



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

Schedule of Employer Allocations and
Schedule of OPEB Amounts by Employer

June 30, 2025

(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, 2025, 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, 2025, 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, 2025, 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 State of Alaska Teachers' Retirement System as of and for the year ended June 30, 2025, and our report thereon, dated October 22, 2025, expressed an unmodified opinion on those financial statements.

Restriction on Use

Our report is intended solely for the information and use of the State of Alaska Teachers' Retirement System management, Alaska Retirement Management Board, State of Alaska 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
April 3, 2026

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

Schedule of Employer Allocations

As of and for the year ended June 30, 2025

Employer	Employer number	Employer contributions	Allocation percentage
Anchorage School District	701	\$ 1,295,744	31.97612 %
Cordova City School District	704	11,740	0.28965
Craig City School District	705	10,389	0.25665
Fairbanks North Star Borough School District	706	311,105	7.67997
Haines Borough School District	707	10,332	0.25506
Hoonah City School District	708	5,721	0.14112
Hydaburg City School District	709	4,761	0.11758
Juneau Borough School District	710	106,466	2.62890
Kake City School District	712	5,692	0.14054
Ketchikan Gateway Borough School District	714	72,939	1.80083
Klawock City School District	717	5,405	0.13338
Kodiak Island Borough School District	718	85,798	2.11828
Nenana City School District	719	13,927	0.34344
Nome City School District	720	30,747	0.75867
Matanuska-Susitna Borough School District	722	543,804	13.42133
Pelican City School District	723	864	0.02133
Petersburg City School District	724	16,896	0.41704
Sitka Borough School District	727	36,254	0.89499
Skagway City School District	728	5,872	0.14497
Unalaska City School District	729	16,152	0.39874
Valdez City School District	730	25,600	0.63173
Wrangell Public School District	731	9,043	0.22312
Yakutat School District	732	3,333	0.08229
University of Alaska	733	143,291	3.53609
Galena City School District	735	63,023	1.55407
North Slope Borough School District	736	118,023	2.91309
State of Alaska	737	27,671	0.68304
Bristol Bay Borough School District	742	7,180	0.17715
Southeast Regional Resource Center	743	4,371	0.10791
Dillingham City School District	744	24,343	0.60080
Kenai Peninsula Borough School District	746	239,055	5.90014
Saint Mary's School District	748	7,591	0.18734
Northwest Arctic Borough School District	751	114,245	2.81736
Bering Strait School District	752	103,631	2.55866
Lower Yukon School District	753	83,558	2.06202
Lower Kuskokwim School District	754	167,050	4.12129
Kuspuk School District	755	21,350	0.52695
Southwest Region School District	756	29,377	0.72498
Lake And Peninsula Borough School District	757	23,769	0.58717
Aleutian Region School District	758	2,282	0.05626
Pribilof School District	759	3,741	0.09226
Iditarod Area School District	761	14,933	0.36827
Yukon / Koyukuk School District	762	56,640	1.39673
Yukon Flats School District	763	14,449	0.35665
Denali Borough School District	764	9,961	0.24592
Delta/Greely School District	765	15,958	0.39392
Alaska Gateway School District	766	21,006	0.51882
Copper River School District	767	11,089	0.27382
Chatham School District	768	10,842	0.26767
Southeast Island School District	769	10,031	0.24756
Annette Island School District	770	21,268	0.52490
Chugach School District	771	5,717	0.14124
Tanana School District	775	—	—
Kashunamiut School District	777	10,104	0.24958
Yup'it School District	778	20,506	0.50612
Special Education Service Agency	779	8,018	0.19789
Aleutians East Borough School District	780	9,250	0.22860
Total contributions		\$ 4,051,907	100.00000 %

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, 2025

Employer	Employer number	Net OPEB asset	Difference between expected and actual experience	Change in assumptions	Deferred outflows of resources	
					Change in proportion and difference between employer contributions and proportionate share of contributions	Total deferred outflows of resources
Anchorage School District	701	\$ 8,606,383	1,444,872	1,118,803	84,806	2,648,481
Cordova City School District	704	77,959	13,088	10,134	1,537	24,759
Craig City School District	705	69,079	11,597	8,980	17,306	37,883
Fairbanks North Star Borough School District	706	2,067,063	347,026	268,711	161,657	777,394
Haines Borough School District	707	68,649	11,525	8,924	7,977	28,426
Hoonah City School District	708	37,984	6,377	4,938	7,350	18,665
Hydaburg City School District	709	31,648	5,313	4,114	16,897	26,324
Juneau Borough School District	710	707,568	118,789	91,981	92,461	303,231
Kake City School District	712	37,825	6,350	4,917	6,611	17,878
Ketchikan Gateway Borough School District	714	484,693	81,372	63,008	54,835	199,215
Klawock City School District	717	35,900	6,027	4,667	1,269	11,963
Kodiak Island Borough School District	718	570,134	95,716	74,116	68,937	238,769
Nenana City School District	719	92,438	15,519	12,017	5,386	32,922
Nome City School District	720	204,195	34,281	26,545	5,005	65,831
Matanuska-Susitna Borough School District	722	3,612,350	606,455	469,593	29,773	1,105,821
Pelican City School District	723	5,740	964	746	426	2,136
Petersburg City School District	724	112,245	18,844	14,591	2,802	36,237
Sitka Borough School District	727	240,886	40,441	31,314	18,790	90,545
Skagway City School District	728	39,019	6,551	5,072	8,239	19,862
Unalaska City School District	729	107,320	18,017	13,951	8,150	40,118
Valdez City School District	730	170,030	28,545	22,103	1,775	52,423
Wrangell Public School District	731	60,053	10,082	7,807	3,709	21,598
Yakutat School District	732	22,150	3,719	2,879	4,065	10,663
University of Alaska	733	951,739	159,782	123,723	2,100	285,605
Galena City School District	735	418,278	70,222	54,375	1,414	126,011
North Slope Borough School District	736	784,059	131,631	101,925	90,825	324,381
State of Alaska	737	183,840	30,864	23,899	8,477	63,240
Bristol Bay Borough School District	742	47,680	8,005	6,198	2,892	17,095
Southeast Regional Resource Center	743	29,043	4,876	3,776	4,651	13,303
Dillingham City School District	744	161,704	27,147	21,021	7,196	55,364
Kenai Peninsula Borough School District	746	1,588,023	266,603	206,438	53,838	526,879
Saint Mary's School District	748	50,424	8,465	6,555	3,767	18,787
Northwest Arctic Borough School District	751	758,292	127,305	98,575	81,496	307,376
Bering Strait School District	752	688,662	115,615	89,524	111,961	317,100
Lower Yukon School District	753	554,992	93,174	72,147	42,509	207,830
Lower Kuskokwim School District	754	1,109,245	186,224	144,198	89,829	420,251
Kuspuk School District	755	141,828	23,811	18,437	26,305	68,553
Southwest Region School District	756	195,128	32,759	25,366	34,731	92,856
Lake And Peninsula Borough School District	757	158,038	26,532	20,544	63,307	110,383
Aleutian Region School District	758	15,141	2,542	1,968	7,160	11,670
Pribilof School District	759	24,831	4,169	3,228	2,059	9,456
Iditarod Area School District	761	99,119	16,640	12,885	8,872	38,397
Yukon / Koyukuk School District	762	375,929	63,112	48,870	12,744	124,726
Yukon Flats School District	763	95,992	16,116	12,479	35,221	63,816
Denali Borough School District	764	66,189	11,112	8,604	9,955	29,671
Delta/Greely School District	765	106,023	17,799	13,783	7,140	38,722
Alaska Gateway School District	766	139,639	23,443	18,153	34,897	76,493
Copper River School District	767	73,699	12,373	9,581	12,370	34,324
Chatham School District	768	72,043	12,095	9,365	8,656	30,116
Southeast Island School District	769	66,631	11,186	8,662	5,879	25,727
Annette Island School District	770	141,276	23,718	18,365	9,535	51,618
Chugach School District	771	38,015	6,382	4,942	11,303	22,627
Tanana School District	775	—	—	—	6,631	6,631
Kashunamiut School District	777	67,175	11,278	8,732	16,247	36,257
Yupit School District	778	136,222	22,869	17,708	15,358	55,935
Special Education Service Agency	779	53,262	8,942	6,924	4,323	20,189
Aleutians East Borough School District	780	61,528	10,330	7,998	22,763	41,091
Total of all participating entities		\$ 26,915,000	4,518,591	3,498,859	1,466,174	9,483,624

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	Net difference between projected and actual earnings on OPEB plan investments	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 (benefit)
403,531	2,744,649	502,351	201,583	3,852,114	134,119	(17,240)	116,879	
3,655	24,862	4,550	9,168	42,235	1,215	(1,263)	(48)	
3,239	22,030	4,032	5,793	35,094	1,076	1,329	2,405	
96,919	659,205	120,652	8,649	885,425	32,212	22,515	54,727	
3,219	21,893	4,007	4,408	33,527	1,070	683	1,753	
1,781	12,113	2,217	5,957	22,068	592	388	980	
1,484	10,093	1,847	16,669	30,093	493	268	761	
33,176	225,650	41,300	10,017	310,143	11,026	11,731	22,757	
1,774	12,063	2,208	1,265	17,310	589	798	1,387	
22,726	154,573	28,291	16,141	221,731	7,553	3,840	11,393	
1,683	11,449	2,095	6,479	21,706	559	(736)	(177)	
26,732	181,821	33,278	25,331	267,162	8,885	6,036	14,921	
4,334	29,479	5,395	17,025	56,233	1,441	(1,582)	(141)	
9,574	65,120	11,919	24,669	111,282	3,182	(2,662)	520	
169,374	1,152,010	210,849	187,869	1,720,102	56,294	(30,169)	26,125	
269	1,830	335	230	2,664	89	20	109	
5,263	35,796	6,552	6,827	54,438	1,749	(1,022)	727	
11,295	76,821	14,060	730	102,906	3,754	2,636	6,390	
1,830	12,444	2,278	7,267	23,819	608	152	760	
5,032	34,225	6,264	4,371	49,892	1,672	376	2,048	
7,972	54,224	9,924	17,141	89,261	2,650	(2,956)	(306)	
2,816	19,152	3,505	4,236	29,709	936	191	1,127	
1,039	7,064	1,293	1,617	11,013	345	236	581	
44,625	303,518	55,552	111,068	514,763	14,832	(19,083)	(4,251)	
19,612	133,393	24,414	95,952	273,371	6,518	(14,437)	(7,919)	
36,763	250,043	45,765	99,010	431,581	12,219	559	12,778	
8,620	58,628	10,731	26,298	104,277	2,865	(3,462)	(597)	
2,236	15,205	2,783	8,111	28,335	743	(769)	(26)	
1,362	9,262	1,695	4,389	16,708	453	141	594	
7,582	51,569	9,438	1,027	69,616	2,520	1,119	3,639	
74,458	506,435	92,691	4,271	677,855	24,747	8,289	33,036	
2,364	16,081	2,943	1,053	22,441	786	346	1,132	
35,554	241,826	44,261	131,162	452,803	11,817	(3,729)	8,088	
32,290	219,620	40,196	7,904	300,010	10,732	16,341	27,073	
26,022	176,992	32,394	24,861	260,269	8,649	4,294	12,943	
52,010	353,748	64,745	104,819	575,322	17,286	1,489	18,775	
6,650	45,230	8,278	14,911	75,069	2,210	1,282	3,492	
9,149	62,228	11,389	3,330	86,096	3,041	5,393	8,434	
7,410	50,400	9,224	36,346	103,380	2,463	4,564	7,027	
710	4,829	884	4,325	10,748	236	571	807	
1,164	7,919	1,449	4,139	14,671	387	(57)	330	
4,647	31,610	5,785	18,515	60,557	1,545	(1,285)	260	
17,626	119,887	21,943	82,406	241,862	5,858	(10,070)	(4,212)	
4,501	30,613	5,603	22,396	63,113	1,496	1,760	3,256	
3,103	21,108	3,863	543	28,617	1,031	1,418	2,449	
4,971	33,812	6,188	48	45,019	1,652	1,244	2,896	
6,547	44,532	8,151	23,877	83,107	2,176	823	2,999	
3,456	23,503	4,302	3,700	34,961	1,149	993	2,142	
3,378	22,975	4,205	11,146	41,704	1,123	(518)	605	
3,124	21,249	3,889	612	28,874	1,038	1,154	2,192	
6,624	45,054	8,246	6,504	66,428	2,202	287	2,489	
1,782	12,123	2,219	10,228	26,352	592	(71)	521	
—	—	—	306	306	—	1,109	1,109	
3,150	21,423	3,921	9,090	37,584	1,047	1,157	2,204	
6,387	43,442	7,951	7,736	65,516	2,123	2,116	4,239	
2,497	16,986	3,109	2,469	25,061	830	101	931	
2,885	19,622	3,591	180	26,278	959	3,362	4,321	
<u>1,261,976</u>	<u>8,583,431</u>	<u>1,571,000</u>	<u>1,466,174</u>	<u>12,882,581</u>	<u>419,434</u>	<u>—</u>	<u>419,434</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, 2025

(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 establishes 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.

(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

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June 30, 2025

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. 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, 2025. 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 contributions are actuarially determined and adopted by the Alaska Retirement Management Board (Board). The 2025 employer effective contribution rate is .68% 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, 2025 are as follows:

Total OPEB liability	\$ 73,913,000
Plan fiduciary net position	<u>(100,828,000)</u>
Net OPEB asset	<u>\$ (26,915,000)</u>

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June 30, 2025

The total OPEB liability was determined by an actuarial valuation as of June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2025.

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 postretirement 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: 6.2% grading down to 4.5% Post-65 medical: 5.4% grading down to 4.5% Rx/EGWP: 8.5% grading down to 4.5% Initial trend rates are for FY 2026 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.

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

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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, 2025:

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
			15–19
			20–24
			25–29
			30+

The assumptions used in the June 30, 2024 actuarial valuation are the same as those used in the June 30, 2023 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. Employer Group Waiver Plan (EGWP) subsidies were updated to reflect higher expected subsidies.
3. Prescription drug and EGWP trend assumption was updated to reflect higher than initial trend rates.

(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 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

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arithmetic rates of return for each major asset class included in the plan's target asset allocation as of June 30, 2025 are summarized in the following table:

<u>Asset class</u>	<u>Target asset allocation</u>	<u>Long-term expected real rate of return</u>
Domestic equity	25.00%	5.74%
Global equity (non-U.S.)	17.00	6.37
Global equity	3.60	5.88
Aggregate bonds	25.20	2.30
Real assets	14.00	4.54
Private equity	14.00	9.28
Cash equivalents	1.20	0.60

(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, 2025, 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 or one percentage point higher than the current rate:

	<u>1% decrease (6.25%)</u>	<u>Current discount rate (7.25%)</u>	<u>1% increase (8.25%)</u>
\$	8,237,000	26,915,000	41,053,000

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

The following presents the collective net OPEB asset of the Plan as of June 30, 2025, calculated using the current healthcare cost trend rates, as well as what the Plan's net OPEB asset would be if it were

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calculated using trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	<u>1% decrease</u>	<u>Current healthcare cost trend rate</u>	<u>1% increase</u>
\$	42,741,000	26,915,000	5,559,000

(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 ended June 30, 2025:

	<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 outflows of resources:						
Difference between expected and actual experience						
	2019	9.0 years	\$ 898,667	—	299,556	599,111
	2021	9.0 years	1,285,000	—	257,000	1,028,000
	2023	8.4 years	955,428	—	149,286	806,142
	2025	8.3 years	—	2,371,000	285,662	2,085,338
			<u>3,139,095</u>	<u>2,371,000</u>	<u>991,504</u>	<u>4,518,591</u>
Change in assumptions						
	2018	10.2 years	685,176	—	214,116	471,060
	2021	9.0 years	22,778	—	4,556	18,222
	2024	8.3 years	3,487,289	—	477,712	3,009,577
			<u>4,195,243</u>	<u>—</u>	<u>696,384</u>	<u>3,498,859</u>
Total deferred outflows of resources			<u>\$ 7,334,338</u>	<u>2,371,000</u>	<u>1,687,888</u>	<u>8,017,450</u>

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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	\$ 490	—	189	301
	2018	10.2 years	122,039	—	38,137	83,902
	2020	9.1 years	238,341	—	58,132	180,209
	2022	8.4 years	262,929	—	48,690	214,239
	2024	8.3 years	907,663	—	124,338	783,325
			<u>1,531,462</u>	<u>—</u>	<u>269,486</u>	<u>1,261,976</u>
Change in assumptions						
	2019	9.0 years	1,516,998	—	505,667	1,011,331
	2020	9.1 years	2,537,495	—	618,901	1,918,594
	2022	8.4 years	3,799,287	—	703,570	3,095,717
	2023	8.4 years	871,620	—	136,190	735,430
	2025	8.3 years	—	2,072,000	249,641	1,822,359
			<u>8,725,400</u>	<u>2,072,000</u>	<u>2,213,969</u>	<u>8,583,431</u>
Difference between projected and actual earnings on OPEB plan investments						
	2021	5 years	2,226,000	—	2,226,000	—
	2022	5 years	(3,767,200)	—	(1,883,600)	(1,883,600)
	2023	5 years	159,600	—	53,200	106,400
	2024	5 years	1,061,600	—	265,400	796,200
	2025	5 years	—	3,190,000	638,000	2,552,000
			<u>(320,000)</u>	<u>3,190,000</u>	<u>1,299,000</u>	<u>1,571,000</u>
Total deferred inflows of resources			<u>\$ 9,936,862</u>	<u>5,262,000</u>	<u>3,782,455</u>	<u>11,416,407</u>

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 8.3 years, 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 2025, 2024, 2023, 2022, 2021, 2020, 2019, 2018, and 2017, respectively.

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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:		
2026	\$	131,434
2027		(1,752,090)
2028		(1,633,450)
2029		(793,317)
2030		100,984
Thereafter		<u>547,482</u>
Total	\$	<u><u>(3,398,957)</u></u>

(7) Collective OPEB Expense

The components of the collective OPEB expense (excluding employer specific amounts) for the year ended June 30, 2025 are as follows:

Service cost	\$	3,966,001
Interest on total OPEB liability		4,979,000
Expected investment return net of investment expenses		(6,465,000)
Administrative expense		35,000
Other		(1,000)
Recognition (amortization) of deferred outflows and inflows of resources:		
Difference between expected and actual experience		722,018
Change in assumptions		(1,517,585)
Difference between projected and actual investment earnings on OPEB plan investments		<u>(1,299,000)</u>
Total OPEB expense	\$	<u><u>419,434</u></u>