benefits

Amount which, together with future interest, is expected to be sufficient to pay all future benefits.

Actuarial Valuation

Study of probable amounts of future pension benefits and the necessary amount of contributions to fund those benefits.

Actuary

Person who performs mathematical calculations pertaining to pension and insurance benefits based on specific procedures and assumptions.

Annual Required Contribution

Disclosure measure of annual pension cost.

GASB 67 and 68

Governmental Accounting Standards Board Statement Number 67 amends Number 25 effective for the fiscal year beginning after June 15, 2013 and defines new financial reporting requirements for public pension plans.

Governmental Accounting Standards Board Statement Number 68 amends Number 27 effective for fiscal years beginning after June 15, 2014 and defines new accounting and financial reporting requirements for employers sponsoring public pension plans.

Normal Cost

That portion of the actuarial present value of benefits assigned to a particular year in respect to an individual participant or the plan as a whole.

Unfunded Actuarial Accrued Liability (UAAL)

The portion of the actuarial accrued liability not offset by plan assets.

Vested Benefits

Benefits which are unconditionally guaranteed regardless of employment.

State of Alaska Retirement Systems

Presentation to ARMB Actuarial Committee

Preliminary June 30, 2025 Valuation Results (PERS and TRS)

December 2, 2025

Gallagher

Insurance | Risk Management | Consulting

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Purpose of the 2025 Valuations

Purpose of the 2025 Valuations

- Measure each plan's funded status as of June 30, 2025.
- Compare **actual** FY25 experience to **expected** experience based on the 2024 valuations.
  - If the difference is **favorable** to the plan, it is a **gain.**
  - If the difference is **unfavorable** to the plan, it is a **loss.**
- The 2025 valuation results provide the basis for the FY28 contribution rates which will be adopted by the ARMB in September 2026.

New Amortization Method

New Amortization Method

- At the September 2025 meeting, the ARMB adopted a new amortization method for the FY27 contribution rates.
- This new method will also be used as the **ongoing** amortization method beginning with the 2025 valuations. See the next slide for details on the new amortization periods.
- The June 30, 2025 amortizations are on a level percent of pay basis using the newly-adopted payroll growth rates of 2.00% (PERS) and 1.00% (TRS).
- Slide 18 shows the impact of these changes on the pension Past Service Costs as of June 30, 2025. We have not shown the impact on the healthcare Past Service Costs because the total healthcare amortization amounts are negative in all cases.

Old vs New Amortization Periods

Layer	Created June 30	Old Method		New Method	
		Initial Amortization Period	Remaining Amortization Period as of 6/30/25	Initial Amortization Period	Remaining Amortization Period as of 6/30/25
Initial Amount*	2018	25	14	25	14
Change in Assumptions	2018	25	18	15	8
Experience Gain/Loss	2019	25	19	15	9
Experience Gain/Loss	2020	25	20	15	10
Experience Gain/Loss	2021	25	21	15	11
Change in Assumptions	2022	25	22	15	12
Experience Gain/Loss	2022	25	22	15	12
Experience Gain/Loss	2023	25	23	15	13
Experience Gain/Loss	2024	25	24	15	14
Experience Gain/Loss	2025	25	25	15	15

* Equals sum of (i) unfunded liability at June 30, 2018 based on 2017 valuation, plus (ii) FY18 experience This layer is amortized over the remainder of the 25-year closed period originally established in 2014.

All post-FY25 layers will be amortized over 15 years instead of 25 years.

2025 Valuation Results

Gallagher

Valuation Highlights – Pension

Assets

- The FY25 returns of 11% (market) and 9% (actuarial) **exceeded** the 7.25% expected return. See slide 14 for asset gain amounts.

Liabilities

- PRPA increases effective July 1, 2025 were based on a CPI increase of 2.1% versus 2.5% expected.
- Pension liabilities are $64M (PERS) and $19M (TRS) **higher** than expected, primarily due to larger-than-expected salary increases that were partially offset by the lower-than-expected PRPA increases. See slides 15 and 16 for liability gain/loss details.

Unfunded Liability/Funded Ratios

- See slide 13 for details on how the unfunded liability and funded ratios changed from June 30, 2024 to June 30, 2025.

Actuarially Determined Contribution Rates

- See slide 17 for a comparison of the contribution rates as of June 30, 2025 and June 30, 2024.

Valuation Highlights – Healthcare

Assets

- The FY25 returns of 11% (market) and 9% (actuarial) **exceeded** the 7.25% expected return. See slide 14 for asset gain amounts.

Liabilities

- Healthcare liabilities are $216M (PERS) and $42M (TRS) **higher** than expected, primarily due to larger-than-expected medical/Rx costs. See slides 15 and 16 for liability gain/loss details.

Trend Rates

- The trend rates were unchanged from the prior valuation. Potential changes to the trend rates will be evaluated as part of the upcoming experience study.

Unfunded Liability/Funded Ratios

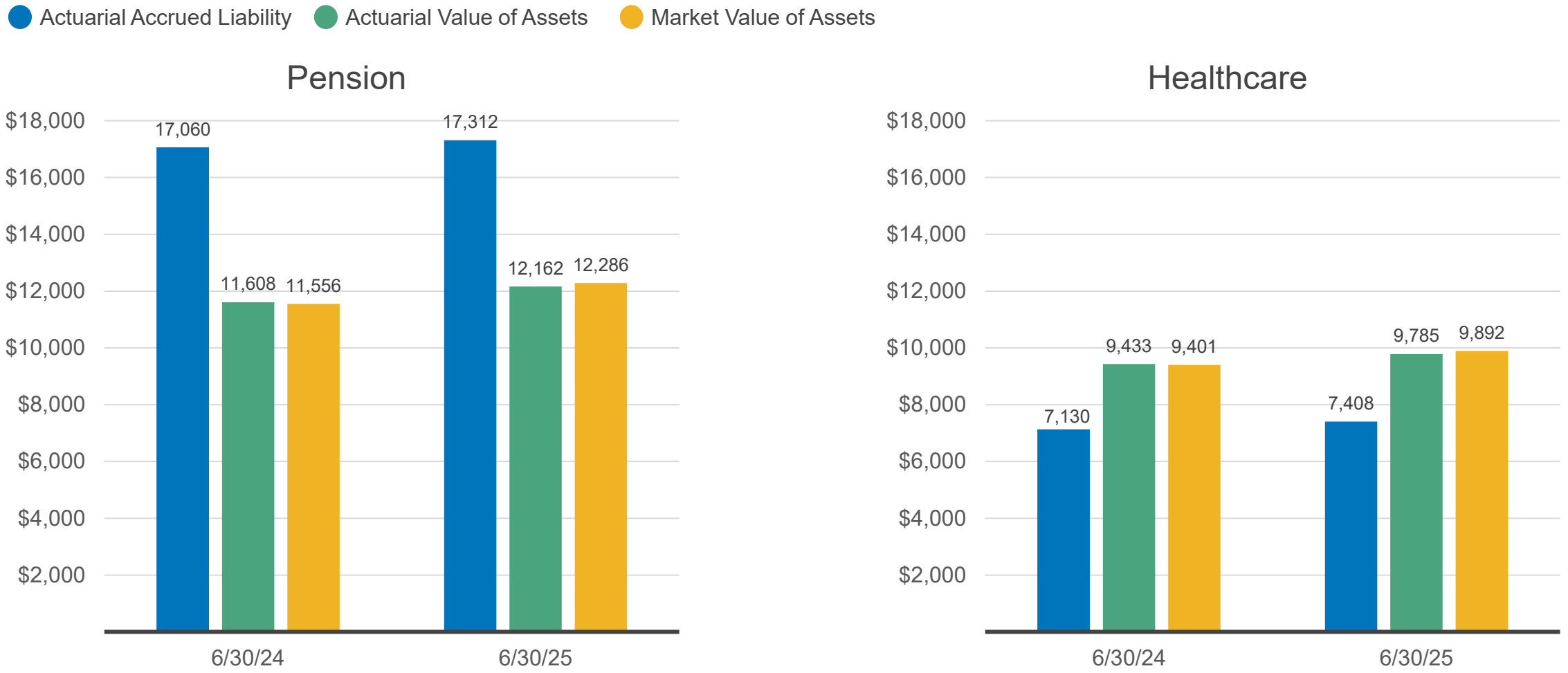
- See slide 13 for details on how the unfunded liability and funded ratios changed from June 30, 2024 to June 30, 2025.

Actuarially Determined Contribution Rates

- See slide 17 for a comparison of the contribution rates as of June 30, 2025 and June 30, 2024.

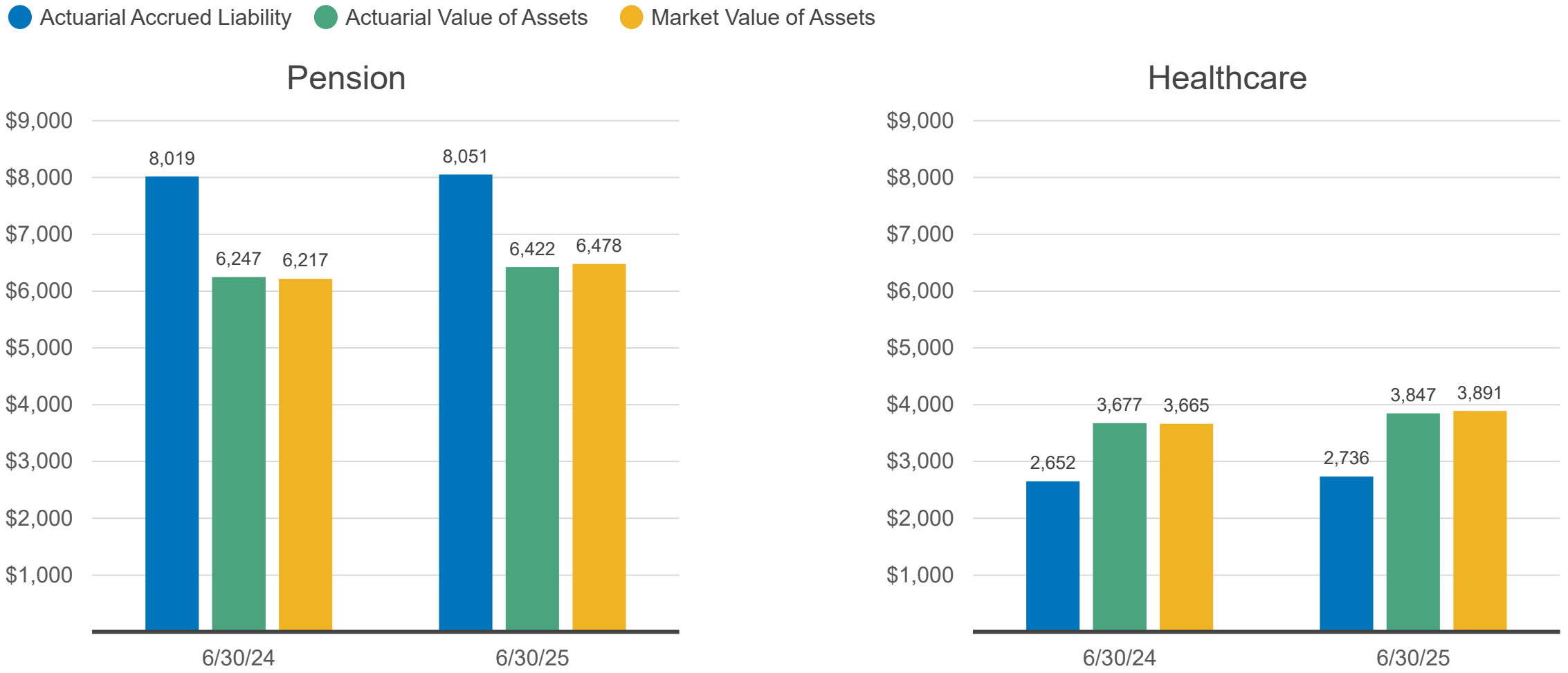
Summary of Valuation Results – PERS

$ in millions



Summary of Valuation Results – TRS

$ in millions



Summary of Valuation Results

$ in thousands	PERS Pension	PERS Healthcare	TRS Pension	TRS Healthcare
Actuarial Accrued Liability (AAL)				
6/30/25	$ 17,311,947	$ 7,408,403	$ 8,051,399	$ 2,735,920
6/30/24	$ 17,059,775	$ 7,129,523	$ 8,018,737	$ 2,651,545
Actuarial Value of Assets (AVA)				
6/30/25	$ 12,162,329	$ 9,785,277	$ 6,422,103	$ 3,846,857
6/30/24	$ 11,608,256	$ 9,433,351	$ 6,247,250	$ 3,677,415
Unfunded Liability (AAL - AVA)				
6/30/25	$ 5,149,618	$ (2,376,874)	$ 1,629,296	$ (1,110,937)
6/30/24	$ 5,451,519	$ (2,303,828)	$ 1,771,487	$ (1,025,870)
Market Value of Assets (MVA)				
6/30/25	$ 12,286,031	$ 9,891,510	$ 6,478,048	$ 3,891,081
6/30/24	$ 11,555,868	$ 9,400,625	$ 6,216,525	$ 3,665,189
Actuarial Funded Ratio (AVA / AAL)				
6/30/25	70.3%	132.1%	79.8%	140.6%
6/30/24	68.0%	132.3%	77.9%	138.7%
Market Funded Ratio (MVA / AAL)				
6/30/25	71.0%	133.5%	80.5%	142.2%
6/30/24	67.7%	131.9%	77.5%	138.2%

FY25 Asset and Liability Experience

$ in thousands	PERS Pension	PERS Healthcare	TRS Pension	TRS Healthcare
Actuarial Accrued Liability				
Expected 6/30/25	$ 17,248,346	$ 7,192,452	$ 8,032,517	$ 2,694,151
Actual 6/30/25	$ 17,311,947	$ 7,408,403	$ 8,051,399	$ 2,735,920
FY25 Gain/(Loss)	$ (63,601)	$ (215,951)	$ (18,882)	$ (41,769)
Actuarial Value of Assets				
Expected 6/30/25	$ 11,938,099	$ 9,597,769	$ 6,296,269	$ 3,775,300
Actual 6/30/25	$ 12,162,329	$ 9,785,277	$ 6,422,103	$ 3,846,857
FY25 Gain/(Loss)	$ 224,230	$ 187,508	$ 125,834	$ 71,557
Market Value of Assets				
Expected 6/30/25	$ 11,881,912	$ 9,562,670	$ 6,263,317	$ 3,762,188
Actual 6/30/25	$ 12,286,031	$ 9,891,510	$ 6,478,048	$ 3,891,081
FY25 Gain/(Loss)	$ 404,119	$ 328,840	$ 214,731	$ 128,893

FY25 Liability Gain/(Loss) Amounts – PERS

$ in thousands	Pension	Healthcare
PRPA increases due to CPI < expected	$ 34,863	$ n/a
COLA increases < expected	2,083	n/a
Salary increases > expected	(123,747)	n/a
Demographic experience	4,564	5,028
Claims experience	n/a	(145,831)
Changes in dependent coverage elections	n/a	(15,857)
Medicare Part B only experience	n/a	451
Metcalfe transfers from DCR	(1,746)	(587)
Rehires (net of rehire load)	(2,724)	(4,781)
Benefit payments different than expected	21,189	(37,707)
Programming changes	(51)	(33,449)
Other	1,968	16,782
Total $	$ (63,601)	$ (215,951)
Total %	(0.4)%	(3.0)%

The losses for Metcalfe transfers are partially offset by amounts ($241K pension and $174K healthcare) that were deposited in FY25 to the DB trusts on behalf of Metcalfe transfers from DCR to DB.

The healthcare demographic experience gain includes $4.3M due to fewer elections of medical coverage for new retirees from active status compared to the assumed election percentage.

The healthcare other gain includes $7.6M for cashouts of actives and deferred vested members, and $7.1M due to fewer elections of medical coverage for new retirees from deferred vested status compared to the assumed election percentage.

The healthcare programming change loss reflects updated credited service for Tier 3 deferred retirees, and updated coding for Tier 3 deferred vested members with < 10 years of service.

FY25 Liability Gain/(Loss) Amounts – TRS

$ in thousands	Pension	Healthcare
PRPA increases due to CPI < expected	$ 15,495	$ n/a
COLA increases < expected	2,036	n/a
Salary increases > expected	(26,749)	n/a
Demographic experience	(477)	20,987
Claims experience	n/a	(53,397)
Changes in dependent coverage elections	n/a	(4,268)
Medicare Part B only experience	n/a	(359)
Metcalfe transfers from DCR	(397)	(241)
Rehires (net of rehire load)	692	156
Benefit payments different than expected	10,753	(1,353)
Programming changes	19	(139)
Other	(20,254)	(3,155)
Total $	$ (18,882)	$ (41,769)
Total %	(0.2)%	(1.6)%

The losses for Metcalfe transfers are partially offset by amounts ($128K pension and $62K healthcare) that were deposited in FY25 to the DB trusts on behalf of Metcalfe transfers from DCR to DB.

The healthcare demographic experience gain includes $26.8M due to fewer elections of medical coverage for new retirees from active status compared to the assumed election percentage.

The pension other loss includes $12.1M for data changes, $4.0M for changes in QDRO participants, and $4.5M for changes in indebtedness amounts.

Actuarially Determined Contribution Rates

	PERS Pension	PERS Healthcare	TRS Pension	TRS Healthcare
as of 6/30/25				
Employer Normal Cost	2.30%	2.07%	2.37%	2.21%
Past Service Cost	18.71%	(9.72)%	22.26%	(18.19)%
Total	21.01%	2.07%	24.63%	2.21%
as of 6/30/24				
Employer Normal Cost	2.54%	2.28%	2.57%	2.41%
Past Service Cost	17.15%	(5.97)%	20.42%	(9.70)%
Total	19.69%	2.28%	22.99%	2.41%

Contribution rates are expressed as a percentage of total DB/DCR payroll.

The Past Service Costs as of June 30, 2025 are based on the *new* amortization method and *new* payroll growth assumptions, whereas the Past Service Costs as of June 30, 2024 are based on the *old* amortization method and *old* payroll growth assumptions. See the next slide for the impact of these changes on the pension Past Service Costs.

Pension Past Service Costs

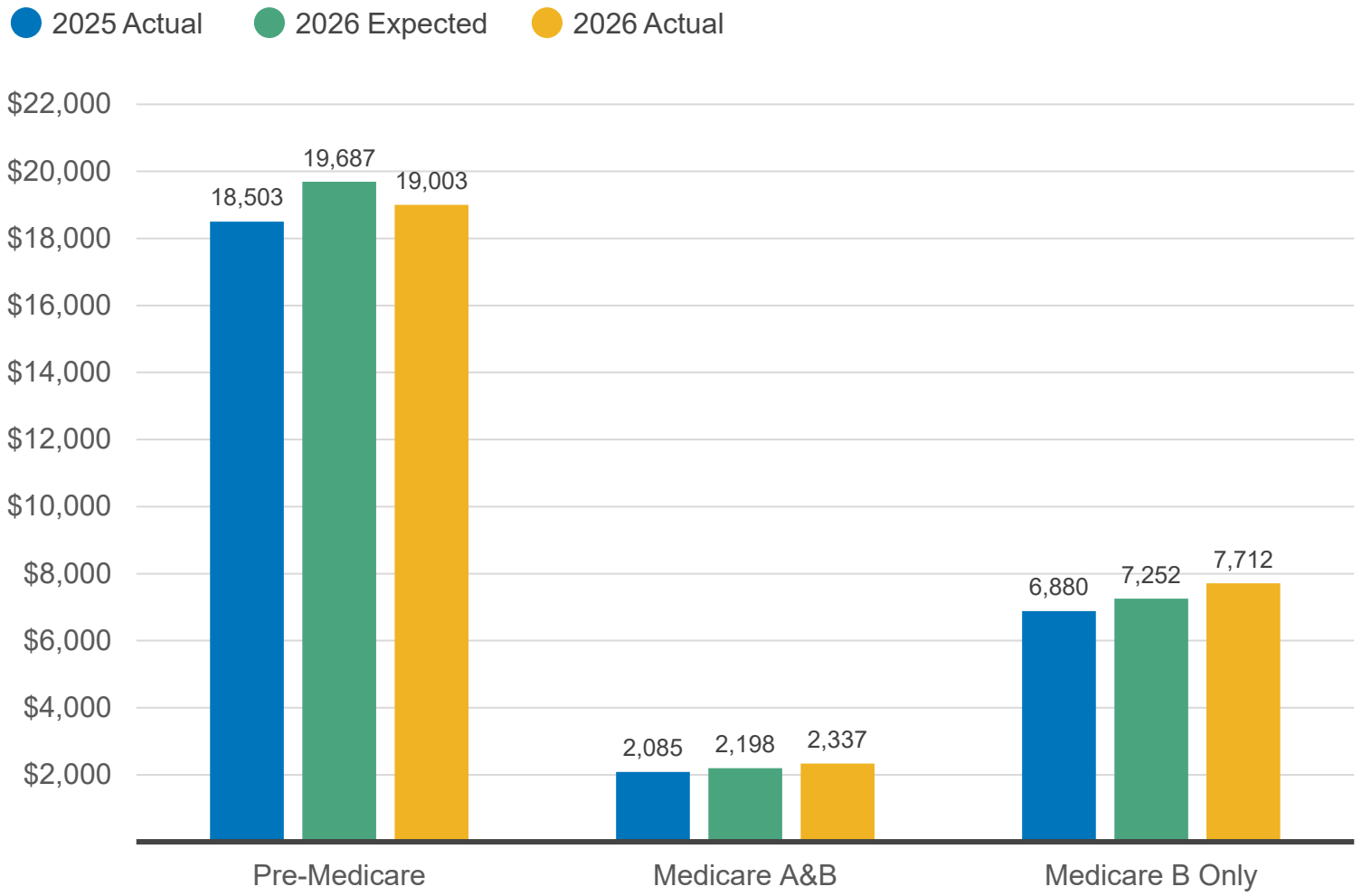
$ in thousands	As of 6/30/24	As of 6/30/25		
Amortization Method	Old	Old	**New**	**New**
Payroll Growth Assumption	Old	Old	Old	**New**
PERS Pension PSC Amount	$ 463,757	$ 463,763	$ 517,239	$ 537,447
PERS Pension PSC Rate	17.15%	16.15%	18.01%	18.71%
TRS Pension PSC Amount	$ 153,706	$ 151,185	$ 154,989	$ 170,394
TRS Pension PSC Rate	20.42%	19.75%	20.25%	22.26%

Past Service Cost *amounts* are as of beginning of year.

Past Service Cost *rates* include half year of interest.

Healthcare Changes

FY26 Projected Claims Per Capita – Medical

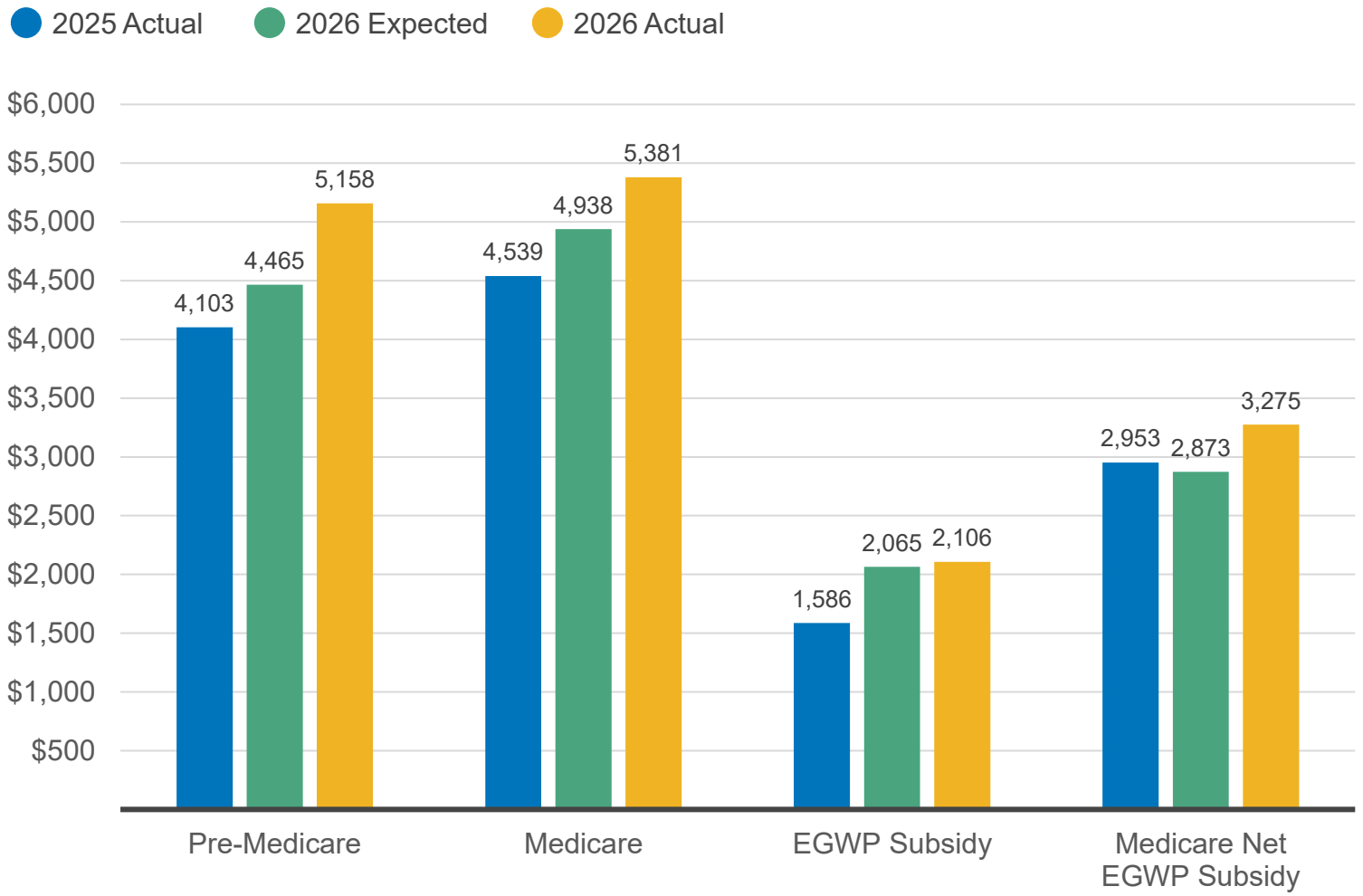


	(Gain)/Loss PMPY	(Gain)/Loss %
Pre-Medicare	$ (684)	(3.5%)
Medicare A&B	$ 139	6.3%
Medicare B Only	$ 460	6.3%

Medical costs are 3.5% **lower** than expected for Pre-Medicare coverage and 6.3% **higher** than expected for Post-Medicare coverage.

Per capita claims costs are at age 65.

FY26 Projected Claims Per Capita – Rx



	(Gain)/Loss PMPY	(Gain)/Loss %
Pre-Medicare	$ 693	15.5%
Medicare	$ 443	9.0%
EGWP Subsidy	$ (41)	(2.0%)
Medicare Net EGWP Subsidy	$ 402	14.0%

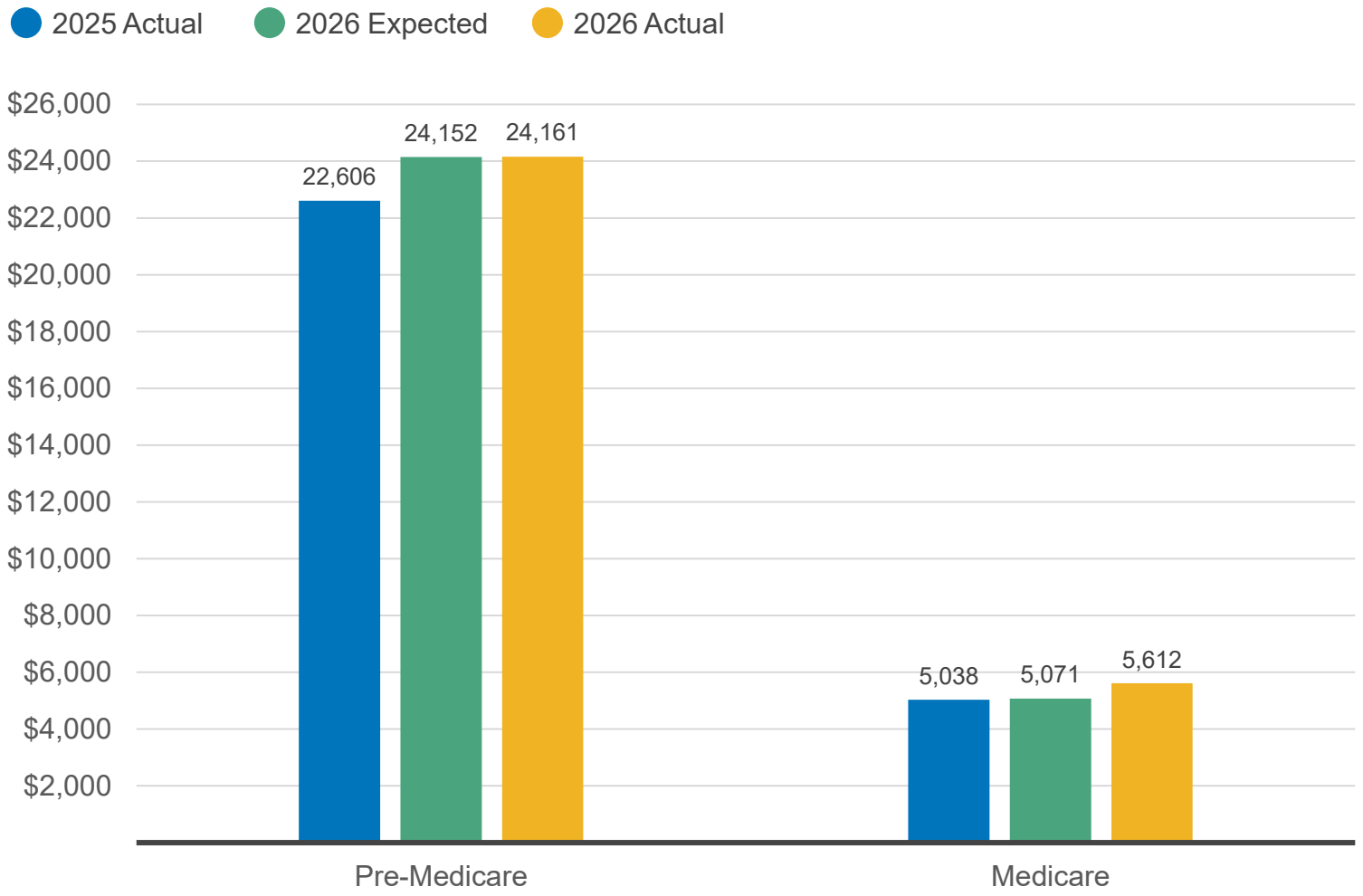
Rx costs are 15.5% **higher** than expected for pre-Medicare and 9.0% **higher** than expected for Medicare.

EGWP subsidies are 2.0% **higher** than expected, resulting in a net Medicare Rx cost 14.0% **higher** than expected.

Medicare costs for 2026 are adjusted for projected savings due to Part D negotiated prices.

Per capita claims costs are at age 65.

FY26 Projected Claims Per Capita – Combined



	(Gain)/Loss PMPY	(Gain)/Loss %
Pre-Medicare	$ 9	0.0%
Medicare	$ 541	10.7%

Combined Medical and Rx experience is slightly **higher** than expected for Pre-Medicare and 10.7% **higher** than expected for Medicare.

Medicare combined claims are equal to Medicare A&B claims plus Rx claims less the EGWP subsidy.

Per capita claims costs are at age 65.

EGWP Subsidy Smoothing

- The ARMB adopted a 5-year smoothing method beginning with the 2024 valuations.
- Segal's estimated CY 2026 EGWP subsidy increased by 19% over their CY 2025 estimate.
- The FY26 EGWP smoothing calculations are shown below:

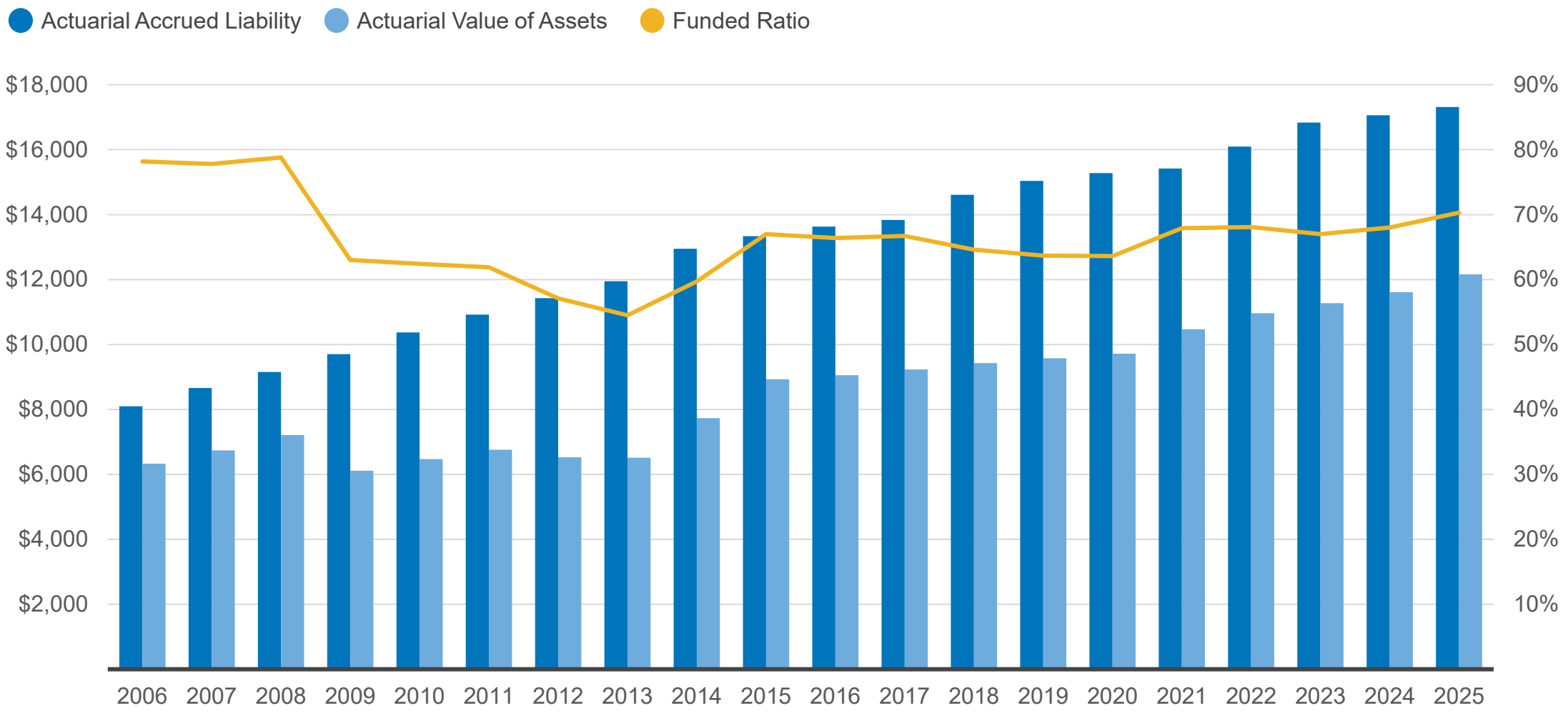
FY26 5-Year Smoothing	Annual PMPY Subsidy	Weight
FY22 trended to FY26	$ 1,568	6.67%
FY23 trended to FY26	$ 1,641	13.33%
FY24 trended to FY26	$ 1,478	20.00%
FY25 trended to FY26	$ 2,093	26.67%
FY26	$ 2,787	33.33%
Weighted Avg Subsidy	**$ 2,106**	

Historical Figures (2006-2025)

Gallagher

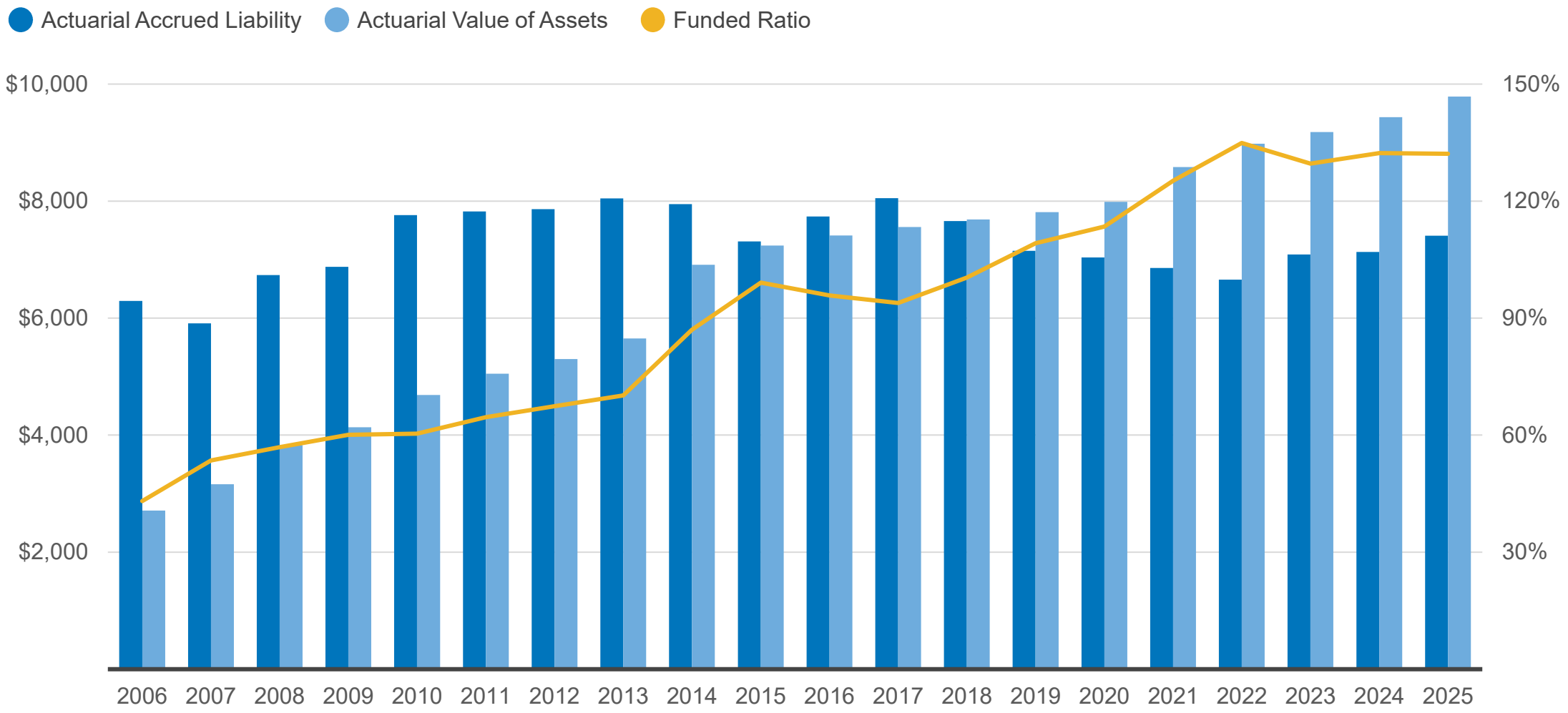
Assets, Liabilities, and Funded Ratios – PERS Pension

$ in millions



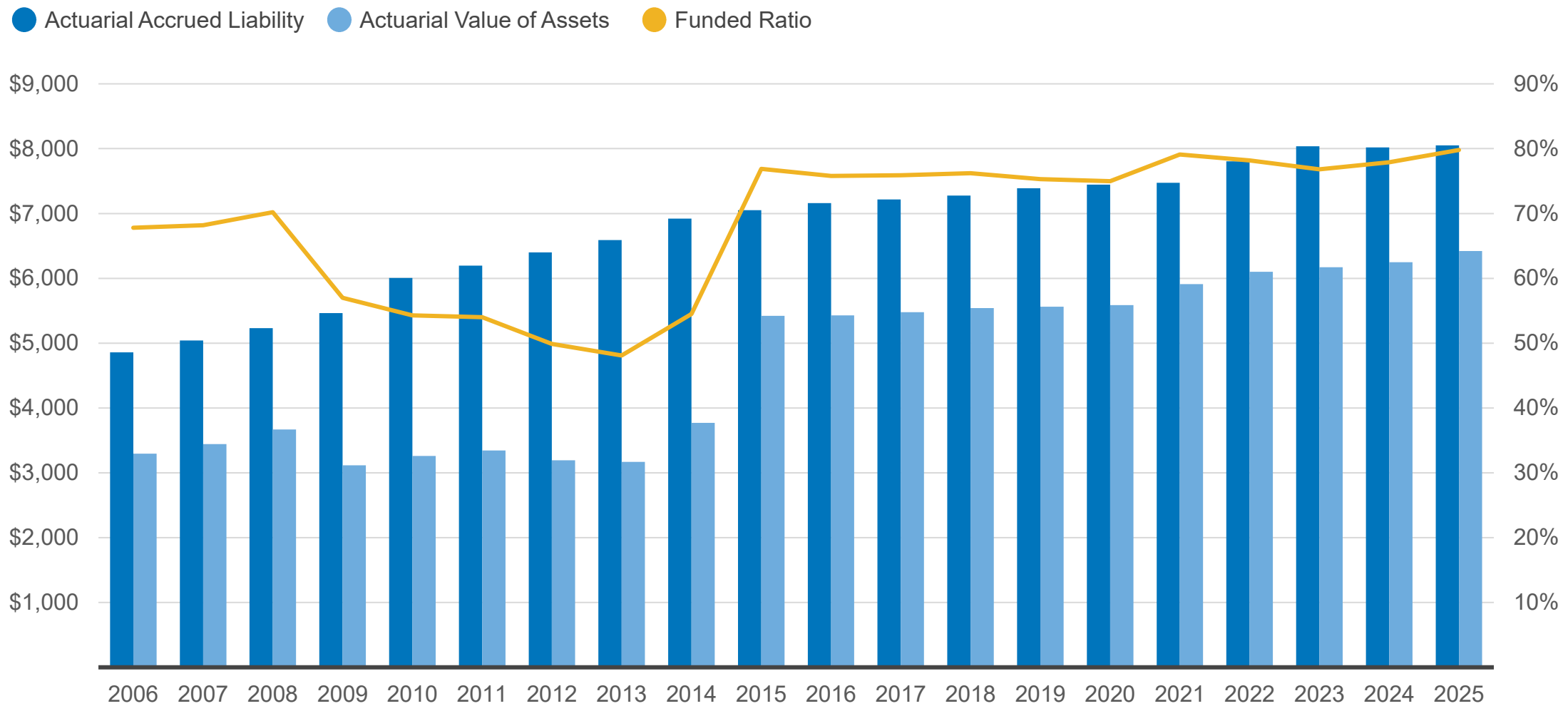
Assets, Liabilities, and Funded Ratios – PERS Healthcare

$ in millions



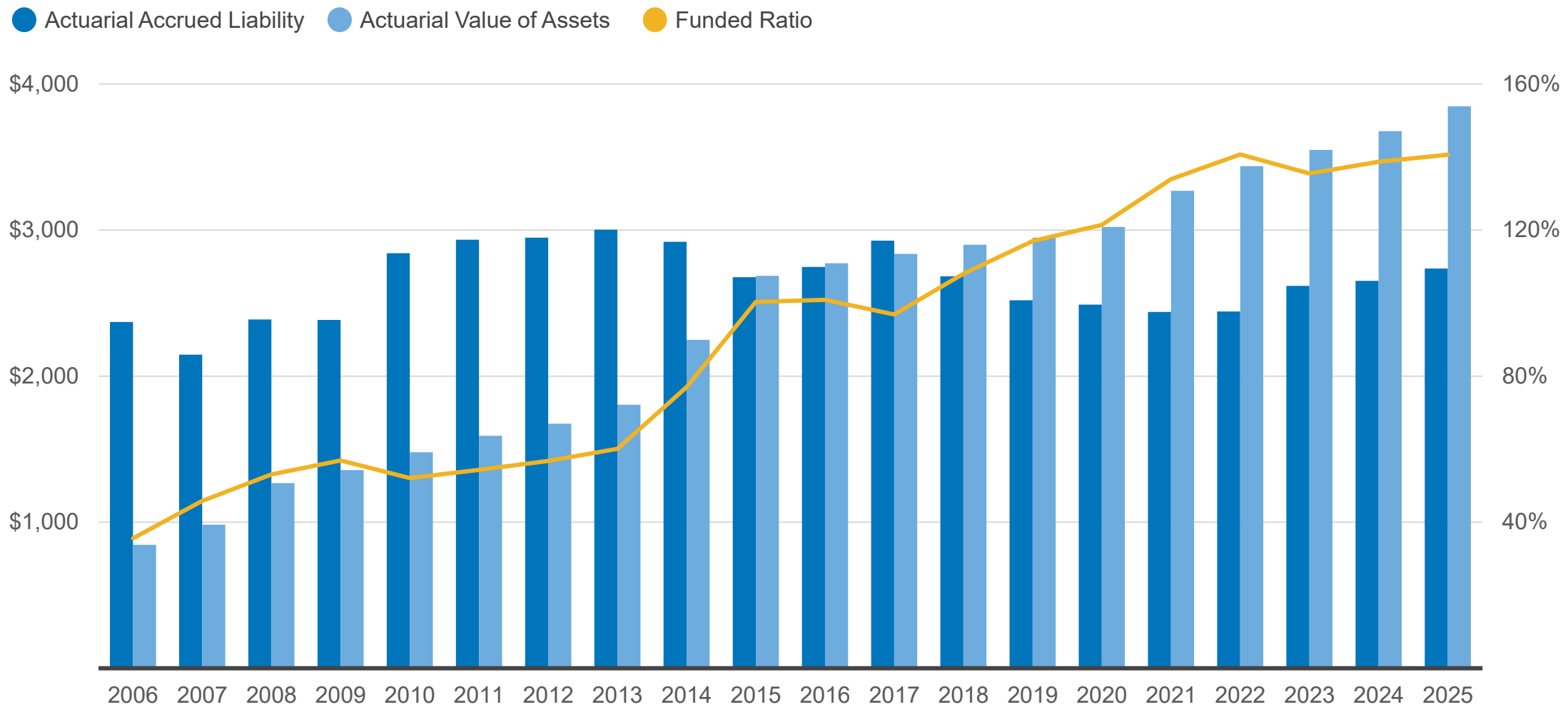
Assets, Liabilities, and Funded Ratios – TRS Pension

$ in millions

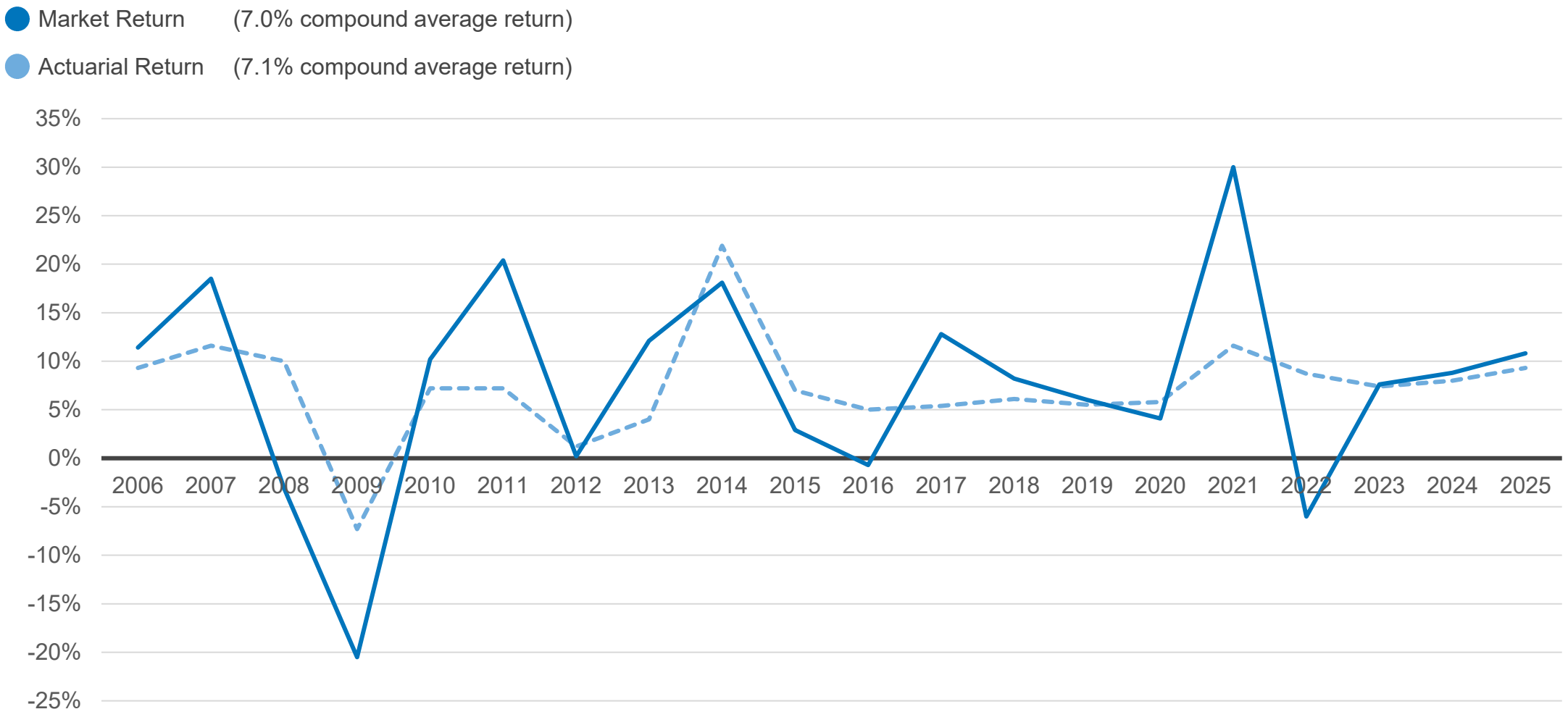


Assets, Liabilities, and Funded Ratios – TRS Healthcare

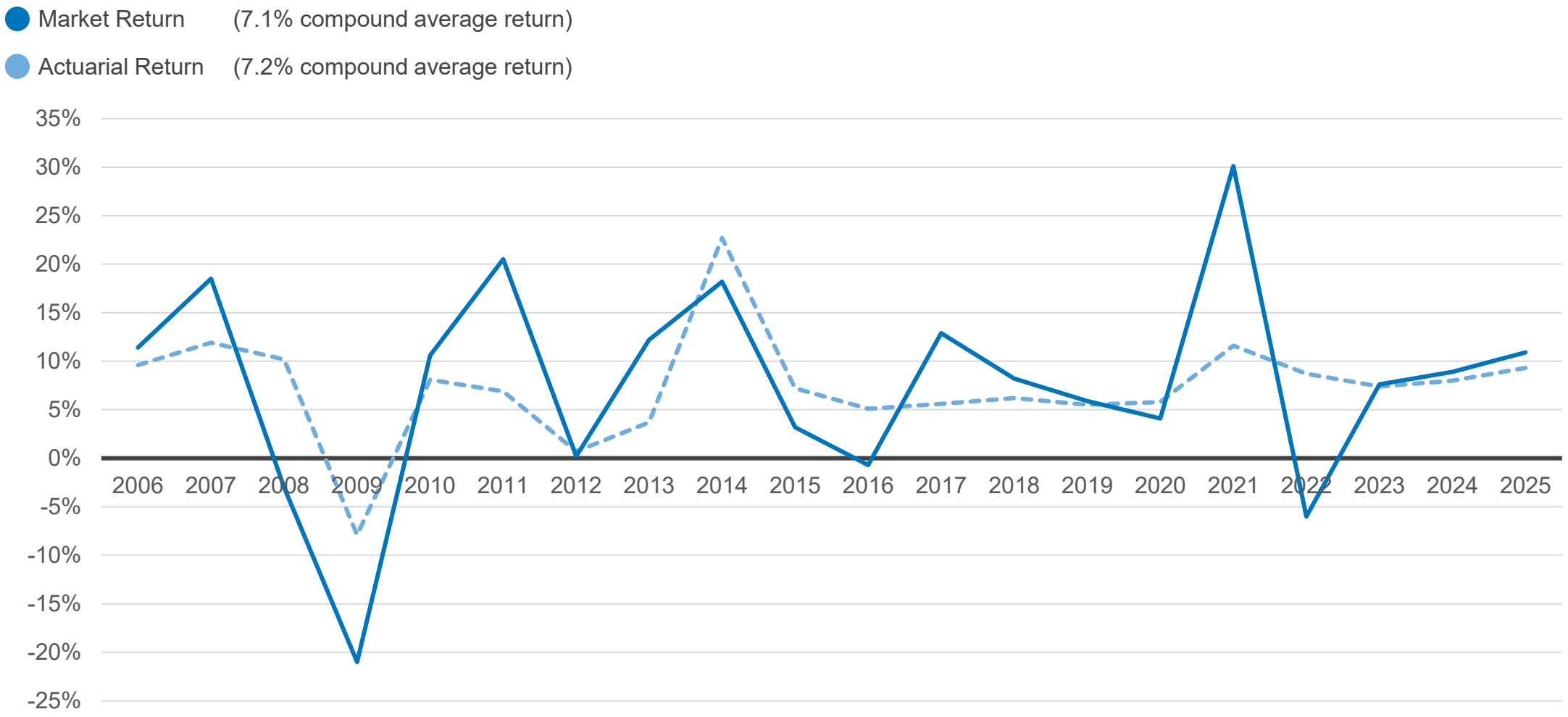
$ in millions



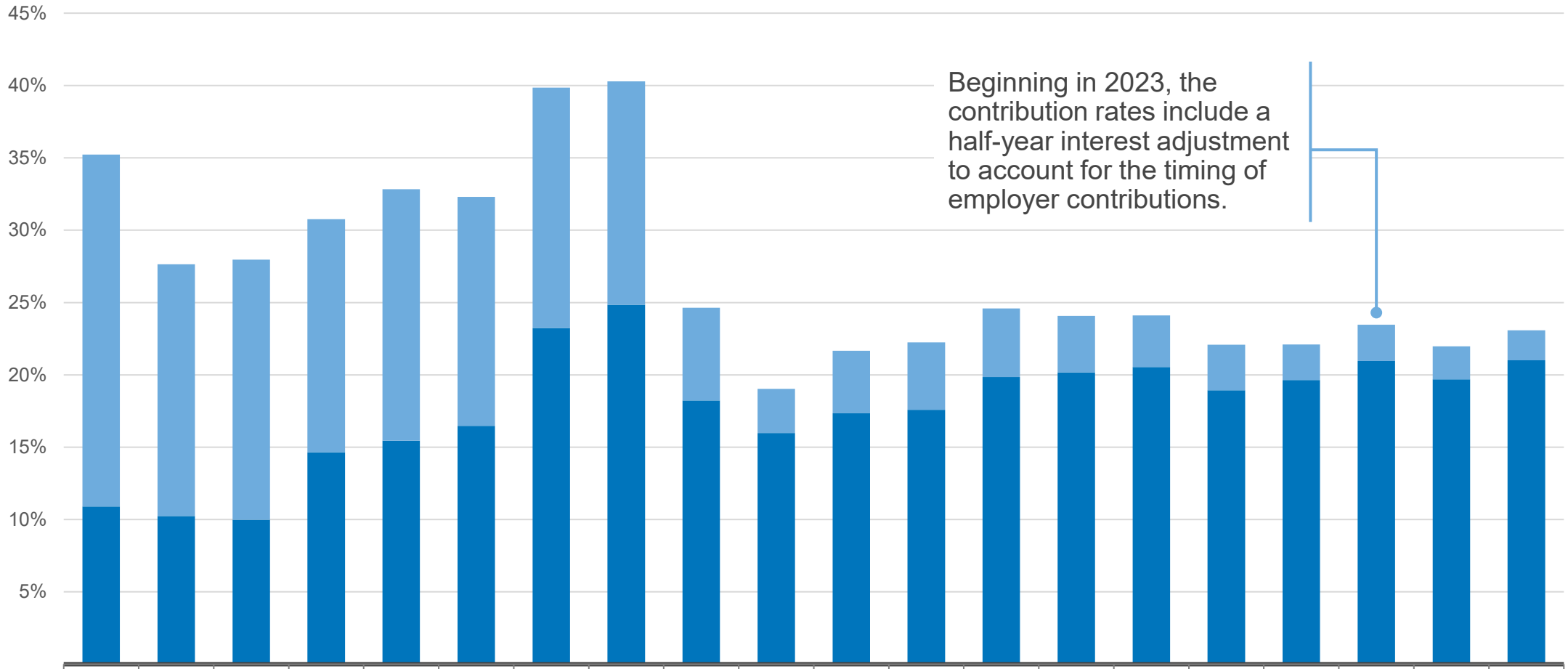
Asset Returns – PERS



Asset Returns – TRS

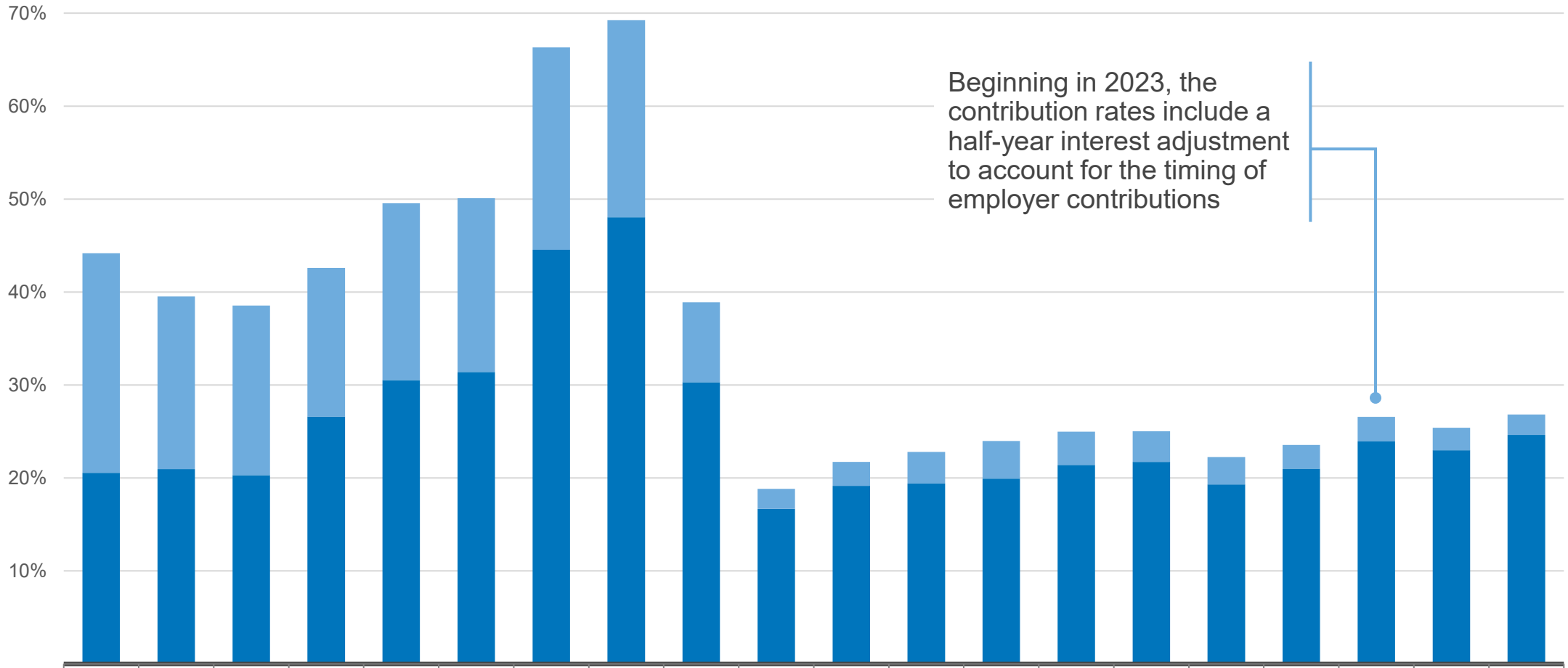


June 30 Actuarially Determined Contribution Rates – PERS



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Healthcare	24.31%	17.40%	17.98%	16.11%	17.38%	15.84%	16.61%	15.44%	6.41%	3.05%	4.33%	4.67%	4.74%	3.91%	3.57%	3.16%	2.46%	2.51%	2.28%	2.07%
Pension	10.91%	10.25%	9.98%	14.65%	15.45%	16.47%	23.24%	24.84%	18.23%	15.98%	17.34%	17.58%	19.85%	20.17%	20.54%	18.93%	19.64%	20.96%	19.69%	21.01%

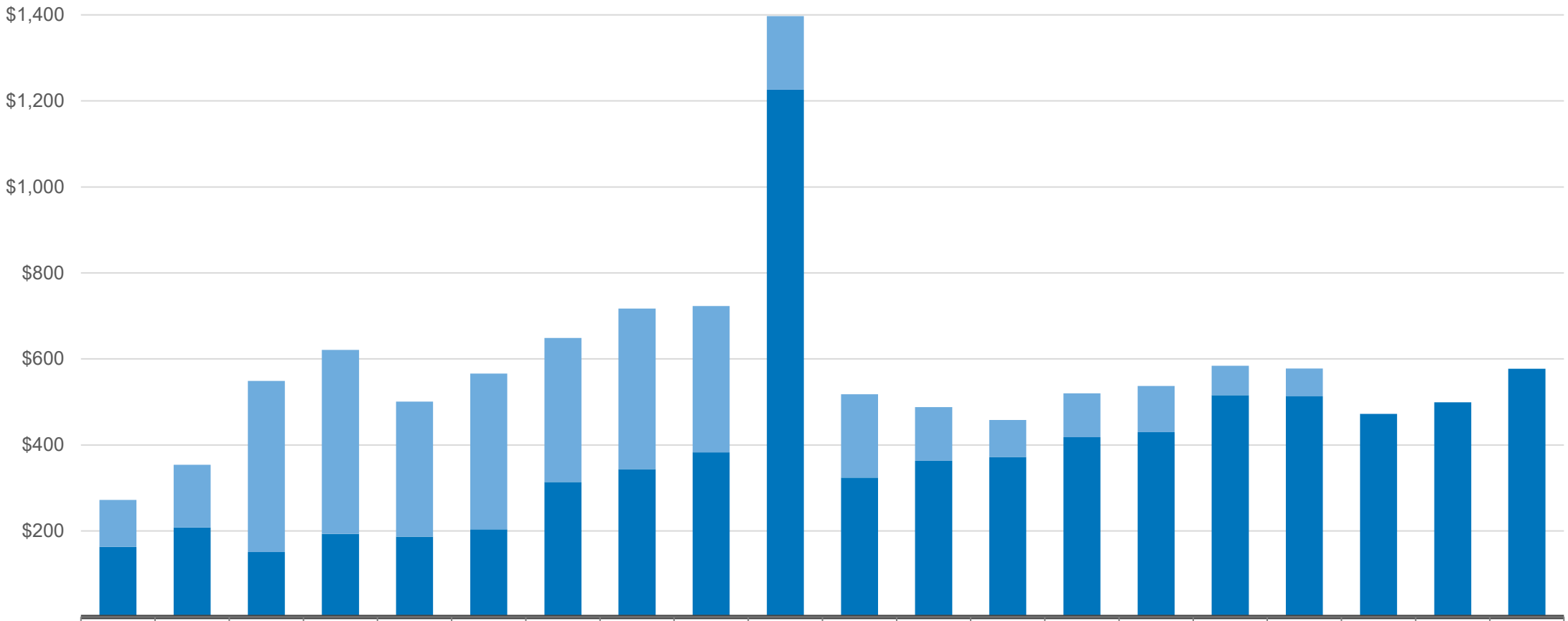
June 30 Actuarially Determined Contribution Rates – TRS



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Healthcare	23.60%	18.58%	18.24%	16.00%	19.03%	18.70%	21.76%	21.18%	8.59%	2.16%	2.57%	3.40%	4.05%	3.57%	3.30%	2.94%	2.56%	2.65%	2.41%	2.21%
Pension	20.57%	20.95%	20.32%	26.61%	30.53%	31.40%	44.55%	48.06%	30.30%	16.68%	19.16%	19.40%	19.94%	21.41%	21.73%	19.32%	21.00%	23.94%	22.99%	24.63%

Employer/State Contributions – PERS

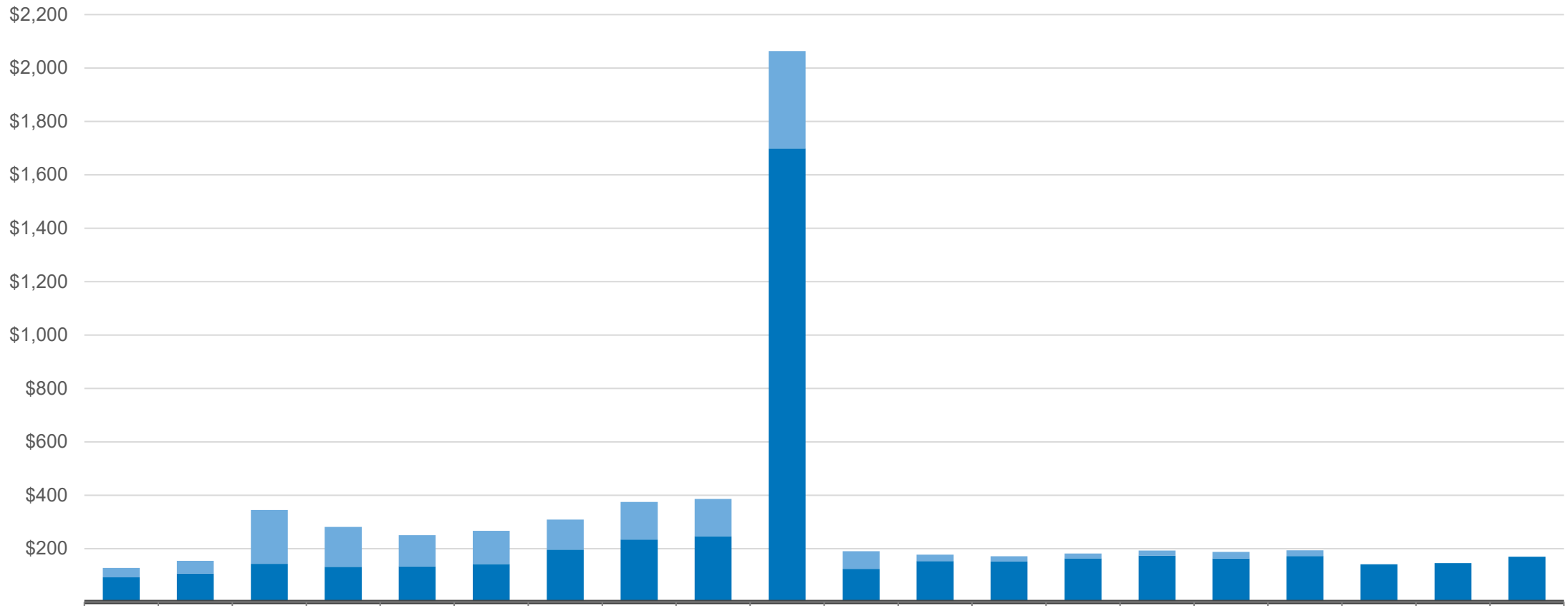
$ in millions



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Healthcare	109	146	398	428	314	362	335	373	340	171	194	125	86	102	107	68	65	1	0	0
Pension	163	208	151	193	187	204	314	344	383	1,226	324	363	372	418	430	516	513	472	499	577

Employer/State Contributions – TRS

$ in millions



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Healthcare	36	48	202	149	116	125	113	141	140	364	66	24	19	18	19	25	22	0	0	0
Pension	92	106	143	132	134	142	196	234	246	1,699	124	153	152	164	174	163	172	141	146	170

Next Steps

Next Steps

- Complete DCR valuations and JRS/NGNMRS roll-forward valuations.
- Run projections of assets, liabilities, and contributions for PERS and TRS.
  - Identify sensitivity analysis scenarios for projections.
- Prepare draft valuation reports.
- Discuss these items at the March meeting.

Actuarial Certification

Actuarial Certification

The purpose of this presentation is to provide the ARMB Actuarial Committee with preliminary PERS and TRS June 30, 2025 valuation results for discussion at the December 2, 2025 meeting. More complete valuation results will be presented at the March 17, 2026 meeting. This presentation should be considered part of the June 30, 2025 actuarial valuation report services.

Use of this presentation for any other purpose may not be appropriate and may result in mistaken conclusions due to failure to understand applicable assumptions, methodologies, or inapplicability of the information for that purpose. Because of the risk of misinterpretation of actuarial results, you should ask Gallagher to review any statement you wish to make on the results contained in this letter and accompanying exhibits. Gallagher will accept no liability for any such statement made without prior review by Gallagher.

The data, assumptions, methods, and plan provisions used to determine the results shown in this presentation are as shown in the June 30, 2025 actuarial valuation reports (draft reports will be provided within the next few weeks). The June 30, 2025 actuarial valuation reports will contain disclosures required by Actuarial Standards of Practice.

Where presented, references to “funded ratio” and “unfunded actuarial accrued liability” typically are measured on an actuarial value of assets basis. It should be noted that the same measurements using market value of assets would result in different funded ratios and unfunded accrued liabilities. Moreover, the funded ratio presented is appropriate for evaluating the need and level of future contributions but makes no assessment regarding the funded status of the plan if the plan were to settle (i.e., purchase annuities) for a portion or all of its liabilities.

Future actuarial measurements may differ significantly from current measurements due to plan experience differing from that anticipated by the actuarial assumptions, changes in assumptions, changes expected as part of the natural operation of the methodology used for these measurements, and changes in plan provisions or applicable law.

The results were prepared under our direction. We meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. These results have been prepared in accordance with all applicable Actuarial Standards of Practice.

David Kershner
FSA, EA, MAAA, FCA
Principal, Retirement

Kevin Spanier
ASA, EA, MAAA, FCA
Principal, Retirement

Robert Besenhofer
ASA, MAAA, FCA
Director, Health

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State of Alaska

Timeline for June 30, 2025 Valuations (PERS, TRS, PERS DCR, TRS DCR, JRS/NGNMRS roll-forward, EPORS)

Item #	Task	Original Deadline	Revised Deadline	Date Completed	Team Responsible	Comments / Notes
1	Monthly audit discussion with GRS / Gallagher	7/9/25		not needed	GRS / Gallagher	
2	Aetna census and enrollment data request to DRB	7/11/25		7/23/25	Gallagher	DRB to replace SSN with RIN before sending data to Gallagher.
3	Valuation data request to DRB	7/11/25		7/11/25	Gallagher	DRB to replace SSN with RIN before sending data to Gallagher.
4	Monthly audit discussion with GRS / Gallagher	8/13/25		8/13/25	GRS / Gallagher	
5	Preliminary 6/30/25 assets to Gallagher (to be used for FY27 contribution rates only)	8/15/25		8/15/25	DRB	Original versions were received on Aug 4, then updated.
6	Claims data request to Segal/DRB	8/22/25		8/7/25	Gallagher	Incurred claims through 5/31/25 that are paid through 7/31/25. Timing moved up one month vs previous years to expedite valuation processing for December meeting.
7	Valuation data to Gallagher	9/5/25		9/5/25	DRB	
8	Monthly audit discussion with GRS / Gallagher	9/10/25	9/12/25	not needed	GRS / Gallagher	
9	Send valuation data files received from DRB to GRS	9/12/25		9/9/25	Gallagher	
10	**Actuarial Committee Meeting - FY27 contribution rates (based on 6/30/24 valuations), JRS amortization study**	9/16/25		9/16/25	All	**Fairbanks.**
11	Claims data to Gallagher	9/19/25		11/5/25	Segal / DRB	Original claims were provided on Oct 2, with updated claims provided on Nov 5.
12	Audit data and sample lives request to Gallagher	9/19/25		9/25/25	GRS	
13	Data questions to DRB	9/26/25		9/26/25	Gallagher	
14	Data responses to Gallagher	10/3/25		10/21/25	DRB	Initial data responses were provided on Oct 8.
15	Monthly audit discussion with GRS / Gallagher	10/8/25		not needed	GRS / Gallagher	
16	Final 6/30/25 assets to Gallagher (to be used for 6/30/25 valuations)	10/10/25		10/9/25	DRB	
17	Send 6/30/25 valuation data and DRB data questions to GRS	10/24/25		11/14/25	Gallagher	
18	Monthly audit discussion with GRS / Gallagher	11/12/25		11/12/25	GRS / Gallagher	
19	Sample life information to GRS	11/14/25		11/21/25	Gallagher	
20	Preliminary valuation results and PVB's by individual to GRS	11/21/25		11/21/25	Gallagher	
21	**Actuarial Committee Meeting - 6/30/25 valuation results (preliminary)**	12/2/25			All	**Anchorage**.
22	Monthly audit discussion with GRS / Gallagher	12/10/25			GRS / Gallagher	
23	Draft DCR valuation reports to GRS	1/9/26			Gallagher	
24	Monthly audit discussion with GRS / Gallagher	1/14/26			GRS / Gallagher	
25	Draft DB valuation reports to GRS	1/23/26			Gallagher	
26	Monthly audit discussion with GRS / Gallagher	2/11/26			GRS / Gallagher	
27	Monthly audit discussion with GRS / Gallagher	3/11/26			GRS / Gallagher	
28	**Actuarial Committee Meeting - 6/30/25 valuation results (full), projections, sensitivity analysis, draft 6/30/25 valuation reports, experience study**	3/17/26			All	**Juneau**.
29	Draft actuarial review report to Gallagher	3/20/26			GRS	
30	Monthly audit discussion with GRS / Gallagher	4/8/26			GRS / Gallagher	
31	Monthly audit discussion with GRS / Gallagher	5/13/26			GRS / Gallagher	
32	**Actuarial Committee Meeting - final 6/30/25 valuation reports, experience study**	6/9/26			All	**Anchorage**.
33	Monthly audit discussion with GRS / Gallagher	6/10/26	6/3/26		GRS / Gallagher	Moved up one week due to date of June meeting.

Note: All deadline and completion dates are specific to PERS and TRS.

State of Alaska Retirement Systems

Presentation to ARMB Actuarial Committee

Experience Study for the Period July 1, 2021 to June 30, 2025

- Economic Assumptions

December 2, 2025

Gallagher

Insurance | Risk Management | Consulting

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Background

Background

- Under AS 37.10.220(a)(9), the ARMB requests the plan actuary to analyze the experience of the retirement systems at least once every 4 years. However, healthcare costs and trend rates are analyzed annually.
- The last study covered experience for the 4-year period July 1, 2017 to June 30, 2021. New assumptions adopted by the ARMB were effective beginning with the 2022 valuations.
- The current study covers experience for the 4-year period July 1, 2021 to June 30, 2025. New assumptions adopted by the ARMB will be effective beginning with the 2026 valuations.
- The experience study covers economic and demographic assumptions.
  - Today's presentation includes our analysis of *economic* assumptions.
  - Our analysis of *demographic* assumptions will be presented at the March 2026 meeting.

Background (cont'd)

- Each assumption used in the valuations should represent the actuary's **best estimate of reasonable long-term expectations**.
  - An assumption is considered reasonable if it is not anticipated to accumulate significant gains or losses over time.
  - The economic assumptions should be internally consistent with each other.
  - Each assumption should be evaluated considering its materiality on the valuation results.
  - Typically, a range of reasonableness applies for each assumption.
  - Past experience should be considered but not given undue influence if future expectations differ.

- The experience study is a mix of art and science, involving both data analysis and subjective judgment.

Background (cont'd)

- Actuarial Standard of Practice No. 51 (ASOP 51) requires the actuary to identify risks that, in his/her professional judgment, may reasonably be anticipated to significantly affect a pension plan's future financial condition. The following risks may significantly affect the pension plans' future funded ratios and contribution rates:
  - Investment Risk – Investment returns will differ from rates assumed in valuations.
  - Contribution Risk – Actual contributions will differ from actuarially determined contributions.
  - Long-Term Return on Investment Risk – Changes in capital market assumptions or asset allocations will create the need to update the long-term return on investment assumptions.
  - Longevity Risk – Participants may live longer than projected under valuation mortality assumptions.
  - Salary Increase Risk – Future salaries will differ from valuation assumptions.
  - Inflation Risk – CPI-W for Urban Alaska (Anchorage) will differ from rate assumed in valuations.
  - Other Demographic Risk – Retirement and withdrawal experience will differ from valuation assumptions.
- To help manage these risks, we conduct an experience study every 4 years to assess whether the assumptions used in the valuations should be changed to better match recent and future expected experience.

Historical Data

Historical Data

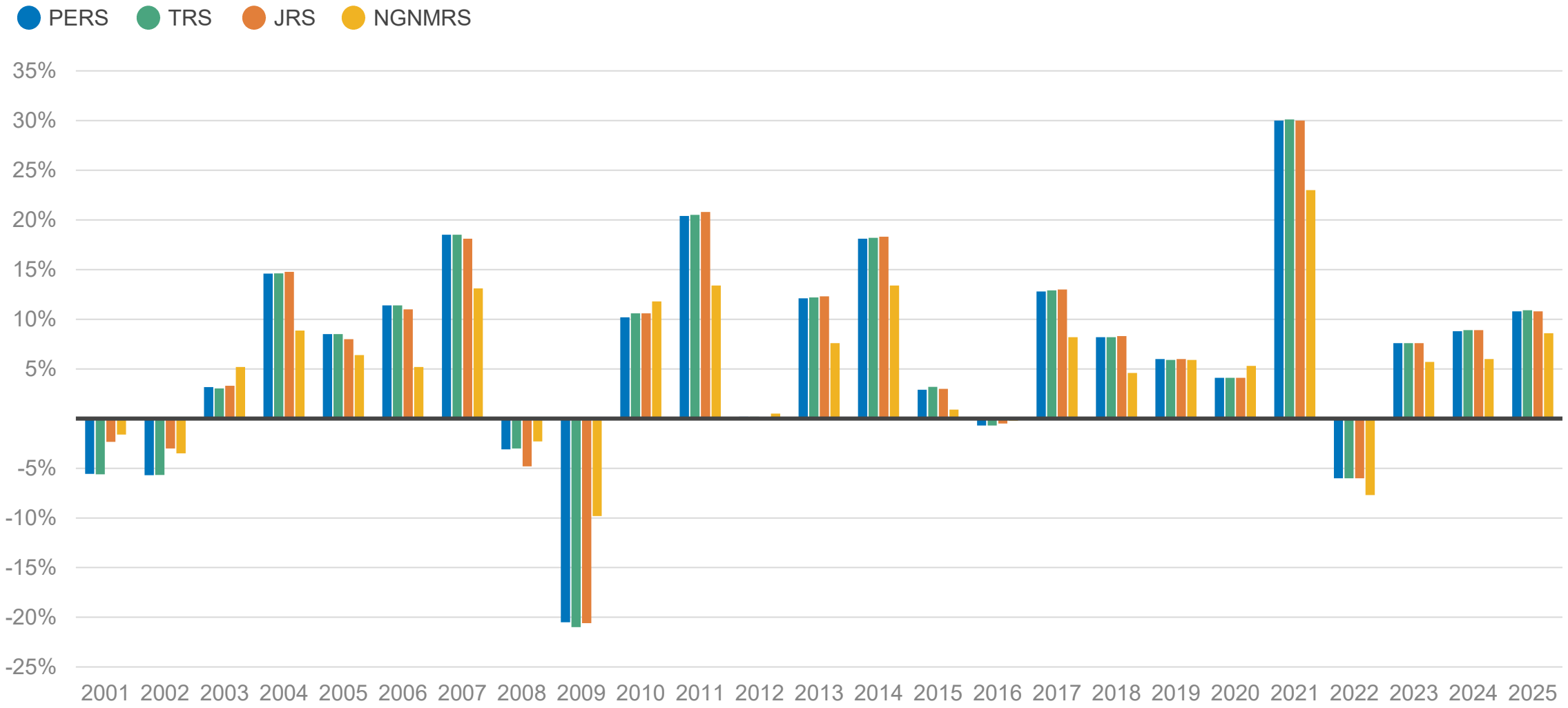
- The next few slides provide the following economic historical data for the plans:
  - Inflation rates
  - Market asset returns
  - Increases in average pay
  - Payroll growth rates
- The payroll growth rate assumption does not affect plan liabilities. It is only used to amortize the unfunded liability on a level percent of pay basis.
  - Based on average payroll growth rates for the 10-year period ending June 30, 2024, the ARMB recently adopted new payroll growth rates of 2.00% (PERS), 1.00% (TRS), and 1.25% (JRS). Accordingly, we are not proposing alternative payroll growth rates for this experience study. See slides 16 and 17 for details that were previously presented to the ARMB.
- While we use historical data as a reference, we do not fully rely on it to set forward-looking assumptions. For example, a recent temporary salary freeze would result in lower average pay increases, but these lower averages may not be expected to continue into the future.

Historical Data – Inflation Rates

Period	Average CPI-W Increases	
	National	Urban Alaska (Anchorage)
10 Years Ending June 30, 2025	3.06%	2.24%
20 Years Ending June 30, 2025	2.57%	2.31%
30 Years Ending June 30, 2025	2.52%	2.25%

Averages shown above are geometric.

Historical Data – Market Asset Returns

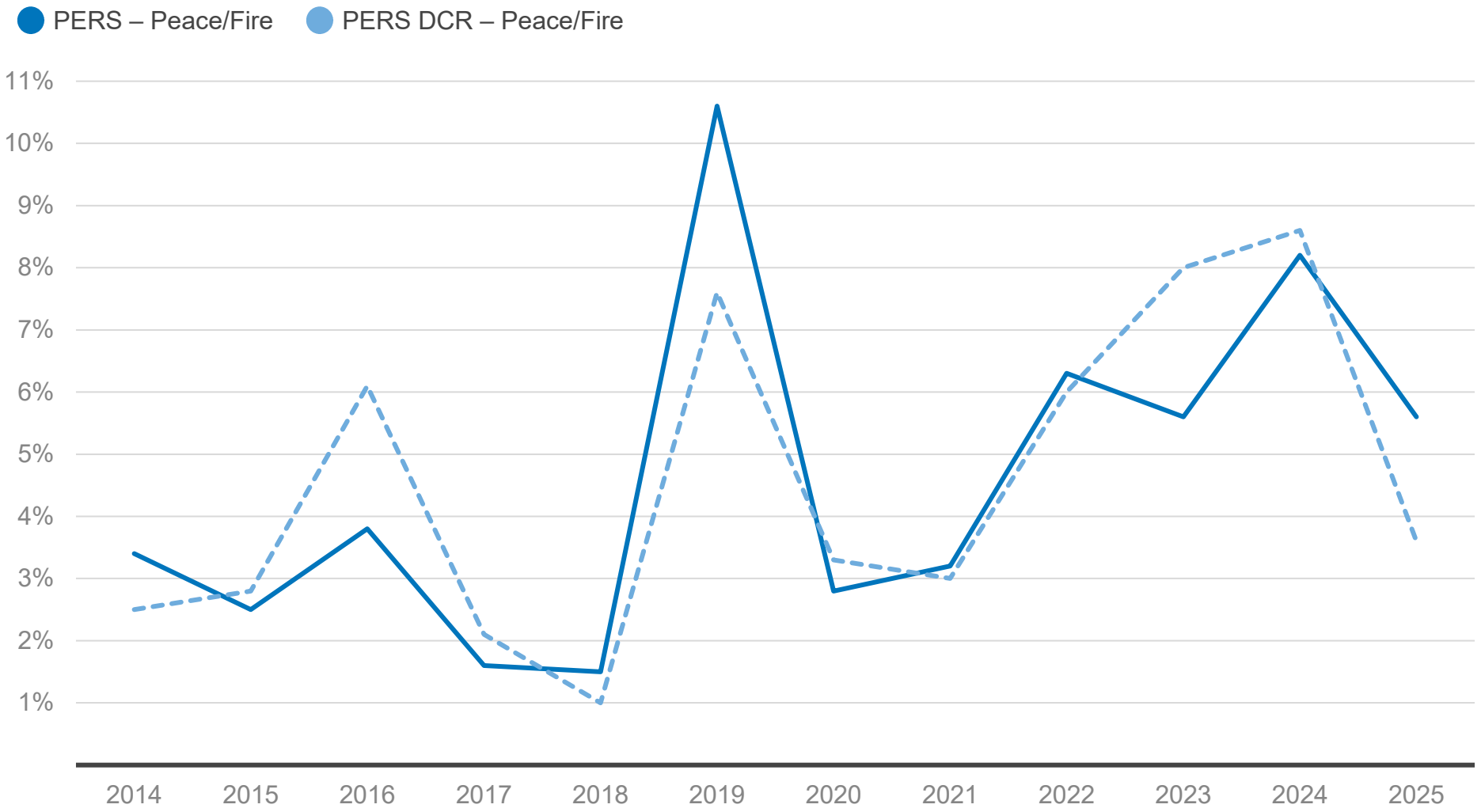


Historical Data – Average Market Asset Returns

Period	PERS	TRS	JRS	NGNMRS
5 Years Ending June 30, 2025	9.7%	9.7%	9.7%	6.7%
10 Years Ending June 30, 2025	7.8%	7.8%	7.9%	5.7%
15 Years Ending June 30, 2025	8.7%	8.7%	8.8%	6.1%
20 Years Ending June 30, 2025	7.0%	7.1%	7.0%	5.4%
25 Years Ending June 30, 2025	6.2%	6.2%	6.4%	4.9%

Averages shown above are geometric and are net of investment expenses paid from each trust.

Historical Data – Increases in Average Pay



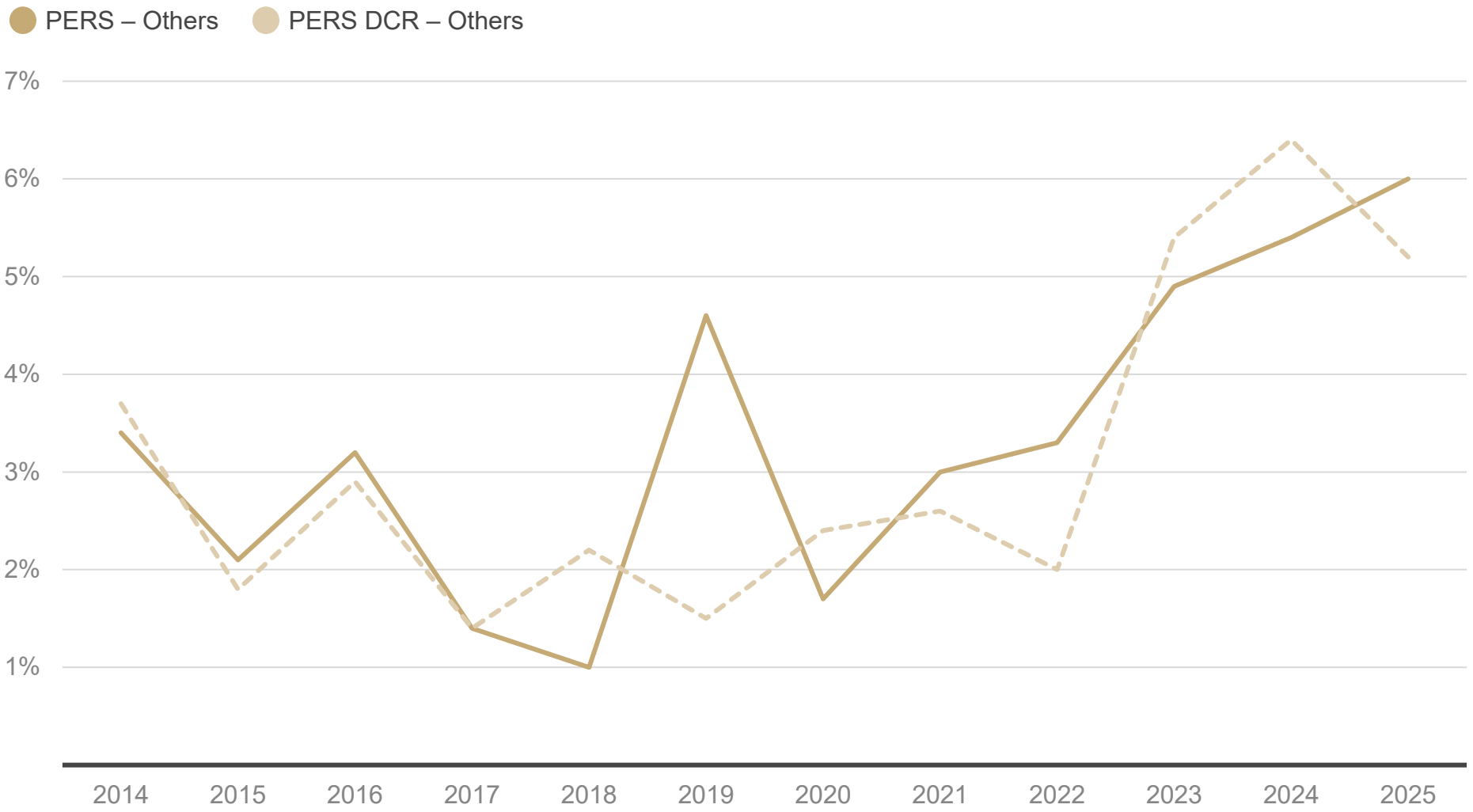
Average increases:

2014-2025
- P/F 4.6%
- P/F DCR 4.6%

2018-2025
- P/F 5.5%
- P/F DCR 5.1%

2022-2025
- P/F 6.4%
- P/F DCR 6.6%

Historical Data – Increases in Average Pay (cont'd)



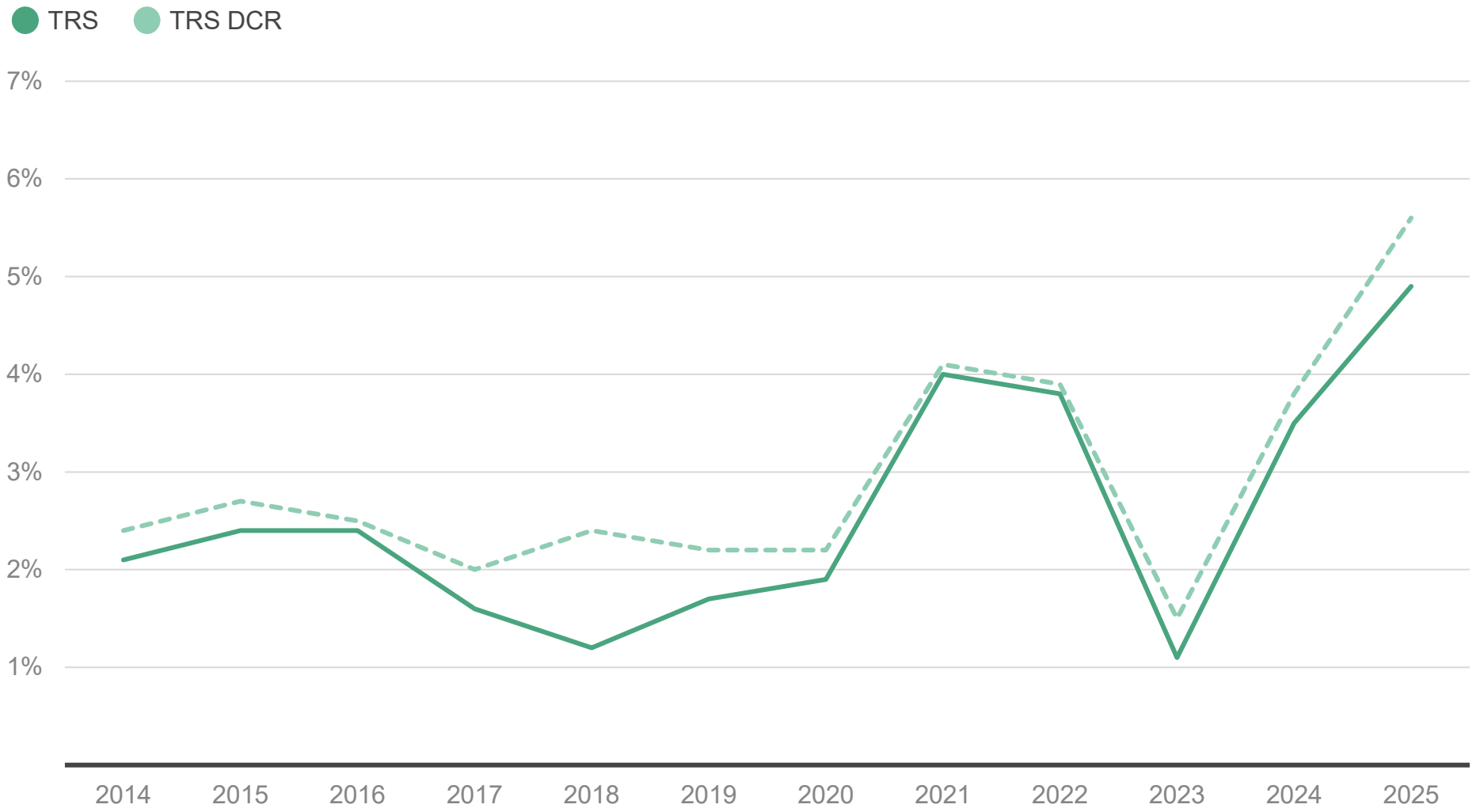
Average increases:

2014-2025
- Others 3.3%
- Others DCR 3.1%

2018-2025
- Others 3.7%
- Others DCR 3.5%

2022-2025
- Others 4.9%
- Others DCR 4.8%

Historical Data – Increases in Average Pay (cont'd)



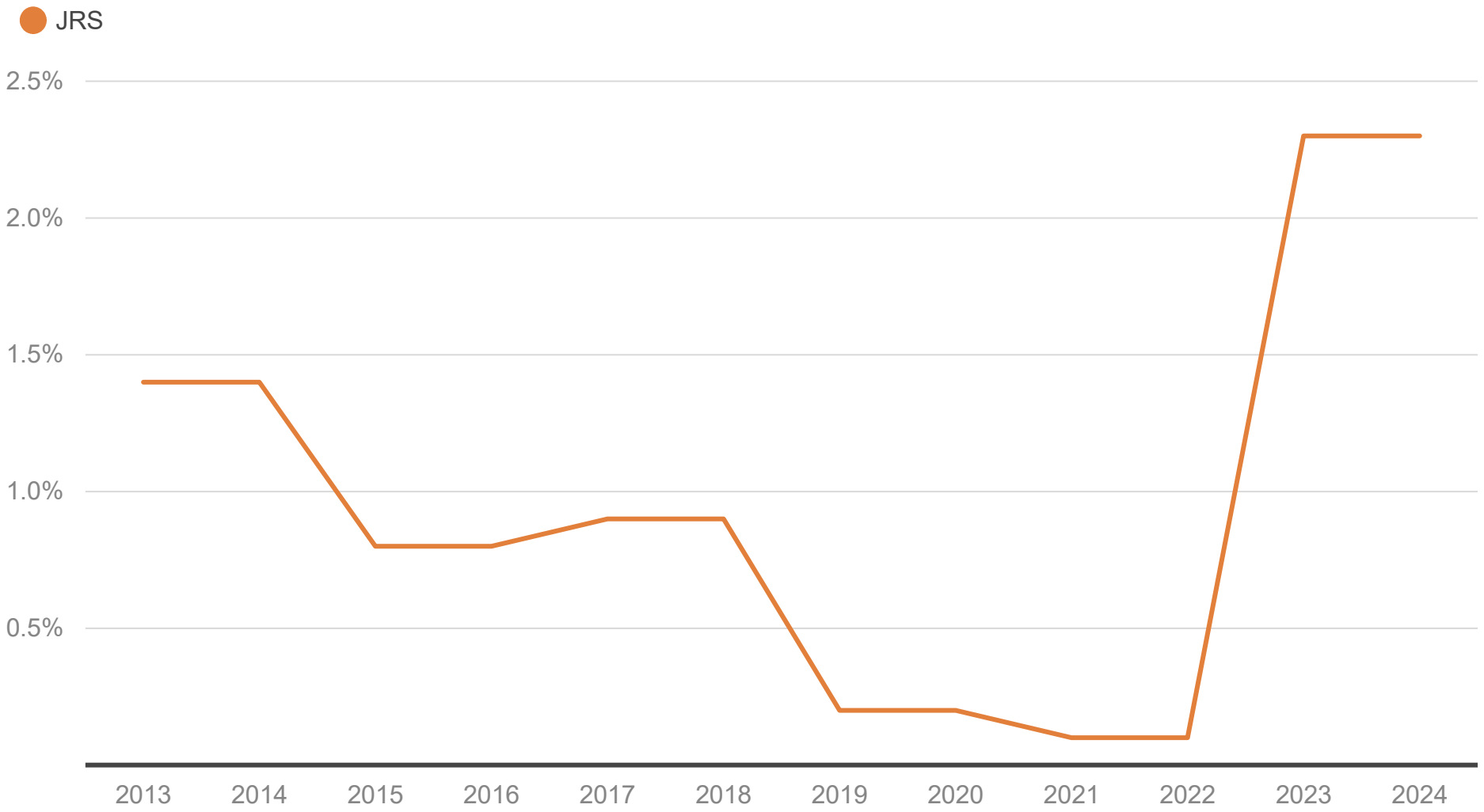
Average increases:

2014-2025
- TRS 2.6%
- TRS DCR 2.9%

2018-2025
- TRS 2.8%
- TRS DCR 3.2%

2022-2025
- TRS 3.3%
- TRS DCR 3.7%

Historical Data – Increases in Average Pay (cont'd)



Average increases:

- 2013-2024 1.0%
- 2017-2024 0.9%
- 2021-2024 1.2%

The average JRS pay increases shown here have been annualized from the 2-year increases resulting from the biannual valuations.

Historical Data – Payroll Growth (PERS/TRS DB&DCR)

FY Ending June 30	Valuation Assumptions			Actual Payroll Increases**	
	Inflation	Payroll Growth*	Basis Point Difference	PERS DB&DCR	TRS DB&DCR
2006	3.50%	4.00%	50	n/a	n/a
2007	3.50%	4.00%	50	7.69%	1.63%
2008	3.50%	4.00%	50	4.09%	3.73%
2009	3.50%	4.00%	50	6.60%	6.79%
2010	3.12%	3.62%	50	5.65%	5.83%
2011	3.12%	3.62%	50	2.83%	1.84%
2012	3.12%	0.00%	n/a	3.19%	1.68%
2013	3.12%	0.00%	n/a	3.16%	-0.87%
2014	3.12%	3.62%	50	-1.70%	-2.00%
2015	3.12%	3.62%	50	0.16%	3.58%
2016	3.12%	3.62%	50	1.17%	0.23%
2017	3.12%	3.62%	50	-0.72%	0.43%
2018	2.50%	2.75%	25	-1.03%	-1.98%
2019	2.50%	2.75%	25	3.53%	-1.76%
2020	2.50%	2.75%	25	1.10%	2.13%
2021	2.50%	2.75%	25	1.42%	1.25%
2022	2.50%	2.75%	25	1.46%	1.15%
2023	2.50%	2.75%	25	6.01%	-0.61%
2024	2.50%	2.75%	25	8.18%	3.32%

Actual Payroll Increases		
Averages	PERS DB&DCR	TRS DB&DCR
6/30/06 to 6/30/24		
• Geometric	2.89%	1.44%
• Arithmetic	2.93%	1.47%
6/30/14 to 6/30/24		
• Geometric	2.09%	0.76%
• Arithmetic	2.13%	0.77%

* The payroll growth assumptions shown here are those used to amortize the unfunded liability as a level percent of pay. A payroll growth rate of 0% indicates level dollar amortization was used.

** A negative payroll increase percentage could be due to a reduction in the number of active employees from one year to the next.

Historical Data – Payroll Growth (JRS)

FY Ending June 30	Valuation Assumptions			Actual 2-Year Payroll Increases*	Annualized 1-Year Payroll Increases*
	Inflation	Payroll Growth	Basis Point Difference		
2006	3.50%	4.00%	50	n/a	n/a
2008	3.50%	4.00%	50	20.54%	9.79%
2010	3.12%	3.62%	50	3.69%	1.83%
2012	3.12%	3.62%	50	-0.36%	-0.18%
2014	3.12%	3.62%	50	12.19%	5.92%
2016	3.12%	3.62%	50	4.31%	2.13%
2018	2.50%	2.75%	25	-4.94%	-2.50%
2020	2.50%	2.75%	25	-1.76%	-0.88%
2022	2.50%	2.75%	25	6.67%	3.28%
2024	2.50%	2.75%	25	7.66%	3.76%

Average Annualized Payroll Increases	
6/30/06 to 6/30/24	
• Geometric	2.51%
• Arithmetic	2.57%
6/30/14 to 6/30/24	
• Geometric	1.13%
• Arithmetic	1.16%

* A negative payroll increase percentage could be due to a reduction in the number of active employees from one valuation to the next and/or across-the-board salary freezes for all judges.

GEMS® Model

Gallagher

GEMS® Model

- Gallagher's capital market assumptions are based on the GEMS® economic scenario generating model developed by Conning. GEMS® incorporates historical data and forecasts future geometric values for **inflation** and **expected returns** for relevant asset classes.

- We calibrate our capital market assumptions twice per year for January 1 and October 1.

- Based on the timing of the experience study, we have used the *2024 Q4* capital market assumptions for our analysis. If needed, we can update our analysis at the March 2026 meeting based on our *2025 Q3* capital market assumptions.

Inflation Rate

Inflation Rate

- CPI-W inflation increases for last 4 years:

Year Ending June 30	National	Urban Alaska (Anchorage)
2022	9.81%	11.84%
2023	2.34%	-3.14%
2024	2.89%	3.22%
2025	2.56%	1.13%

- 10-year inflation forecasts:
  - 2.50% Callan's June 2025 ARMB meeting presentation
  - 2.31% Philadelphia Federal Reserve Bank's 2025 Q3 Survey of Professional Forecasters

- NASRA June 2025 survey of US public state retirement systems:
  - 2.53% Average inflation assumption for FY24 (versus 2.50% for Alaska's plans)

Inflation Rate (cont'd)

- The GEMS® model produced the following expected geometric inflation rates based on Gallagher's 2024 Q4 capital market assumptions:
  - 10-year 2.44%
  - 20-year 2.48%
  - 30-year 2.44%
- The current inflation assumption of 2.50% has been used for the 2022-2025 valuations.
- We propose **maintaining the 2.50% inflation assumption** for the 2026-2029 valuations.

Investment Return

Investment Return

- The investment return assumption represents the expected return on invested assets, net of investment expenses.
- This assumption is used to discount projected benefits for all active and inactive members to determine the plan's liabilities.
- A change in this assumption generally has the biggest impact on the plan's liabilities.
- We consider the following factors when setting the investment return assumption:
  - Plan's investment policy and asset allocation strategy
  - Capital market assumptions in effect at the time of measurement
  - Timing of expected contributions and benefit payments
  - Investment expenses

Investment Return (cont'd)

- To assess whether an investment return assumption is *reasonable*, we typically consider a range between the 65th and 35th percentiles. Example:
  - If the 65th percentile is 7.00%, then 65% of randomly-generated scenarios produced an expected return of 7.00% or lower.
  - If the 35th percentile is 6.00%, then 35% of randomly-generated scenarios produced an expected return of 6.00% or lower.

Investment Return (cont'd)

- Our analysis reflects the FY26 target asset allocations adopted by the ARMB in June 2025.

Asset Class	PERS/TRS/JRS	NGNMRS
Broad Domestic Equity	25.0%	12.0%
Global Equity (non-US)	17.0%	9.0%
Global Equity	3.6%	3.6%
Aggregate Bonds	25.2%	57.5%
Real Assets	14.0%	7.0%
Private Equity	14.0%	8.0%
Cash Equivalents	1.2%	2.9%
Total	100.0%	100.0%

Investment Return – GEMS® Results

- The GEMS® model produced the following expected geometric returns, net of investment expenses of 12 basis points*, based on Gallagher's 2024 Q4 capital market assumptions.

PERS/TRS/JRS

	10-Year	20-Year	30-Year
Expected Value	6.84%	7.01%	7.13%
65th Percentile	8.22%	8.20%	8.14%
35th Percentile	5.70%	6.20%	6.35%

NGNMRS

	10-Year	20-Year	30-Year
Expected Value	5.95%	6.03%	6.12%
65th Percentile	6.64%	6.68%	6.69%
35th Percentile	5.25%	5.56%	5.64%

* The investment expense assumption was provided by the State's DOR.

Investment Return – Building Block Results

- We also analyzed investment returns with a “building block” approach that used arithmetic returns based on Gallagher’s 2024 Q4 capital market assumptions.

PERS/TRS/JRS

	10-Year	20-Year	30-Year
Inflation	2.46%	2.51%	2.47%
Real Rate of Return	5.07%	5.25%	5.43%
Nominal Return	7.53%	7.76%	7.90%
Investment Expenses*	-0.12%	-0.12%	-0.12%
Nominal Return, net of Investment Expenses	7.41%	7.64%	7.78%

NGNMRS

	10-Year	20-Year	30-Year
Inflation	2.46%	2.51%	2.47%
Real Rate of Return	3.81%	3.87%	4.01%
Nominal Return	6.27%	6.38%	6.48%
Investment Expenses*	-0.12%	-0.12%	-0.12%
Nominal Return, net of Investment Expenses	6.15%	6.26%	6.36%

* The investment expense assumption was provided by the State’s DOR.

Investment Return – NASRA June 2025 Survey

Average Return = 6.91% Median Return = 7.00%

Alabama ERS	7.45%
Alabama Teachers	7.45%
Alaska PERS	7.25%
Alaska Teachers	7.25%
Arizona Public Safety Personnel	7.20%
Arizona SRS	7.00%
Arkansas PERS	7.00%
Arkansas State Highway ERS	7.50%
Arkansas Teachers	7.25%
California PERF	6.90%
California Teachers	7.00%
Chicago Teachers	6.50%
City of Austin ERS	6.75%
Colorado Affiliated Local	7.00%
Colorado Fire & Police Statewide	7.00%
Colorado Municipal	7.25%
Colorado School	7.25%
Colorado State	7.25%
Connecticut SERS	6.90%
Connecticut Teachers	6.90%
Contra Costa County	6.75%
DC Police & Fire	6.25%
DC Teachers	6.25%
Delaware State Employees	7.00%
Denver Employees	7.00%
Denver Public Schools	7.25%
Fairfax County Schools	7.00%
Florida RS	6.70%
Georgia ERS	7.00%
Georgia Teachers	6.90%
Hawaii ERS	7.00%
Houston Firefighters	7.00%
Idaho PERS	6.50%
Illinois Municipal	7.25%
Illinois SERS	6.75%
Illinois Teachers	7.00%
Illinois Universities	6.50%
Indiana PERF	6.25%
Indiana Teachers	6.25%
Iowa PERS	7.00%
Kansas PERS	7.00%
Kentucky County	6.50%
Kentucky ERS	5.25%
Kentucky Teachers	7.10%
LA County ERA	7.00%
Louisiana Parochial Employees	6.40%
Louisiana SERS	7.25%
Louisiana Teachers	7.25%
Maine Local	6.50%
Maine State and Teacher	6.50%
Maryland PERS	6.80%
Maryland Teachers	6.80%
Massachusetts SERS	7.00%
Massachusetts Teachers	7.00%
Michigan Municipal	6.93%
Michigan Public Schools	6.00%
Michigan SERS	6.00%
Minnesota PERF	7.00%
Minnesota State Employees	7.00%
Minnesota Teachers	7.00%
Mississippi PERS	7.00%
Missouri DOT and Highway Patrol	6.50%
Missouri Local	7.00%
Missouri PEERS	7.30%
Missouri State Employees	6.95%
Missouri Teachers	7.30%
Montana PERS	7.30%
Montana Teachers	7.30%
Nebraska Schools	6.95%
Nevada Police Officer and Firefighter	7.25%
Nevada Regular Employees	7.25%
New Hampshire Retirement System	6.75%
New Jersey PERS	7.00%
New Jersey Police & Fire	7.00%
New Jersey Teachers	7.00%
New Mexico PERA	7.25%
New Mexico Teachers	7.00%
New York City ERS	7.00%
New York City Teachers	7.00%
New York State Teachers	6.95%
North Carolina Local Government	6.50%
North Carolina Teachers and State EE	6.50%
North Dakota PERS	6.50%
North Dakota Teachers	7.25%
NY State & Local ERS	5.90%
NY State & Local Police & Fire	5.90%
Ohio PERS	6.90%
Ohio Police & Fire	7.50%
Ohio School Employees	7.00%
Ohio Teachers	7.00%
Oklahoma PERS	6.50%
Oklahoma Teachers	7.00%
Orange County ERS	7.00%
Oregon PERS	6.90%
Pennsylvania School Employees	7.00%
Pennsylvania State ERS	6.88%
Phoenix ERS	7.00%
Rhode Island ERS	7.00%
Rhode Island Municipal	7.00%
Richmond Retirement System	7.00%
San Diego City	6.50%
San Diego County	6.50%
San Francisco City & County	7.20%
South Carolina Police	7.00%
South Carolina RS	7.00%
South Dakota RS	6.50%
St. Louis School Employees	7.00%
St. Paul Teachers	7.00%
Texas County & District	7.50%
Texas ERS	7.00%
Texas LECOS	7.00%
Texas Municipal	6.75%
Texas Teachers	7.00%
TN Political Subdivisions	6.75%
TN State and Teachers	6.75%
University of California	6.75%
Utah Noncontributory	6.85%
Vermont State Employees	7.00%
Vermont Teachers	7.00%
Virginia Retirement System	6.75%
Washington LEOFF Plan 1	7.25%
Washington LEOFF Plan 2	7.00%
Washington PERS 1	7.25%
Washington PERS 2/3	7.25%
Washington School Employees Plan 2/3	7.25%
Washington Teachers Plan 1	7.25%
Washington Teachers Plan 2/3	7.25%
West Virginia PERS	7.25%
West Virginia Teachers	7.25%
Wisconsin Retirement System	6.80%
Wyoming Retirement System	6.80%

Investment Return – Current and Proposed

PERS/TRS/JRS

	Current	Proposed
Inflation Rate	2.50%	**2.50%**
Real Rate of Return	4.75%	**4.50% or 4.75%**
Nominal Return*	7.25%	**7.00% or 7.25%**

NGNMRS

	Current	Proposed
Inflation Rate	2.50%	**2.50%**
Real Rate of Return	3.25%	**3.25%**
Nominal Return*	5.75%	**5.75%**

* net of investment expenses

Salary Increases

Salary Increases

- Retirement benefits under the State's retirement systems are based on 3-year or 5-year average pay at retirement, except for JRS (based on pay at retirement) and NGNMRS (not pay related).
- The salary increase assumption is used to project each active member's pay from the current amount (based on valuation data) until their expected retirement date.
- The salary increase rates include three components: inflation, productivity, and merit.
- The salary increase rates are generally higher for shorter service and gradually decline until reaching a level somewhat higher than the assumed inflation rate.
- The JRS salary increase assumption was recently changed to 8.50% effective July 1, 2024 and 3.00% effective July 1, 2025 and annually thereafter. Accordingly, we are not proposing alternative salary increase rates for JRS as part of this experience study.

Salary Increases (cont'd)

- For PERS, the Peace/Fire and Others groups were studied separately due to the relatively significant differences in their experience. In addition, the DB and DCR plans were studied separately and in aggregate. Since the salary scales are based on service, the DB and DCR experience does not overlap significantly. The DCR members tend to have lower service and are assumed to have higher pay increases. We believe it is reasonable to use the combined DB and DCR results for PERS for our analysis.

- For TRS, the DB and DCR plans were studied separately and in aggregate. Since the salary scales are based on service, the DB and DCR experience does not overlap significantly. The DCR members tend to have lower service and are assumed to have higher pay increases. We believe it is reasonable to use the combined DB and DCR results for TRS for our analysis.

- For our analysis, we excluded a few active members with unusual pay changes that were considered outliers, such as those with missing pay, pay increases over 200%, and pay decreases over 50%. We believe excluding these outliers does not materially affect the overall results.

Salary Increases – Liability Gain/(Loss)

$ in millions

FY	PERS	PERS DCR	TRS	TRS DCR
2022	$ (50.5)	$ (0.2)	$ (30.9)	$ 0.0*
2023	$ (93.9)	$ (0.3)	$ 17.7	$ 0.0*
2024	$ (123.2)	$ (0.5)	$ (14.9)	$ 0.0*
2025	$ (123.7)	TBD	$ (26.7)	TBD

* Small amounts round to $0 in millions.

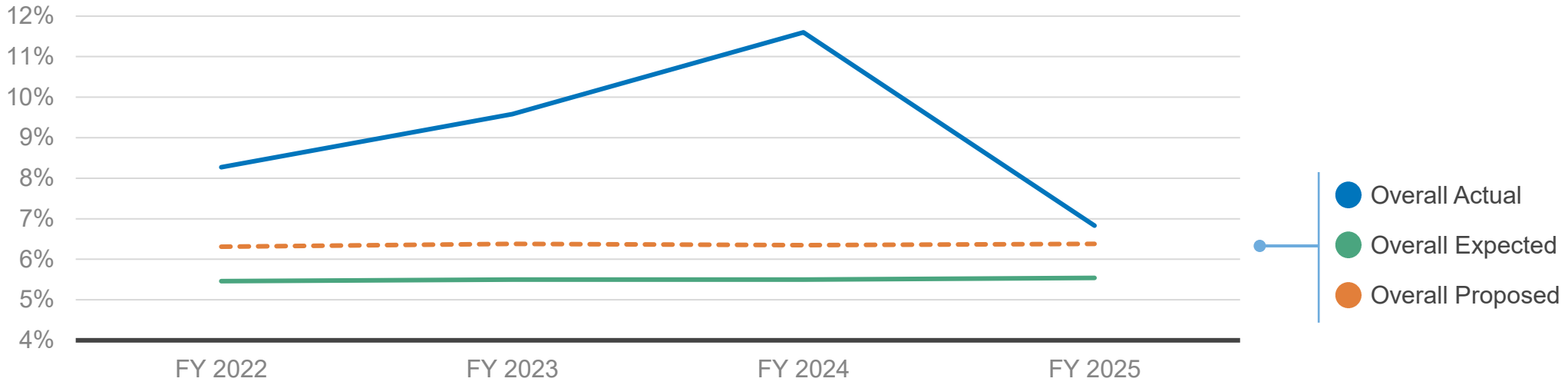
Salary Increases – Experience

PERS and PERS DCR – Peace/Fire

Service	FY 2022		FY 2023		FY 2024		FY 2025	
	Actual	Expected	Actual	Expected	Actual	Expected	Actual	Expected
< 5 Years	12.72%	7.57%	14.27%	7.61%	15.52%	7.56%	10.03%	7.55%
5-9 Years	6.71%	5.57%	8.81%	5.59%	11.27%	5.57%	5.27%	5.61%
10-14 Years	6.42%	4.71%	8.09%	4.73%	10.06%	4.75%	4.00%	4.78%
15-19 Years	6.58%	4.23%	7.93%	4.24%	9.50%	4.25%	5.15%	4.23%
20+ Years	6.37%	3.85%	5.44%	3.85%	8.78%	3.85%	7.32%	3.85%
Overall	8.27%	5.46%	9.58%	5.50%	11.60%	5.50%	6.83%	5.54%

Overall average for 4-year period:

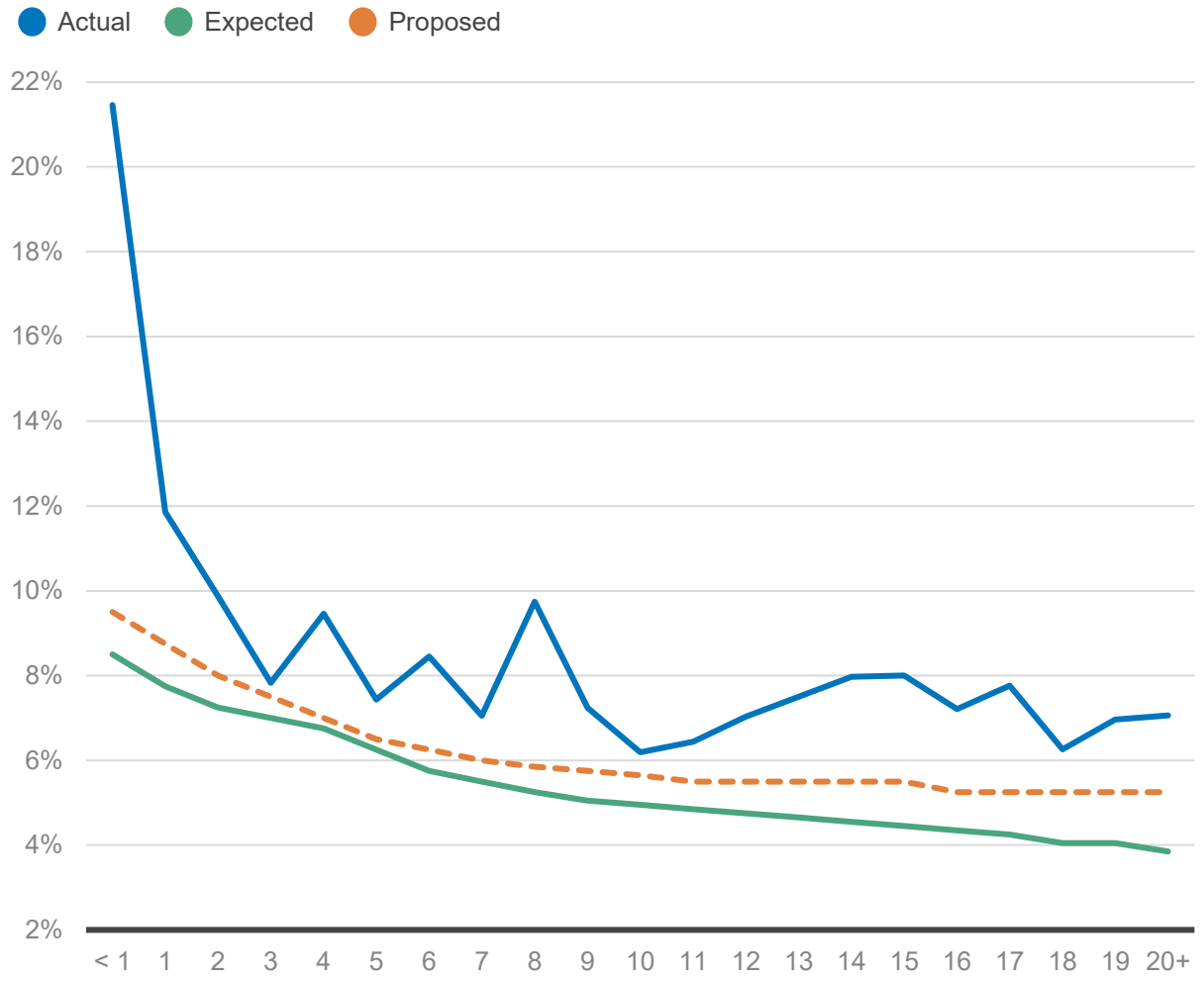
- Actual 9.03%
- Expected 5.50%
- Proposed 6.37%



Salary Increases – Experience (cont'd)

PERS and PERS DCR – Peace/Fire

Service	Actual	Expected	Proposed	A/E Ratio	A/P Ratio
< 1	21.46%	8.50%	9.50%	112%	111%
1	11.86%	7.75%	8.75%	104%	103%
2	9.88%	7.25%	8.00%	102%	102%
3	7.83%	7.00%	7.50%	101%	100%
4	9.46%	6.75%	7.00%	103%	102%
5	7.43%	6.25%	6.50%	101%	101%
6	8.45%	5.75%	6.25%	103%	102%
7	7.05%	5.50%	6.00%	101%	101%
8	9.74%	5.25%	5.85%	104%	104%
9	7.24%	5.05%	5.75%	102%	101%
10	6.19%	4.95%	5.65%	101%	101%
11	6.44%	4.85%	5.50%	102%	101%
12	7.03%	4.75%	5.50%	102%	101%
13	7.50%	4.65%	5.50%	103%	102%
14	7.97%	4.55%	5.50%	103%	102%
15	8.00%	4.45%	5.50%	103%	102%
16	7.21%	4.35%	5.25%	103%	102%
17	7.76%	4.25%	5.25%	103%	102%
18	6.26%	4.05%	5.25%	102%	101%
19	6.96%	4.05%	5.25%	103%	102%
20+	7.06%	3.85%	5.25%	103%	102%
Overall	**9.03%**	**5.50%**	**6.37%**	**103%**	**103%**



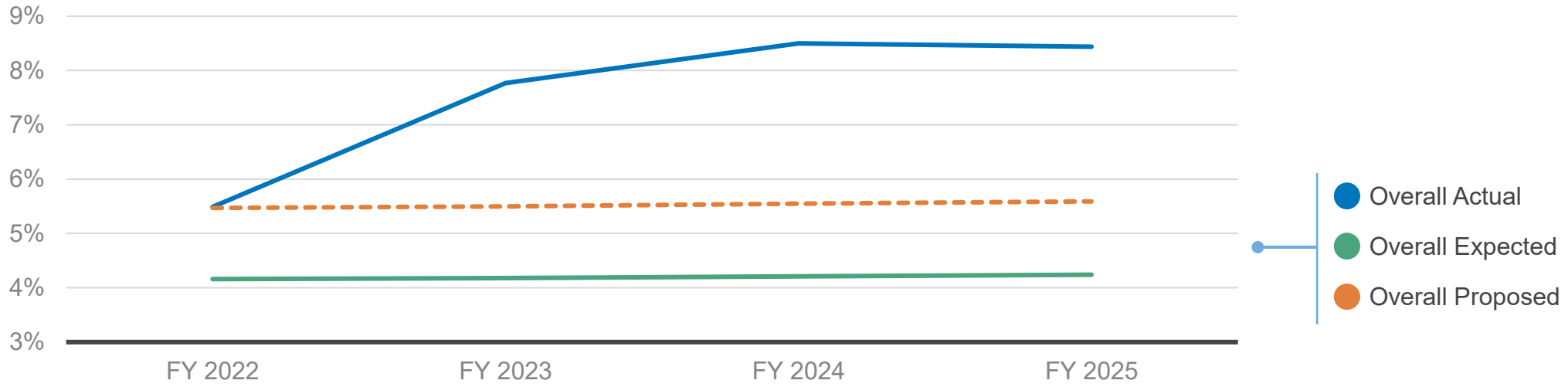
Salary Increases – Experience (cont'd)

PERS and PERS DCR – Others

Service	FY 2022		FY 2023		FY 2024		FY 2025	
	Actual	Expected	Actual	Expected	Actual	Expected	Actual	Expected
< 5 Years	7.63%	5.81%	10.33%	5.81%	11.53%	5.83%	10.38%	5.85%
5-9 Years	5.26%	3.93%	7.15%	3.92%	7.59%	3.92%	7.88%	3.93%
10-14 Years	4.16%	3.17%	6.42%	3.18%	6.55%	3.19%	7.54%	3.19%
15-19 Years	4.15%	2.89%	6.13%	2.89%	6.38%	2.88%	6.99%	2.88%
20+ Years	3.41%	2.85%	5.38%	2.85%	6.14%	2.85%	6.47%	2.85%
Overall	5.49%	4.16%	7.77%	4.18%	8.50%	4.21%	8.44%	4.24%

Overall average for 4-year period:

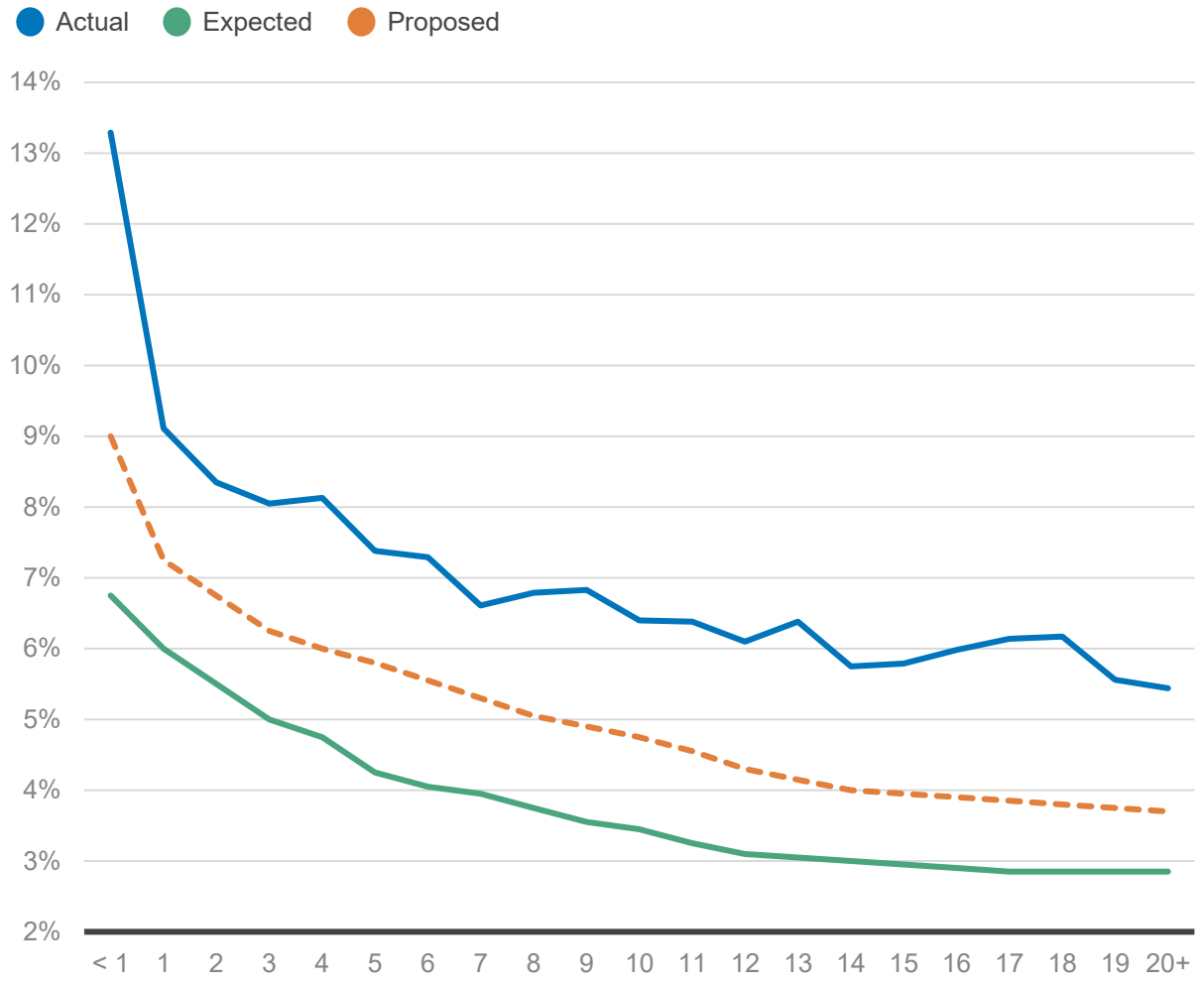
- Actual 7.61%
- Expected 4.20%
- Proposed 5.50%



Salary Increases – Experience (cont'd)

PERS and PERS DCR – Others

Service	Actual	Expected	Proposed	A/E Ratio	A/P Ratio
< 1	13.29%	6.75%	**9.00%**	106%	104%
1	9.11%	6.00%	**7.25%**	103%	102%
2	8.35%	5.50%	**6.75%**	103%	102%
3	8.05%	5.00%	**6.25%**	103%	102%
4	8.13%	4.75%	**6.00%**	103%	102%
5	7.38%	4.25%	**5.80%**	103%	101%
6	7.29%	4.05%	**5.55%**	103%	102%
7	6.61%	3.95%	**5.30%**	103%	101%
8	6.79%	3.75%	**5.05%**	103%	102%
9	6.83%	3.55%	**4.90%**	103%	102%
10	6.40%	3.45%	**4.75%**	103%	102%
11	6.38%	3.25%	**4.55%**	103%	102%
12	6.10%	3.10%	**4.30%**	103%	102%
13	6.38%	3.05%	**4.15%**	103%	102%
14	5.75%	3.00%	**4.00%**	103%	102%
15	5.79%	2.95%	**3.95%**	103%	102%
16	5.98%	2.90%	**3.90%**	103%	102%
17	6.14%	2.85%	**3.85%**	103%	102%
18	6.17%	2.85%	**3.80%**	103%	102%
19	5.56%	2.85%	**3.75%**	103%	102%
20+	5.44%	2.85%	**3.70%**	103%	102%
Overall	**7.61%**	**4.20%**	**5.50%**	**103%**	**102%**



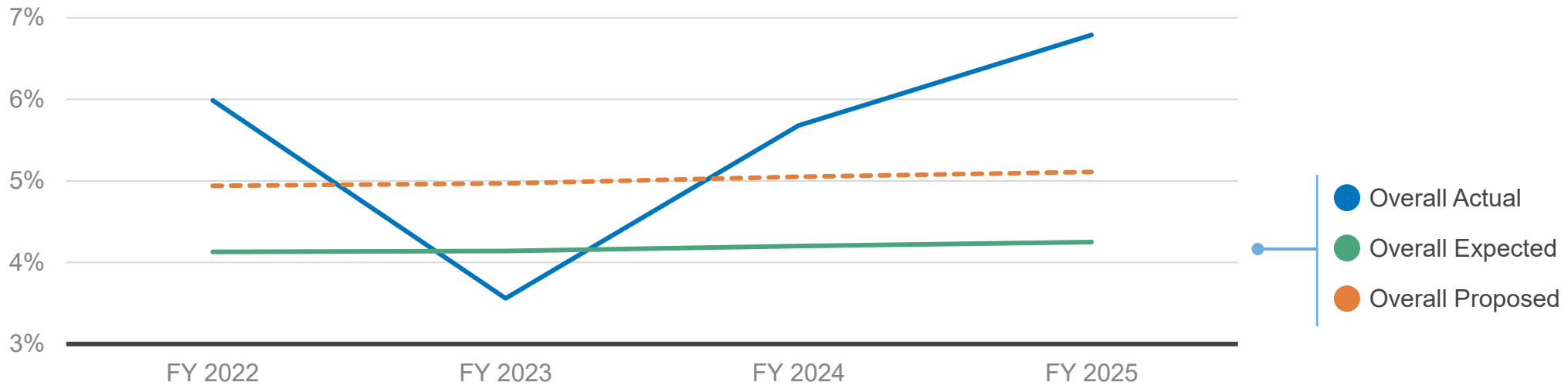
Salary Increases – Experience (cont'd)

TRS and TRS DCR

Service	FY 2022		FY 2023		FY 2024		FY 2025	
	Actual	Expected	Actual	Expected	Actual	Expected	Actual	Expected
< 5 Years	7.83%	6.31%	6.26%	6.33%	8.76%	6.37%	8.40%	6.40%
5-9 Years	6.55%	4.55%	4.40%	4.54%	5.56%	4.53%	7.42%	4.53%
10-14 Years	5.50%	3.38%	3.10%	3.36%	5.03%	3.35%	6.30%	3.35%
15-19 Years	5.32%	3.08%	2.01%	3.05%	4.43%	3.01%	5.68%	2.98%
20+ Years	4.36%	2.85%	1.36%	2.85%	3.50%	2.85%	5.29%	2.85%
Overall	5.99%	4.13%	3.56%	4.14%	5.68%	4.20%	6.79%	4.25%

Overall average for 4-year period:

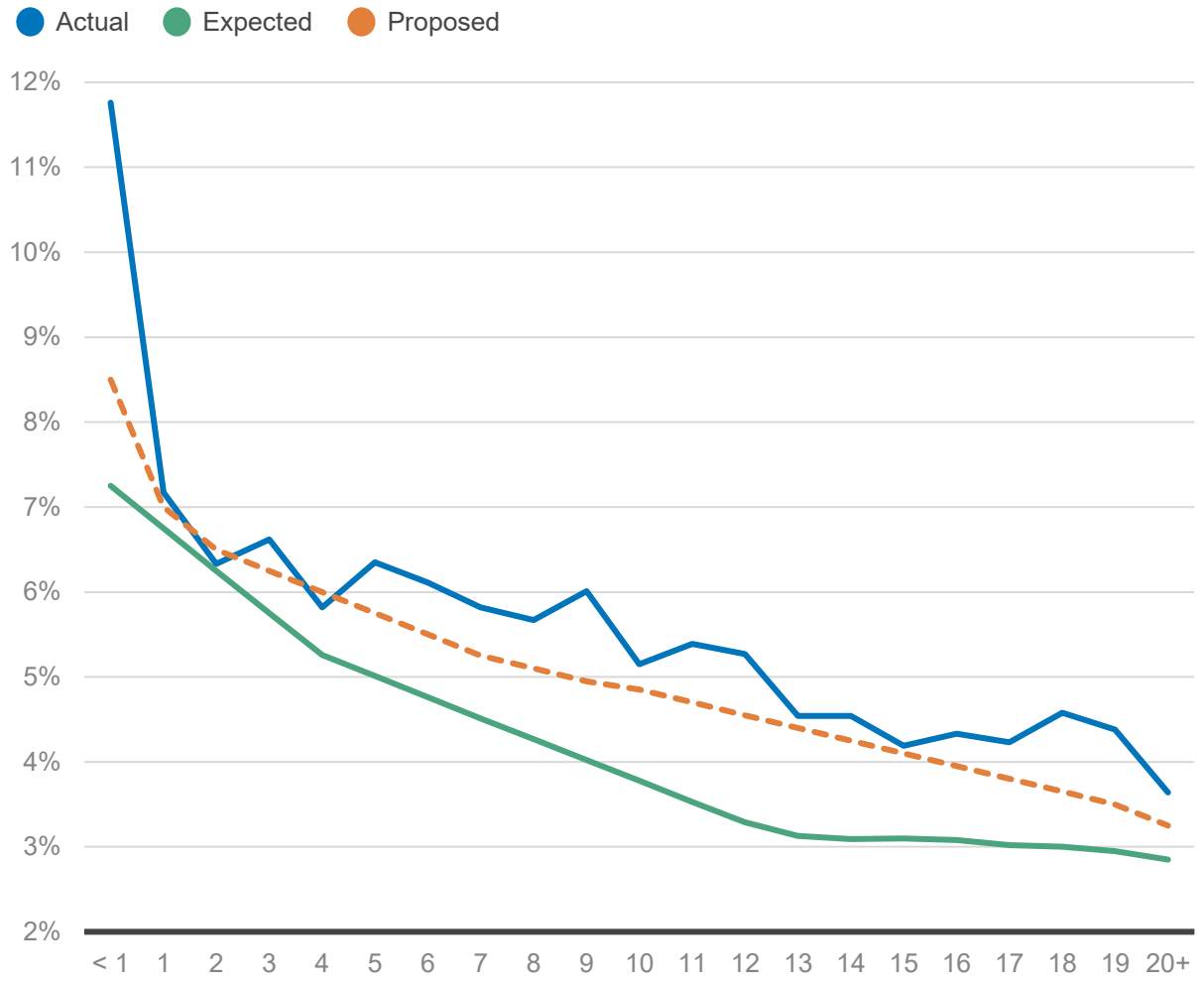
- Actual 5.52%
- Expected 4.18%
- Proposed 4.92%



Salary Increases – Experience (cont'd)

TRS and TRS DCR

Service	Actual	Expected	Proposed	A/E Ratio	A/P Ratio
< 1	11.76%	7.25%	**8.50%**	104%	103%
1	7.17%	6.75%	**7.00%**	100%	100%
2	6.33%	6.25%	**6.50%**	100%	100%
3	6.62%	5.75%	**6.25%**	101%	100%
4	5.82%	5.26%	**6.00%**	101%	100%
5	6.35%	5.01%	**5.75%**	101%	101%
6	6.11%	4.76%	**5.50%**	101%	101%
7	5.82%	4.51%	**5.25%**	101%	101%
8	5.67%	4.27%	**5.10%**	101%	101%
9	6.01%	4.02%	**4.95%**	102%	101%
10	5.15%	3.78%	**4.85%**	101%	100%
11	5.39%	3.53%	**4.70%**	102%	101%
12	5.27%	3.29%	**4.55%**	102%	101%
13	4.54%	3.13%	**4.40%**	101%	100%
14	4.54%	3.09%	**4.25%**	101%	100%
15	4.19%	3.10%	**4.10%**	101%	100%
16	4.33%	3.08%	**3.95%**	101%	100%
17	4.23%	3.02%	**3.80%**	101%	100%
18	4.58%	3.00%	**3.65%**	102%	101%
19	4.38%	2.95%	**3.50%**	101%	101%
20+	3.64%	2.85%	**3.25%**	101%	100%
Overall	**5.52%**	**4.18%**	**4.92%**	**101%**	**101%**



Salary Increases – Current and Proposed

PERS and PERS DCR – Peace/Fire

Service	Current	Proposed
< 1	8.50%	**9.50%**
1	7.75%	**8.75%**
2	7.25%	**8.00%**
3	7.00%	**7.50%**
4	6.75%	**7.00%**
5	6.25%	**6.50%**
6	5.75%	**6.25%**
7	5.50%	**6.00%**
8	5.25%	**5.85%**
9	5.05%	**5.75%**
10	4.95%	**5.65%**
11	4.85%	**5.50%**
12	4.75%	**5.50%**
13	4.65%	**5.50%**
14	4.55%	**5.50%**
15	4.45%	**5.50%**
16	4.35%	**5.25%**
17	4.25%	**5.25%**
18	4.05%	**5.25%**
19	4.05%	**5.25%**
20+	3.85%	**5.25%**

PERS and PERS DCR – Others

Service	Current	Proposed
< 1	6.75%	**9.00%**
1	6.00%	**7.25%**
2	5.50%	**6.75%**
3	5.00%	**6.25%**
4	4.75%	**6.00%**
5	4.25%	**5.80%**
6	4.05%	**5.55%**
7	3.95%	**5.30%**
8	3.75%	**5.05%**
9	3.55%	**4.90%**
10	3.45%	**4.75%**
11	3.25%	**4.55%**
12	3.10%	**4.30%**
13	3.05%	**4.15%**
14	3.00%	**4.00%**
15	2.95%	**3.95%**
16	2.90%	**3.90%**
17	2.85%	**3.85%**
18	2.85%	**3.80%**
19	2.85%	**3.75%**
20+	2.85%	**3.70%**

Salary Increases – Current and Proposed (cont'd)

TRS

Service	Current	Proposed
< 1	7.00%	**8.50%**
1	6.50%	**7.00%**
2	6.00%	**6.50%**
3	5.75%	**6.25%**
4	5.50%	**6.00%**
5	5.25%	**5.75%**
6	5.00%	**5.50%**
7	4.75%	**5.25%**
8	4.50%	**5.10%**
9	4.25%	**4.95%**
10	4.00%	**4.85%**
11	3.75%	**4.70%**
12	3.50%	**4.55%**
13	3.45%	**4.40%**
14	3.35%	**4.25%**
15	3.25%	**4.10%**
16	3.15%	**3.95%**
17	3.05%	**3.80%**
18	3.00%	**3.65%**
19	2.95%	**3.50%**
20+	2.85%	**3.25%**

TRS DCR

Service	Current	Proposed
< 1	7.25%	**8.50%**
1	6.75%	**7.00%**
2	6.25%	**6.50%**
3	5.75%	**6.25%**
4	5.25%	**6.00%**
5	5.00%	**5.75%**
6	4.75%	**5.50%**
7	4.50%	**5.25%**
8	4.25%	**5.10%**
9	4.00%	**4.95%**
10	3.75%	**4.85%**
11	3.50%	**4.70%**
12	3.25%	**4.55%**
13	3.05%	**4.40%**
14	3.00%	**4.25%**
15	2.95%	**4.10%**
16	2.90%	**3.95%**
17	2.85%	**3.80%**
18	2.85%	**3.65%**
19	2.85%	**3.50%**
20+	2.85%	**3.25%**

Healthcare Trend Rates

Healthcare Trend Rates

- Per capita claims costs are updated annually for:
  - Pre-Medicare (medical / prescription drugs)
  - Medicare Parts A&B (medical / prescription drugs)
  - Medicare Part B only (medical / prescription drugs)
  - Medicare Part D – EGWP
  - Third Party Administrative (TPA) Fees
- Healthcare trend rates are used to project per capita claims costs into future years.
- We use the Getzen model (developed by the Society of Actuaries) to set healthcare trend rate assumptions.

Healthcare Trend Rates (cont'd)

- Initial trend rates are based on survey data and recent actual experience of Alaska's plans.
- Ultimate trend rates are based on the Getzen model and Alaska's inflation assumption.

Current Assumptions	
Inflation Rate	2.50%
Real GDP Growth	2.00%
Ultimate Trend Rate	4.50%

- TPA fees are assumed to increase at the ultimate trend rate of 4.50%.

Current Trend Rates for June 30, 2024 Valuations

Fiscal Year	Medical Pre-65	Medical Post-65	Prescription Drugs / EGWP
FY25	6.40%	5.40%	8.80%
FY26	6.20%	5.40%	8.50%
FY27	6.05%	5.35%	8.20%
FY28	5.85%	5.35%	7.90%
FY29	5.65%	5.30%	7.45%
FY30	5.45%	5.30%	7.05%
FY31	5.30%	5.30%	6.60%
FY32	5.30%	5.30%	6.15%
FY33	5.30%	5.30%	5.70%
FY34-FY38	5.30%	5.30%	5.30%
FY39	5.25%	5.25%	5.30%
FY40	5.20%	5.20%	5.30%
FY41	5.10%	5.10%	5.20%
FY42	5.05%	5.05%	5.10%
FY43	4.95%	4.95%	5.00%
FY44	4.90%	4.90%	4.90%
FY45	4.80%	4.80%	4.85%
FY46	4.75%	4.75%	4.75%
FY47	4.70%	4.70%	4.70%
FY48	4.60%	4.60%	4.65%
FY49	4.55%	4.55%	4.55%
FY50+	4.50%	4.50%	4.50%

Healthcare Trend Rates – Ultimate

- Support for real GDP growth assumption of 1.80%:
  - Federal Open Market Committee projected a range of 1.40% – 1.80% in its June 2025 forecast.
  - Congressional Budget Office projected 1.80% for 2025 – 2035 in its July 2025 forecast.
  - Callan projected a range of 2.00% – 2.50% over the next 10 years and 3.00% over the long-term for the June 2025 ARMB meeting presentation.

Healthcare Trend Rates – Initial

- Initial trend rate survey information:

Survey	Medical Pre-65	Medical Post-65	Prescription Drugs
Gallager 2025 National Health Care Trend Survey	9.27%	8.14%	11.74%
Segal 2025 Medical Plan Cost Trend Survey	9.30%	6.20%	11.00%

- Gallagher's 2025 estimates are 9.27% for PPO plans, 8.98% for POS plans, 8.14% for Medicare supplement (without prescription drug coverage) plans, and 11.74% for prescription drug coverage.

- Segal's 2025 estimates are 9.30% for PPO/POS plans, 6.20% for MA PPO plans, 11.00% for pre-Medicare outpatient prescription drug coverage (before PBM rebates), and 7.30% for Medicare outpatient prescription drug coverage (before PBM rebates).

Healthcare Trend Rates – Other State Systems

- Trend assumptions from other State retirement systems:

State System	Initial Trend	Ultimate Trend	Period to Ultimate	Source
California – Pre-65	7.00%	4.25%	14 years	6/30/2024 ACFR
California – Post-65	7.00% - 7.66%	4.25%	14 years	6/30/2024 ACFR
Florida	8.22%	4.04%	50 years	6/30/2024 ACFR
Illinois	8.00%	4.25%	15 years	6/30/2023 ACFR
Michigan – Pre 65	7.50%	3.50%	15 years	9/30/2024 ACFR
Michigan – Post 65	6.30%	3.50%	15 years	9/30/2024 ACFR
New York – Pre-65	7.00%	4.50%	7 years	3/31/2025 ACFR
New York – Post-65	5.50%	4.50%	7 years	3/31/2025 ACFR
New York – Prescription Drug & EGWP	12.50%	4.50%	7 years	3/31/2025 ACFR
Georgia – Pre-65	6.50%	4.50%	8 years	6/30/2024 ACFR
Georgia – Post-65	5.00%	4.50%	2 years	6/30/2024 ACFR
Pennsylvania	8.20%	3.90%	51 years	6/30/2024 ACFR

Healthcare Trend Rates – Retiree-Paid Premiums

- Premiums paid by certain DB plan pre-Medicare members are assumed to increase in the future based on (i) assumed healthcare trend rates and (ii) the shift in the pre-Medicare / Medicare population since the premium is only paid by pre-Medicare members, but calculated based on total members.

Fiscal Year	Trend Rates
FY23 Actual	0.00%
FY24 Actual	0.00%
FY25 Actual	5.00%
FY26 Actual	5.00%
FY27+ Proposed	**4.00%**

- Assumed increases are reviewed each year and updated as needed.

- DCR plan premiums are assumed to be a percentage of plan cost, so a separate assumption is not needed. Premiums are assumed to increase with the same trend used for medical and prescription drug benefits.

Healthcare Trend Rates – Current and Proposed

Current Trend Rates

Fiscal Year	Medical Pre-65	Medical Post-65	Prescription Drugs / EGWP
FY25	6.40%	5.40%	8.80%
FY26	6.20%	5.40%	8.50%
FY27	6.05%	5.35%	8.20%
FY28	5.85%	5.35%	7.90%
FY29	5.65%	5.30%	7.45%
FY30	5.45%	5.30%	7.05%
FY31	5.30%	5.30%	6.60%
FY32	5.30%	5.30%	6.15%
FY33	5.30%	5.30%	5.70%
FY34	5.30%	5.30%	5.30%
FY35	5.30%	5.30%	5.30%
FY36	5.30%	5.30%	5.30%
FY37	5.30%	5.30%	5.30%
FY38	5.30%	5.30%	5.30%
FY39	5.25%	5.25%	5.30%
FY40	5.20%	5.20%	5.30%
FY41	5.10%	5.10%	5.20%
FY42	5.05%	5.05%	5.10%
FY43	4.95%	4.95%	5.00%
FY44	4.90%	4.90%	4.90%
FY45	4.80%	4.80%	4.85%
FY46	4.75%	4.75%	4.75%
FY47	4.70%	4.70%	4.70%
FY48	4.60%	4.60%	4.65%
FY49	4.55%	4.55%	4.55%
FY50+	4.50%	4.50%	4.50%

Proposed Trend Rates

Fiscal Year	Medical Pre-65	Medical Post-65	Prescription Drugs / EGWP
FY25	n/a	n/a	n/a
FY26	6.20%	5.40%	8.50%
FY27	7.00%	6.00%	11.00%
FY28	6.90%	5.90%	10.90%
FY29	6.60%	5.75%	9.95%
FY30	6.30%	5.65%	9.00%
FY31	6.00%	5.50%	8.00%
FY32	5.70%	5.40%	7.05%
FY33	5.40%	5.25%	6.10%
FY34	5.15%	5.15%	5.15%
FY35	4.95%	4.95%	4.95%
FY36	4.95%	4.95%	4.95%
FY37	4.90%	4.90%	4.90%
FY38	4.90%	4.90%	4.90%
FY39	4.90%	4.90%	4.90%
FY40	4.90%	4.90%	4.90%
FY41	4.90%	4.90%	4.90%
FY42	4.90%	4.90%	4.90%
FY43	4.85%	4.85%	4.85%
FY44	4.80%	4.80%	4.80%
FY45	4.75%	4.75%	4.75%
FY46	4.70%	4.70%	4.70%
FY47	4.65%	4.65%	4.65%
FY48	4.60%	4.60%	4.60%
FY49	4.55%	4.55%	4.55%
FY50+	4.50%	4.50%	4.50%

These are the proposed trend rates for the 2026 valuations. The trend rates for the 2025 valuations are not being changed from those used in the 2024 valuations.

Amortization Methods

Amortization Methods

- The amortization method defines how the unfunded liability for each plan is to be funded.

  PERS and TRS – At the September 2025 meeting, the ARMB adopted a new amortization method for FY27 contribution rates. This new method, described on the next slide, will also be used as the ongoing amortization method beginning with the 2025 valuations.

  PERS DCR and TRS DCR – No changes are recommended to the 25-year layered level-percent-of-pay amortization method that has been used for these plans since they were established in 2006. The DCR trusts are currently overfunded, so the current unfunded liability amortization rates are zero.

  JRS – At the September 2025 meeting, the ARMB adopted a new amortization method for FY27 contribution rates. The new method refreshes the unfunded liability as of June 30, 2024 with 15-year layered level-percent-of-pay amortization going forward for post-FY24 layers. The JRS trusts are currently overfunded, so the current unfunded liability amortization rates are zero.

  NGNMRS – No changes are recommended to the level-dollar amortization method with a period equal to 20 years minus the average total military service of active members. The NGNMRS trust is currently overfunded, so the current unfunded liability amortization amount is zero.

Amortization Periods – PERS and TRS

Layer	Created June 30	Initial Amortization Period	
		Old Method	New Method
Initial Amount*	2018	25	25
Change in Assumptions	2018	25	15
Experience Gain/Loss	2019	25	15
Experience Gain/Loss	2020	25	15
Experience Gain/Loss	2021	25	15
Change in Assumptions	2022	25	15
Experience Gain/Loss	2023	25	15
Experience Gain/Loss	2024	25	15
All Post-FY24 Layers	2025+	25	15

Amortizations are on a level percent of pay basis using the newly-adopted payroll growth rates of 2.00% (PERS) and 1.00% (TRS).

* Equals sum of (i) unfunded liability at June 30, 2018 based on 2017 valuations, plus (ii) FY18 experience gain/loss. This layer is amortized over the remainder of the 25-year closed period originally established in 2014.

Estimated Cost Impacts of Proposed Economic Assumptions

Gallagher

Estimated Cost Impacts of Proposed Economic Assumptions

- The estimated cost impacts shown in this presentation are based on the most recent valuations that have been reviewed and adopted by the ARMB, which are the 2024 valuations. We have also reflected the following changes that were recently adopted by the ARMB at the September 2025 meeting for the FY27 contribution rates:
  - New payroll growth assumptions
  - New amortization methods for DB plans (excluding NGNMRS)
- For purposes of this presentation, the demographic assumptions are the same as those used in the 2024 valuations.
- The following slides summarize the cost impacts of the proposed economic assumptions:
  - The differences between Set A and Set B are due to the proposed change in salary increase rates and healthcare trend rates.
  - The differences between Set B and Set C are due to the proposed change in investment return.
  - The differences between Set A and Set C are due to the combined changes.

Summary of Impact of Proposed Economic Assumptions

$ in millions

Increases in June 30, 2024 Actuarial Accrued Liability

	Salary/Trend Rates	Investment Return	Salary/Trend Rates and Investment Return
Investment Return	7.25%	7.00%	7.00%
PERS Pension	$ 88.8	$ 433.3	$ 522.1
PERS Healthcare	$ 251.8	$ 193.7	$ 445.5
TRS Pension	$ 13.8	$ 195.7	$ 209.4
TRS Healthcare	$ 102.1	$ 75.0	$ 177.1
PERS DCR OD&D	$ 0.9	$ 0.8	$ 1.8
PERS DCR Healthcare	$ 6.4	$ 12.5	$ 18.9
TRS DCR OD&D	$ 0.0*	$ 0.0*	$ 0.0*
TRS DCR Healthcare	$ 2.4	$ 3.9	$ 6.2
JRS Pension	$ 0.0	$ 6.0	$ 6.0
JRS Healthcare	$ 0.9	$ 0.6	$ 1.5

* Small changes round to $0 in millions.

Amounts may not add due to rounding.

Estimated Cost Impacts of Proposed Economic Assumptions

$ in thousands

PERS

As of June 30, 2024	Set A Current Salary/Trend and 7.25% Investment Return*		Set B Proposed Salary/Trend and 7.25% Investment Return		Set C Proposed Salary/Trend and 7.00% Investment Return	
	Pension	Healthcare	Pension	Healthcare	Pension	Healthcare
1. Actuarial Accrued Liability (AAL)	$ 17,059,775	$ 7,129,523	$ 17,148,556	$ 7,381,372	$ 17,581,845	$ 7,575,060
2. Actuarial Value of Assets (AVA)	11,608,256	9,433,351	11,608,256	9,433,351	11,608,256	9,433,351
3. Unfunded Actuarial Accrued Liability (AAL - AVA)	$ 5,451,519	$ (2,303,828)	$ 5,540,300	$ (2,051,979)	$ 5,973,589	$ (1,858,291)
4. Funded Ratio (AVA / AAL)	**68.0%**	**132.3%**	**67.7%**	**127.8%**	**66.0%**	**124.5%**
5. Total Normal Cost	$ 125,080	$ 63,791	$ 140,713	$ 74,388	$ 148,614	$ 78,642
6. Projected DB/DCR Payroll for Upcoming Year	$ 2,800,537	$ 2,800,537	$ 2,834,069	$ 2,834,069	$ 2,834,069	$ 2,834,069
7. Contribution Rate as of June 30, 2024**						
7a. Employer Normal Cost Rate	2.54%	2.28%	3.05%	2.62%	3.32%	2.77%
7b. Unfunded Liability Amortization Rate	19.80%	(9.42%)	19.87%	(8.45%)	21.03%	(7.71%)
7c. Total Rate (not less than Employer Normal Cost)	**22.34%**	**2.28%**	**22.92%**	**2.62%**	**24.35%**	**2.77%**

* The amortization of the unfunded liability reflects the new methodology and payroll growth assumption recently adopted for the FY27 contribution rates.

** As a % of projected DB/DCR payroll for the upcoming year.

Estimated Cost Impacts of Proposed Economic Assumptions

$ in thousands

TRS

As of June 30, 2024	Set A Current Salary/Trend and 7.25% Investment Return*		Set B Proposed Salary/Trend and 7.25% Investment Return		Set C Proposed Salary/Trend and 7.00% Investment Return	
	Pension	Healthcare	Pension	Healthcare	Pension	Healthcare
1. Actuarial Accrued Liability (AAL)	$ 8,018,737	$ 2,651,545	$ 8,032,507	$ 2,753,688	$ 8,228,163	$ 2,828,680
2. Actuarial Value of Assets (AVA)	6,247,250	3,677,415	6,247,250	3,677,415	6,247,250	3,677,415
3. Unfunded Actuarial Accrued Liability (AAL - AVA)	$ 1,771,487	$ (1,025,870)	$ 1,785,257	$ (923,727)	$ 1,980,913	$ (848,735)
4. Funded Ratio (AVA / AAL)	**77.9%**	**138.7%**	**77.8%**	**133.5%**	**75.9%**	**130.0%**
5. Total Normal Cost	$ 42,176	$ 18,776	$ 45,671	$ 21,124	$ 48,150	$ 22,467
6. Projected DB/DCR Payroll for Upcoming Year	$ 779,350	$ 779,350	$ 784,864	$ 784,864	$ 784,864	$ 784,864
7. Contribution Rate as of June 30, 2024**						
7a. Employer Normal Cost Rate	2.57%	2.41%	2.99%	2.69%	3.30%	2.86%
7b. Unfunded Liability Amortization Rate	23.43%	(16.26%)	23.45%	(14.82%)	25.60%	(13.70%)
7c. Total Rate (not less than Employer Normal Cost)	**26.00%**	**2.41%**	**26.44%**	**2.69%**	**28.90%**	**2.86%**

* The amortization of the unfunded liability reflects the new methodology and payroll growth assumption recently adopted for the FY27 contribution rates.

** As a % of projected DB/DCR payroll for the upcoming year.

Estimated Cost Impacts of Proposed Economic Assumptions

$ in thousands

PERS DCR

As of June 30, 2024	Set A Current Salary/Trend and 7.25% Investment Return*		Set B Proposed Salary/Trend and 7.25% Investment Return		Set C Proposed Salary/Trend and 7.00% Investment Return	
	OD&D	Healthcare	OD&D	Healthcare	OD&D	Healthcare
1. Actuarial Accrued Liability (AAL)	$ 21,094	$ 233,700	$ 22,033	$ 240,107	$ 22,882	$ 252,603
2. Actuarial Value of Assets (AVA)	84,077	281,915	84,077	281,915	84,077	281,915
3. Unfunded Actuarial Accrued Liability (AAL - AVA)	$ (62,983)	$ (48,215)	$ (62,044)	$ (41,808)	$ (61,195)	$ (29,312)
4. Funded Ratio (AVA / AAL)	**398.6%**	**120.6%**	**381.6%**	**117.4%**	**367.4%**	**111.6%**
5. Total Normal Cost	$ 6,213	$ 16,606	$ 6,420	$ 17,570	$ 6,591	$ 18,781
6. Projected DCR Payroll for Upcoming Year	$ 2,020,924	$ 2,020,924	$ 2,046,829	$ 2,046,829	$ 2,046,829	$ 2,046,829
7. Contribution Rate as of June 30, 2024**						
7a. Employer Normal Cost Rate	0.31%	0.82%	0.31%	0.86%	0.32%	0.92%
7b. Unfunded Liability Amortization Rate	(0.25%)	(0.14%)	(0.24%)	(0.12%)	(0.24%)	(0.08%)
7c. Total Rate (not less than Employer Normal Cost)	**0.31%**	**0.82%**	**0.31%**	**0.86%**	**0.32%**	**0.92%**

* The amortization of the unfunded liability reflects the new payroll growth assumption recently adopted for the FY27 contribution rates.
** As a % of projected DCR payroll for the upcoming year.

Estimated Cost Impacts of Proposed Economic Assumptions

$ in thousands

TRS DCR

As of June 30, 2024	Set A Current Salary/Trend and 7.25% Investment Return*		Set B Proposed Salary/Trend and 7.25% Investment Return		Set C Proposed Salary/Trend and 7.00% Investment Return	
	OD&D	Healthcare	OD&D	Healthcare	OD&D	Healthcare
1. Actuarial Accrued Liability (AAL)	$ 165	$ 65,338	$ 163	$ 67,698	$ 150	$ 71,574
2. Actuarial Value of Assets (AVA)	8,533	87,558	8,533	87,558	8,533	87,558
3. Unfunded Actuarial Accrued Liability (AAL - AVA)	$ (8,368)	$ (22,220)	$ (8,370)	$ (19,860)	$ (8,383)	$ (15,984)
4. Funded Ratio (AVA / AAL)	**5,171.5%**	**134.0%**	**5,235.0%**	**129.3%**	**5,688.7%**	**122.3%**
5. Total Normal Cost	$ 401	$ 3,900	$ 405	$ 4,135	$ 412	$ 4,429
6. Projected DCR Payroll for Upcoming Year	$ 523,401	$ 523,401	$ 527,634	$ 527,634	$ 527,634	$ 527,634
7. Contribution Rate as of June 30, 2024**						
7a. Employer Normal Cost Rate	0.08%	0.75%	0.08%	0.78%	0.08%	0.84%
7b. Unfunded Liability Amortization Rate	(0.15%)	(0.33%)	(0.14%)	(0.29%)	(0.14%)	(0.23%)
7c. Total Rate (not less than Employer Normal Cost)	**0.08%**	**0.75%**	**0.08%**	**0.78%**	**0.08%**	**0.84%**

* The amortization of the unfunded liability reflects the new payroll growth assumption recently adopted for the FY27 contribution rates.
** As a % of projected DCR payroll for the upcoming year.

Estimated Cost Impacts of Proposed Economic Assumptions

$ in thousands

JRS

As of June 30, 2024	Set A Current Salary/Trend and 7.25% Investment Return*		Set B Proposed Salary/Trend and 7.25% Investment Return		Set C Proposed Salary/Trend and 7.00% Investment Return	
	Pension	Healthcare	Pension	Healthcare	Pension	Healthcare
1. Actuarial Accrued Liability (AAL)	$ 250,320	$ 20,639	$ 250,320	$ 21,531	$ 256,366	$ 22,105
2. Actuarial Value of Assets (AVA)	254,470	46,493	254,470	46,493	254,470	46,493
3. Unfunded Actuarial Accrued Liability (AAL - AVA)	$ (4,150)	$ (25,854)	$ (4,150)	$ (24,962)	$ 1,896	$ (24,388)
4. Funded Ratio (AVA / AAL)	**101.7%**	**225.3%**	**101.7%**	**215.9%**	**99.3%**	**210.3%**
5. Total Normal Cost	$ 6,327	$ 1,100	$ 6,327	$ 1,149	$ 6,633	$ 1,198
6. Projected Payroll for Upcoming Year	$ 15,110	$ 15,110	$ 15,110	$ 15,110	$ 15,110	$ 15,110
7. Contribution Rate as of June 30, 2024**						
7a. Employer Normal Cost Rate	35.22%	7.28%	35.22%	7.60%	37.25%	7.93%
7b. Unfunded Liability Amortization Rate	(2.66%)	(16.55%)	(2.66%)	(15.98%)	1.20%	(15.40%)
7c. Total Rate (not less than Employer Normal Cost)	**35.22%**	**7.28%**	**35.22%**	**7.60%**	**38.45%**	**7.93%**

* The amortization of the unfunded liability reflects the new methodology and payroll growth assumption recently adopted for the FY27 contribution rates.

** As a % of projected payroll for the upcoming year.

Estimated Cost Impacts of Proposed Economic Assumptions

$ in thousands

NGNMRS

As of June 30, 2024	Current	Proposed
1. Actuarial Accrued Liability (AAL)	$ 30,918	$ 30,918
2. Actuarial Value of Assets (AVA)	46,505	46,505
3. Unfunded Actuarial Accrued Liability (AAL - AVA)	$ (15,587)	$ (15,587)
4. Funded Ratio (AVA / AAL)	**150.4%**	**150.4%**
5. Normal Cost	$ 821	$ 821
6. Contribution as of June 30, 2024		
6a. Normal Cost and Administrative Expenses	$ 1,149	$ 1,149
6b. Unfunded Liability Amortization	(2,617)	(2,617)
6c. Total (not less than zero)	**$ 0**	**$ 0**

Actuarial Certification

Actuarial Certification

The purpose of this presentation is to provide the ARMB Actuarial Committee with an analysis of economic assumptions as part of the experience study for the 4-year period July 1, 2021 to June 30, 2025 to be discussed at the meeting attended by the actuaries. An analysis of the demographic assumptions will be presented at the March 2026 meeting.

Use of this presentation for any other purpose may not be appropriate and may result in mistaken conclusions due to failure to understand applicable assumptions, methodologies, or inapplicability of the information for that purpose. Because of the risk of misinterpretation of actuarial results, you should ask Gallagher to review any statement you wish to make on the results contained in this letter and accompanying exhibits. Gallagher will accept no liability for any such statement made without prior review by Gallagher.

Except as noted in this presentation, all calculations are based on (i) the assumptions and methods used in the June 30, 2024 valuations, (ii) the new payroll growth rates recently adopted by the ARMB (2.00% PERS, 1.00% TRS, 1.25% JRS), (iii) 15-year layered amortization methodology the ARMB adopted at the September meeting for FY27 contribution rates (PERS and TRS), and (iv) 15-year layered amortization refresh that was adopted by the ARMB at the September meeting for FY27 contribution rates (JRS).

Please refer to the June 30, 2024 actuarial valuation reports for disclosures required by Actuarial Standards of Practice.

Where presented, references to “funded ratio” and “unfunded actuarial accrued liability” typically are measured on an actuarial value of assets basis. It should be noted that the same measurements using market value of assets would result in different funded ratios and unfunded accrued liabilities. Moreover, the funded ratio presented is appropriate for evaluating the need and level of future contributions but makes no assessment regarding the funded status of the plan if the plan were to settle (i.e., purchase annuities) for a portion or all of its liabilities.

Future actuarial measurements may differ significantly from current measurements due to plan experience differing from that anticipated by the actuarial assumptions, changes in assumptions, changes expected as part of the natural operation of the methodology used for these measurements, and changes in plan provisions or applicable law.

The results were prepared under our direction. We meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. These results have been prepared in accordance with all applicable Actuarial Standards of Practice.

David Kershner
FSA, EA, MAAA, FCA
Principal, Retirement

Kevin Spanier
ASA, EA, MAAA, FCA
Principal, Retirement

Robert Besenhofer
ASA, MAAA, FCA
Director, Health

DISCLOSURE

GBS GLOBAL

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Neither Arthur J. Gallagher & Co., nor its affiliates provide accounting, legal or tax advice.

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Gallagher

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State of Alaska
ALASKA RETIREMENT MANAGEMENT BOARD

Recommendation to the Commissioner of Administration Regarding the Judicial Retirement System (JRS) Funding Policy and Payroll Growth Assumption

Resolution 2025-23

WHEREAS, the Alaska Retirement Management Board (Board) serves as trustee of the assets of the Judicial Retirement System (JRS) and is charged under AS 37.10.210–.390 with investing those assets prudently to meet plan liabilities and obligations; and

WHEREAS, under AS 37.10.220 and AS 22.25.048(c), the Board may recommend to the Commissioner of Administration actuarial assumptions, funding methodologies, and related policies that support sound fiduciary management and long-term sustainability of the State's retirement systems; and

WHEREAS, the JRS is a defined benefit plan that remains open to new members and provides benefits based on the current salary of the corresponding judicial position, rather than on a member's own final average compensation, which makes the plan uniquely sensitive to changes in judicial salaries; and

WHEREAS, this structure causes all active and retired members' benefits to adjust whenever judicial salaries change, leading to plan liabilities that move directly with pay levels and creating additional volatility due to the plan's relatively small payroll base; and

WHEREAS, Gallagher, the actuary for the Division of Retirement and Benefits, identified that under the prior layered amortization method, a positive amortization payment was still being calculated even when the JRS was more than 100 percent funded, and in consultation with the Board implemented a fresh-start amortization reset in September 2025 establishing a new 15-year period with a minimum contribution equal to the normal cost to eliminate the artificial amortization payment and restore transparency; and

WHEREAS, Gabriel, Roeder, Smith & Company (GRS) subsequently provided guidance to the Board on developing a long-term funding policy for the JRS, including best practices for managing both surplus and deficit conditions, as presented to the Strategic Review and Action Committee on October 9, 2025 (Exhibit 1); and

WHEREAS, GRS recommended a framework under which:

- When the plan is under 100 percent funded on an actuarial value of assets basis, normal cost plus a 15-year layered amortization of the unfunded accrued liability should be applied to balance contribution stability with meaningful progress toward full funding;

- When the plan is at or above 100 percent funded on an actuarial value of assets basis, all amortization layers should be reset, and contributions should continue at least equal to the normal cost; and
- When the plan is significantly overfunded (for example, 125 percent or greater on an actuarial value of assets basis), the surplus accrued liability may be amortized over 100 years as an offset to the normal cost to moderate further growth in the funded ratio; and

WHEREAS, Gallagher and GRS have noted the current JRS payroll growth assumption of 2.75 percent may no longer reflect experience or long-term salary trends for Alaska's judiciary, and suggested consideration of a reduction of the payroll growth assumption in a similar manner as the Board's lowering of the payroll growth assumption for the PERS and TRS systems; and

WHEREAS, lowering the payroll growth assumption to 1.5 percent provides a more realistic reflection of experience, aligns with inflation expectations, and promotes a consistent approach across the State's retirement systems.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The Alaska Retirement Management Board recommends that the Commissioner of Administration adopt the funding policy framework proposed by GRS for the Judicial Retirement System (JRS), consistent with the September 2025 Gallagher fresh-start adjustment, as follows:
    - When the plan is under 100 percent funded on an actuarial value of assets basis, employ a 15-year layered amortization method of the unfunded accrued liability plus normal cost to balance contribution stability and progress.

    - When the plan is at or above 100 percent funded on an actuarial value of assets basis, reset all outstanding layers and continue contributions equal to at least the normal cost.
    - When the plan is significantly overfunded at 125% or more on an actuarial value of assets basis, amortize the surplus over 100 years as an offset to the normal cost to maintain the funded ratio near the target level.

2. The Board further recommends that the Commissioner of Administration, in consultation with Gallagher, revise the JRS payroll growth assumption from 2.75 percent to 1.5 percent to better align with experience, inflation expectations, and the assumptions used for PERS and TRS.

3. The Board requests that these recommendations be incorporated into the next actuarial valuation for the Judicial Retirement System and that the Division of Retirement and Benefits coordinate the implementation consistent with statute and established administrative practice.

DATED at Anchorage, Alaska this ____ day of December, 2025

_____
Chair

ATTEST:

_____
Secretary

Attachment A – Judicial Retirement System (JRS) Overview and Funding Policy Context

1. Overview of the Judicial Retirement System (JRS)

The Judicial Retirement System (JRS) is a defined benefit plan that remains open to new members and is structurally distinct from Alaska's other retirement systems. It covers a small group of sitting and retired judges whose benefits are determined by the current salary of the judicial position, not by their own highest years of pay.

Under AS 22.25.046, a retired judge's benefit automatically adjusts whenever the corresponding judicial salary changes. Consequently, every salary adjustment for active judges increases the benefits of all current retirees and active members. This structure makes the JRS highly sensitive to judicial pay levels and unique among Alaska's defined benefit systems.

2. Sensitivity to Salary Changes and Payroll Scale

Because benefits for both active and retired members are tied to the same underlying salary schedule, JRS liabilities move almost one-for-one with judicial salary changes. Even modest pay adjustments increase the plan's total liabilities immediately.

The plan also has a very small active payroll relative to its accrued liability, amplifying contribution rate volatility. Small differences in investment performance or actuarial assumptions can cause large swings in the contribution rate when expressed as a percentage of payroll.

3. Funding Status and Identified Issue

As of the June 30, 2024 valuation, JRS was 101.7 percent funded, with a normal cost of 41.87 percent and a total contribution rate of 60.78 percent. However, the legacy layered amortization method still produced a positive unfunded liability payment even though the plan was over 100 percent funded. The Board recognized this inconsistency and sought corrective action to ensure transparency and consistency in future funding calculations.

4. September 2025 Fresh-Start Adjustment and Policy Development

Gallagher, actuary for the Division of Retirement and Benefits, worked in consultation with the Alaska Retirement Management Board to implement a fresh-start amortization reset in September 2025, setting a new 15-year period with a minimum contribution equal to the normal cost. This eliminated the unnecessary amortization payment and re-established a clear funding baseline.

Subsequently, Gabriel, Roeder, Smith & Company (GRS) provided technical guidance to the Board on establishing a long-term policy framework. The GRS presentation to the Strategic Review and Action Committee on October 9, 2025 (Exhibit 1) outlined a recommendation to employ a 15-year layered amortization when underfunded, reset layers and maintain normal cost contributions when fully funded, and consider a 100-year surplus amortization when over 125 percent funded.

5. Board Observations and Intent

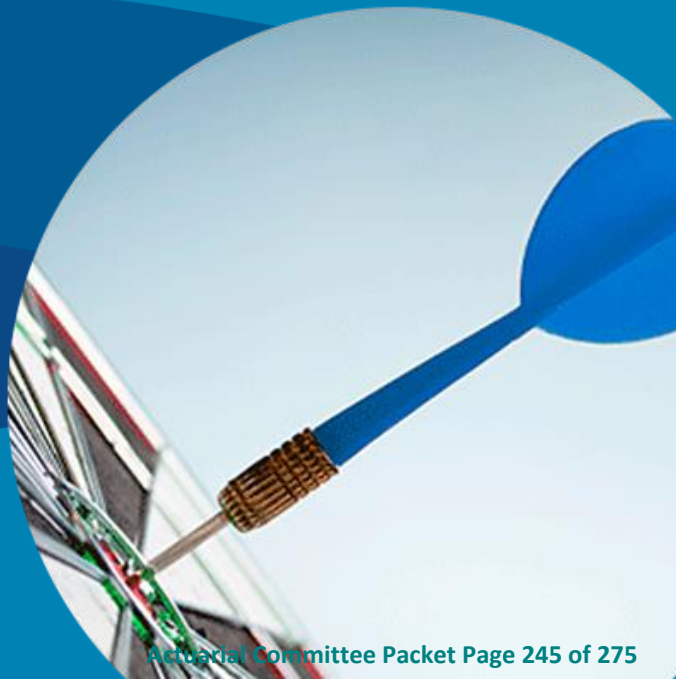
The Board found that the prior amortization approach could create unfunded liability payments even when the plan exceeded full funding. The September 2025 fresh-start adjustment and the subsequent GRS guidance together represent a prudent, forward-looking framework for stabilizing the plan's funding status.

While the Board does not set contribution rates or actuarial assumptions directly, it has a fiduciary duty under AS 37.10.220 to advise the Commissioner of Administration on funding strategies that support long-term sustainability and fairness among participants and employers. This attachment reflects the Board's best current thinking on maintaining a stable, well-funded Judicial Retirement System that is open, small, and sensitive to judicial salary levels.

JRS Funding Policy

Paul Wood, ASA, FCA, MAAA
Cassie Rapoport, ASA, MAAA

Strategic Action and Review Committee
October 9, 2025



JRS Funding Policy

Identifying the Challenge

- As of the initial June 30, 2024 valuation, the JRS pension funded ratio was 101.7%, the normal cost was 41.87%, and the total contribution rate was 60.78%
- Using the historical layered amortization approach, a positive amortization payment was being calculated even though the funded ratio was north of 100%
- As a result, the ARMB reset the amortization period to 15 years with a minimum contribution equal to the normal cost
- How do we move forward?

JRS Funding Policy

Resource Documents

- The American Academy of Actuaries recently issued a report on surplus funding policies
- https://actuary.org/wp-content/uploads/2024/04/retirement-brief-surplus.pdf

JRS Funding Policy

Assumptions and Methods

- Are the assumptions and methods reasonable?
- Current Discount rate: 7.25%
- Current Payroll Growth Rate: 2.75%
- Some attention could be given to the payroll growth rate assumption
  - Recent history has pointed to lower total payroll growth so a change similar to the change made to PERS and TRS could be considered
- Furthermore, as a plan approaches or exceeds 100% funded, it is a reasonable strategy to start to back off on the discount rate
  - But given there is a floor on the contribution rate of the normal cost, lowering the discount rate would tend to increase cost

JRS Funding Policy

Amortization Strategy

- The main decision point is how to handle a surplus when it comes to calculating the contribution rates
- The most conservative approach would be to contribute, at a minimum, the normal cost
  - This would help ensure that the funded status remains above 100% and potentially continues to grow
  - This is the current policy
- To the extent that the contribution is lower than the normal cost, the funded ratio will tend to move back to 100% over time
- Recommend that the current practice of contributing the normal cost be maintained, for the most part

JRS Funding Policy

Amortization Strategy

- But what happens if the JRS drops below 100% funding in the future?
- Given the relative size of the payroll to the accrued liability (more specifically, the inactive member liability), regardless of the amortization method there will be a fair amount of volatility in the contribution rates
  - That is, even a small unfunded amount could move the contribution rate up significantly

JRS Funding Policy

Amortization Strategy

- If the JRS were to drop to 95% funded

Funded Ratio	Amortization Period	Amortization Rate	Total ER Rate
95%	10	10.62%	45.84%
95%	15	7.80%	43.02%
95%	20	6.43%	41.65%
95%	25	5.63%	40.85%
95%	30	5.12%	40.34%

- Again, because the payroll is relatively small compared to the accrued liability, there is inherent volatility

JRS Funding Policy

Amortization Strategy - Recommendation

- When the JRS is under 100% funded, employ a 15 year layered amortization approach
  - This will help balance between contribution volatility and meaningful funding progress
- When the JRS becomes over 100% funded, reset all outstanding layers and contribute the normal cost at a minimum
- In the event the JRS becomes super funded, consider reducing the contribution below the normal cost by amortizing the surplus over a 100 year period
  - This will keep the funded ratio at the desired target

JRS Funding Policy

Amortization Strategy - Recommendation

- Employing this strategy would help ensure the following:
  - When the JRS is underfunded, a reasonable contribution is made (15 year amortization) while limiting the year to year volatility (layered approach)
  - When the JRS eclipses 100% funded, the normal cost contribution is still made which will help keep the funded ratio above 100%
  - When the plans becomes funded at a level of 125% (or some other agreed upon amount), the contributions can be lowered below normal cost to prevent continued increase in the funded status

JRS Funding Policy

Conclusions

- The current policy of contributing the normal cost when over funded is quite strong
- Having a plan in place now in the event the JRS falls below full funding is prudent
- Managing the inherent volatility in the contribution rates through the layered amortization approach remains reasonable.

APPENDIX

JRS Funding Policy

Appendix – Projections

- Reviewed how various amortization policies react under both deterministic and stochastic projections
- This gives insight into the range of possible outcomes as well as a demonstration on how the plan would react to being over funded, then underfunded, and then super funded

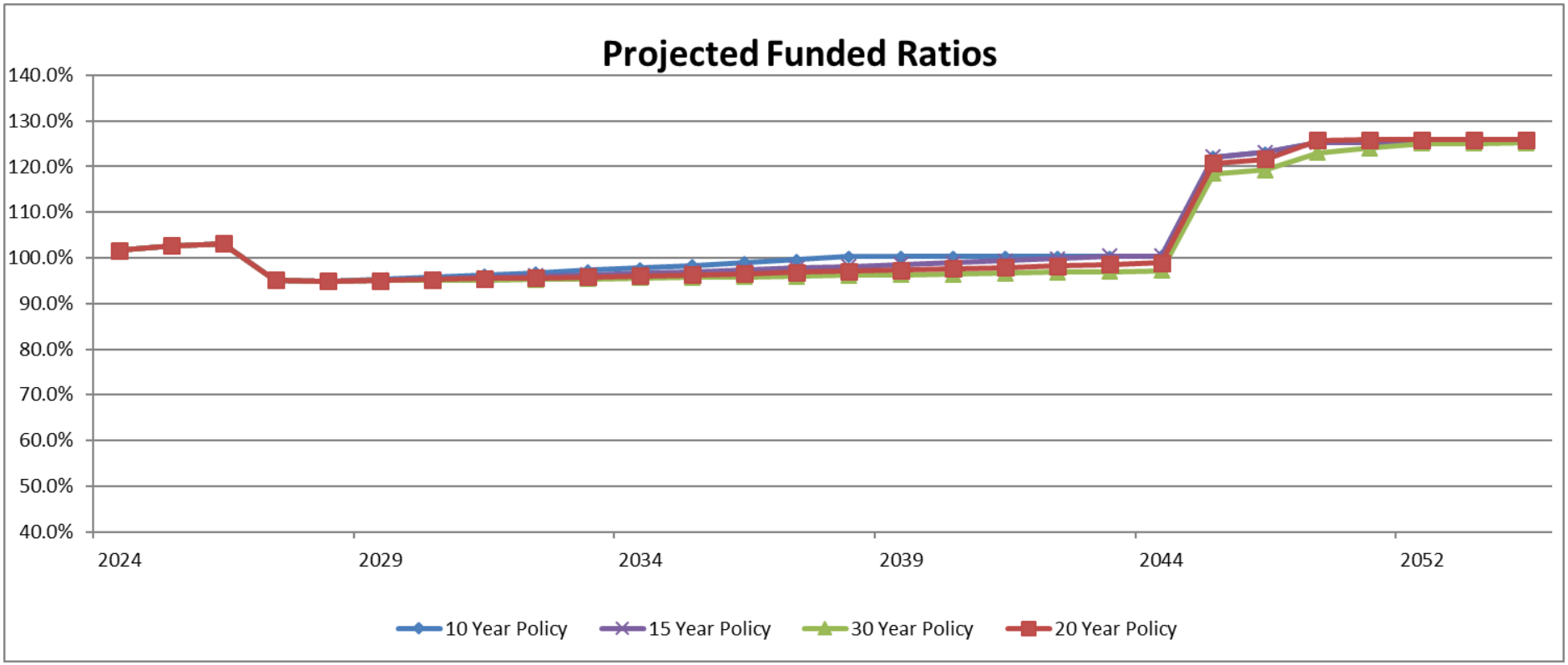
JRS Funding Policy

Appendix – Deterministic Projections

- In all scenarios, it is assumed the plan returns -1.0% in year three, 7.25% thereafter until there is a 30% return in year 20 that bring the JRS close to 125% funded
- The following charts show the projected funded ratios, projected employer contribution rates and projected employer contributions dollars under the following amortization methods
  - 10 Year, Layered
  - 15 Year, Layered
  - 20 Year, Layered
  - 30 Year, Layered

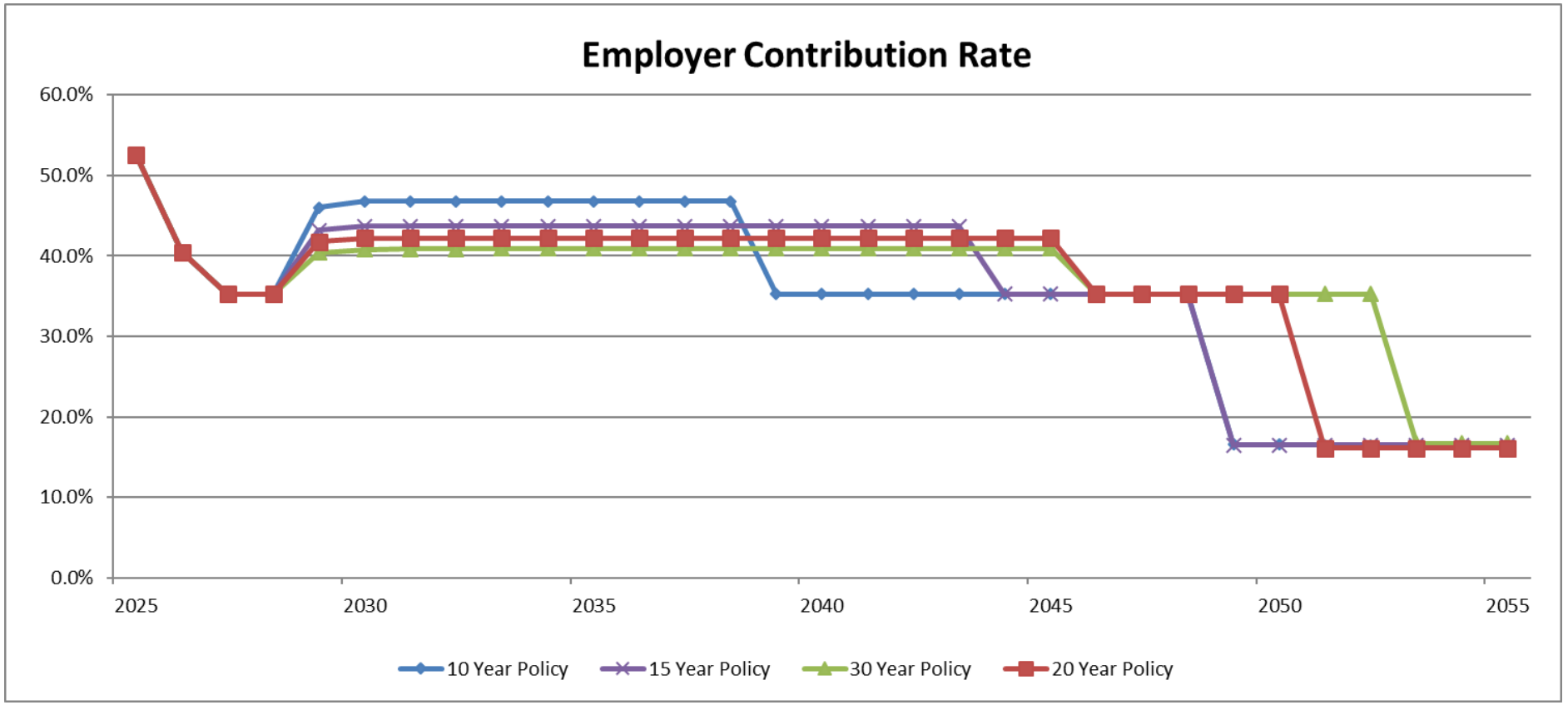
JRS Funding Policy

Appendix – Deterministic Projections



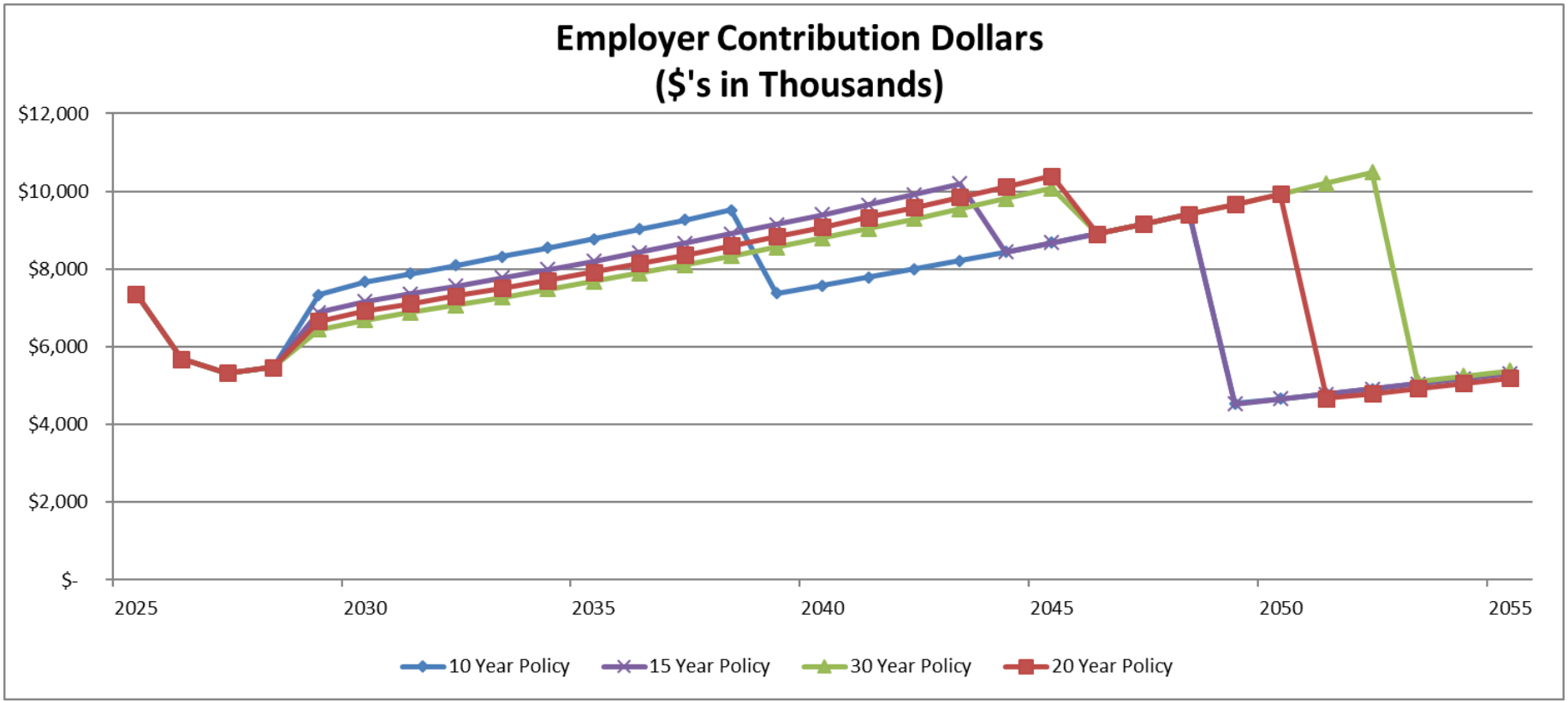
JRS Funding Policy

Appendix – Deterministic Projections



JRS Funding Policy

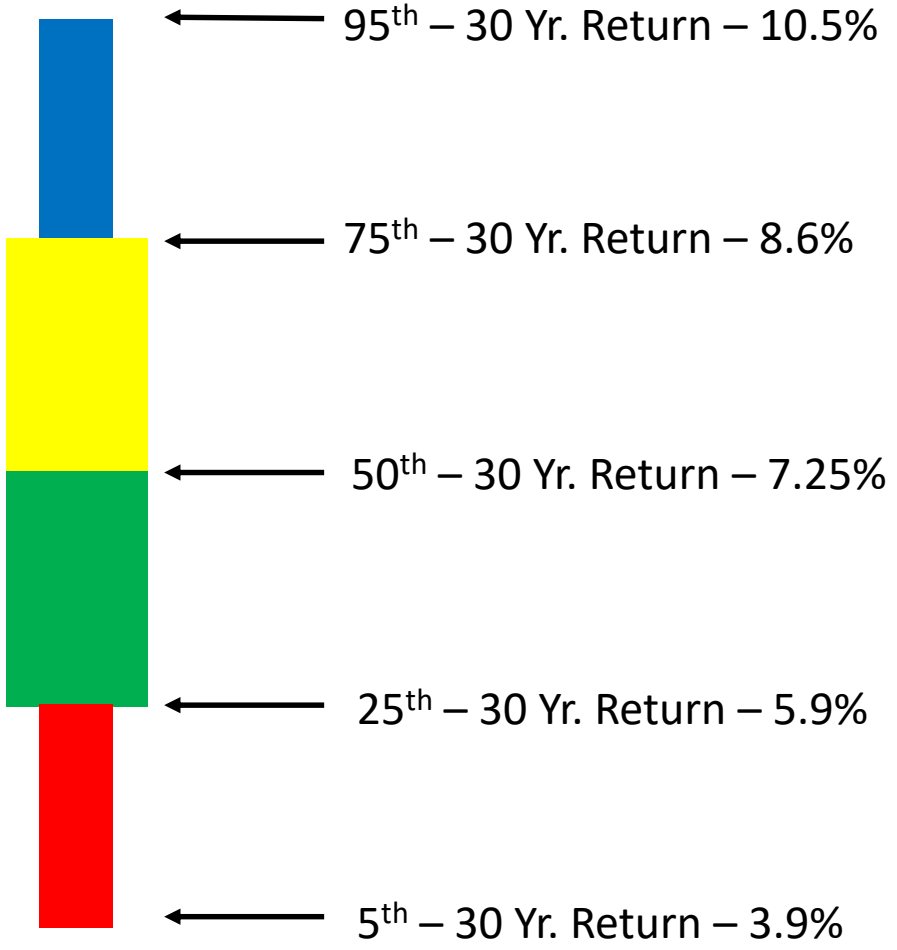
Appendix – Deterministic Projections



JRS Funding Policy

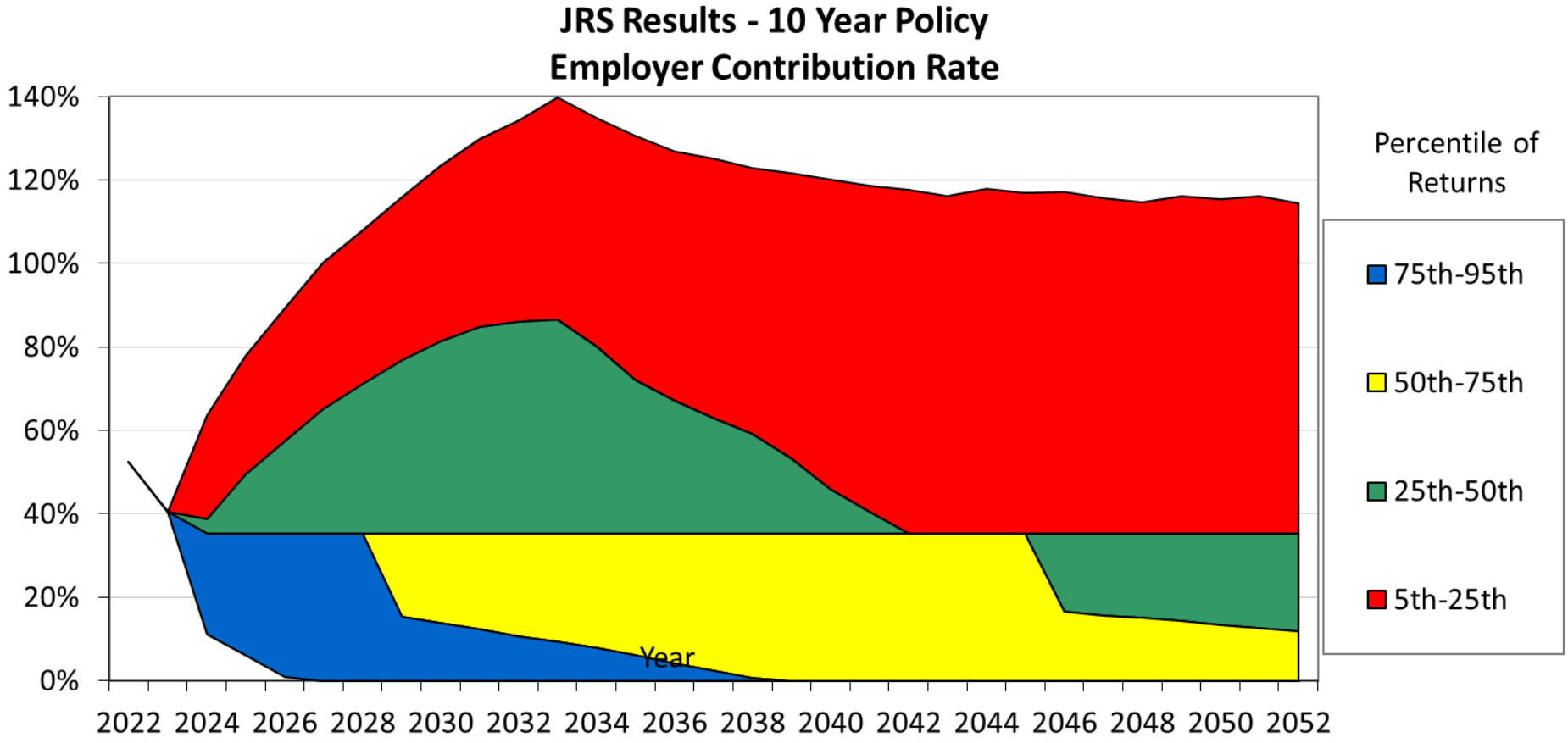
Appendix – Stochastic Projections - Cone of Uncertainty

- Interpreting stochastic results
  - 95th percentile
    - Exceeds 95% of all forecasts
    - Overly optimistic outcome
  - 75th percentile
    - Exceeds 75% of all forecasts
    - Optimistic outcome
  - 50th percentile
    - Exceeds 50% of all forecasts
    - Median outcome
  - 25th percentile
    - Exceeds 25% of all forecasts
    - Pessimistic outcome
  - 5th percentile
    - Exceeds 5% of all forecasts
    - Overly pessimistic outcome



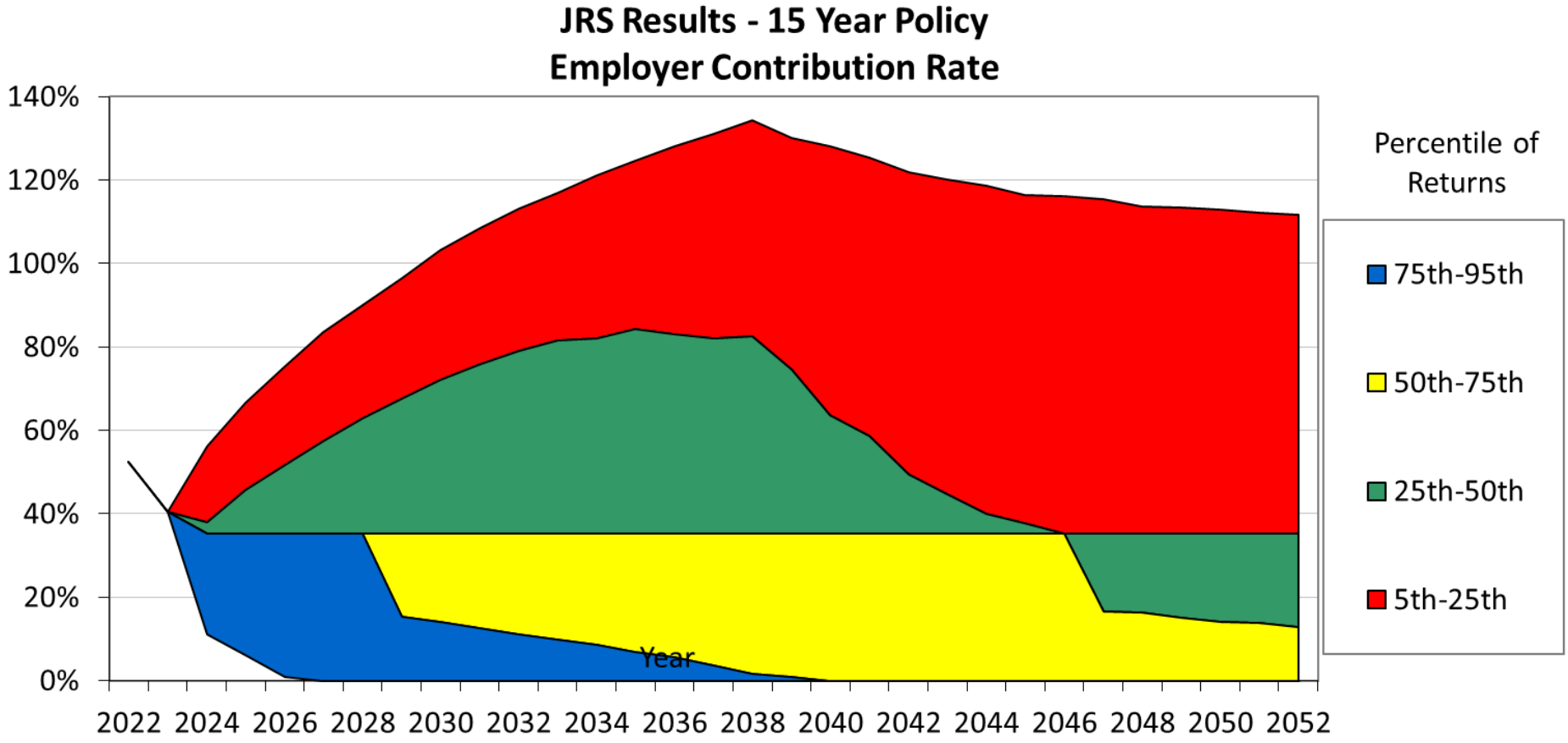
JRS Funding Policy

Appendix – Stochastic Projections – Employer Contribution Rate



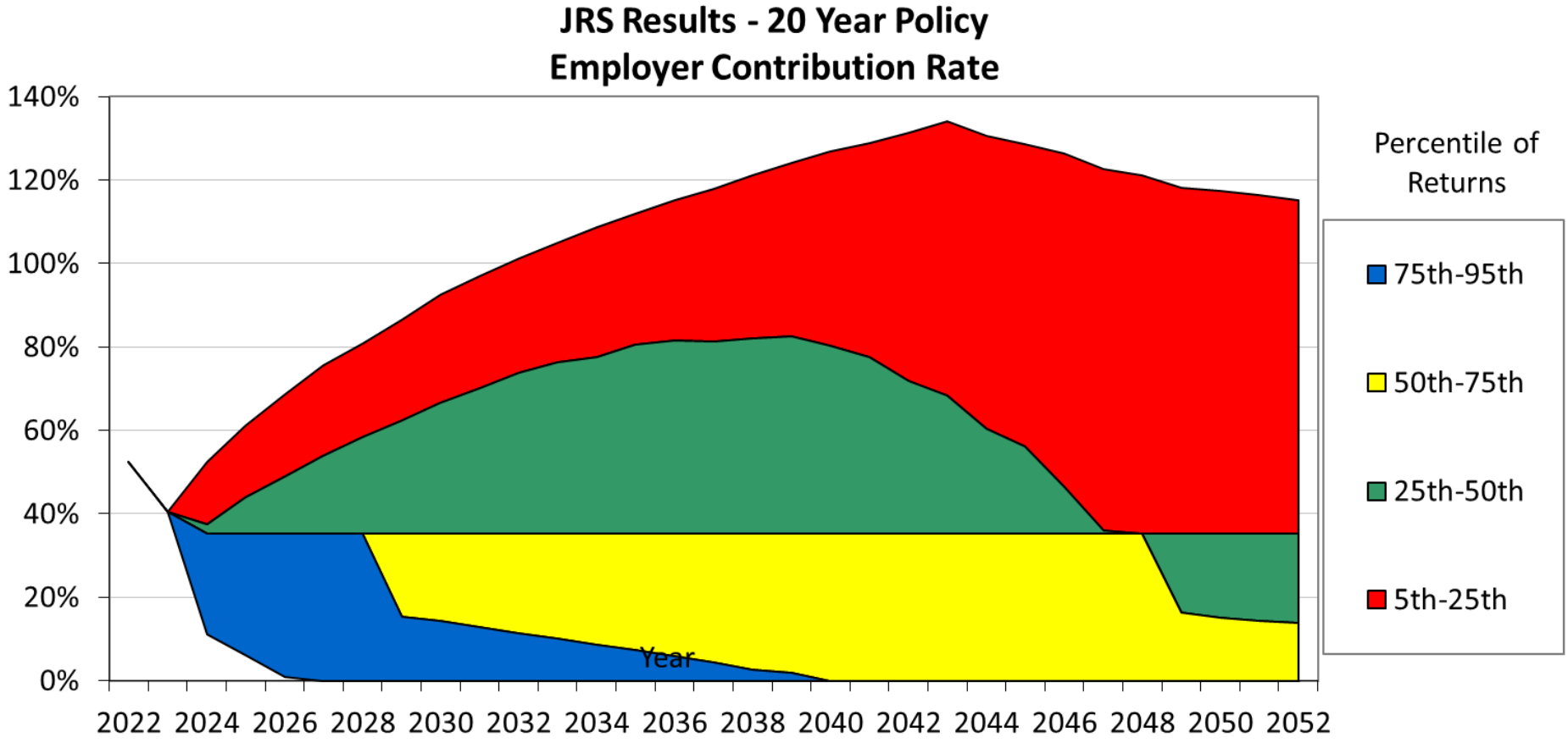
JRS Funding Policy

Appendix – Stochastic Projections – Employer Contribution Rate



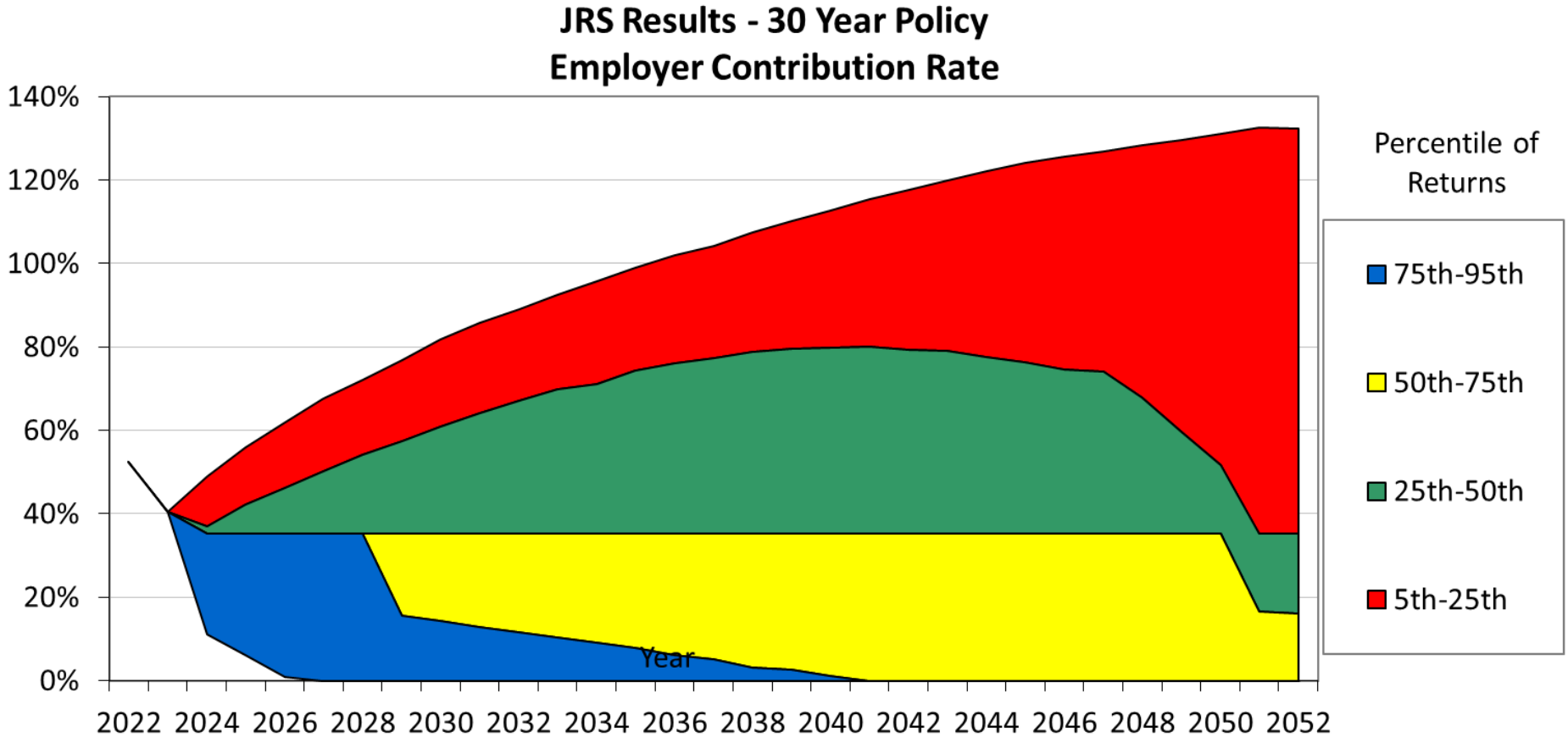
JRS Funding Policy

Appendix – Stochastic Projections – Employer Contribution Rate



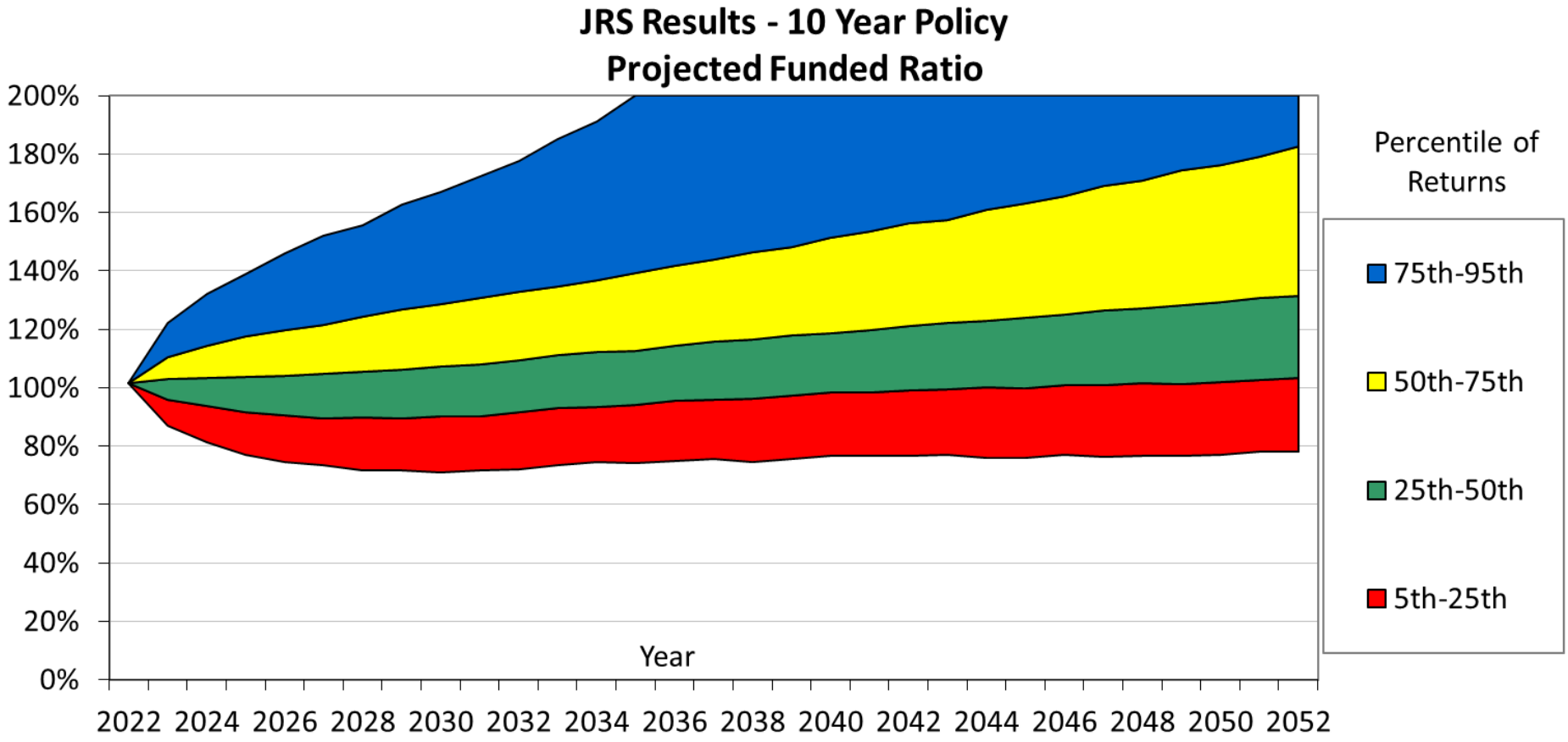
JRS Funding Policy

Appendix – Stochastic Projections – Employer Contribution Rate



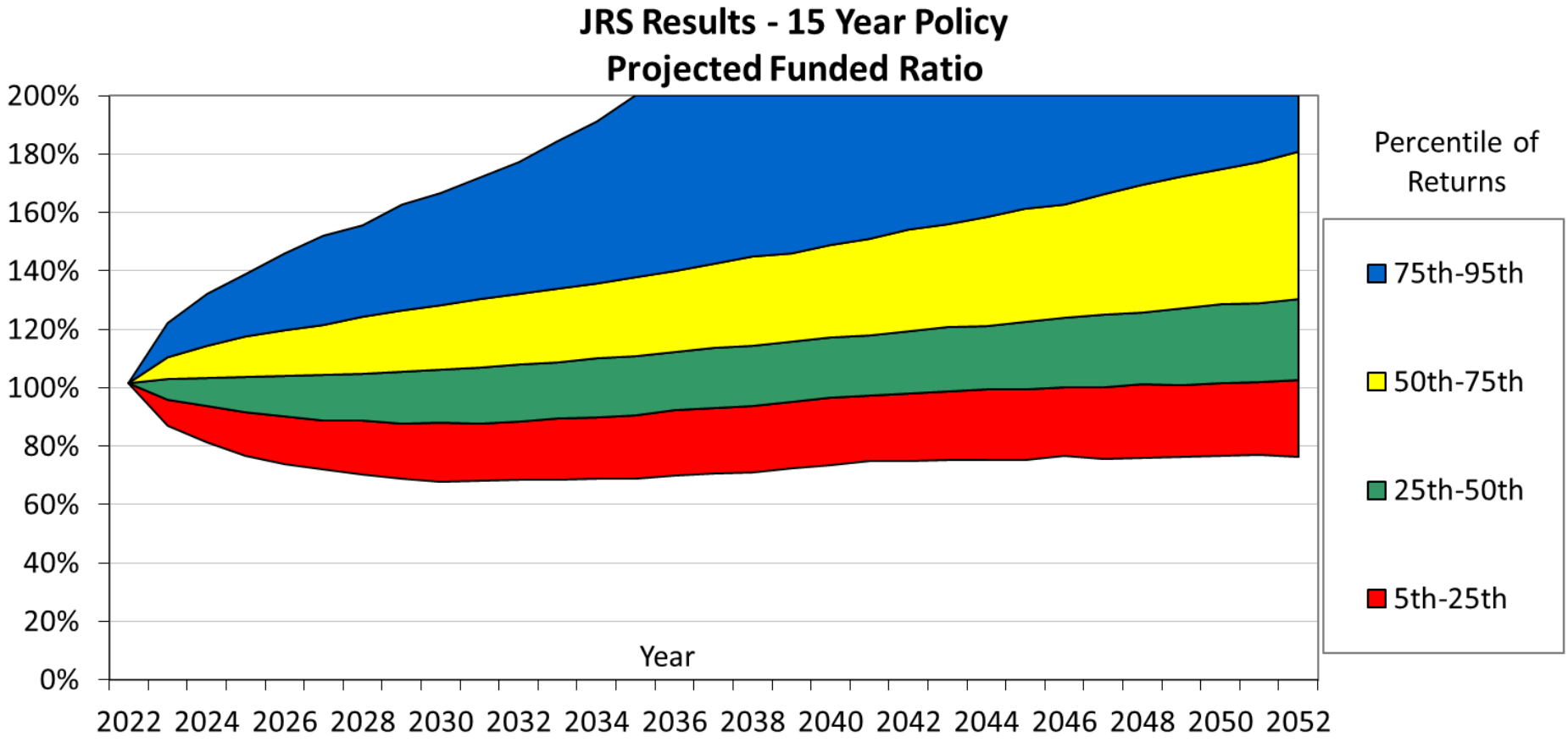
JRS Funding Policy

Appendix – Stochastic Projections – Funded Ratio



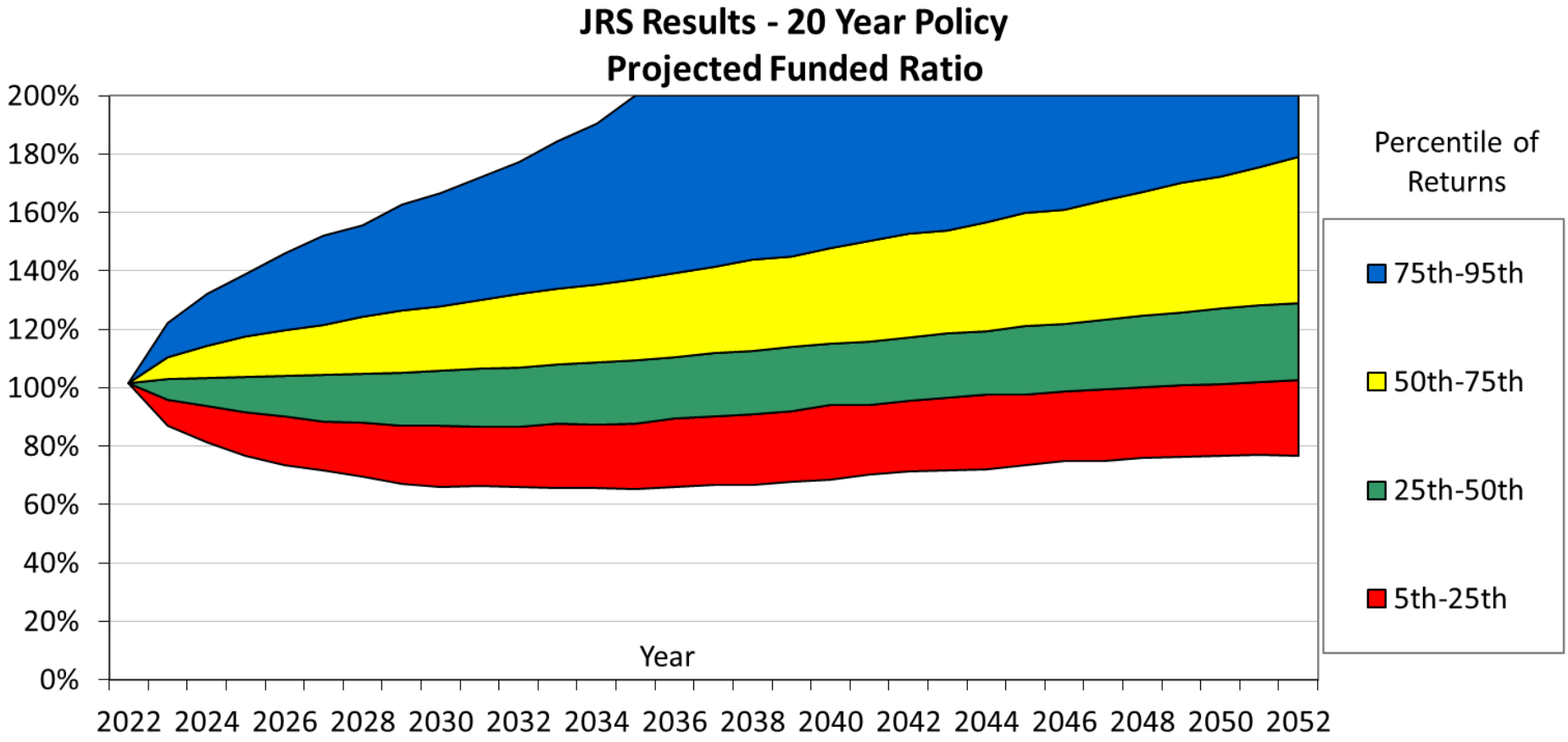
JRS Funding Policy

Appendix – Stochastic Projections – Funded Ratio



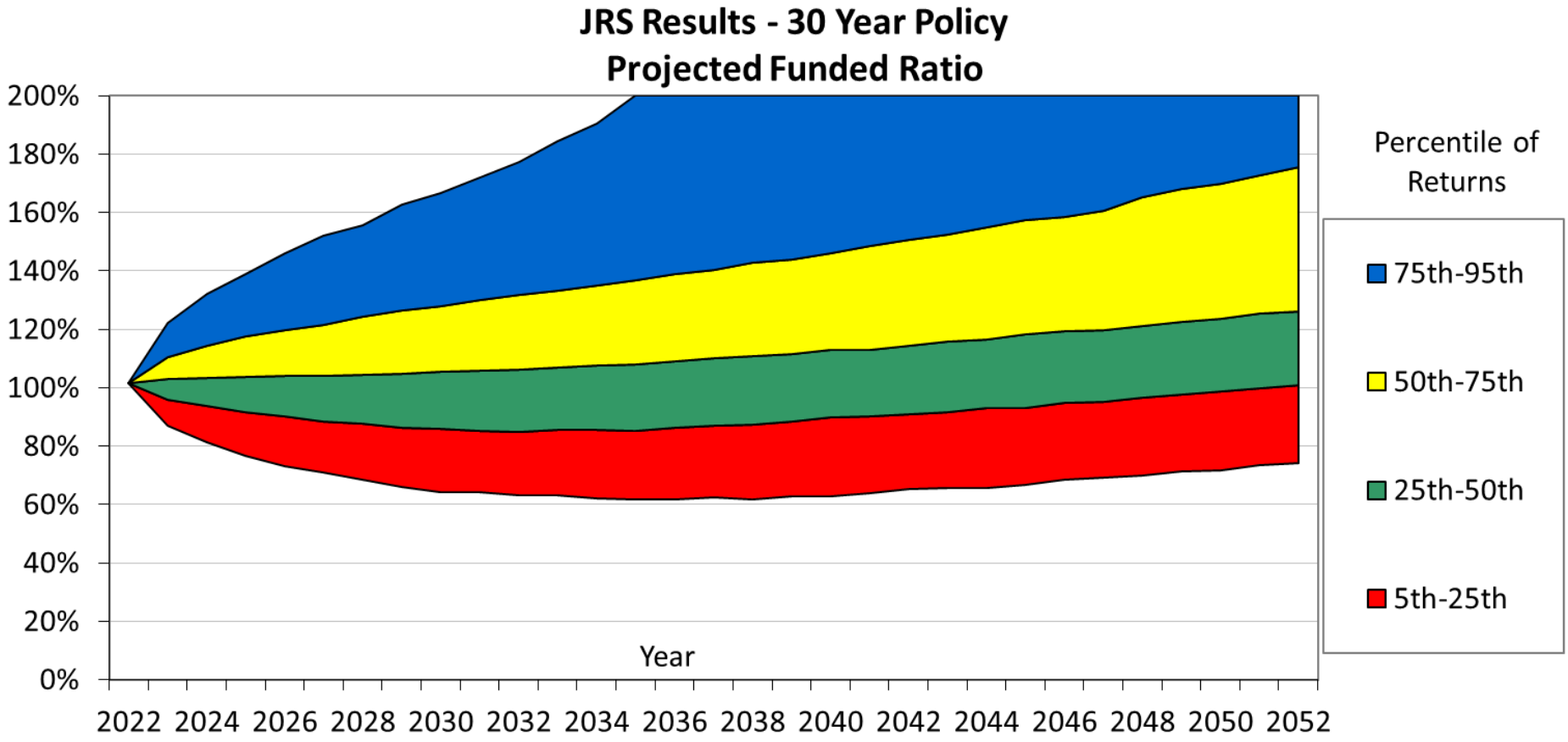
JRS Funding Policy

Appendix – Stochastic Projections – Funded Ratio



JRS Funding Policy

Appendix – Stochastic Projections – Funded Ratio



Questions?

Alaska Retirement Management Board

CHARTER OF THE ACTUARIAL COMMITTEE

I. Actuarial Committee Purpose.

The Actuarial Committee (Committee) assists the Alaska Retirement Management Board (Board) in fulfilling the Board's function of independent oversight of the integrity of the Alaska Retirement Management Board' s (Board) retirement systems ' actuarial valuations, experience analyses, and other requested reports and analysis, including compliance with legal, accounting., and regulatory requirements. It also serves as a conduit of communication between the Actuary, the Review Actuary, the Audit Actuary, Department of Administration (DOA) and Department of Revenue (DOR) staff, and the Board.

The Committee has the authority to conduct any review appropriate to fulfilling its responsibilities and it has direct access to the independent actuaries, as well as DOR and DOA management and staff, and legal counsel. The Committee may recommend that the Board retain, at Board expense and consistent with applicable procurement requirements, special legal, accounting, or other consultants or experts it considers necessary in the performance of its duties.

II. Actuarial Committee Responsibilities and Duties.

A. The Committee shall assist the Board in carrying out the following responsibilities:

1. Coordinate with the retirement system administrator to have an annual actuarial valuation of each retirement system prepared to determine system assets, accrued liabilities, and funding ratios and to certify to the appropriate budgetary authority of each employer in the system (A) an appropriate contribution rate for normal costs; (B) an appropriate contribution rate for liquidating any past service liability; in this subparagraph, the appropriate contribution rate for liquidating the past service liability of the defined benefit retirement plan under AS 14.25.009 - 14.25.220 or the past service liability of the defined benefit retirement plan under AS 39.35.095 - 39.35.680 must be determined by a level percent of pay method based on amortization of the past service liability for a closed term of 25 years;

2. Review actuarial assumptions prepared and certified by a member of the American Academy of Actuaries and conduct experience analyses of the retirement systems not less than once every four years, except for health cost assumptions, which shall be reviewed annually; the results of all actuarial assumptions prepared under this paragraph shall be reviewed and certified by a second member of the American Academy of Actuaries before presentation to the board.

3. Review the annual actuarial valuations and any actuarial experience analysis prepared by the Actuary and the report prepared by the Review Actuary prior to presentation or distribution of any report.

4. Coordinate with staff to conduct an independent audit of the state's actuary not less than once every four years and review any audit report prepared by the Audit Actuary prior to presentation or distribution to the Board.

5. In consultation with management and the independent actuaries, consider the integrity of the actuarial reporting processes and controls, including the process for "closure" on the audit findings.

6. Review any significant changes to applicable actuarial principles and any items required to be communicated by the independent actuaries.

7. Review the independence and performance of the actuaries and periodically recommend to the Board the appointment of the independent actuaries or recommend approval of any discharge of actuaries when circumstances warrant.

8. Review, discuss and recommend for Board consideration any strategic issues related to the actuarial work.

9. Review and assess the adequacy of this Charter at least annually and submit recommended changes to it to the Board for approval.

10. Review and periodically perform self-assessment of the Committee's performance.

B. The Committee shall have the following responsibilities with respect to the ARMB's independent actuaries:

1. Schedule an annual pre-valuation entrance conference with the Actuary that includes DOA and DOR staff and the Review Actuary to discuss scope, staffing, locations, timeline , reliance upon management, and general approach to the annual valuation conducted for the retirement systems; and in the year that an actuarial experience analysis is conducted, schedule a similar entrance conference.

2. Discuss with management and the independent actuaries the actuarial principles and provide input as to the underlying assumptions and methods used in the preparation of the retirement systems' valuation reports and experience analyses to ensure the integrity of actuarial number s used in preparation of accounting reports, compliance with GASB or other regulatory bodies, consistency with the actuarial policies of the plan, and alignment with the purpose of the reporting.

3. Review the Actuary's draft valuation and the Review Actuary's draft report (and the experience analysis and review when conducted); discuss the contents with the actuaries and monitor the follow-up on significant observations, findings, and recommendations.

4. Discuss with the independent actuaries the clarity and format of the presentations in appearances before the committee and the Board.

5. Meet with the actuaries, in the absence of management, to review findings, recommendations or other pertinent subjects.

6. Review Audit Actuary report (conducted every four years); discuss any significant findings with Actuary and management.

C. In addition to the foregoing, the Committee shall:

1. Perform such other activities consistent with this Charter, and governing law as the Committee considers necessary or appropriate or as the Board may otherwise request.

2. Maintain minutes of Committee meetings and periodically report to the Board on significant results of the Committee's activities.

Alaska Retirement Management Board

COMMITTEE SELF-ASSESSMENT

Actuarial Committee

Self-assessment within the meaning of the committee's charter may be achieved by discussion, at least twice a year, of the following questions:

	YES	NO
1. Are discussions at the committee level meaningful and, if not, what can be done about it?		
2. Is the committee touching on key issues; what key issues are being missed?		
3. Is the committee giving appropriate time to key issues?		
4. Does the work of the Actuarial Committee appropriately meet the needs of the Board by reducing necessary Board meeting time spent on the matters that come before the Actuarial Committee?		

Alaska Retirement Management Board

Actuarial Committee

SCHEDULE OF 2026 MEETINGS

March 17, 2026 (Juneau/ Videoconference)

1. Review Valuation Projections and Sensitivity Analysis
2. Discuss Draft Review Actuary Report
3. Review Draft Valuation Reports - requests or recommendations for edits or corrections
4. Review Audit Findings List - proposed resolution and recommendations
5. Education Topic:

April TBD, 2026 (Videoconference) - *Tentative*

1. Follow up on discussion/findings/questions from March meeting, if needed

June 9, 2026 (Anchorage/ Videoconference)

1. Review and discussion of final review reports and valuations, including any items brought forward from March meeting
2. Action: Recommendations from committee to board for acceptance of review reports and valuations
3. Recommendation from committee to board for action on Audit Findings List
4. FY2024 valuation discussion
    a. Valuation Timeline
    b. Actuarial principles and underlying assumptions; any proposed new assumptions
    c. Outstanding audit issues (Audit Findings List)
5. Actuarial Experience Study for the period 7/01/2021 – 6/30/2025
    a. Action: Acceptance of Experience Analysis
6. Committee Performance – Self Assessment
7. Education Topic:

September 15, 2026 (Fairbanks/ Videoconference)

1. Review contribution rate resolutions/action memos for recommendation to Board
2. Status/Follow-up from previous meetings
3. Education Topic:

December 1, 2026 (Anchorage/ Videoconference)

1. Status Report/Discussion on Draft Actuarial Valuation and Actuary Review Process
2. Discussion of new trends and findings in actuarial matters
3. Committee Performance – Self Assessment
4. Education topic:

Periodic and As Needed Meeting Topics

1. Updates by DOA-DRB on actuary procurement
2. Updates by DOR-Treasury on review actuary procurement
3. Actuarial Committee training

Approved June 17, 2025