State of Alaska
ALASKA RETIREMENT MANAGEMENT BOARD
Relating to the Fiscal Year 2028 Employer Contribution Rate
For the Public Employees' Retirement System

Resolution 2026-06

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 each of the funds entrusted to it; 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 determined by a level percent of pay method based on amortization of the past service liability for a closed term of 25 years; and

WHEREAS, consistent with Resolution 2025-04, the Board interprets AS 37.10.220(a)(8)(B) as applying the 25-year closed amortization term to the initial unfunded liability, originating by statute in 2014, and allowing for the amortization of subsequent unfunded liability layers over closed periods of less than 25 years; and

WHEREAS, in 2025, the Board, relying on the analysis set out in Resolution 2025-04, set all subsequent separate unfunded liability layers with a 15-year amortization period, as reflected in the Arthur J. Gallagher and Company (Gallagher) schedule dated August 21, 2026; and

WHEREAS, the calculations presented by Gallagher to the Board for the FY28 contribution rates in the schedule dated August 21, 2026, reflect a 15-year amortization period for all layers except the layer related to the 2014 unfunded liability, which remains consistent with Resolution 2025-04; and

WHEREAS, AS 39.35.255 establishes a statutory non-State employer contribution rate of 22.00 percent and the actuarially determined contribution rate for the State as an employer, and AS 39.35.280 requires additional state contribution to make up the difference between 22.00 percent for non-State employers and the actuarially determined contribution rate; and

WHEREAS, the Arthur J. Gallagher and Company (Gallagher), schedule dated August 21, 2026 determines that the actuarially determined contribution rate for pension benefits is 20.14 percent composed of the normal cost rate of 1.73 percent and past service rate of 18.41 percent; and

WHEREAS, the Gallagher schedule dated August 21, 2026 determines that the actuarially determined contribution rate for postemployment healthcare benefits is zero percent composed of the normal cost rate of zero percent and past service rate of negative 12.36 percent; and

WHEREAS, the Gallagher schedule dated August 21, 2026 presents the employer rate incorporating the total cost of the Defined Contribution Retirement Plan of 7.56 percent;

NOW THEREFORE, BE IT RESOLVED BY THE ALASKA RETIREMENT MANAGEMENT BOARD, that the Fiscal Year 2028 actuarially determined contribution rate attributable to employers participating in the Public Employees' Retirement System is set at 27.70 percent, composed of the contribution rate for defined benefit pension of 20.14 percent, the contribution rate for postemployment healthcare of zero percent, and the contribution rate for defined contribution pension of 7.56 percent, and the Additional State Contribution for non-state employers per the attached Gallagher schedule dated August 21, 2026.

DATED at Anchorage, Alaska this 16 day of September, 2026.

Bert L. Williams
Chair

ATTEST:

Secretary

August 21, 2026

Ms. Kathy Lea
Director
Division of Retirement and Benefits
State of Alaska
P.O. Box 110203
Juneau, AK 99811-0203

Re: FY28 Contribution Allocations for PERS, TRS, and JRS

Dear Kathy,

As requested, we have calculated the allocation between the pension and healthcare trusts of the FY28 Additional State Contributions for the State of Alaska Public Employees' Retirement System (PERS), Teachers' Retirement System (TRS), and Judicial Retirement System (JRS).

All results are based on the June 30, 2025 valuation reports, except (i) the results for PERS and TRS reflect FY26 asset performance as shown in the preliminary June 30, 2026 asset statements that were provided to us on August 13, 2026, and (ii) the PERS results reflect the enhanced DB and DCR occupational disability benefits under HB 14, which was enacted effective July 1, 2026[1].

Summary of Results

For PERS and TRS, the FY28 Additional State Contributions are allocated 100% to the pension trusts since the healthcare trusts are projected to be more than 100% funded at June 30, 2027. Similarly, we assumed the ARMB-adopted FY27 Additional State Contributions were made 100% to the pension trusts because the healthcare trusts were projected to be more than 100% funded at June 30, 2026.

Attached to this letter are two exhibits for PERS and TRS, which correspond to the two scenarios requested by the Alaska Retirement Management Board (ARMB) for discussion at the September meeting.

	Exhibit 1a	Exhibit 1b
FY28 Healthcare Normal Cost Contributed to Healthcare Trust	100%	0%
Unfunded Liability Amortization	15-year layered*	15-year layered*

* Excluding the initial layer related to the unfunded liability from 2014 which is amortized over 25 years.

For Exhibit 1b, the portion of the FY28 healthcare Normal Cost not contributed to the healthcare trust was added to the pension Past Service Cost in order to keep the total employer contribution rate at 22% (PERS non-State employers) and 12.56% (TRS).

[1] The impacts of HB 14 were estimated based on the June 30, 2025 valuation data.

For both exhibits:

- Liabilities as of June 30, 2025 were rolled forward two years based on the June 30, 2025 valuation projections. For FY26, actual (pension) and expected (healthcare) benefit payments were used in the liability roll-forward. For FY27, expected benefit payments (pension and healthcare) were used in the liability roll-forward.
- Assets as of June 30, 2025 were rolled forward one year using actual FY26 investment return, contributions, subsidies, benefit payments, and administrative expenses based on the preliminary June 30, 2026 asset statements. Assets as of June 30, 2026 were rolled forward one year based on the expected FY27 investment return and cash flows from the June 30, 2025 valuation projections, and smoothed per the 5-year asset smoothing method.
- Investment gains and losses are recognized over 5 years.
- All contribution rates are based on total payroll of Defined Benefit (DB) and Defined Contribution Retirement (DCR) combined.
- For PERS, contributions were allocated between non-State employers and the State-as-an-Employer per the provisions of SB 55 that was effective July 1, 2021. The payroll of the State's PERS employees was assumed to be 50.85% of total PERS payroll based on the June 30, 2025 valuation data.
- At the request of the ARMB, the PERS results reflect the enhanced DB and DCR occupational disability benefits under HB 14, which was enacted effective July 1, 2026. For both DB and DCR, the occupational disability benefit was increased from 40% to 75% of pay at the time of disability. For DCR only, eligibility for retiree medical benefits was extended to those who are eligible for occupational disability benefits, with the premium otherwise payable waived if under age 65. All changes apply to current and future occupational disabilities.

For JRS, the FY28 past service cost rates for pension and healthcare are 0%. The FY28 past service cost rates are based on the June 30, 2025 roll-forward valuation. As of June 30, 2025, each trust was over 100% funded on an actuarial value of assets basis. Accordingly, per the ARMB's recommended funding policy in Resolution 2025-23, all outstanding amortization bases were eliminated effective June 30, 2025 and the past service cost rate for each trust was set to 0%.

	Projected Pay	FY28 Past Service Cost Rate	FY28 Past Service Contribution
Pension	$ 15,562,883	0.00%	$ 0
Healthcare	$ 15,562,883	0.00%	0
Total		0.00%	$ 0

Data, Provisions, Assumptions, and Methods

The data, plan provisions, actuarial assumptions, and methods are described in the June 30, 2025 actuarial valuation reports. For PERS and TRS, the preliminary June 30, 2026 asset statements, as well as the enhanced DB and DCR occupational disability benefits under HB 14 for PERS, were reflected as noted above.

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

Please call David at (602) 803-6174 or Kevin at (770) 916-4184 if you have any questions.

Sincerely,

David J. Kershner, FSA, EA, MAAA, FCA
Senior Vice President

Kevin Spanier, ASA, EA, MAAA, FCA
Senior Vice President

Attachments

cc: Mr. Christopher Novell, State of Alaska

Exhibit 1a

State of Alaska
Allocation of Projected FY28 Employer and Additional State Contributions Based on June 30, 2025 Valuations with Liabilities Rolled Forward Two Years and Assets Rolled Forward One Year and Smoothed

100% of FY28 Healthcare Normal Cost Contributed to Healthcare Trust and Unfunded Liability Amortized with Layered Bases

	PERS					TRS	
	Non-State Employers		State as an Employer		All Employers	TRS	
Projected FY28 DB Payroll		$ 293,588,000		$ 303,742,000	$ 597,330,000		$ 188,114,000
Projected FY28 DCR Payroll		1,163,938,000		1,204,197,000	2,368,135,000		612,947,000
Projected FY28 Total Payroll		$ 1,457,526,000		$ 1,507,939,000	$ 2,965,465,000		$ 801,061,000
	Percent of Total Payroll	**Estimated Dollar Amount**	**Percent of Total Payroll**	**Estimated Dollar Amount**	**Estimated Dollar Amount**	**Percent of Total Payroll**	**Estimated Dollar Amount**
Employer Contributions							
DB Pension Plan							
1. Normal Cost	1.73%		1.73%			1.81%	
2. Past Service Cost	11.11%		18.41%			0.70%	
3. Total: (1) + (2)	12.84%	$ 187,146,000	20.14%	$ 303,699,000	$ 490,845,000	2.51%	$ 20,107,000
DB Healthcare Plan							
4. Normal Cost	1.60%		1.60%			1.76%	
5. Past Service Cost	0.00%		0.00%			0.00%	
6. Total: (4) + (5)	1.60%	23,320,000	1.60%	24,127,000	47,447,000	1.76%	14,099,000
7. DCR Plan	7.56%	110,189,000	7.56%	114,000,000	224,189,000	8.29%	66,408,000
8. Total: (3) + (6) + (7)	22.00%	$ 320,655,000	29.30%	$ 441,826,000	$ 762,481,000	12.56%	$ 100,614,000
Additional State Contributions to DB							
9. DB Pension Plan	7.30%	$ 106,399,000	0.00%	$ 0	$ 106,399,000	19.95%	$ 159,812,000
10. DB Healthcare Plan	0.00%	0	0.00%	0	0	0.00%	0
11. Subtotal: (9) + (10)	7.30%	$ 106,399,000	0.00%	$ 0	$ 106,399,000	19.95%	$ 159,812,000
12. Interest Adjustment	-0.25%	(3,644,000)	0.00%	0	(3,644,000)	-0.69%	(5,527,000)
13. Total: (11) + (12)	7.05%	$ 102,755,000	0.00%	$ 0	$ 102,755,000	19.26%	$ 154,285,000
Total DB							
14. DB Pension Plan: (3) + (9)	20.14%	$ 293,545,000	20.14%	$ 303,699,000	$ 597,244,000	22.46%	$ 179,919,000
15. DB Healthcare Plan: (6) + (10)	1.60%	23,320,000	1.60%	24,127,000	47,447,000	1.76%	14,099,000
16. Total: (14) + (15)	21.74%	$ 316,865,000	21.74%	$ 327,826,000	$ 644,691,000	24.22%	$ 194,018,000
Total DB and DCR: (7) + (16)	29.30%	$ 427,054,000	29.30%	$ 441,826,000	$ 868,880,000	32.51%	$ 260,426,000

Notes:

1. Projected FY28 payroll is based on the June 30, 2025 valuation projections assuming 0% population growth.
2. Additional State Contributions for FY27 reflect the ARMB adopted amounts, which are assumed to be made 100% to the pension trusts.
3. All contribution rates are expressed as a percentage of total payroll of DB and DCR combined.
4. FY26 investment return, contributions, subsidies, benefit payments, and administrative expenses are based on preliminary June 30, 2026 asset statements provided by the State. FY27 investment return, contributions, subsidies, benefit payments, and administrative expenses are based on the June 30, 2025 valuation projections assuming 0% population growth. Investment gains and losses are recognized over 5 years.
5. For PERS under SB 55 that was effective July 1, 2021, payroll for the State's PERS employees was assumed to be 50.85% of total PERS payroll based on the June 30, 2025 valuation data.
6. PERS results reflect the enhanced DB and DCR occupational disability benefits under HB 14, which was enacted effective July 1, 2026.
7. Total contribution rates for pension and healthcare are not less than the Normal Cost rates.
8. All layers are amortized over 15 years, except for the initial layer related to the 2014 unfunded liability which is amortized over 25 years.
9. Data, plan provisions, assumptions, and methods are as described in the June 30, 2025 actuarial valuation reports, except as noted above.

Adopted by the ARMB at it's September 15-16, 2026 meeting.

Exhibit 1b

State of Alaska
Allocation of Projected FY28 Employer and Additional State Contributions Based on June 30, 2025 Valuations with Liabilities Rolled Forward Two Years and Assets Rolled Forward One Year and Smoothed

0% of FY28 Healthcare Normal Cost Contributed to Healthcare Trust and Unfunded Liability Amortized with Layered Bases

	PERS					TRS	
	Non-State Employers		State as an Employer		All Employers		
Projected FY28 DB Payroll		$ 293,588,000		$ 303,742,000	$ 597,330,000		$ 188,114,000
Projected FY28 DCR Payroll		1,163,938,000		1,204,197,000	2,368,135,000		612,947,000
Projected FY28 Total Payroll		$ 1,457,526,000		$ 1,507,939,000	$ 2,965,465,000		$ 801,061,000
	Percent of Total Payroll	**Estimated Dollar Amount**	**Percent of Total Payroll**	**Estimated Dollar Amount**	**Estimated Dollar Amount**	**Percent of Total Payroll**	**Estimated Dollar Amount**
Employer Contributions							
DB Pension Plan							
1. Normal Cost	1.73%		1.73%			1.81%	
2. Past Service Cost	12.71%		18.41%			2.46%	
3. Total: (1) + (2)	14.44%	$ 210,466,000	20.14%	$ 303,699,000	$ 514,165,000	4.27%	$ 34,206,000
DB Healthcare Plan							
4. Normal Cost	0.00%		0.00%			0.00%	
5. Past Service Cost	0.00%		0.00%			0.00%	
6. Total: (4) + (5)	0.00%	0	0.00%	0	0	0.00%	0
7. DCR Plan	7.56%	110,189,000	7.56%	114,000,000	224,189,000	8.29%	66,408,000
8. Total: (3) + (6) + (7)	22.00%	$ 320,655,000	27.70%	$ 417,699,000	$ 738,354,000	12.56%	$ 100,614,000
Additional State Contributions to DB							
9. DB Pension Plan	5.70%	$ 83,079,000	0.00%	$ 0	$ 83,079,000	18.19%	$ 145,713,000
10. DB Healthcare Plan	0.00%	0	0.00%	0	0	0.00%	0
11. Subtotal: (9) + (10)	5.70%	$ 83,079,000	0.00%	$ 0	$ 83,079,000	18.19%	$ 145,713,000
12. Interest Adjustment	-0.20%	(2,915,000)	0.00%	0	(2,915,000)	-0.63%	(5,047,000)
13. Total: (11) + (12)	5.50%	$ 80,164,000	0.00%	$ 0	$ 80,164,000	17.56%	$ 140,666,000
Total DB							
14. DB Pension Plan: (3) + (9)	20.14%	$ 293,545,000	20.14%	$ 303,699,000	$ 597,244,000	22.46%	$ 179,919,000
15. DB Healthcare Plan: (6) + (10)	0.00%	0	0.00%	0	0	0.00%	0
16. Total: (14) + (15)	20.14%	$ 293,545,000	20.14%	$ 303,699,000	$ 597,244,000	22.46%	$ 179,919,000
Total DB and DCR: (7) + (16)	27.70%	$ 403,734,000	27.70%	$ 417,699,000	$ 821,433,000	30.75%	$ 246,327,000

Notes:

1. Projected FY28 payroll is based on the June 30, 2025 valuation projections assuming 0% population growth.
2. Additional State Contributions for FY27 reflect the ARMB adopted amounts, which are assumed to be made 100% to the pension trusts.
3. All contribution rates are expressed as a percentage of total payroll of DB and DCR combined.
4. FY26 investment return, contributions, subsidies, benefit payments, and administrative expenses are based on preliminary June 30, 2026 asset statements provided by the State. FY27 investment return, contributions, subsidies, benefit payments, and administrative expenses are based on the June 30, 2025 valuation projections assuming 0% population growth. Investment gains and losses are recognized over 5 years.
5. For PERS under SB 55 that was effective July 1, 2021, payroll for the State's PERS employees was assumed to be 50.85% of total PERS payroll based on the June 30, 2025 valuation data.
6. PERS results reflect the enhanced DB and DCR occupational disability benefits under HB 14, which was enacted effective July 1, 2026.
7. Healthcare negative past service cost rates are allowed to reduce the total Healthcare rates to zero. The Pension past service cost rates are adjusted to keep the total employer contribution rates at 22% (PERS non-State employers) and 12.56% (TRS).
8. All layers are amortized over 15 years, except for the initial layer related to the 2014 unfunded liability which is amortized over 25 years.
9. Data, plan provisions, assumptions, and methods are as described in the June 30, 2025 actuarial valuation reports, except as noted above.