



**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
RETIREE MEDICAL PLAN**

Schedule of Employer Allocations and
Schedule of OPEB Amounts by Employer

June 30, 2024

(With Independent Auditors' Report Thereon)

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
RETIREE MEDICAL PLAN**

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KPMG LLP
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Independent Auditors' Report

The Division of Retirement and Benefits and
Members of the Alaska Retirement Management Board
State of Alaska Teachers' Retirement System

Opinions

We have audited the schedule of employer allocations of the State of Alaska Teachers' Retirement System Retiree Medical Plan (the Plan) as of and for the year ended June 30, 2024, and the related notes. We have also audited the total for all entities of the columns titled net OPEB asset, total deferred outflows of resources, total deferred inflows of resources, and total OPEB expense (benefit) (specified column totals) included in the accompanying schedule of OPEB amounts by employer of the Plan as of and for the year ended June 30, 2024, and the related notes.

In our opinion, the accompanying schedules referred to above present fairly, in all material respects, the employer allocations and net OPEB asset, total deferred outflows of resources, total deferred inflows of resources, and total OPEB expense (benefit) for the total of all participating entities for the Plan as of and for the year ended June 30, 2024, in accordance with U.S. generally accepted accounting principles.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Schedules section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Schedules

Management is responsible for the preparation and fair presentation of these schedules in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedules that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Schedules

Our objectives are to obtain reasonable assurance about whether the schedule of employer allocations and specified column totals included in the schedule of OPEB amounts by employer are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the schedule of employer allocations and specified column totals included in the schedule of OPEB amounts by employer.



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the schedule of employer allocations and specified column totals included in the schedule of OPEB amounts by employer, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts in the schedule of employer allocations and specified column totals included in the schedule of OPEB amounts by employer and the related disclosures.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the schedule of employer allocations and specified column totals included in the schedule of OPEB amounts by employer.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matter

We have audited, in accordance with GAAS, the financial statements of the Teachers' Retirement System as of and for the year ended June 30, 2024, and our report thereon, dated October 15, 2024, expressed an unmodified opinion on those financial statements.

Restriction on Use

Our report is intended solely for the information and use of the Teachers' Retirement System management, Alaska Management Retirement Board, Teachers' Retirement System employers and their auditors and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

Anchorage, Alaska
March 26, 2025

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
RETIREE MEDICAL PLAN**

Schedule of Employer Allocations

As of and for the year ended June 30, 2024

<u>Employer</u>	<u>Employer number</u>	<u>Employer contributions</u>	<u>Allocation percentage</u>
Anchorage School District	701	\$ 1,170,191	31.12100 %
Cordova City School District	704	9,752	0.25986
Craig City School District	705	12,779	0.34208
Fairbanks North Star Borough School District	706	315,183	8.34965
Haines Borough School District	707	10,720	0.27978
Hoonah City School District	708	4,324	0.11614
Hydaburg City School District	709	6,544	0.14738
Juneau Borough School District	710	116,118	3.08165
Kake City School District	712	5,786	0.15845
Ketchikan Gateway Borough School District	714	76,162	2.04017
Klawock City School District	717	5,068	0.12962
Kodiak Island Borough School District	718	89,257	2.39245
Nenana City School District	719	9,449	0.25507
Nome City School District	720	27,150	0.70342
Matanuska-Susitna Borough School District	722	518,244	13.55413
Pelican City School District	723	827	0.02212
Petersburg City School District	724	16,353	0.43052
Sitka Borough School District	727	36,914	0.98200
Skagway City School District	728	6,497	0.16075
Unalaska City School District	729	16,279	0.43266
Valdez City School District	730	23,273	0.60780
Wrangell Public School District	731	7,576	0.20159
Yakutat School District	732	3,633	0.09558
University of Alaska	733	132,434	3.43705
Galena City School District	735	42,455	1.11096
North Slope Borough School District	736	119,826	3.01607
State of Alaska	737	28,707	0.72871
Bristol Bay Borough School District	742	6,257	0.16022
Southeast Regional Resource Center	743	4,592	0.11536
Dillingham City School District	744	22,802	0.60816
Kenai Peninsula Borough School District	746	225,468	6.00806
Saint Mary's School District	748	7,086	0.19016
Northwest Arctic Borough School District	751	74,812	2.08188
Bering Strait School District	752	108,061	2.92111
Lower Yukon School District	753	74,009	2.00420
Lower Kuskokwim School District	754	135,094	3.63217
Kuspuk School District	755	19,613	0.53915
Southwest Region School District	756	25,115	0.71119
Lake And Peninsula Borough School District	757	31,225	0.77771
Aleutian Region School District	758	918	0.03547
Pribilof School District	759	2,568	0.06918
Iditarod Area School District	761	10,071	0.27627
Yukon / Koyukuk School District	762	37,675	1.01073
Yukon Flats School District	763	12,328	0.37525
Denali Borough School District	764	10,287	0.27659
Delta/Greely School District	765	15,813	0.41907
Alaska Gateway School District	766	25,733	0.65036
Copper River School District	767	12,435	0.32532
Chatham School District	768	11,885	0.30245
Southeast Island School District	769	9,411	0.25043
Annette Island School District	770	19,518	0.52767
Chugach School District	771	7,763	0.19344
Tanana School District	775	(239)	—
Kashunamiut School District	777	12,479	0.32281
Yupit School District	778	19,656	0.52147
Special Education Service Agency	779	7,535	0.20415
Aleutians East Borough School District	780	12,431	0.33331
Total contributions		<u>\$ 3,773,902</u>	<u>100.00000 %</u>

See accompanying notes to schedule of employer allocations and schedule of OPEB amounts by employer.

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**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
RETIREE MEDICAL PLAN**

Schedule of OPEB Amounts by Employer

As of and for the year ended June 30, 2024

Deferred outflows of resources							
Employer	Employer number	Net OPEB asset	Difference between expected and actual experience	Change in assumptions	Net difference between projected and actual investment earnings on OPEB plan investments	Change in proportion and difference between employer contributions and proportionate share of contributions	Total deferred outflows of resources
Anchorage School District	701	\$ 6,997,863	976,921	1,305,601	99,585	100,443	2,482,550
Cordova City School District	704	58,432	8,157	10,902	832	1,921	21,812
Craig City School District	705	76,920	10,738	14,351	1,095	2,880	29,064
Fairbanks North Star Borough School District	706	1,877,501	262,103	350,288	26,719	54,106	693,216
Haines Borough School District	707	62,912	8,783	11,738	895	4,626	26,042
Hoonah City School District	708	26,116	3,646	4,873	372	8,880	17,771
Hydaburg City School District	709	33,139	4,626	6,183	472	14,148	25,429
Juneau Borough School District	710	692,941	96,736	129,283	9,861	16,606	252,486
Kake City School District	712	35,629	4,974	6,647	507	4,139	16,267
Ketchikan Gateway Borough School District	714	458,752	64,043	85,590	6,529	15,173	171,335
Klawock City School District	717	29,147	4,069	5,438	415	1,681	11,603
Kodiak Island Borough School District	718	537,966	75,101	100,369	7,656	25,776	208,902
Nenana City School District	719	57,355	8,007	10,701	816	6,448	25,972
Nome City School District	720	158,171	22,081	29,510	2,251	6,362	60,204
Matanuska-Susitna Borough School District	722	3,047,782	425,477	568,629	43,373	8,185	1,045,664
Pelican City School District	723	4,974	694	928	71	345	2,038
Petersburg City School District	724	96,806	13,514	18,061	1,378	682	33,635
Sitka Borough School District	727	220,814	30,826	41,197	3,142	4,346	79,511
Skagway City School District	728	36,147	5,046	6,744	514	6,577	18,881
Unalaska City School District	729	97,288	13,582	18,151	1,385	2,798	35,916
Valdez City School District	730	136,670	19,079	25,499	1,945	2,316	48,839
Wrangell Public School District	731	45,330	6,328	8,457	645	4,577	20,007
Yakutat School District	732	21,492	3,000	4,010	306	2,109	9,425
University of Alaska	733	772,855	107,892	144,193	10,999	2,794	265,878
Galena City School District	735	249,809	34,874	46,607	3,555	1,675	86,711
North Slope Borough School District	736	678,194	94,677	126,532	9,651	87,778	318,638
State of Alaska	737	163,858	22,875	30,571	2,332	558	56,336
Bristol Bay Borough School District	742	36,027	5,029	6,722	513	3,588	15,852
Southeast Regional Resource Center	743	25,939	3,621	4,839	369	4,090	12,919
Dillingham City School District	744	136,751	19,091	25,514	1,946	7,271	53,822
Kenai Peninsula Borough School District	746	1,350,973	188,599	252,053	19,226	41,793	501,671
Saint Mary's School District	748	42,759	5,969	7,978	608	3,985	18,540
Northwest Arctic Borough School District	751	468,132	65,352	87,340	6,662	96,610	255,964
Bering Strait School District	752	656,841	91,697	122,548	9,348	58,075	281,668
Lower Yukon School District	753	450,664	62,914	84,081	6,413	51,655	205,063
Lower Kuskokwim School District	754	816,731	114,017	152,379	11,623	107,599	385,618
Kuspuk School District	755	121,234	16,924	22,619	1,725	28,567	69,835
Southwest Region School District	756	159,919	22,325	29,836	2,276	40,891	95,328
Lake And Peninsula Borough School District	757	174,876	24,413	32,627	2,489	36,650	96,179
Aleutian Region School District	758	7,976	1,113	1,488	114	8,416	11,131
Pribilof School District	759	15,556	2,172	2,902	221	2,581	7,876
Iditarod Area School District	761	62,121	8,672	11,590	884	10,644	31,790
Yukon / Koyukuk School District	762	227,272	31,728	42,402	3,234	15,332	92,696
Yukon Flats School District	763	84,378	11,779	15,742	1,201	37,520	66,242
Denali Borough School District	764	62,193	8,682	11,603	885	5,503	26,673
Delta/Greely School District	765	94,232	13,155	17,581	1,341	3,408	35,485
Alaska Gateway School District	766	146,241	20,416	27,284	2,081	14,184	63,965
Copper River School District	767	73,152	10,212	13,648	1,041	4,047	28,948
Chatham School District	768	68,010	9,494	12,689	968	3,200	26,351
Southeast Island School District	769	56,312	7,861	10,506	801	6,661	25,829
Annette Island School District	770	118,652	16,564	22,137	1,689	10,699	51,089
Chugach School District	771	43,496	6,072	8,115	619	2,688	17,494
Tanana School District	775	—	—	—	—	7,870	7,870
Kashunamiut School District	777	72,586	10,133	13,542	1,033	4,574	29,282
Yupit School District	778	117,259	16,370	21,877	1,669	16,065	55,981
Special Education Service Agency	779	45,906	6,409	8,565	653	3,813	19,440
Aleutians East Borough School District	780	74,949	10,463	13,983	1,067	5,411	30,924
Total of all participating entities		\$ 22,486,000	3,139,095	4,195,243	320,000	1,031,319	8,685,657

See accompanying notes to schedule of employer allocations and schedule of OPEB amounts by employer.

Deferred inflows of resources				OPEB expense (benefit)			
Difference between expected and actual experience	Change in assumptions	Change in proportion and difference between employer contributions and proportionate share of contributions	Total deferred inflows of resources	Proportionate share of allocable plan OPEB expense	Net amortization of deferred amounts from change in proportion and difference between employer contributions and proportionate share of contributions		Total OPEB expense
476,603	2,715,434	64,496	3,256,533	191,020	3,240	194,260	
3,980	22,674	4,895	31,549	1,595	(549)	1,046	
5,239	29,848	7,012	42,099	2,100	(716)	1,384	
127,872	728,540	11,651	868,063	51,251	6,482	57,733	
4,285	24,412	5,287	33,984	1,717	91	1,808	
1,779	10,134	2,134	14,047	713	986	1,699	
2,257	12,859	19,572	34,688	905	(446)	459	
47,194	268,887	12,397	328,478	18,916	892	19,808	
2,427	13,825	1,555	17,807	973	369	1,342	
31,244	178,013	20,198	229,455	12,523	(1,890)	10,633	
1,985	11,310	6,879	20,174	796	(646)	150	
36,639	208,751	30,613	276,003	14,685	(527)	14,158	
3,906	22,256	2,109	28,271	1,566	534	2,100	
10,773	61,376	17,709	89,858	4,318	(1,339)	2,979	
207,576	1,182,652	222,827	1,613,055	83,197	(33,347)	49,850	
339	1,930	288	2,557	136	1	137	
6,593	37,564	8,408	52,565	2,643	(1,345)	1,298	
15,039	85,684	940	101,663	6,028	553	6,581	
2,462	14,026	8,589	25,077	987	(226)	761	
6,626	37,751	5,383	49,760	2,656	(436)	2,220	
9,308	53,033	15,882	78,223	3,731	(2,383)	1,348	
3,087	17,590	633	21,310	1,237	707	1,944	
1,464	8,340	2,065	11,869	587	(82)	505	
52,637	299,896	111,161	463,694	21,097	(16,712)	4,385	
17,014	96,935	22,596	136,545	6,819	(3,828)	2,991	
46,190	263,164	115,866	425,220	18,513	(1,906)	16,607	
11,160	63,583	31,009	105,752	4,473	(4,567)	(94)	
2,454	13,980	6,211	22,645	983	(363)	620	
1,767	10,065	5,167	16,999	708	(38)	670	
9,314	53,064	1,446	63,824	3,733	942	4,675	
92,011	524,228	5,377	621,616	36,878	5,706	42,584	
2,912	16,592	1,484	20,988	1,167	278	1,445	
31,883	181,652	3,851	217,386	12,779	13,880	26,659	
44,736	254,879	9,700	309,315	17,930	7,664	25,594	
30,694	174,874	18,221	223,789	12,302	5,678	17,980	
55,625	316,922	23,902	396,449	22,295	13,200	35,495	
8,257	47,043	18,317	73,617	3,309	989	4,298	
10,892	62,054	1,357	74,303	4,365	5,723	10,088	
11,910	67,858	42,987	122,755	4,774	2	4,776	
543	3,095	880	4,518	218	1,068	1,286	
1,059	6,036	132	7,227	425	496	921	
4,231	24,105	3,290	31,626	1,696	918	2,614	
15,479	88,190	18,360	122,029	6,204	(829)	5,375	
5,747	32,742	26,630	65,119	2,303	1,314	3,617	
4,236	24,133	767	29,136	1,698	684	2,382	
6,418	36,565	70	43,053	2,572	641	3,213	
9,960	56,747	28,481	95,188	3,992	(2,326)	1,666	
4,982	28,386	4,618	37,986	1,997	(240)	1,757	
4,632	26,390	13,120	44,142	1,856	(1,351)	505	
3,835	21,851	810	26,496	1,537	1,086	2,623	
8,081	46,041	7,931	62,053	3,239	221	3,460	
2,962	16,878	12,057	31,897	1,187	(1,321)	(134)	
—	—	436	436	-	1,109	1,109	
4,944	28,166	10,810	43,920	1,981	(596)	1,385	
7,986	45,501	9,378	62,865	3,201	1,749	4,950	
3,127	17,813	3,102	24,042	1,253	(49)	1,204	
5,105	29,083	273	34,461	2,046	855	2,901	
1,531,460	8,725,400	1,031,319	11,288,179	613,810	—	613,810	

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
RETIREE MEDICAL PLAN**

Notes to Schedule of Employer Allocations and
Schedule of OPEB Amounts by Employer

June 30, 2024

(1) Plan Description

The State of Alaska Teachers' Retirement System (System) Retiree Medical Plan (Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefits (OPEB) plan that provides health benefits for teachers and other eligible members.

The Plan is established under Alaska Statute 14.25, which defines the benefit and contribution provisions, and may be amended only by the State of Alaska (State) legislature. The self-insured Plan provides major medical coverage to eligible employees who participate in the System's Defined Contribution Retirement (DCR) Plan. Members are not eligible to use this Plan until they have at least 10 years of service and are Medicare age eligible.

The medical benefits available to eligible persons means that an eligible person may not be denied medical coverage except for failure to pay the required premium. Major medical insurance coverage takes effect on the first day of the month following the date of the Plan administrator's approval of the election and stops when the person who elects coverage dies or fails to make the required premium payment. The coverage for persons 65 years of age or older is the same as that available for persons under 65 years of age. The benefits payable to those persons 65 years of age or older supplement any benefits provided under the federal old age, survivors and disability insurance program. The medical and optional insurance premiums owed by the person who elects coverage may be deducted from the health reimbursement arrangement until the balance becomes insufficient to pay the premiums, at which point the person who elects coverage shall pay the premiums directly.

The cost of premiums for retiree major medical insurance coverage for an eligible member or surviving spouse who is:

- (1) not eligible for Medicare is an amount equal to the full monthly group premium for retiree major medical insurance coverage,
- (2) eligible for Medicare is the following percentage of the premium amounts established for retirees who are eligible for Medicare:
 - (a) 30 percent if the member had 10 or more, but less than 15, years of service;
 - (b) 25 percent if the member had 15 or more, but less than 20, years of service;
 - (c) 20 percent if the member had 20 or more, but less than 25, years of service;
 - (d) 15 percent if the member had 25 or more, but less than 30, years of service; and
 - (e) 10 percent if the member had 30 or more years of service.

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
RETIREE MEDICAL PLAN**

Notes to Schedule of Employer Allocations and
Schedule of OPEB Amounts by Employer

June 30, 2024

(2) Basis of Presentation

The schedule of employer allocations and the schedule of OPEB amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of the Plan and its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of the Plan or its participating employers. The amounts presented in the Schedules are prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the Plan to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

(3) Allocation Methodology

Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB asset, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense (benefit). The employer allocation percentages presented in the schedule of employer allocations and applied to amounts presented in the schedule of OPEB amounts by employer are based on the ratio of contributions made for each employer to total contributions made to the Plan during the year ended June 30, 2024. Employer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer may result in immaterial differences.

(4) Contributions

Employer contribution rates are actuarially determined and adopted by the Alaska Retirement Management Board (Board). The 2024 employer effective contribution rate is 0.82% of annual payroll.

(5) Collective Net OPEB Asset

(a) Components of the Collective Net OPEB Asset

The components of the collective net OPEB asset of the Plan as of June 30, 2024 are as follows:

Total OPEB liability	\$ 64,755,000
Plan fiduciary net position	<u>(87,241,000)</u>
Net OPEB asset	<u>\$ (22,486,000)</u>

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
RETIREE MEDICAL PLAN**

Notes to Schedule of Employer Allocations and
Schedule of OPEB Amounts by Employer

June 30, 2024

The total OPEB liability was determined by an actuarial valuation as of June 30, 2023, using the following assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2024.

Inflation	2.50% per year
Salary increases	Range from 7.25% to 2.85% based on service
Investment rate of return	7.25%, net of post-retirement healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.75%.
Healthcare cost trend rates	Pre-65 medical: 6.4% grading down to 4.5% Post-65 medical: 5.4% grading down to 4.5% Rx / EGWP: 6.9% grading down to 4.5% Initial trend rates are for FY 2025 Ultimate trend rates reached in FY 2050
Mortality	Pre-commencement mortality rates were based on the Pub-2010 Teachers Employee table, headcount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 15% of the time. Post-commencement mortality rates for healthy retirees were based on 98% of male and 100% of female rates of the Pub-2010 Teachers Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on 100% of male and 94% of female rates of the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
RETIREE MEDICAL PLAN**

Notes to Schedule of Employer Allocations and
Schedule of OPEB Amounts by Employer

June 30, 2024

Participation rates reflect the expected plan election rate that varies by reason for decrement, duration that a member may pay full cost prior to Medicare eligibility and availability of alternative and/or lower cost options, particularly in the Medicare market. This assumption is based on observed trends in participation from a range of other plans. The following participation rates were used to measure the collective net OPEB liability of the Plan as of June 30, 2024:

Decrement due to disability/death		Decrement due to retirement		
Age	Percent participation	Age	Percent participation	
<56	75.0 %	55	50.0 %	
56	77.5	56	55.0	
57	80.0	57	60.0	
58	82.5	58	65.0	
59	85.0	59	70.0	
60	87.5	60	75.0	
61	90.0	61	80.0	
62	92.5	62	85.0	
63	95.0	63	90.0	
64	97.5	64	95.0	
65+	100.0	65+		
			Years of service	
			<15	75.0 %
			15–19	80.0
			20–24	85.0
			25–29	90.0
			30+	95.0

The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021. The assumptions used in the June 30, 2023 actuarial valuation are the same as those used in the June 30, 2022 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. The amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid from plan assets.

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(b) Long-Term Expected Rate of Return

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of June 30, 2024 are summarized in the following table (note that the rates shown below exclude an inflation component of 2.39%):

<u>Asset class</u>	<u>Target asset allocation</u>	<u>Long-term expected real rate of return</u>
Broad domestic equity	26.00%	5.48%
Global equity (ex-U.S.)	17.00	7.14
Global equity	3.60	5.79
Aggregate bonds	24.25	2.10
Real assets	14.00	4.63
Private equity	14.00	8.84
Cash equivalents	1.15	0.77

(c) Discount Rate

The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

(d) Sensitivity of the Collective Net OPEB Asset to Changes in the Discount Rate

The following presents the collective net OPEB asset as of June 30, 2024, calculated using the discount rate of 7.25%, as well as what the Plan's collective net OPEB asset would be if it were calculated using a discount rate that is one-percentage-point lower (6.25%) or one-percentage-point higher (8.25%) than the current rate:

	<u>1% decrease (6.25%)</u>	<u>Current discount rate (7.25%)</u>	<u>1% increase (8.25%)</u>
\$	5,935,000	22,486,000	34,984,000

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(e) Sensitivity of the Collective Net OPEB Asset to Changes in the Healthcare Cost Trend Rates

The following presents the collective net OPEB asset as of June 30, 2024, calculated using the current healthcare cost trend rates, as well as what the Plan's collective net OPEB asset would be if it were calculated using trend rates that are one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rates:

	1% decrease	Current healthcare cost trend rate	1% increase
\$	36,494,000	22,486,000	3,521,000

(6) Collective Deferred Outflows of Resources and Deferred Inflows of Resources

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ending June 30, 2024:

	Year of deferral	Amortization period	Beginning of year balance	Additions	Deductions	End of year balance
Deferred outflows of resources:						
Difference between expected and actual experience	2019	9.0 years	\$ 1,198,223	—	299,556	898,667
	2021	9.0 years	1,542,000	—	257,000	1,285,000
	2023	8.4 years	1,104,714	—	149,286	955,428
			3,844,937	—	705,842	3,139,095
Change in assumptions	2018	10.2 years	899,295	—	214,119	685,176
	2021	9.0 years	27,332	—	4,554	22,778
	2024	8.3 years	—	3,965,000	477,711	3,487,289
			926,627	3,965,000	696,384	4,195,243
Difference between projected and actual earnings on OPEB plan investments	2020	5 years	273,400	—	273,400	—
	2021	5 years	(4,452,000)	—	(2,226,000)	(2,226,000)
	2022	5 years	5,650,800	—	1,883,600	3,767,200
	2023	5 years	(212,800)	—	(53,200)	(159,600)
	2024	5 years	—	(1,327,000)	(265,400)	(1,061,600)
			1,259,400	(1,327,000)	(387,600)	320,000
Total deferred outflows of resources			\$ 6,030,964	2,638,000	1,014,626	7,654,338

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	<u>Year of deferral</u>	<u>Amortization period</u>	<u>Beginning of year balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>End of year balance</u>
Deferred inflows of resources:						
Difference between expected and actual experience						
	2017	10.6 years	\$ 677	—	187	490
	2018	10.2 years	160,178	—	38,139	122,039
	2020	9.1 years	296,474	—	58,133	238,341
	2022	8.4 years	311,618	—	48,689	262,929
	2024	8.3 years	—	1,032,000	124,337	907,663
			<u>768,947</u>	<u>1,032,000</u>	<u>269,485</u>	<u>1,531,462</u>
Change in assumptions						
	2019	9.0 years	2,022,665	—	505,667	1,516,998
	2020	9.1 years	3,156,396	—	618,901	2,537,495
	2022	8.4 years	4,502,858	—	703,571	3,799,287
	2023	8.4 years	1,007,810	—	136,190	871,620
			<u>10,689,729</u>	<u>—</u>	<u>1,964,329</u>	<u>8,725,400</u>
Total deferred inflows of resources			<u>\$ 11,458,676</u>	<u>1,032,000</u>	<u>2,233,814</u>	<u>10,256,862</u>

The previous amounts do not include employer and nonemployer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer and nonemployer over the average of the expected remaining service lives of all plan members, which is 8.3 years, 8.4 years, 8.4 years, 9.0 years, 9.1 years, 9.0 years, 10.2 years, and 10.6 years for the 2024, 2023, 2022, 2021, 2020, 2019, 2018, and 2017 amounts, respectively.

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30:	
2025	\$ (1,492,590)
2026	733,410
2027	(1,150,115)
2028	(1,031,475)
2029	(191,941)
Thereafter	<u>530,187</u>
Total	<u>\$ (2,602,524)</u>

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(7) Collective OPEB Expense

The components of the collective OPEB expense (excluding employer specific amounts) for the year ending June 30, 2024 are as follows:

Service cost	\$	3,300,000
Interest on total OPEB liability		4,181,000
Expected investment return net of investment expenses		(5,681,000)
Administrative expense		35,000
Other		(2,000)
Recognition (amortization) of deferred outflows/inflows of resources:		
Difference between expected and actual experience		436,357
Change in assumptions		(1,267,945)
Difference between projected and actual investment earnings on OPEB plan investments		<u>(387,600)</u>
Total OPEB expense	\$	<u><u>613,812</u></u>

(8) Plan Transfer Allocation Methodology

In April 2022, the Alaska Supreme Court found that a former Plan member's ability to reinstate in the defined benefit plan status is an accrued benefit protected by Article XII, Section 7 of the Alaska Constitution. The Division of Retirement and Benefits is working with impacted former members who meet the requirements to re-establish their position in the defined benefits plans, and to transfer related assets into the Plan. These transfers were allocated between participating employers using allocation percentages from the June 30, 2023 schedule of employer allocations and were reported as net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions on the schedule of OPEB amounts by employer. During fiscal year 2024, the total amount of transfers allocated was \$787,000.