

State of Alaska
ALASKA RETIREMENT MANAGEMENT BOARD
Relating to the actuarial experience analysis for the Public Employees' Retirement System,
Teachers' Retirement System, Judicial Retirement System, and
Alaska National Guard and Naval Militia Retirement System

Resolution 2026-05

WHEREAS, the Alaska Retirement Management Board (Board) was established by law to serve as trustee to the assets of the State's retirement systems; and

WHEREAS, under AS 37.10.210-220, the Board is to establish and determine the investment objectives and policy for the funds of the Public Employees' Retirement System, Teachers' Retirement System, Judicial Retirement System, and Alaska National Guard and Naval Militia Retirement System; and

WHEREAS, AS 37.10.071 and AS 37.10.210-220 require the Board to apply the prudent investor rule and exercise the fiduciary duty in the sole financial best interest of the funds entrusted to it and treat beneficiaries thereof with impartiality; and

WHEREAS, AS 37.10.220(a)(8) requires the Board to coordinate with the retirement system administrator to conduct an annual actuarial valuation of each retirement system to determine system assets, accrued liabilities and funding ratios, and to certify to the appropriate budgetary authority of each employer in the system an appropriate contribution rate for normal costs and an appropriate contribution rate for liquidating any past service liability;

WHEREAS, AS 37.10.220(a)(9) requires the Board to conduct an experience analysis of the retirement systems not less than once every four years, except for health cost assumptions which shall be reviewed annually, and that the results of all actuarial assumptions prepared under this paragraph shall be reviewed and certified by a second actuary before presentation to the board;


NOW THEREFORE BE IT RESOLVED BY THE ALASKA RETIREMENT MANAGEMENT BOARD, that the Public Employees' Retirement System's, Teachers' Retirement System's, Judicial Retirement System's, and Alaska National Guard and Naval Militia Retirement System's Actuarial Experience Analysis as of June 30, 2025, as well as the assumption and method changes recommended therein, prepared by Gallagher be approved.

DATED at Anchorage, Alaska this 11 day of June, 2026.



Chair

ATTEST:



Secretary

State of Alaska Retirement Systems

Presentation to ARMB Actuarial Committee

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

- Updates to Demographic Assumptions from March Meeting
- Current and Proposed Assumptions

June 9, 2026

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Gallagher

Insurance | Risk Management | Consulting

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Recap

Recap

- 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, except the healthcare costs and trend rates are analyzed annually.
- 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.
- At the December 2025 and March 2026 meetings, we presented an analysis of economic and demographic assumptions, along with estimated cost impacts of the proposed assumptions.
- Based on comments at the March meeting, we have updated some of the proposed demographic assumptions. Other than these changes, the proposed economic and demographic assumptions are the same as what we discussed at the March meeting.
- The current and proposed assumptions are summarized on slides 13-37. For convenience, proposed assumptions that are different than current assumptions are highlighted.
 - Slide 13 includes average investment return and inflation rate assumptions from NASRA's April 2026 survey.

Updates to Demographic Assumptions from March Meeting

Rehire/New Entrant Load for DCR Plans

- GRS recommends that we “include a load on the (DCR) normal cost to account for anticipated rehires/new entrants based on past experience”.
- **New Entrant Load.** We do not agree with the recommendation to explicitly add a DCR new entrant load.
 - It is rare for public retirement systems to explicitly increase the Normal Cost for potential new entrants.
 - Valuations are generally based on the participant data as of the valuation date, with no provision made for new entrants (except for projections that anticipate new entrants).
 - The DCR new entrant liability losses identified in our valuation reports would have been offset, in whole or in part, by contributions that have been deposited to the trusts based on the payroll of the new entrants.
- **Rehire Load.** We have resisted implementing a DCR rehire load for the following reasons:
 - The members who are generating rehire losses would have generated termination gains in the year that they originally terminated. Those termination gains are being recognized as a component of the Past Service Cost, not the Normal Cost.
 - The DCR trusts are currently over 100% funded. Adding a rehire load will increase the DCR Normal Cost, which will increase the overfunding even more.
 - Adding a DCR rehire load could cause projected Additional State Contributions for PERS and TRS to increase (see slides 8-9 for details). The projected State-as-an-Employer contributions to the DCR trusts could also increase.

Rehire/New Entrant Load for DCR Plans (cont'd)

- At the ARMB's request, we have developed potential DCR rehire loads under two alternatives:
 - Alternative 1 – As a load to the DCR Normal Cost (NC)
 - Alternative 2 – As a load to the DCR active members' Actuarial Accrued Liability (AAL)
- The tables below show the rehire load percentages based on the most recent 5-year history of DCR rehire losses:

Alternative 1 – NC Load

	OD&D	Retiree Medical
PERS DCR	1.1%	24.8%
TRS DCR	0.0%	70.0%

Alternative 2 – Active AAL Load

	OD&D	Retiree Medical
PERS DCR	0.7%	2.1%
TRS DCR	0.0%	4.5%

- The next two slides show the year-by-year impact on projected contribution rates and Additional State Contributions for FY28-FY39 had the DCR rehire loads under Alternative 1 been in place for the June 30, 2025 valuations.
- Under Alternative 2, the impact on projected contribution rates and Additional State Contributions would be zero because the DCR trusts are over 100% funded with or without the DCR rehire load.

FY28-FY39 Projections Under DCR Rehire Load Alternative 1 – PERS

\$ in thousands

Without DCR Rehire Load					With DCR Rehire Load					
Fiscal Year	DB ADC Rate	DCR ADC Rate	Total ADC Rate	Additional State Contrib	Fiscal Year	DB ADC Rate	DCR ADC Rate	Total ADC Rate	Additional State Contrib	Incr in Add'l State Contrib
2028	21.23%	7.30%	28.53%	\$ 91,970	2028	21.23%	7.46%	28.69%	\$ 94,156	\$ 2,186
2029	20.88%	7.52%	28.40%	90,361	2029	20.88%	7.68%	28.56%	92,554	2,193
2030	20.63%	7.72%	28.35%	90,088	2030	20.63%	7.89%	28.52%	92,586	2,498
2031	20.68%	7.91%	28.59%	94,109	2031	20.68%	8.08%	28.76%	96,624	2,515
2032	20.69%	8.08%	28.77%	97,740	2032	20.69%	8.26%	28.95%	100,281	2,541
2033	20.69%	8.24%	28.93%	101,141	2033	20.69%	8.42%	29.11%	103,862	2,721
2034	17.52%	8.39%	25.91%	57,897	2034	17.52%	8.57%	26.09%	60,501	2,604
2035	15.93%	8.52%	24.45%	36,830	2035	15.93%	8.70%	24.63%	39,472	2,642
2036	15.29%	8.63%	23.92%	29,207	2036	15.29%	8.82%	24.11%	32,207	3,000
2037	17.86%	8.74%	26.60%	71,476	2037	17.86%	8.93%	26.79%	74,534	3,058
2038	16.80%	8.83%	25.63%	57,672	2038	16.80%	9.02%	25.82%	60,630	2,958
2039	10.34%	8.90%	19.24%	<u>0</u>	2039	10.34%	9.09%	19.43%	<u>0</u>	<u>0</u>
Total				\$ 818,491	Total				\$ 847,407	\$ 28,916

FY28-FY39 Projections Under DCR Rehire Load Alternative 1 – TRS

\$ in thousands

Without DCR Rehire Load					With DCR Rehire Load					
Fiscal Year	DB ADC Rate	DCR ADC Rate	Total ADC Rate	Additional State Contrib	Fiscal Year	DB ADC Rate	DCR ADC Rate	Total ADC Rate	Additional State Contrib	Incr in Add'l State Contrib
2028	24.79%	8.29%	33.08%	\$ 158,690	2028	24.79%	8.69%	33.48%	\$ 161,814	\$ 3,124
2029	23.70%	8.62%	32.32%	154,164	2029	23.70%	9.04%	32.74%	157,477	3,313
2030	22.85%	8.93%	31.78%	151,544	2030	22.85%	9.36%	32.21%	154,891	3,347
2031	22.58%	9.21%	31.79%	153,454	2031	22.58%	9.65%	32.23%	156,925	3,471
2032	22.31%	9.46%	31.77%	155,390	2032	22.31%	9.91%	32.22%	158,992	3,602
2033	22.01%	9.69%	31.70%	157,160	2033	22.01%	10.15%	32.16%	160,987	3,827
2034	21.45%	9.89%	31.34%	156,694	2034	21.45%	10.36%	31.81%	160,669	3,975
2035	19.47%	10.06%	29.53%	144,181	2035	19.47%	10.54%	30.01%	148,228	4,047
2036	18.47%	10.21%	28.68%	139,557	2036	18.47%	10.70%	29.17%	143,769	4,212
2037	22.58%	10.33%	32.91%	179,692	2037	22.58%	10.83%	33.41%	184,081	4,389
2038	19.96%	10.44%	30.40%	160,916	2038	19.96%	10.94%	30.90%	165,399	4,483
2039	10.51%	10.53%	21.04%	<u>78,176</u>	2039	10.52%	11.03%	21.55%	<u>82,853</u>	<u>4,677</u>
Total				\$ 1,789,618	Total				\$ 1,836,085	\$ 46,467

Healthcare Participation Rate for DCR Plans

- The current healthcare participation rates for the DCR plans are less than 100% because retirees who are age 65+ pay a percentage of the healthcare premium depending on their years of service.
 - These percentages range from 30% (under 15 years of service) to 10% (30+ years of service).
- We had originally proposed a 5-basis point decrease in the current DCR healthcare participation rates at all service levels based on limited observed experience over the last 4 years.
- At the March meeting, questions were raised about whether this reduction made sense for those with 20+ years of service.
- Accordingly, we have modified our proposed DCR healthcare participation rates as follows:
 - 5-basis point reduction in the current participation rates for service less than 20 years.
 - No change to the current participation rates for 20+ years of service.
- This change would have an immaterial effect on the impact of the proposed assumptions we provided at the March meeting.

Disability Rates for PERS Others

- Although we do not have fully credible disability experience, we had proposed a 30% reduction in the disability rates at all ages for PERS Others due to disability-related liability gains that have developed over the last few years.
- At the March meeting, questions were raised whether these gains were potentially due to a lack of understanding by members regarding their entitlement to disability benefits.
- Accordingly, we have modified our proposed disability assumption by removing the 30% reduction.
- This change would have an immaterial effect on the impact of the proposed assumptions we provided at the March meeting.

Current and Proposed Assumptions

Inflation Rate and Investment Return

PERS/TRS/JRS

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

NGNMRS

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

National Association of State Retirement Administrators (NASRA) April 2026 survey:

- Average Inflation Rate 2.54%
- Average Real Rate of Return 4.37%
- Average Investment Return 6.91%
- Median Investment Return 7.00%

* net of investment expenses

Salary Increases

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 (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

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.

Active Employee Mortality

Pension and OD&D

Current

Plan	Base Table	Weight	Adjustment Factors		Improvement Scale
			Male	Female	
PERS/PERS DCR – Peace/Fire	Pub-2010 Safety Employee	Amount	100%	100%	MP-2021
PERS/PERS DCR – Others	Pub-2010 General Employee	Amount	100%	100%	MP-2021
TRS/TRS DCR	Pub-2010 Teachers Employee	Amount	100%	100%	MP-2021
JRS	Pub-2010 General Employee, Above-Median	Amount	100%	100%	MP-2021
NGNMRS	Pub-2010 Safety Employee	Amount	100%	100%	MP-2021

Proposed

Plan	Base Table	Weight	Adjustment Factors		Improvement Scale*
			Male	Female	
PERS/PERS DCR – Peace/Fire	Pub-2016 Safety Employee	Amount	100%	100%	MP-2021
PERS/PERS DCR – Others	Pub-2016 General Employee	Amount	100%	100%	MP-2021
TRS/TRS DCR	Pub-2016 Teachers Employee	Amount	100%	100%	MP-2021
JRS	Pub-2016 General Employee, Above-Median	Amount	100%	100%	MP-2021
NGNMRS	Pub-2016 Safety Employee	Amount	100%	100%	MP-2021

* We propose annually updating the improvement scale to the most recently-published scale as of each valuation date.

Active Employee Mortality (cont'd)

Healthcare

Current

Plan	Base Table	Weight	Adjustment Factors		Improvement Scale
			Male	Female	
PERS/PERS DCR – Peace/Fire	Pub-2010 Safety Employee	Headcount	100%	100%	MP-2021
PERS/PERS DCR – Others	Pub-2010 General Employee	Headcount	100%	100%	MP-2021
TRS/TRS DCR	Pub-2010 Teachers Employee	Headcount	100%	100%	MP-2021
JRS	Pub-2010 General Employee, Above-Median	Headcount	100%	100%	MP-2021

Proposed

Plan	Base Table	Weight	Adjustment Factors		Improvement Scale*
			Male	Female	
PERS/PERS DCR – Peace/Fire	Pub-2016 Safety Employee	Headcount	100%	100%	MP-2021
PERS/PERS DCR – Others	Pub-2016 General Employee	Headcount	100%	100%	MP-2021
TRS/TRS DCR	Pub-2016 Teachers Employee	Headcount	100%	100%	MP-2021
JRS	Pub-2016 General Employee, Above-Median	Headcount	100%	100%	MP-2021

* We propose annually updating the improvement scale to the most recently-published scale as of each valuation date.

Healthy Retiree Mortality

Pension and OD&D

Current

Plan	Base Table	Weight	Adjustment Factors		Improvement Scale
			Male	Female	
PERS/PERS DCR – Peace/Fire	Pub-2010 Safety Retiree	Amount	100%	100%	MP-2021
PERS/PERS DCR – Others	Pub-2010 General Retiree	Amount	98%	106%	MP-2021
TRS/TRS DCR	Pub-2010 Teachers Retiree	Amount	97%	97%	MP-2021
JRS	Pub-2010 General Retiree, Above-Median	Amount	100%	100%	MP-2021
NGNMRS	Pub-2010 Safety Retiree	Amount	100%	100%	MP-2021

Proposed

Plan	Base Table	Weight	Adjustment Factors		Improvement Scale*
			Male	Female	
PERS/PERS DCR – Peace/Fire	Pub-2016 Safety Retiree	Amount	100%	100%	MP-2021
PERS/PERS DCR – Others	Pub-2016 General Retiree	Amount	99%	98%	MP-2021
TRS/TRS DCR	Pub-2016 Teachers Retiree	Amount	103%	94%	MP-2021
JRS	Pub-2016 General Retiree, Above-Median	Amount	100%	100%	MP-2021
NGNMRS	Pub-2016 Safety Retiree	Amount	100%	100%	MP-2021

* We propose annually updating the improvement scale to the most recently-published scale as of each valuation date.

Healthy Retiree Mortality (cont'd)

Healthcare

Current

Plan	Base Table	Weight	Adjustment Factors		Improvement Scale
			Male	Female	
PERS/PERS DCR – Peace/Fire	Pub-2010 Safety Retiree	Headcount	100%	100%	MP-2021
PERS/PERS DCR – Others	Pub-2010 General Retiree	Headcount	101%	110%	MP-2021
TRS/TRS DCR	Pub-2010 Teachers Retiree	Headcount	98%	100%	MP-2021
JRS	Pub-2010 General Retiree, Above-Median	Headcount	100%	100%	MP-2021

Proposed

Plan	Base Table	Weight	Adjustment Factors		Improvement Scale*
			Male	Female	
PERS/PERS DCR – Peace/Fire	Pub-2016 Safety Retiree	Headcount	100%	100%	MP-2021
PERS/PERS DCR – Others	Pub-2016 General Retiree	Headcount	96%	102%	MP-2021
TRS/TRS DCR	Pub-2016 Teachers Retiree	Headcount	102%	96%	MP-2021
JRS	Pub-2016 General Retiree, Above-Median	Headcount	100%	100%	MP-2021

* We propose annually updating the improvement scale to the most recently-published scale as of each valuation date.

Disabled Retiree Mortality

Pension and OD&D

Current

Plan	Base Table	Weight	Adjustment Factors		Improvement Scale
			Male	Female	
PERS/PERS DCR – Peace/Fire	Pub-2010 Safety Disabled	Amount	100%	100%	MP-2021
PERS/PERS DCR – Others	Pub-2010 Non-Safety Disabled	Amount	100%	100%	MP-2021
TRS/TRS DCR	Pub-2010 Non-Safety Disabled	Amount	100%	100%	MP-2021
JRS	Pub-2010 Non-Safety Disabled	Amount	100%	100%	MP-2021
NGNMRS	Pub-2010 Safety Disabled	Amount	100%	100%	MP-2021

Proposed

Plan	Base Table	Weight	Adjustment Factors		Improvement Scale*
			Male	Female	
PERS/PERS DCR – Peace/Fire	Pub-2016 Safety Disabled	Amount	100%	100%	MP-2021
PERS/PERS DCR – Others	Pub-2016 Non-Safety Disabled	Amount	100%	100%	MP-2021
TRS/TRS DCR	Pub-2016 Non-Safety Disabled	Amount	100%	100%	MP-2021
JRS	Pub-2016 Non-Safety Disabled	Amount	100%	100%	MP-2021
NGNMRS	Pub-2016 Safety Disabled	Amount	100%	100%	MP-2021

* We propose annually updating the improvement scale to the most recently-published scale as of each valuation date.

Disabled Retiree Mortality (cont'd)

Healthcare

Current

Plan	Base Table	Weight	Adjustment Factors		Improvement Scale
			Male	Female	
PERS/PERS DCR – Peace/Fire	Pub-2010 Safety Disabled	Headcount	100%	100%	MP-2021
PERS/PERS DCR – Others	Pub-2010 Non-Safety Disabled	Headcount	100%	100%	MP-2021
TRS/TRS DCR	Pub-2010 Non-Safety Disabled	Headcount	100%	100%	MP-2021
JRS	Pub-2010 Non-Safety Disabled	Headcount	100%	100%	MP-2021

Proposed

Plan	Base Table	Weight	Adjustment Factors		Improvement Scale*
			Male	Female	
PERS/PERS DCR – Peace/Fire	Pub-2016 Safety Disabled	Headcount	100%	100%	MP-2021
PERS/PERS DCR – Others	Pub-2016 Non-Safety Disabled	Headcount	100%	100%	MP-2021
TRS/TRS DCR	Pub-2016 Non-Safety Disabled	Headcount	100%	100%	MP-2021
JRS	Pub-2016 Non-Safety Disabled	Headcount	100%	100%	MP-2021

* We propose annually updating the improvement scale to the most recently-published scale as of each valuation date.

Beneficiary Mortality

Pension and OD&D

Current

Plan	Base Table	Weight	Adjustment Factors		Improvement Scale
			Male	Female	
PERS/PERS DCR – Peace/Fire	Pub-2010 Contingent Survivor	Amount	100%	100%	MP-2021
PERS/PERS DCR – Others	Pub-2010 Contingent Survivor	Amount	102%	108%	MP-2021
TRS/TRS DCR	Pub-2010 Contingent Survivor	Amount	100%	95%	MP-2021
JRS	Pub-2010 Contingent Survivor, Above-Median	Amount	100%	100%	MP-2021
NGNMRS	Pub-2010 Contingent Survivor	Amount	100%	100%	MP-2021

Proposed

Plan	Base Table	Weight	Adjustment Factors		Improvement Scale*
			Male	Female	
PERS/PERS DCR – Peace/Fire	Pub-2016 Contingent Survivor	Amount	100%	100%	MP-2021
PERS/PERS DCR – Others	Pub-2016 Contingent Survivor	Amount	96%	113%	MP-2021
TRS/TRS DCR	Pub-2016 Contingent Survivor, Above-Median	Amount	100%	98%	MP-2021
JRS	Pub-2016 Contingent Survivor, Above-Median	Amount	100%	100%	MP-2021
NGNMRS	Pub-2016 Contingent Survivor	Amount	100%	100%	MP-2021

* We propose annually updating the improvement scale to the most recently-published scale as of each valuation date.

Beneficiary Mortality (cont'd)

Healthcare

Current

Plan	Base Table	Weight	Adjustment Factors		Improvement Scale
			Male	Female	
PERS/PERS DCR – Peace/Fire	Pub-2010 Contingent Survivor	Headcount	100%	100%	MP-2021
PERS/PERS DCR – Others	Pub-2010 Contingent Survivor	Headcount	101%	108%	MP-2021
TRS/TRS DCR	Pub-2010 Contingent Survivor	Headcount	100%	94%	MP-2021
JRS	Pub-2010 Contingent Survivor, Above-Median	Headcount	100%	100%	MP-2021

Proposed

Plan	Base Table	Weight	Adjustment Factors		Improvement Scale*
			Male	Female	
PERS/PERS DCR – Peace/Fire	Pub-2016 Contingent Survivor	Headcount	100%	100%	MP-2021
PERS/PERS DCR – Others	Pub-2016 Contingent Survivor	Headcount	93%	110%	MP-2021
TRS/TRS DCR	Pub-2016 Contingent Survivor, Above-Median	Headcount	100%	100%	MP-2021
JRS	Pub-2016 Contingent Survivor, Above-Median	Headcount	100%	100%	MP-2021

* We propose annually updating the improvement scale to the most recently-published scale as of each valuation date.

Termination

PERS – Peace/Fire

Select Rates during First 5 Years of Employment

Service	Male		Female	
	Current	Proposed	Current	Proposed
< 1	15.00%	15.00%	15.00%	15.00%
1	12.00%	12.00%	8.00%	8.00%
2	7.20%	7.20%	6.40%	6.40%
3	5.67%	5.67%	5.60%	5.60%
4	6.48%	6.48%	7.20%	7.20%

Ultimate Rates after First 5 Years of Employment

Age	Male		Female	
	Current	Proposed	Current	Proposed
< 30	2.40%	2.40%	5.80%	5.80%
30 - 34	2.00%	2.00%	5.10%	5.10%
35 - 39	1.60%	1.60%	3.00%	3.00%
40 - 44	1.30%	1.90%	3.00%	2.50%
45 - 49	1.50%	2.10%	2.90%	3.00%
50 - 54	3.00%	3.00%	5.00%	5.00%
55+	2.25%	3.00%	1.80%	5.00%

PERS DCR – Peace/Fire

Select Rates during First 5 Years of Employment

Service	Male		Female	
	Current	Proposed	Current	Proposed
< 1	17.00%	19.00%	27.00%	28.00%
1	12.00%	12.00%	21.00%	20.00%
2	11.00%	11.00%	15.00%	13.00%
3	11.00%	11.00%	13.00%	11.00%
4	10.00%	11.00%	9.00%	11.00%

Ultimate Rates after First 5 Years of Employment

Age	Male		Female	
	Current	Proposed	Current	Proposed
< 30	6.60%	7.90%	10.20%	15.40%
30 - 34	6.80%	7.80%	10.00%	9.60%
35 - 39	6.70%	6.30%	9.90%	9.40%
40 - 44	6.50%	6.40%	9.50%	9.50%
45 - 49	6.50%	6.80%	9.30%	9.50%
50 - 54	8.50%	7.70%	9.10%	9.30%
55 - 59	9.80%	9.90%	9.60%	9.30%
60 - 64	12.50%	13.40%	10.30%	10.30%
65+	19.20%	13.40%	10.70%	10.30%

Termination (cont'd)

PERS – Others

Select Rates during First 5 Years of Employment

Service	Male Hire Age < 35		Female Hire Age < 35	
	Current	Proposed	Current	Proposed
< 1	29.00%	29.00%	29.00%	29.00%
1	16.25%	16.25%	20.00%	20.00%
2	13.00%	13.00%	16.00%	16.00%
3	10.40%	10.40%	12.80%	12.80%
4	8.45%	8.45%	10.40%	10.40%

Ultimate Rates after First 5 Years of Employment

Age	Male		Female	
	Current	Proposed	Current	Proposed
< 30	7.80%	7.80%	8.20%	8.20%
30 - 34	7.00%	7.00%	7.10%	7.10%
35 - 39	5.70%	5.00%	5.50%	5.80%
40 - 44	4.50%	4.50%	5.20%	4.60%
45 - 49	4.20%	3.60%	4.40%	4.00%
50 - 54	3.60%	3.60%	4.70%	4.90%
55+	2.90%	3.60%	4.90%	4.90%

PERS DCR – Others

Select Rates during First 5 Years of Employment

Service	Male		Female	
	Current	Proposed	Current	Proposed
< 1	28.00%	29.00%	29.00%	30.00%
1	20.00%	22.00%	24.00%	25.00%
2	16.00%	17.00%	19.00%	20.00%
3	14.00%	15.00%	16.00%	17.00%
4	12.00%	13.00%	14.00%	14.00%

Ultimate Rates after First 5 Years of Employment

Age	Male		Female	
	Current	Proposed	Current	Proposed
< 30	13.70%	14.30%	15.80%	15.50%
30 - 34	12.20%	11.90%	11.20%	11.50%
35 - 39	9.70%	9.50%	10.20%	10.40%
40 - 44	8.50%	9.10%	10.60%	10.40%
45 - 49	8.90%	9.10%	8.90%	9.30%
50 - 54	8.40%	8.40%	8.70%	9.30%
55 - 59	8.70%	8.70%	9.50%	10.30%
60 - 64	10.10%	11.50%	11.80%	11.90%
65+	11.20%	15.00%	15.70%	20.60%

Termination (cont'd)

TRS

Select Rates during First 8 Years of Employment

Service	Male		Female	
	Current	Proposed	Current	Proposed
< 1	20.40%	20.40%	17.00%	17.00%
1	20.40%	20.40%	17.00%	17.00%
2	16.80%	16.80%	14.00%	14.00%
3	14.40%	14.40%	12.00%	12.00%
4	12.00%	12.00%	10.00%	10.00%
5	10.80%	10.80%	9.00%	9.00%
6	9.00%	9.00%	7.50%	7.50%
7	7.20%	7.20%	6.00%	6.00%

Ultimate Rates after First 8 Years of Employment

Age	Male		Female	
	Current	Proposed	Current	Proposed
< 30	3.60%	3.60%	4.60%	4.60%
30 - 34	3.60%	3.60%	5.40%	5.40%
35 - 39	3.60%	3.60%	3.90%	3.90%
40 - 44	3.10%	3.70%	2.60%	3.20%
45 - 49	3.10%	3.70%	2.60%	3.20%
50 - 54	4.60%	6.80%	4.80%	6.20%
55+	2.80%	6.80%	4.80%	6.20%

TRS DCR

Select Rates during First 6 Years of Employment

Service	Male		Female	
	Current	Proposed	Current	Proposed
< 1	28.00%	25.00%	31.00%	26.00%
1	28.00%	25.00%	21.00%	21.00%
2	19.00%	20.00%	18.00%	19.00%
3	17.00%	16.00%	13.00%	16.00%
4	13.00%	15.00%	13.00%	14.00%
5	13.00%	14.00%	10.00%	13.00%

Ultimate Rates after First 6 Years of Employment

Age	Male		Female	
	Current	Proposed	Current	Proposed
< 30	10.50%	11.30%	8.70%	9.80%
30 - 34	10.50%	12.30%	8.70%	10.40%
35 - 39	10.40%	9.40%	8.60%	9.40%
40 - 44	10.30%	9.40%	8.60%	8.20%
45 - 49	10.00%	10.30%	8.40%	8.60%
50 - 54	9.50%	10.30%	8.10%	8.60%
55 - 59	8.80%	11.40%	7.90%	10.80%
60 - 64	9.30%	17.50%	8.70%	12.10%
65+	10.90%	17.50%	7.40%	12.10%

Retirement

PERS – Peace/Fire

Reduced Retirement Rates

Age	Male		Female	
	Current	Proposed	Current	Proposed
< 50	n/a	n/a	n/a	n/a
50	5.00%	6.90%	5.00%	7.20%
51	5.00%	6.90%	5.00%	7.20%
52	7.00%	6.90%	7.00%	7.20%
53	7.00%	6.90%	7.00%	7.20%
54	7.00%	6.90%	7.00%	7.20%
55	7.50%	6.90%	7.50%	7.20%
56	7.50%	6.90%	7.50%	7.20%
57	7.50%	6.90%	7.50%	7.20%
58	7.50%	6.90%	7.50%	7.20%
59	20.00%	17.00%	20.00%	18.00%
60+	n/a	n/a	n/a	n/a

Unreduced Retirement Rates

Age	Male		Female	
	Current	Proposed	Current	Proposed
< 47	9.00%	7.70%	7.50%	9.20%
47 - 49	13.00%	14.00%	18.50%	16.00%
50 - 54	20.00%	18.50%	21.00%	21.50%*
55 - 59	29.00%	26.00%	20.00%	27.00%
60 - 64	29.00%	33.50%	31.50%	27.00%
65 - 69	45.00%	36.50%	45.00%	45.00%
70+	100.00%	100.00%	100.00%	100.00%

* 30.00% at age 50

Retirement (cont'd)

PERS – Others

Reduced Retirement Rates

Age	Male		Female	
	Current	Proposed	Current	Proposed
< 50	n/a	n/a	n/a	n/a
50	7.00%	7.00%	8.50%	8.50%
51	7.00%	7.00%	8.50%	8.50%
52	11.00%	11.00%	8.50%	8.50%
53	11.00%	11.00%	8.50%	8.50%
54	24.00%	24.00%	16.50%	16.50%
55	7.00%	7.20%	6.50%	6.60%
56	7.00%	7.20%	6.50%	6.60%
57	7.00%	7.20%	6.50%	6.60%
58	7.00%	7.20%	6.50%	6.60%
59	18.00%	19.50%	22.00%	20.00%
60+	n/a	n/a	n/a	n/a

Unreduced Retirement Rates

Age	Male		Female	
	Current	Proposed	Current	Proposed
< 50	11.50%	11.50%	11.50%	11.50%
50 - 54	37.50%	37.00%	40.50%	34.00%
55 - 59	25.50%	28.00%	24.00%	25.50%
60 - 64	26.50%	26.00%	24.50%	24.50%
65 - 69	30.50%	28.50%	28.50%	27.50%
70 - 74	27.50%	23.50%	27.50%	25.50%
75 - 79	50.00%	50.00%	50.00%	50.00%
80+	100.00%	100.00%	100.00%	100.00%

Retirement (cont'd)

TRS

Reduced Retirement Rates

Age	Male		Female	
	Current	Proposed	Current	Proposed
< 50	n/a	n/a	n/a	n/a
50	5.00%	5.00%	5.00%	5.00%
51	5.00%	5.00%	5.00%	5.00%
52	5.00%	5.00%	10.00%	10.00%
53	5.00%	5.00%	5.00%	5.00%
54	10.00%	10.00%	5.00%	5.00%
55	14.50%	12.90%	11.00%	12.00%
56	9.50%	9.60%	11.00%	12.00%
57	9.50%	9.60%	11.00%	12.00%
58	9.50%	9.60%	11.00%	12.00%
59	9.50%	9.60%	11.00%	12.00%
60+	n/a	n/a	n/a	n/a

Unreduced Retirement Rates

Age	Male		Female	
	Current	Proposed	Current	Proposed
< 45	3.00%	3.60%	3.00%	4.20%
45 - 46	5.50%	3.60%	7.00%	4.20%
47 - 49	5.50%	7.20%	7.00%	7.80%
50 - 54	12.50%	14.40%	13.00%	13.50%
55 - 59	20.00%	20.50%	17.50%	19.80%
60 - 64	19.50%	24.00%	23.50%	25.50%
65 - 69	28.00%	25.00%	23.50%	25.00%
70 - 74	30.00%	32.00%	36.00%	37.00%
75 - 79	50.00%	50.00%	50.00%	50.00%
80+	100.00%	100.00%	100.00%	100.00%

Retirement (cont'd)

PERS DCR – Peace/Fire

Age	Current	Proposed
< 55	2.00%	2.00%
55	3.00%	3.00%
56	3.00%	3.00%
57	3.00%	3.00%
58	3.00%	3.00%
59	3.00%	3.00%
60	5.00%	5.00%
61	5.00%	5.00%
62	10.00%	10.00%
63	5.00%	5.00%
64	5.00%	5.00%
65	25.00%	25.00%
66	25.00%	25.00%
67	25.00%	25.00%
68	20.00%	20.00%
69	20.00%	20.00%
70+	100.00%	100.00%

PERS DCR – Others

Age	Current	Proposed
< 55	2.00%	2.00%
55	3.00%	3.00%
56	3.00%	3.00%
57	3.00%	3.00%
58	3.00%	3.00%
59	3.00%	3.00%
60	5.00%	5.00%
61	5.00%	5.00%
62	10.00%	10.00%
63	5.00%	5.00%
64	5.00%	5.00%
65	25.00%	30.00%
66	25.00%	25.50%
67	25.00%	23.50%
68	20.00%	20.50%
69	20.00%	23.00%
70+	100.00%	100.00%

TRS DCR

Age	Current	Proposed
< 55	2.00%	2.00%
55	3.00%	3.00%
56	3.00%	3.00%
57	3.00%	3.00%
58	3.00%	3.00%
59	3.00%	3.00%
60	5.00%	5.00%
61	5.00%	5.00%
62	10.00%	10.00%
63	5.00%	5.00%
64	5.00%	5.00%
65	25.00%	26.00%
66	25.00%	20.50%
67	25.00%	28.50%
68	20.00%	21.50%
69	20.00%	25.00%
70+	100.00%	100.00%

Other Demographic Assumptions

Occupational Death and Disability

	PERS Peace/Fire	PERS Others	TRS
Current	70%	35%	15%
Proposed	70%	35%	15%

Rehire Normal Cost Load for DB Plans

	Pension		Healthcare	
	PERS	TRS	PERS	TRS
Current	15.3%	12.0%	2.4%	0.2%
Proposed	21.4%	11.5%	9.9%	0.7%

Rehire Load for DCR Plans

	OD&D		Retiree Medical	
	PERS DCR	TRS DCR	PERS DCR	TRS DCR
Current	none	none	none	none
Proposed Alt 1*	1.1%	0.0%	24.8%	70.0%
Proposed Alt 2**	0.7%	0.0%	2.1%	4.5%

* Percentages shown would be applied to DCR Normal Cost

** Percentages shown would be applied to DCR active Actuarial Accrued Liability

Part-Time Service (Years)

	PERS Peace/Fire	PERS Others	TRS
Current	1.00	0.75	0.75
Proposed	1.00	0.75	0.75

Unused Sick Leave (Days)

	TRS
Current	5.25
Proposed	5.50

Contribution Refunds

	PERS Peace/Fire	PERS Others	TRS
Current	5%	5%	0%
Proposed	5%	5%	0%

Other Demographic Assumptions (cont'd)

Lump Sum Elections (NGNMRS)

	Actives	Term Vested
Current	50%	50%
Proposed	50%	50%

Alaska COLA Residency

	PERS Peace/Fire	PERS Others	TRS
Current	60%	65%	60%
Proposed	60%	65%	60%

Spouse Age Difference (Years)

	PERS Peace/Fire	PERS Others	TRS	DCR Plans	JRS
Male Member Older than Wife					
Current	3.0	3.0	3.0	3.0	4.0
Proposed	3.0	3.0	4.0	2.0	4.0
Female Member Younger than Husband					
Current	2.0	2.0	2.0	2.0	4.0
Proposed	1.0	2.0	2.0	2.0	3.0

Other Demographic Assumptions (cont'd)

Dependent Spouse Medical Coverage

	PERS Peace/Fire		PERS Others		TRS		JRS	
	Male	Female	Male	Female	Male	Female	Male	Female
Current	75%	50%	60%	50%	60%	50%	80%	60%
Proposed	80%	55%	65%	50%	65%	55%	70%	55%

	PERS DCR Peace/Fire		PERS DCR Others		TRS DCR	
	Male	Female	Male	Female	Male	Female
Current	75%	50%	60%	50%	60%	50%
Proposed	60%	40%	50%	40%	50%	40%

Medicare Part B Only

Current	2%
Proposed	3%

Other Demographic Assumptions (cont'd)

DB Healthcare Participation

	PERS Peace/Fire			PERS Others			TRS		
	System Paid	Non-System Paid	Deferred Retirees	System Paid	Non-System Paid	Deferred Retirees	System Paid	Non-System Paid	Deferred Retirees
Current	100%	20%	100%	100%	25%	100%	100%	20%	100%
Proposed	100%	30%	85%	100%	20%	95%	100%	30%	100%

DCR Healthcare Participation

Service	Age 65+	
	Current	Proposed
< 15	75%	70%
15 - 19	80%	75%
20 - 24	85%	85%
25 - 29	90%	90%
30+	95%	95%

Other Demographic Assumptions (cont'd)

Healthcare Morbidity

Age	Medical		Prescription Drug	
	Current	Proposed	Current	Proposed
< 45	2.0%	1.5%	4.5%	2.5%
45 - 54	2.5%	2.0%	3.5%	2.0%
55 - 64	2.5%	3.5%	1.0%	1.0%
65 - 74	2.0%	1.0%	2.1%	2.3%
75 - 84	2.2%	2.0%	(0.3%)	0.0%
85 - 94	0.5%	1.0%	(2.5%)	(1.5%)
95+	0.0%	0.0%	0.0%	0.0%

Active Population Growth

	PERS	TRS
Current	0.0%	0.0%
Proposed	0.0%	0.0%

Healthcare Per Capita Claims Costs

Healthcare Base Claims Cost Adjustments

	Pre-Medicare Medical	Medicare Medical	Prescription Drug
Current	0.956	0.674	0.911
Proposed	0.961	0.731	0.933

Cost Ratio for Those with Part B Only to Those with Parts A&B

	Cost Ratio
Current	3.30
Proposed	2.91

Actuarial Certification

Actuarial Certification

The purpose of this presentation is to provide the ARMB Actuarial Committee with (i) an update to the demographic assumptions that were discussed at the March 2026 meeting, and (ii) an updated list of current and proposed economic and demographic assumptions.

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 projections shown in this presentation are based on the projection assumptions shown in the June 30, 2025 valuation reports except as noted herein.

Please refer to the June 30, 2025 actuarial valuation reports for disclosures required by Actuarial Standards of Practice, which also apply to this presentation.

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
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Kevin Spanier
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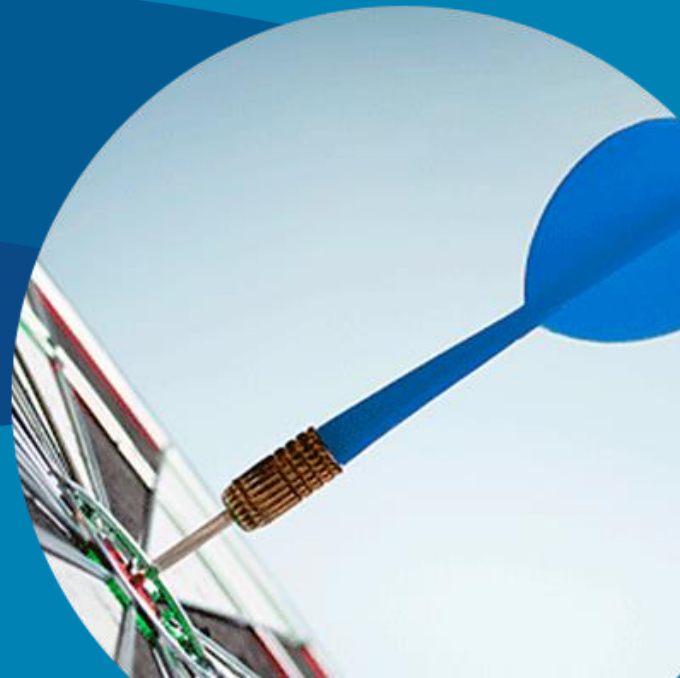
Alaska Retirement Management Board Actuarial Committee

Actuarial Review of 2026 Experience Study

Paul Wood, ASA, FCA, MAAA

Cassie Rapoport, ASA, MAAA

June 9, 2026



Review of the 2026 Experience Study

- Demographic Assumptions
- Individual Salary Increase Assumption
- Inflation Rate
- Investment Rate of Return
- Next Steps

Review of the 2026 Experience Study

- The annual gain/loss analysis can give us insight into how the assumptions may change
- Now have 3 years of experience under current assumptions
- Can start to monitor any developing trends
 - Termination assumptions causing consistent losses
 - Also seeing consistent losses due to higher than expected salary increases
 - PRPA gains

Review of the 2026 Experience Study

Demographic Assumptions

- Mortality
 - We agree with the recommendation to move to the new Pub-2016 mortality tables, tailored to each specific group.
 - We also agree with the recommendation of updating the mortality improvement scale to those most recently published by the SOA each year
- Withdrawal from service before retirement (termination)
 - We believe the revised rates Gallagher is recommending are reasonable
- Retirement
 - We believe the revised rates Gallagher is recommending are reasonable
- Disability
 - We believe the rates Gallagher is recommending are reasonable

Review of the 2026 Experience Study

Demographic Assumptions

- Occupational death and disability
 - We concur with Gallagher’s recommended rates based on the information provided
- Age difference between spouses and percent married for pension
 - We concur with Gallagher’s recommendation on the assumptions based on the information provided
- Dependent spouse medical coverage election and dependent children
 - We concur with Gallagher’s recommended rates based on the information provided
- Rehire assumption
 - We concur with Gallagher’s recommended rates for the DB plans based on the information provided
 - While we may not fully agree with the rationale for not having a rehire assumption for the DCR plans, the outcome may be reasonable provided the Board understands that the DCR plans experience losses every year due to the new entrants and rehired members and accepts that risk
 - These losses are financed through past service cost as opposed to being paid for upfront through the normal cost

Review of the 2026 Experience Study

Demographic Assumptions

- Part-time service earned during the year
 - We concur with Gallagher’s recommendation to not change the assumptions based on the information provided
- Number of Unused Sick Days (TRS only)
 - We concur with Gallagher’s recommended assumed days based on the information provided in their report
- Withdrawal of contributions at termination
 - The proposed rates look reasonable based on the data presented in the experience study report
- Alaska residency for COLA
 - We concur with Gallagher’s recommended rates based on the information provided
- Active population growth
 - We concur with Gallagher’s recommendation to continue assuming the active population will remain stable based on the information provided

Review of the 2026 Experience Study

Individual Salary Increases

- Based on the observation that persistent losses have been seen in the recent valuations, increases to the individual salary scale is reasonable and warranted
- Alaska is not alone in this as many of our public sector clients have had similar experience

Review of the 2026 Experience Study

Inflation Rate

- The assumed core inflation rate (currently 2.50% per year) impacts the development of:
 - Investment return assumption
 - Salary increase assumptions
 - Overall payroll growth rate
 - PRPA
- Actual core inflation measured by the CPI-U during:
 - Last 10 years: 3.06%
 - Last 20 years: 2.56%
 - Last 30 years: 2.53%

Review of the 2026 Experience Study

Inflation Rate

Forward-Looking Price Inflation Forecasts ^a	
Congressional Budget Office^b	
5-Year Annual Average	2.48%
10-Year Annual Average	2.39%
Federal Reserve Bank of Philadelphia^c	
5-Year Annual Average	2.40%
10-Year Annual Average	2.30%
Federal Reserve Bank of Cleveland^d	
10-Year Expectation	2.19%
20-Year Expectation	2.29%
30-Year Expectation	2.37%
Federal Reserve Bank of St. Louis^e	
10-Year Breakeven Inflation	2.34%
20-Year Breakeven Inflation	2.45%
30-Year Breakeven Inflation	2.22%
U.S. Department of the Treasury^f	
10-Year Breakeven Inflation	2.37%
20-Year Breakeven Inflation	2.44%
30-Year Breakeven Inflation	2.25%
50-Year Breakeven Inflation	2.29%
100-Year Breakeven Inflation	2.31%
Social Security Trustees^g	
Ultimate Intermediate Assumption	2.40%

Most forward-looking expectations are slightly below 2.50%

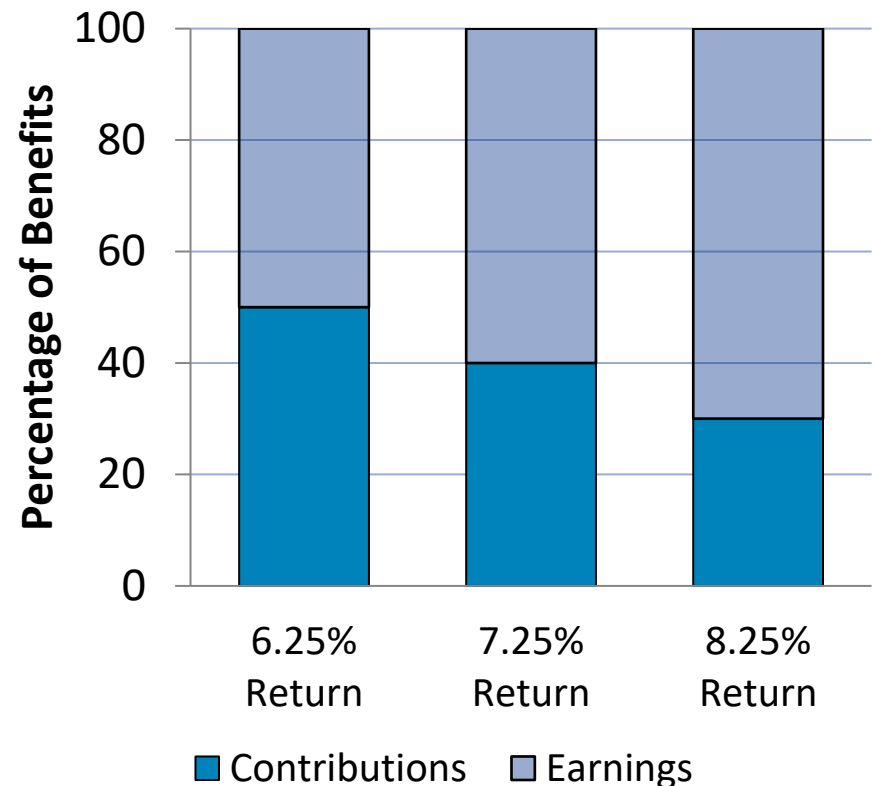
But all historical periods meet or exceed 2.50%

We find the current 2.50% to be reasonable

Review of the 2026 Experience Study

Investment Return Assumption

- This assumption is used to predict what percentage of a future benefit payments will be covered by investment return and what percentage by contributions.
- Lower Returns/Higher Contributions



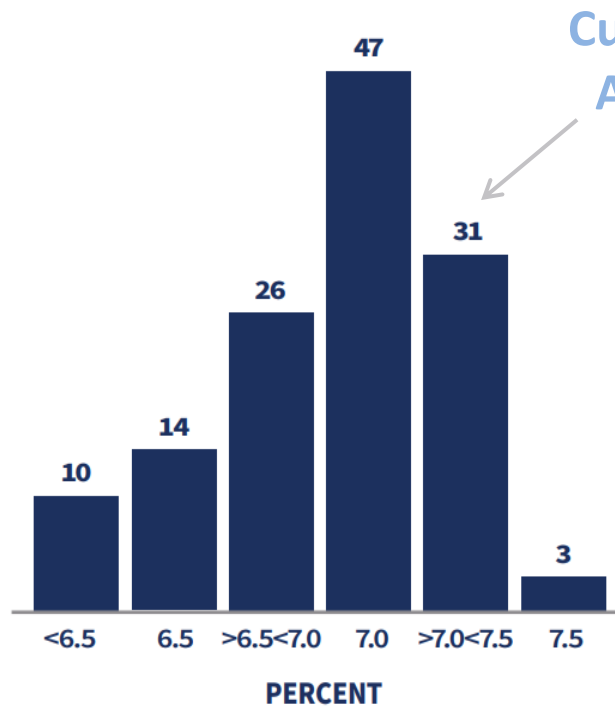
Review of the 2026 Experience Study

Investment Return Assumption

- The assumption selected should be reasonable
 - Not necessarily a single “correct” answer
- Assumption is selected using a process that considers:
 - ARMB’s target asset allocation
 - Capital market expectations
 - Utilize a building block approach that reflects expected inflation, real rates of return, and plan related expenses
 - Take into account the volatility of the expected returns produced by the investment portfolio
- Other factors to consider
 - Historical investment performance
 - Comparison with peers

Review of the 2026 Experience Study

Investment Return Assumption – National Trends



Current ARMB Assumption

7% is currently used by approximately half of large plans

7% is the median assumption used and the mode of assumptions used

However, there are more 6.5% and below than 7.5% and above

NASRA - April 2026

Review of the 2026 Experience Study

Investment Return Assumption

- One Year Expected Rate of Return

GRS 2026 CMAM						
Capital Market Assumption Set (CMA)	CMA Expected Nominal Return	CMA Inflation Assumption	Expected Real Return (2)–(3)	Actuary Inflation Assumption	Expected Nominal Return (4)+(5)	Standard Deviation of Expected Return (1-Year)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	6.59%	2.50%	4.09%	2.50%	6.59%	13.37%
2	6.67%	2.30%	4.37%	2.50%	6.87%	12.68%
3	7.26%	2.43%	4.83%	2.50%	7.33%	13.54%
4	7.69%	2.70%	4.99%	2.50%	7.49%	11.94%
5	7.93%	2.62%	5.31%	2.50%	7.81%	13.61%
6	7.52%	2.30%	5.22%	2.50%	7.72%	12.70%
7	7.99%	2.51%	5.48%	2.50%	7.98%	13.17%
8	7.75%	2.30%	5.45%	2.50%	7.95%	12.58%
9	7.72%	2.30%	5.42%	2.50%	7.92%	11.33%
10	7.78%	2.31%	5.47%	2.50%	7.97%	11.27%
11	7.90%	2.28%	5.63%	2.50%	8.13%	11.93%
12	8.23%	2.52%	5.71%	2.50%	8.21%	11.63%
Average	7.59%	2.42%	5.16%	2.50%	7.66%	12.48%

Review of the 2026 Experience Study

Investment Return Assumption

- 20 Year Expected Rate of Return

GRS 2026 CMAM				
Capital Market Assumption Set (CMA)	Distribution of 20-Year Average Geometric Net Nominal Return			Probability of exceeding 7.25%
	40th	50th	60th	
(1)	(2)	(3)	(4)	(5)
1	5.01%	5.76%	6.51%	30.83%
2	5.41%	6.12%	6.83%	34.46%
3	5.74%	6.49%	7.25%	40.01%
4	6.16%	6.83%	7.50%	43.71%
5	6.20%	6.96%	7.73%	46.21%
6	6.27%	6.98%	7.69%	46.11%
7	6.45%	7.19%	7.93%	49.14%
8	6.52%	7.22%	7.93%	49.58%
9	6.69%	7.33%	7.97%	51.22%
10	6.75%	7.38%	8.02%	52.14%
11	6.81%	7.47%	8.15%	53.37%
12	6.94%	7.59%	8.25%	55.29%
Average	6.25%	6.94%	7.65%	46.01%

Review of the 2026 Experience Study

Investment Return Assumption - Volatility in Expectations

- The forward looking expectations are volatile from year to year
- This precision and volatility is appropriate for making current investment decisions
- For funding purposes, stability has more value and is preferred

Expected Return of Current Portfolio						
Determined by last 5 GRS Surveys						
	2022	2023	2024	2025	2026	Average
One Year Expected Return	6.63%	7.99%	7.91%	7.86%	7.66%	7.61%
20 Year Median Return	5.91%	7.25%	7.18%	7.14%	6.94%	6.88%

Review of the 2026 Experience Study

Investment Return Assumption

- Recent information given from the ARMB's investment consultants gave a 7.46% forward looking 20 year expected return
- GRS' own survey indicates a reasonable range between 6.94% and 7.66%
- 4 of 12 consultants surveyed expected at least 7.25%

Next Steps

- Review Gallagher's full report
- Issue the official experience study review report

Questions?

