KPMG LLP
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3800 Centerpoint Drive
Anchorage, AK 99503

Independent Auditors' Report

The Division of Retirement and Benefits and
Members of the Alaska Retirement Management Board
State of Alaska Public Employees' Retirement System:

Opinion

We have audited the combining financial statements of the State of Alaska Public Employees' Retirement System (the System), a component unit of the State of Alaska, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, the accompanying combining financial statements referred to above present fairly, in all material respects, the fiduciary net position of the System as of June 30, 2025, and the changes in its fiduciary net position for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

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 Financial Statements section of our report. We are required to be independent of the System 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 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 financial statements.

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 financial statements, 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 and disclosures in the financial statements.
- 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 System'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

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.

Report on Summarized Comparative Information

We have previously audited the System's 2024 combining financial statements, and we expressed an unmodified opinion on those financial statements in our report dated October 15, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit for the year ended June 30, 2025 was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the System's basic financial statements for the year ended June 30, 2025. The supplemental schedules listed in the table of contents for the year ended June 30, 2025 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2025 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2025.

We also previously audited, in accordance with GAAS, the basic financial statements of the System as of and for the year ended June 30, 2024 (not presented herein), and have issued our report thereon dated October 15, 2024 which expressed an unmodified opinion. The supplemental schedules listed in the table of contents for the year ended June 30, 2024 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information was subjected to the audit procedures applied in the audit of the basic financial statements for the year ended June 30, 2024 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2024.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory, investment, actuarial and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

KPMG LLP

Anchorage, Alaska
October 22, 2025, except for the Other Information section of our report, as to which the date is January 16, 2026.

STATE OF ALASKA | PUBLIC EMPLOYEES' RETIREMENT SYSTEM

(A Component Unit of the State of Alaska)

Management's Discussion and Analysis (Unaudited)

June 30, 2025

This section presents management's discussion and analysis (MD&A) of the State of Alaska Public Employees' Retirement System's (the System) financial position and performance for the years ended June 30, 2025 and 2024. This section is presented as a narrative overview and analysis. Please read the MD&A in conjunction with the financial statements, notes to financial statements, required supplementary information, and supplemental schedules to better understand the financial condition and performance of the System during the fiscal years ended June 30, 2025 and 2024. Information for fiscal year 2023 is presented for comparative purposes.

Financial Highlights

The System's financial highlights for the year ended June 30, 2025 were as follows:

- The System's fiduciary net position restricted for pension benefits, postemployment healthcare benefits, and individuals increased by $1.9 billion.
- The System's employers and plan members contributions increased by $79.1 million when compared to fiscal year 2024.
- The State of Alaska (the State) directly appropriated $59.1 million to the System.
- The System's net investment income was $2.7 billion, an increase of $535.4 million when compared to fiscal year 2024.
- The System's pension benefit expenditures totaled $1.1 billion.
- The System's postemployment healthcare benefit expenditures totaled $653.7 million.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the System's financial statements. The System's financial statements are composed of three components: (1) combining statement of fiduciary net position, (2) combining statement of changes in fiduciary net position, and (3) notes to financial statements. This report also contains required supplementary information and other supplemental schedules.

Combining statement of fiduciary net position – This statement presents information regarding the System's assets, liabilities, and resulting net position restricted for pension benefits, postemployment healthcare benefits, and individuals. This statement reflects the System's investments at fair value, along with cash and cash equivalents, receivables, and other assets, less liabilities at June 30, 2025.

Combining statement of changes in fiduciary net position – This statement presents how the System's net position restricted for pension benefits, postemployment healthcare benefits, and individuals changed during the fiscal year ended June 30, 2025. This statement presents contributions and investment income during the period. Deductions for pension and postemployment healthcare benefits, refunds, and operating deductions are also presented.

The above statements represent resources available for investment and payment of benefits as of June 30, 2025, and the sources and uses of those funds during fiscal year 2025.

Notes to financial statements – The notes to financial statements are an integral part of the financial statements and provide additional detailed information and schedules that are essential to a full understanding of the System's financial statements.

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Required supplementary information and related notes – The required supplementary information consists of 12 schedules and related notes concerning the funded status of the System and actuarial assumptions and methods used in the actuarial valuation.

Supplemental schedules – Supplemental schedules include detailed information on administrative and investment deductions incurred by the System and payments to consultants other than investment advisors for professional services.

Condensed Financial Information

System net position (In thousands)

Description	2025	2024	Increase (decrease) Amount	Increase (decrease) Percentage	2023
Assets:					
Cash and cash equivalents	$ 305,272	269,886	35,386	13.1 %	$ 235,485
Contributions receivable	16,123	14,615	1,508	10.3	12,072
Due from State of Alaska General Fund	27,265	27,102	163	0.6	23,306
Due from PERS - OD&D	29	310	(281)	(90.6)	—
Due from PERS - RMP	—	1,288	(1,288)	(100.0)	—
Other accounts receivable	18,248	18,943	(695)	(3.7)	15,111
Investments	26,499,544	24,583,647	1,915,897	7.8	23,265,827
Other assets	981	981	—	—	981
Total assets	26,867,462	24,916,772	1,950,690	7.8	23,552,782
Liabilities:					
Claims payable	56,535	50,712	5,823	11.5	45,690
Accrued expenses	17,226	11,314	5,912	52.3	11,148
Forfeiture payable to employers	645	801	(156)	(19.5)	359
Due to State of Alaska General Fund	596	1,090	(494)	(45.3)	1,484
Due to PERS - OD&D	29	—	29	100.0	—
Due to PERS - Defined benefit pension	—	310	(310)	(100.0)	—
Due to PERS - Alaska Retiree Healthcare Trust	—	1,288	(1,288)	(100.0)	—
Securities lending collateral payable	19,840	16,155	3,685	22.8	23,811
Total liabilities	94,871	81,670	13,201	16.2	82,492
Net position restricted for pension and postemployment healthcare benefits	$ 26,772,591	24,835,102	1,937,489	7.8 %	$ 23,470,290

STATE OF ALASKA | PUBLIC EMPLOYEES' RETIREMENT SYSTEM

(A Component Unit of the State of Alaska)

Management's Discussion and Analysis (Unaudited)

June 30, 2025

Condensed Financial Information (continued)

Changes in system net position (In thousands)

Description	2025	2024	Increase (decrease) Amount	Increase (decrease) Percentage	2023
Net position, beginning of year	$ 24,835,102	23,470,290	1,364,812	5.8 %	$ 22,452,690
Additions:					
Contributions – employers and plan members	934,886	855,822	79,064	9.2	811,199
Contributions – nonemployer State of Alaska	59,149	37,942	21,207	55.9	33,933
Net investment income	2,711,453	2,176,069	535,384	24.6	1,768,040
Employer group waiver plan	80,096	64,396	15,700	24.4	60,370
Medicare retiree drug subsidy	651	737	(86)	(11.7)	453
Pharmacy rebates	89,842	72,098	17,744	24.6	58,397
Pharmacy management allowance	135	137	(2)	(1.5)	132
Other income	1,196	792	404	51.0	690
Transfer in	181	14,582	(14,401)	(98.8)	—
Total additions	3,877,589	3,222,575	655,014	20.3	2,733,214
Deductions:					
Pension and postemployment healthcare benefits	1,768,374	1,684,157	84,217	5.0	1,565,917
Refunds of contributions	135,563	123,452	12,111	9.8	115,080
Administrative	35,982	35,572	410	1.2	34,617
Transfer out	181	14,582	(14,401)	(98.8)	—
Total deductions	1,940,100	1,857,763	82,337	4.4	1,715,614
Increase in net position	1,937,489	1,364,812	572,677	42.0	1,017,600
Net position, end of year	$ 26,772,591	24,835,102	1,937,489	7.8 %	$ 23,470,290

Financial Analysis of the System

The statements of fiduciary net position as of June 30, 2025 and 2024 show net position restricted for pension benefits, postemployment healthcare benefits, and individuals of $26,772,591,000 and $24,835,102,000, respectively. The entire amount is available to cover the System's obligation to pay pension and postemployment healthcare benefits to its members and their beneficiaries, as well as administrative costs.

This represents an increase in the System's net position restricted for pension benefits, postemployment healthcare benefits, and individuals of $1,937,489,000 or 7.8% from fiscal year 2024 to 2025, and an increase of $1,364,812,000 or 5.8% from fiscal year 2023 to 2024. Over the long term, employers, plan members, and nonemployer contributions, as well as investment income earned, are anticipated to sufficiently fund the pension benefit and postemployment healthcare costs of the System.

During the 34th Alaska State Legislature and as part of the State's Fiscal Year 2025 Operating Budget, House Bill 268 appropriated $59,149,000 from the General Fund to the Department of Administration for deposit in the Defined Benefit Pension fund. The amount of the appropriation allocated to participating employers (except the State of Alaska) is reported as Contributions – Nonemployer State of Alaska.

The investment of pension funds is a long-term undertaking. On an annual basis, the Alaska Retirement Management Board (the Board) reviews and adopts an asset allocation strategy to ensure the asset mix will remain at an optimal risk/return level given the System's constraints and objectives.

System Asset Allocation

During fiscal years 2025 and 2024, the Board adopted the following asset allocation for the Defined Benefit Pension Plan (DB Plan), Alaska Retiree Healthcare Trust (ARHCT Plan), and Defined Contribution Retirement Pension Plan's (DCR Plan) occupational death and disability fund, retiree medical plan, and health reimbursement arrangement fund:

	2025		2024	
	Pension and healthcare trusts		Pension and healthcare trusts	
	Allocation	Range	Allocation	Range
Broad domestic equity	26.0 %	± 6%	26.0 %	± 6%
Global equity ex-U.S.	17.0	± 4%	17.0	± 4%
Fixed income	23.0	± 10%	21.0	± 10%
Multi-asset	6.0	± 4%	8.0	± 4%
Real assets	14.0	± 7%	14.0	± 7%
Private equity	14.0	± 7%	14.0	± 7%
Total	100.0 %		100.0 %	
Expected return 20-year geometric mean	7.81 %		7.59 %	
Projected standard deviation	13.06		13.61	

For fiscal years 2025 and 2024, the DB Pension Plan's investments generated a 10.10% and 9.22% rate of return, respectively. For fiscal years 2025 and 2024, the Alaska Retiree Healthcare Trust Plan's investments generated a 10.12% and 9.32% rate of return, respectively.

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June 30, 2025

Contributions, Investment Income, and Other Additions

The additions required to fund retirement benefits are accumulated through a combination of employer and plan member contributions, State appropriation, investment income, and other additions as follows:

	Additions (In thousands)				
			Increase (decrease)		
	2025	2024	Amount	Percentage	2023
Contributions – employers	$ 700,433	632,427	68,006	10.8%	$ 593,306
Contributions – plan members	234,453	223,395	11,058	4.9	217,893
Contributions – nonemployer					
State of Alaska	59,149	37,942	21,207	55.9	33,933
Net investment income (loss)	2,711,453	2,176,069	535,384	24.6	1,768,040
Employer group waiver plan	80,096	64,396	15,700	24.4	60,370
Medicare retiree drug subsidy	651	737	(86)	(11.7)	453
Pharmacy rebates	89,842	72,098	17,744	24.6	58,397
Pharmacy management allowance	135	137	(2)	(1.5)	132
Other income	1,196	792	404	51.0	690
Transfer in	181	14,582	(14,401)	(98.8)	—
Total	$ 3,877,589	3,222,575	655,014	20.3%	$ 2,733,214

The System's employer contributions increased from $632,427,000 in fiscal year 2024 to $700,433,000 in fiscal year 2025, an increase of $68,006,000 or 10.8%. The System's employer contributions increased from $593,306,000 in fiscal year 2023 to $632,427,000 in fiscal year 2024, an increase of $39,121,000 or 6.6%. The increase in employer contributions in fiscal year 2025 and 2024 is attributed to increases in total member salaries. The State of Alaska as an employer, which represents roughly one-half of the employee population, is required by Alaska statute to pay the full actuarially determined contribution rate. The employer contribution rate reduction would be reflected here.

The System's plan member contributions increased from $223,395,000 in fiscal year 2024 to $234,453,000 in fiscal year 2025, an increase of $11,058,000 or 4.9%. The System's plan member contributions increased from $217,893,000 in fiscal year 2023 to $223,395,000 in fiscal year 2024, an increase of $5,502,000 or 2.5%. The increase in employer contributions for both fiscal year 2025 and 2024 is due to an increase in member salaries, as well as for funds paid by plan members for their conversion from the defined contribution retirement plan to the defined benefit plan due to the Alaska Supreme Court decision discussed in the notes to financial statements.

The State provided $59,149,000 and $37,942,000 for fiscal years 2025 and 2024, respectively, in nonemployer contributions per Alaska Statute (AS) 39.35.280. The employer on-behalf amount (or additional State contributions as defined in AS 39.35.280) is calculated by the System's actuary. It is based on projected payroll and the difference between the actuarially determined contribution rate and the statutory effective rate. The employer effective contribution rate of 22.00% is established in AS 39.35.255(a). These amounts are available to all participating employers, except the State of Alaska, which is required to pay the full actuarially determined contribution rate.

The System's net investment income in fiscal year 2025 increased by $535,383,000 or 24.6% from amounts in fiscal year 2024. The System's net investment income in fiscal year 2024 increased by $408,029,000 or 23.1% from amounts in fiscal year 2023.

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(A Component Unit of the State of Alaska)

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For fiscal year 2025 the System saw investment rate of returns roughly 0.88% higher than fiscal year 2024, primarily in the domestic equities and global equity ex-U.S. markets and ended the year above the System's actuarial rate of return of 7.25%. However, most other investment classes did not fare as well, ending the year below the 7.25% actuarial rate of return. Over the long term, investment earnings play a significant role in funding Plan benefits. The Board continues to look at investment classes and strategies best suited to meet the expected earnings returns to meet future benefit payments.

During fiscal year 2025, the System transferred $7 thousand from the PERS DCR – Occupational Death and Disability fund to the PERS DB Pension fund, $29 thousand from the PERS DCR – Retiree Medical fund and $145 thousand from the PERS DCR – Health Reimbursement Arrangement plans to the PERS DB Alaska Retiree Healthcare Trust fund. The transfers were a result of the Alaska Supreme Court decision that determined that the passage of Senate Bill (SB) 141 violated the Alaska Constitution by extinguishing a former member's ability to re-enter the PERS / TRS defined benefits plan. The lawsuit challenged the effect of SB 141 as an unconstitutional diminishment of a promised defined benefit. In April 2022, the Alaska Supreme Court found that a former member's ability to reinstate PERS / TRS status is an accrued benefit protected by Article XII, Section 7 of the Alaska Constitution. The Court held that not allowing former members to buy back into PERS / TRS defined benefit status resulted in an unconstitutional diminishment. The transfers represent the employer contributions and related investment earnings / losses that were deposited into the DCR trust funds when a former member was reported as a DCR member, and then the member reinstated their DB status. Those funds follow the member to their proper plan within the System.

The Division of Retirement and Benefits (the Division) implemented a group Medicare Part D prescription drug plan known as an enhanced Employer Group Waiver Plan (EGWP) for all Medicare-eligible members covered under the Plan. During fiscal year 2025, the Plan received $80,096,000 in EGWP funds from the Center of Medicare and Medicaid Services (CMS) through the EGWP Plan Sponsor, OptumRx, compared to fiscal year 2024 receipts of $64,396,000, and fiscal year 2023 receipts of $60,370,000. The increases each year are due to increased prescription drug usage as well as increased costs of those same prescription drugs that resulted in higher EGWP funds paid to the Plan.

Pharmacy rebates are reimbursed to the Plan by the third-party administrators. During fiscal year 2025, the Plan received $89,842,000 in pharmacy rebates compared to $72,098,000 from fiscal year 2024. In fiscal year 2023, the Plan received $58,397,000. The Plan negotiated higher rebates beginning in calendar year 2022; however, those higher rebates were transmitted to the Plan during fiscal year 2023, which resulted in slightly higher collections due to timing of receipt of those funds.

The DB Pension Plan's investment rates of return for the year ended June 30 were as follows:

	Year ended		
	2025	2024	2023
Plan returns	10.10 %	9.22 %	7.03 %
Broad domestic equity	13.45	21.21	17.77
Global equity (ex-U.S.)	19.68	12.77	15.14
Fixed income	6.44	3.55	0.48
Multi-asset	5.20	8.03	4.09
Real assets	4.24	0.04	2.37
Private equity	6.53	4.96	(3.29)
Actuarially assumed rate of return	7.25	7.25	7.25

The Alaska Retiree Healthcare Trust Plan's investment rates of return for the year ended June 30 were as follows:

	Year ended		
	2025	2024	2023
Plan returns	10.12 %	9.32 %	7.11 %
Broad domestic equity	13.45	21.21	17.78
Global equity (ex-U.S.)	19.66	12.75	15.13
Fixed income	6.34	3.63	0.32
Multi-asset	5.25	8.06	4.09
Real assets	4.16	0.47	2.88
Private equity	6.53	4.96	(3.29)
Actuarially assumed rate of return	7.25	7.25	7.25

Benefits and Other Deductions

The primary deduction of the DB Plan is the payment of pension and other postemployment benefits, primarily healthcare. The primary deduction of the DCR Plan is the refund of contributions. These benefit payments, healthcare claims paid, refunds of contributions, and the cost of administering the System comprise the cost of operations as follows:

	Deductions (In thousands)				
			Increase (decrease)		
	2025	2024	Amount	Percentage	2023
Pension benefits	$ 1,114,695	1,088,046	26,649	2.4%	$ 1,012,696
Postemployment benefits	653,679	596,111	57,568	9.7	553,221
Refunds of contributions	135,563	123,452	12,111	9.8	115,080
Administrative	35,982	35,572	410	1.2	34,617
Transfer out	181	14,582	(14,401)	(98.8)	—
Total	$ 1,940,100	1,857,763	82,337	4.4%	$ 1,715,614

STATE OF ALASKA | PUBLIC EMPLOYEES' RETIREMENT SYSTEM

(A Component Unit of the State of Alaska)

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June 30, 2025

The System's DB pension benefit payments in 2025 increased $26,649,000 or 2.4% from fiscal year 2024, which increased $75,350,000 or 7.4% from fiscal year 2023. The increase in pension benefits in fiscal year 2025 is the result of an increase in the number of retirees, in addition to a 0.49% or 0.73% Post Retirement Pension Adjustment for eligible retirees. The increase in pension benefits in 2024 is the result of an increase in the average pension benefits, which includes a 3.9% or 5.9% Post Retirement Pension Adjustment for eligible retirees.

The System's postemployment healthcare benefit payments in fiscal year 2025 increased $57,568,000 or 9.7% from fiscal year 2024, which increased $42,890,000 or 7.8% from fiscal year 2023. During fiscal year 2025, the increase in postemployment benefits is the result of an increase in per member average postemployment benefits by roughly 6.0%. In 2024, the System saw an increase in postemployment benefits as the number of retirees in the DB Plan increased. The increase in retirees is offset by those retirees who transition over to Medicare due to age, and costs shift from the System to Medicare. The System continues to look at ways for cost containment while providing benefits applicable to the plan.

The System's refund of contributions increased $12,111,000 or 9.8% from fiscal year 2024 to 2025 and increased $8,372,000 or 7.3% from fiscal year 2023 to 2024. The increase in refunds is primarily in the DCR Plan, where refunds increased $10,391,000 from fiscal year 2024 to 2025, and increased $9,374,000 from fiscal year 2023 to 2024. Increases in DCR Plan refunds are attributed to an increase in the number of DCR Plan refunds as well as an increase in the average amount of refund. The System continues to look at ways to retain member contributions by emphasizing the low investment costs to members to maintain funds within the DCR Plan.

The System's administrative costs in fiscal year 2025 increased $410,000 or 1.2% from fiscal year 2024 and increased $955,000 or 2.8% from fiscal year 2023. The increase in fiscal year 2025 is due to increased costs in management and consulting services. The increase in administrative cost in fiscal year 2024 is primarily due to a capital project for a retirement system replacement.

Net Pension Liability

Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*, requires the DB Plan to report the total pension liability, fiduciary net position, and net pension liability. The total pension liability represents the total obligation for the Plan's pension benefits related to costs incurred as a result of years of service, changes in benefit terms, changes in actuarial assumptions, and any differences between the actuarial assumptions and actual experience. The Plan's fiduciary net position represents the assets available to pay the Plan's future payment stream. The assets are derived from contributions received from participating employers, plan members, and nonemployer contributions, as well as investment earnings, less benefit payments during the year and the related costs to administer the Plan. The difference between the total pension liability and fiduciary net position is the net pension liability, or the unfunded portion of the total pension liability.

The components of the net pension liability of the participating employers of the Plan as of June 30 were as follows (in thousands):

		2025	2024
Total pension liability	$	17,248,347	17,040,358
Plan fiduciary net position		(12,286,031)	(11,555,868)
Employers' net pension liability	$	4,962,316	5,484,490
Plan fiduciary net position as a percentage of the total pension liability		71.23%	67.81%

Net OPEB Asset

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Penson Plans*, requires the DB Other Postemployment Benefit (OPEB) Plans to report the total OPEB liability, fiduciary net position, and net OPEB liability for each plan. The total OPEB liability represents the total obligation for the Plan's postemployment healthcare benefits related to costs incurred as a result of years of service, changes in benefit terms, changes in actuarial assumptions, and any differences between the actuarial assumptions and actual experience. The Plan's fiduciary net position represents the assets available to pay the OPEB Plan's future payment stream. The assets are derived from contributions received from participating employers, plan members, and nonemployer contributions, as well as investment earnings, less benefit payments during the year and the related costs to administer the Plans. The difference between the total OPEB liability and fiduciary net position is the net OPEB asset, or the overfunded portion of the total OPEB liability.

The components of the net OPEB asset of the participating employers of the Plans as of June 30, 2025 were as follows (in thousands):

		Alaska Retiree Healthcare Trust Plan (ARHCT Plan)	Occupational Death and Disability (ODD Plan)	Retiree Medical Plan (RMP)
Total OPEB liability	$	7,230,159	28,030	269,139
Plan fiduciary net position		(9,891,510)	(98,971)	(330,063)
Employers' net OPEB asset	$	(2,661,351)	(70,941)	(60,924)
Plan fiduciary net position as a percentage of the total OPEB liability		136.81 %	353.09 %	122.64 %

STATE OF ALASKA | PUBLIC EMPLOYEES' RETIREMENT SYSTEM

(A Component Unit of the State of Alaska)

Management's Discussion and Analysis (Unaudited)

June 30, 2025

The components of the net OPEB asset of the participating employers of the Plans as of June 30, 2024 were as follows (in thousands):

		Alaska Retiree Healthcare Trust Plan (ARHCT Plan)	Occupational Death and Disability (ODD Plan)	Retiree Medical Plan (RMP)
Total OPEB liability	$	7,198,479	24,189	237,022
Plan fiduciary net position		(9,400,625)	(83,889)	(281,261)
Employers' net OPEB asset	$	(2,202,146)	(59,700)	(44,239)
Plan fiduciary net position as a percentage of the total OPEB liability		130.59%	346.81%	118.66%

Funding

Retirement benefits are financed by accumulations from employers, plan members, State nonemployer contributions, and income earned on System investments:

- The employer contribution rate is adopted and set by the Board annually based on actuarial determinations made by the System's consulting actuary as reviewed by the Board's contracted actuary. AS 39.35.255(a) sets the employer effective contribution rate at 22.00%. The difference between the actuarially determined contribution rate adopted by the Board and the statutory employer effective rate is paid by the State as a direct appropriation per AS 39.35.280.
- Beginning July 1,2021, the State of Alaska, as an employer, pays the full actuarial determined employer contribution rate adopted by the Board for each fiscal year. Senate Bill 55 (SB 55), an Act relating to employer contributions to the System, made changes to Alaska Statute (AS) 39.35.255 that indicated the State of Alaska, as a participating employer, shall contribute to the System every payroll period an amount sufficient to pay the full actuarially determined employer normal cost, all contributions required under AS 39.30.370 (HRA) and AS 39.35.750 (all DCR costs – employer match, ODD, RMP), and past service costs for members at the contribution rate adopted by the Board under AS 37.10.220 for the fiscal year for that payroll period.
- AS 39.35.280 provides that additional State contributions are made each July 1 or as soon after July 1 for the ensuing fiscal year that when combined with the total employer contributions are sufficient to pay the System's past service liability at the contribution rate adopted by the Board for that fiscal year.
- Plan member contributions are set by AS 39.35.160 for the DB Plan and AS 39.35.730 for the DCR Plan.
- The Board works with an external consultant to determine the proper asset allocation strategy.

Legislation

During fiscal year 2025, the 34th Alaska State Legislature enacted one law that affects the System. Conference Committee Substitute (CCS) for House Bill 53, Section 45 (a), appropriates $79.8 million from the General Fund to the Department of Administration for deposit in the System's defined benefit plan account as an additional state contribution for fiscal year ending June 30, 2026.

STATE OF ALASKA | PUBLIC EMPLOYEES' RETIREMENT SYSTEM

(A Component Unit of the State of Alaska)

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June 30, 2025

This appropriation is to fund the difference between the statutory employer required contribution of 22% paid by participating employers (excluding the State of Alaska as an employer) for both defined benefit and defined contribution members and the actuarially determined contribution rate of 28.33% adopted by the Board for Fiscal Year 2026. This additional state contribution is specified in AS 39.35.280 – Additional State Contributions.

Economic Conditions, Future Contribution Rates, and Status of Unfunded Liability

Fiscal year 2025 had positive investment returns. Net investment income increased from $2,176,069,000 in fiscal year 2024, to $2,711,453,000 in fiscal year 2025, an increase of $535,384,000 or 24.6%. During fiscal year 2025, the System's actual rate of return on investments was roughly 2.85% above the 7.25% actuarially assumed rate of return. The Board continues to work with its investment counsel and the Alaska Department of Revenue, Treasury Division, to diversify the portfolio of the System to maintain an optimal risk/return ratio.

The consulting actuary recommended an increase from the System's actuarially determined contribution rate of 25.10% in fiscal year 2024 to 26.76% in fiscal year 2025. Additionally, the Board discussed not contributing the healthcare normal cost contribution rate of 1.94% since the Alaska Retiree HealthCare Trust (ARHCT) is well above 100% funded. After the Board's actuarial committee discussed the healthcare trusts overfunding, they voted to not contribute the healthcare normal cost rate for fiscal year 2025. The Board adopted the fiscal year 2025 actuarially determined contribution rate of 26.76%, which represented an increase of 1.66%. The statutory employer effective contribution rate remains at 22.00% for fiscal years 2025 and 2024. With the passage of SB 55 and beginning July 1, 2021, the State of Alaska as an employer continues to pay the full actuarially determined contribution rate.

The June 30, 2024 and 2023 actuarial valuation reports for the DB Pension Plan reported funded ratios based on valuation assets of 68.0% and 67.0% respectively, as well as unfunded liabilities of $5.45 billion and $5.56 billion, respectively.

The June 30, 2024 and 2023 actuarial valuation reports for the DB ARHCT reported funded ratios based on valuation assets of 132.3% and 129.6%, respectively, as well as funding excesses of $2.30 billion and $2.09 billion, respectively.

For fiscal years 2025 and 2024, the DCR Plan's employer contribution rate was established by AS 39.35.255(a) at 22.00%, except for the State of Alaska as modified by SB 55. The DCR Plan's actuarially determined occupational death and disability rate was adopted by the Board for fiscal years 2025 and 2024 to be 0.69% and 0.68% for peace officers/firefighters; 0.24% and 0.30% for all others. The DCR Plan retiree medical plan actuarially determined contribution rate was adopted by the Board for fiscal years 2025 and 2024 to be 0.83% and 1.01%, respectively.

The June 30, 2024 and 2023 actuarial valuation reports for the DCR Occupational Death & Disability Plan reported funded ratios based on valuation assets of 398.6% and 404.5%, respectively, as well as funding excesses of $63.0 million and $55.0 million, respectively.

The June 30, 2024 and 2023 actuarial valuation reports for the DCR Retiree Major Medical Plan reported funded ratios based on valuation assets of 120.6% and 120.7%, respectively, as well as funding excesses of $48.2 million and $42.4 million, respectively.

STATE OF ALASKA | PUBLIC EMPLOYEES' RETIREMENT SYSTEM

(A Component Unit of the State of Alaska)

Management's Discussion and Analysis (Unaudited)

June 30, 2025

Requests for Information

This financial report is designed to provide a general overview for those parties interested in the System's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

State of Alaska Public Employees' Retirement System
Division of Retirement and Benefits, Finance Section
P.O. Box 110203
Juneau, Alaska 99811-0203

Questions concerning any of the investment information provided in this report or requests for additional investment information should be addressed to:

State of Alaska
Department of Revenue, Treasury Division
P.O. Box 110405
Juneau, Alaska 99811-0405

STATE OF ALASKA | PUBLIC EMPLOYEES' RETIREMENT SYSTEM

(A Component Unit of the State of Alaska)

Combining Statement of Fiduciary Net Position

June 30, 2025

(With summarized financial information for June 30, 2024)

(In thousands)

			Other postemployment benefit plans					
	Defined benefit pension	Defined contribution retirement pension	Alaska Retiree Healthcare Trust	Occupational death and disability	Retiree medical	Health reimbursement arrangement	System total June 30, 2025	System total June 30, 2024
Assets:								
Cash and cash equivalents:								
Short-term fixed-income pool	$ 145,735	1,796	117,222	1,266	4,167	13,591	283,777	252,749
Empower money market fund – non-participant directed	—	1,653	—	—	—	—	1,653	982
Securities lending collateral	10,290	—	8,360	79	262	851	19,842	16,155
Total cash and cash equivalents	156,025	3,449	125,582	1,345	4,429	14,442	305,272	269,886
Receivables:								
Contributions	16,123	—	—	—	—	—	16,123	14,615
Due from State of Alaska General Fund	11,113	13,014	—	48	—	3,090	27,265	27,102
Due from PERS - Occupational death & disability	—	—	—	—	—	—	—	310
Due from PERS - Retiree medical	—	—	—	—	—	—	—	1,288
Other accounts receivable	246	—	17,930	—	72	—	18,248	18,943
Total receivables	27,482	13,014	17,930	48	72	3,090	61,636	62,258
Investments, at fair value:								
Fixed-income securities:								
Barclays aggregate bond fund	2,056,235	—	1,667,917	16,584	55,394	180,392	3,976,522	3,572,898
Opportunistic fixed-income pool	544,064	—	441,318	4,387	14,657	47,730	1,052,156	887,102
Total fixed-income securities	2,600,299	—	2,109,235	20,971	70,051	228,122	5,028,678	4,460,000
Broad domestic equity:								
Large cap pool	2,852,808	—	2,314,046	23,006	76,847	250,251	5,516,958	5,163,758
Small cap pool	298,226	—	241,907	2,405	8,034	26,163	576,735	476,993
Total broad domestic equity	3,151,034	—	2,555,953	25,411	84,881	276,414	6,093,693	5,640,751
Global equity ex-U.S.:								
International equity pool	1,776,592	—	1,441,082	14,328	47,860	155,856	3,435,718	2,968,276
Emerging markets equity pool	328,509	—	266,471	2,649	8,850	28,820	635,299	717,301
Total global equity ex-U.S.	2,105,101	—	1,707,553	16,977	56,710	184,676	4,071,017	3,685,577
Multi-asset:								
Alternative beta pool	122,041	—	98,994	985	3,288	10,707	236,015	231,446
Alternative equity pool	—	—	—	—	—	—	—	145,037
Alternative fixed income pool	324,840	—	263,495	2,620	8,751	28,498	628,204	580,330
Tactical allocation strategies pool	250,318	—	203,046	2,019	6,743	21,960	484,086	644,307
Total multi-asset	697,199	—	565,535	5,624	18,782	61,165	1,348,305	1,601,120
Private equity pool	1,877,749	—	1,523,138	15,144	50,586	164,733	3,631,350	3,498,647
Real assets:								
Real estate pool	601,020	—	487,518	4,847	16,191	52,727	1,162,303	1,111,823
Real estate investment trust pool	196,363	—	159,280	1,583	5,290	17,227	379,743	346,573
Infrastructure private pool	342,379	—	277,721	2,762	9,224	30,036	662,122	599,585
Energy pool	11,337	—	9,196	91	305	995	21,924	29,281
Farmland pool	383,836	—	311,349	3,096	10,340	33,674	742,295	745,326
Timber pool	148,042	—	120,085	1,194	3,988	12,988	286,297	280,945
Total real assets	1,682,977	—	1,365,149	13,573	45,338	147,647	3,254,684	3,113,533
Other investment funds:								
Participant directed at fair value:								
Collective investment funds	—	809,163	—	—	—	—	809,163	686,332
Pooled investment funds	—	2,135,220	—	—	—	—	2,135,220	1,755,387
Participant directed at contract value:								
Synthetic investment contracts	—	127,434	—	—	—	—	127,434	142,300
Total other investment funds	—	3,071,817	—	—	—	—	3,071,817	2,584,019
Total investments	12,114,359	3,071,817	9,826,563	97,700	326,348	1,062,757	26,499,544	24,583,647
Other assets	14	—	967	—	—	—	981	981
Total assets	12,297,880	3,088,280	9,971,042	99,093	330,849	1,080,289	26,867,433	24,916,772
Liabilities:								
Claims payable	—	—	56,535	—	—	—	56,535	50,712
Accrued expenses	1,560	1,039	14,504	15	90	18	17,226	11,314
Forfeitures payable to employers	—	645	—	—	—	—	645	801
Due to State of Alaska General Fund	—	—	133	29	434	—	596	1,090
Due to PERS - Defined benefit pension	—	—	—	—	—	—	—	310
Due to PERS - Alaska Retiree Healthcare Trust	—	—	—	—	—	—	—	1,288
Securities lending collateral payable	10,289	—	8,360	78	262	851	19,840	16,155
Total liabilities	11,849	1,684	79,532	122	786	869	94,842	81,670
Net position restricted for pension benefits,postemployment healthcare benefits, and individuals	$ 12,286,031	3,086,596	9,891,510	98,971	330,063	1,079,420	26,772,591	24,835,102

See accompanying notes to financial statements.

STATE OF ALASKA | PUBLIC EMPLOYEES' RETIREMENT SYSTEM

(A Component Unit of the State of Alaska)

Combining Statement of Changes in Fiduciary Net Position

Year ended June 30, 2025

(With summarized financial information for June 30, 2024)

(In thousands)

	Defined benefit pension	Defined contribution pension	Other postemployment benefit plans: Alaska Retiree Healthcare Trust	Other postemployment benefit plans: Occupational death and disability	Other postemployment benefit plans: Retiree medical	Other postemployment benefit plans: Health reimbursement arrangement	System total June 30, 2025	System total June 30, 2024
Additions:								
Contributions:								
Employers	$ 517,941	96,214	5	6,553	17,498	62,222	700,433	632,427
Plan members	63,409	171,044	—	—	—	—	234,453	223,395
Nonemployer State of Alaska	59,149	—	—	—	—	—	59,149	37,942
Total contributions	640,499	267,258	5	6,553	17,498	62,222	994,035	893,764
Investment income:								
Net appreciation in fair value	1,044,544	355,406	846,592	8,065	26,988	87,761	2,369,356	1,882,007
Interest	88,094	919	71,598	672	2,250	7,308	170,841	140,914
Dividends	121,684	—	99,024	935	3,129	10,166	234,938	213,524
Total investment income	1,254,322	356,325	1,017,214	9,672	32,367	105,235	2,775,135	2,236,445
Less: investment expense	31,682	3,248	25,727	241	810	2,576	64,284	61,163
Net investment income before securities lending activities	1,222,640	353,077	991,487	9,431	31,557	102,659	2,710,851	2,175,282
Securities lending income	1,201	—	975	9	31	99	2,315	2,108
Less: securities lending expense	888	—	722	7	23	73	1,713	1,321
Net income from securities lending activities	313	—	253	2	8	26	602	787
Net investment income	1,222,953	353,077	991,740	9,433	31,565	102,685	2,711,453	2,176,069
Transfer in	7	—	174	—	—	—	181	14,582
Other income:								
Employer group waiver plan	—	—	79,632	—	464	—	80,096	64,396
Medicare retiree drug subsidy	—	—	651	—	—	—	651	737
Pharmacy rebates	—	—	89,404	—	438	—	89,842	72,098
Pharmacy management allowance	—	—	135	—	—	—	135	137
Miscellaneous income	186	228	779	—	3	—	1,196	792
Total other income	186	228	170,601	—	905	—	171,920	138,160
Total additions	1,863,645	620,563	1,162,520	15,986	49,968	164,907	3,877,589	3,222,575
Deductions:								
Pension and postemployment benefits	1,114,695	—	650,168	865	979	1,667	1,768,374	1,684,157
Refunds of contributions	10,817	124,746	—	—	—	—	135,563	123,452
Administrative	7,970	6,336	21,467	32	158	19	35,982	35,572
Total deductions	1,133,482	131,082	671,635	897	1,137	1,686	1,939,919	1,843,181
Transfer out	—	—	—	7	29	145	181	14,582
Net increase	730,163	489,481	490,885	15,082	48,802	163,076	1,937,489	1,364,812
Net position restricted for pension benefits, postemployment healthcare benefits, and individuals:								
Balance, beginning of year	11,555,868	2,597,115	9,400,625	83,889	281,261	916,344	24,835,102	23,470,290
Balance, end of year	$ 12,286,031	3,086,596	9,891,510	98,971	330,063	1,079,420	26,772,591	24,835,102

See accompanying notes to financial statements.

STATE OF ALASKA | PUBLIC EMPLOYEES' RETIREMENT SYSTEM

(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2025

(1) Description

The State of Alaska Public Employees' Retirement System (PERS or the System) is a component unit of the State of Alaska (the State). The System is administered by the Division of Retirement and Benefits within the Department of Administration. Benefit and contribution provisions are established by State law and may be amended only by the State legislature. The Alaska Retirement Management Board (the Board) is responsible for overseeing the management and investment of the System. The Board consists of nine trustees as follows: two trustees consisting of the commissioner of administration and the commissioner of revenue, two trustees who are members of the general public, one trustee who is employed as a finance officer for a political subdivision participating in either the PERS or Teachers' Retirement System (TRS), two trustees who are PERS members, and two trustees who are TRS members.

PERS acts as the common investment and administrative agency for the following multiple-employer plans:

Plan name	Type of plan
Defined Benefit Pension (DB) Plan	Cost-sharing, Defined Benefit Pension
Defined Contribution Retirement Pensions (DCR) Plan	Defined Contribution Pension
Defined Benefit Other Postemployment Benefits (OPEB)	
Alaska Retiree Healthcare Trust (ARHCT) Plan	Cost-sharing, Defined Benefit OPEB
Occupational Death and Disability (ODD) Plan	Cost-sharing, Defined Benefit OPEB
Retiree Medical Plan (RMP)	Cost-sharing, Defined Benefit OPEB
Defined Contribution Other Postemployment Benefits	
Health Reimbursement Arrangement (HRA) Plan	Defined Contribution OPEB

At June 30, 2025, the number of participating local government employers and public organizations, including the State, was as follows:

	Defined Benefit Pension	Defined Contribution Pension	OPEB plans
State of Alaska	1	1	1
Municipalities	71	72	72
School districts	51	51	51
Other	25	25	25
Total employers	148	149	149

Inclusion in the plans is a condition of employment for eligible State employees, except as otherwise provided for judges, elected officers, and certain employees of the Alaska Marine Highway System. Any local government in the State may elect to have its permanent general and peace officer and firefighter employees covered by the System.

STATE OF ALASKA | PUBLIC EMPLOYEES' RETIREMENT SYSTEM

(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2025

Defined Benefit Pension Plan

(a) General

The DB Plan provides pension benefits for eligible State and local government employees. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. With the passage of Senate Bill 141, the DB Plan was closed to all new members effective July 1, 2006.

The DB Plan's membership consisted of the following at June 30, 2025:

Retired plan members or beneficiaries currently receiving benefits	37,449
Inactive plan members entitled to but not yet receiving benefits	4,154
Inactive plan members not entitled to benefits	9,562
Active plan members	7,179
Total DB Plan membership	58,344

(b) Pension Benefits

Members hired prior to July 1, 1986, with five or more paid-up years of credited service are entitled to monthly pension benefits beginning at normal retirement age, 55, or early retirement age, 50. For members first hired after June 30, 1986, the normal and early retirement ages are 60 and 55, respectively. Members with 30 or more years of credited service (20 years for peace officers and firefighters) may retire at any age and receive a normal benefit.

The normal monthly pension benefit is based on years of service and average monthly compensation. For members hired prior to July 1, 1996, and all peace officers and firefighters, the average monthly compensation is based upon the members' three highest, consecutive years' salaries. For all other members hired after June 30, 1996, average monthly compensation is based upon the members' five highest, consecutive years' salaries.

The benefit related to all years of credited service prior to July 1, 1986 and for years of service through a total of 10 years for general members, is equal to 2.00% of the member's average monthly compensation for each year of service. The benefit for each year over 10 years of service subsequent to June 30, 1986 is equal to 2.25% of the member's average monthly compensation for the second 10 years and 2.50% for all remaining years of service. For peace officers and firefighters, the benefit for years of service through a total of 10 years is equal to 2.00% of the member's average monthly compensation and 2.50% for all remaining years of service.

Minimum benefits for members eligible for retirement are $25 per month for each year of credited service.

Married members must receive their benefits in the form of a joint and survivor annuity unless their spouse consents to another form of benefit or another person is eligible for benefits under a qualified domestic relations order.

The DB Plan has two types of postretirement pension adjustments (PRPA). The automatic PRPA is issued annually to all eligible benefit recipients when the cost of living increases in the previous calendar year. The automatic PRPA increase is paid beginning July 1 of each year. The discretionary PRPA may be granted to eligible recipients by the DB Plan's administrator if the funding ratio of the DB Plan meets or exceeds 105%. If both an automatic and discretionary PRPA are granted, and a retiree is eligible for both adjustments, the one that provides the retiree the greater increase will be paid.

(c) Contributions

Contribution requirements of the active plan members and the participating employers are actuarially determined and adopted by the Board as a contribution rate that, when combined, is expected to finance the costs of benefits earned by plan members during the year, with an additional contribution rate to finance any unfunded accrued liability. The DB Plan's members' contribution rates are 7.50% for peace officers and firefighters, 9.60% for some school district employees, and 6.75% for general DB Plan members, as required by statute. The statutory employer effective contribution rate is 22.00% of annual payroll, which for fiscal year 2025 is allocated 22.00% to the DB Pension Plan and 0.00% to the DB ARHCT Plan as determined by the actuary of the Plan. Alaska Statute (AS) 39.35.280 provides that the State, as a nonemployer contributing entity, contributes each July 1, or as soon after July 1 for the ensuing fiscal year, an amount that when combined with the total employer contributions is sufficient to pay the System's actuarially determined contribution rate adopted by the Board for that fiscal year. Additionally, there is a Defined Benefit Unfunded Liability (DBUL) amount levied against the DCR Plan payroll. The DBUL amount is computed as the difference between:

(A) The amount calculated for the statutory employer effective contribution rate of 22.00% on eligible salary (except for the State of Alaska which pays the full actuarially determined contribution rate) less

(B) The total of the employer contributions for:

- (1) The defined contribution employer matching amount
- (2) Major medical
- (3) Occupational death and disability
- (4) Health reimbursement arrangement.

(C) But not less than zero.

The difference is deposited based on an actuarial allocation into the DB Plan's pension and healthcare funds. For fiscal year 2025, the DBUL was allocated 100.00% to the DB Pension Plan and 0.00% to the DB ARHCT Plan.

(d) Refunds

DB Plan member contributions may be voluntarily or, under certain circumstances, involuntarily refunded to the member or a garnishing agency 60 days after termination of employment. Voluntary refund rights are forfeited on July 1 following the member's 75th birthday or within 50 years of the member's last termination date. Members who have had contributions refunded forfeit all retirement benefits, including postemployment healthcare benefits. Members are allowed to reinstate refunded service due to involuntary refunds by repaying the total involuntary refunded balance and accrued interest. Members are allowed to reinstate voluntarily refunded service by repaying the voluntarily refunded balance and accrued interest. Balances previously refunded to members accrue interest at the rate of 7.0% per annum compounded semiannually.

Defined Contribution Retirement Pension Plan

(a) General

The DCR Plan provides retirement benefits for eligible employees hired after July 1, 2006. Additionally, certain active members of the DB Plan were eligible to transfer to the DCR Plan if that member had not vested in the DB Plan. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature.

At June 30, 2025, membership in the DCR Plan consisted of 2,842 peace officer and firefighter members and 25,774 other members.

(b) Retirement Benefits

A participating member is immediately and fully vested in that member's contributions and related earnings (losses). A member shall be fully vested in the employer contributions made on that member's behalf, and related earnings (losses), after five years of service. A member is partially vested in the employer contributions made on that member's behalf and the related earnings in the ratio of (a) 25% with two years of service; (b) 50% with three years of service; (c) 75% with four years of service; and (d) 100% with five years of service.

(c) Contributions

State statutes require an 8.0% contribution rate for DCR Plan members. Employers are required to contribute 5.0% of the member's compensation.

(d) Participant Distributions and Refunds of Contributions

A member is eligible to request a refund of contributions from their account 60 days after termination of employment.

(e) Participant Accounts

Participant accounts under the DCR Plan are self-directed with respect to investment options.

Each participant designates how contributions are to be allocated among the investment options. Each participant's account is credited with the participant's contributions and the appreciation or depreciation in unit value for the investment funds.

Record-keeping/administrative fees consisting of a fixed amount, applied in a lump sum each calendar year, and a variable amount, applied monthly, are deducted from each participant's account and applied pro rata to all the funds in which the employee participates. This fee is for all costs incurred by the recordkeeper and by the State. The investment management fees are netted out of the funds' performance.

Defined Benefit Other Postemployment Benefit Plans

(a) Alaska Retiree Healthcare Trust Plan

Beginning July 1, 2007, the ARHCT Plan, a healthcare trust fund of the State, was established. The ARHCT Plan is self-funded and provides major medical coverage to retirees of the DB Plan. The System retains the risk of loss of allowable claims for eligible members. The ARHCT Plan began paying member healthcare claims on March 1, 2008. Prior to that, healthcare claims were paid for by the Retiree Health Fund.

Membership in the plan consisted of the following at June 30, 2025:

Retired plan members or beneficiaries currently receiving benefits	37,449
Inactive plan members entitled to but not yet receiving benefits	4,154
Inactive plan members not entitled to benefits	9,562
Active plan members	7,179
Total DB Plan membership	58,344

(i) OPEB Benefits

Major medical benefits to cover medical expenses are provided to retirees and their surviving spouses at no premium cost for all members hired before July 1, 1986 (Tier 1), and disabled retirees. Members hired after June 30, 1986 (Tier 2), and their surviving spouses with 5 years of credited service (or 10 years of credited service for those first hired after June 30, 1996 [Tier 3]) must pay the full monthly premium if they are under age 60 and will receive benefits at no premium cost if they are over age 60. Tier 3 members with between 5 and 10 years of credited service must pay the full monthly premium regardless of their age. Tier 2 and Tier 3 members with less than 5 years of credited service are not eligible for postemployment healthcare benefits. Tier 2 members who are receiving a conditional benefit and are age eligible are eligible for postemployment healthcare benefits. In addition, peace officers and their surviving spouses with 25 years of peace officer membership service and all other members and their surviving spouses with 30 years of membership service receive benefits at no premium cost, regardless of their age or date of hire. Peace officers/firefighters who are disabled between 20 and 25 years must pay the full monthly premium.

(ii) Contributions

Employer contribution rates are actuarially determined and adopted by the Board. The 2025 statutory employer effective contribution rate is 22.00% of member's compensation, with 0.00% specifically allocated to ARHCT Plan.

(b) Occupational Death and Disability Plan

The Occupational Death and Disability Plan (ODD) provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within the System. Members in the Death and Disability Plan consisted of the following at June 30, 2025:

Active plan members	28,616
Participating employers	149
Open claims	19

STATE OF ALASKA | PUBLIC EMPLOYEES' RETIREMENT SYSTEM

(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2025

(i) Death Benefits

If (1) the death of an employee occurs before the employee's retirement and before the employee's normal retirement date, (2) the proximate cause of death is a bodily injury sustained or a hazard undergone while in the performance and within the scope of the employee's duties, and (3) the injury or hazard is not the proximate result of willful negligence of the employee, then a monthly survivor's pension shall be paid to the surviving spouse. If there is no surviving spouse or if the spouse later dies, the monthly survivor's pension shall be paid in equal parts to the dependent children of the employee.

If an active general DB Plan member dies from occupational causes, the spouse may receive a monthly pension equal to 40% of the DB Plan member's salary. If an active peace officer or firefighter DB Plan member dies from occupational causes, the spouse may receive a monthly pension equal to 50% of the DB Plan member's salary or 75% of the member's retirement benefit calculated as if the member had survived until normal retirement age, whichever is greater. When death is due to occupational causes and there is no surviving spouse, the DB Plan member's dependent child(ren) may receive the monthly pension until they are no longer dependents. If the member does not have a spouse or dependent children at the time of death, a lump-sum death benefit is payable to the named beneficiary(ies). The amount of the occupational death pension changes on the date the DB Plan member's normal retirement would have occurred if the DB Plan member had lived. The new benefit is based on the DB Plan member's average monthly compensation at the time of death and the credited service, including service that would have accrued if the DB Plan member had lived and continued to work until normal retirement. If the death was from nonoccupational causes and the DB Plan member was vested, the spouse may receive a monthly 50% joint and survivor option benefit based on the member's credited service and average monthly compensation at the time of death. If the DB Plan member is not married or vested, a lump-sum death benefit is payable to the named beneficiary(ies).

The monthly survivor's pension benefit for survivors of DCR Plan employees who were not peace officers or firefighters is 40% of the employee's monthly compensation in the month in which the employee dies. The monthly survivor's pension for survivors of employees who were peace officers or firefighters is 50% of the monthly compensation in the month in which the employee dies. While the monthly survivor's pension is being paid, the employer shall make contributions on behalf of the employee's beneficiaries based on the deceased employee's gross monthly compensation at the time of occupational death.

(ii) Disability Benefits

Active DB Plan members who become permanently disabled due to occupational or nonoccupational causes receive disability benefits until normal retirement age, or when the service requirement for normal retirement is met. Although there are no minimum service requirements for DB Plan members to be eligible for occupational disability, DB Plan members must be vested to receive nonoccupational disability benefits. The monthly occupational disability benefit is equal to 40% of the DB Plan member's salary at the time of the disability. The nonoccupational disability benefit is based on the DB Plan member's service and salary at the time of disability. At normal retirement age, a disabled general DB Plan member receives normal retirement benefits. A peace officer or firefighter DB Plan member may elect to receive normal retirement benefits calculated under the occupational disability benefit rules.

A DCR Plan member is eligible for an occupational disability benefit if employment is terminated because of a total and apparently permanent occupational disability before the member's normal retirement date. The occupational disability benefits accrue beginning the first day of the month following termination of employment as a result of the disability and are payable the last day of the month. If a final determination granting the benefit is not made in time to pay the benefit when due, a retroactive payment shall be made to cover the period of deferment.

(iii) Contributions

An employer shall contribute to each member's account based on the member's compensation. For fiscal year 2025, the rates are 0.69% for occupational death and disability for peace officers and firefighters and 0.24% for occupational death and disability for all other members.

(c) Retiree Medical Plan

The RMP is established under AS 39.35.880 – Medical Benefits. The Department of Administration, Division of Retirement and Benefits, which administers the System's health plans, finalized the Retiree Medical Plan for members eligible for the DCR Plan's health benefits plan in July 2016. The RMP provides major medical coverage to retirees of the DCR Plan. The RMP is self-insured. Members are not eligible to use the plan until they have at least 10 years of service and are Medicare age eligible.

Membership in the RMP was as follows at June 30, 2025:

Retired plan members or beneficiaries currently receiving benefits	412
Inactive plan members entitled to but not yet receiving benefits	3,205
Inactive plan members not entitled to benefits	22,039
Active plan members	28,616
Total RMP membership	54,272

(i) OPEB Benefits

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 coverage, to cover medical expenses, takes effect on the first day of the month following the date of the RMP 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 account until the account balance becomes insufficient to pay the premiums; at this time, the person who elects coverage shall pay the premiums directly.

The cost of premiums for retiree major medical 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:

(a) 30% if the member had 10 or more, but less than 15, years of service

(b) 25% if the member had 15 or more, but less than 20, years of service

(c) 20% if the member had 20 or more, but less than 25, years of service

(d) 15% if the member had 25 or more, but less than 30, years of service

(e) 10% if the member had 30 or more years of service.

(ii) Contributions

Employer contribution rates are actuarially determined and adopted by the Board. The 2025 employer effective contribution rate is 0.83% of member's compensation.

Defined Contribution Other Postemployment Benefit Plan

(a) General

The HRA Plan is established under AS 39.30.300. The Department of Administration, Division of Retirement and Benefits administers the System's health plans. The HRA Plan allows for medical care expenses to be reimbursed from individual savings accounts established for eligible persons. The HRA Plan became effective July 1, 2006, at which time contributions by employers began.

Membership in the plan was as follows as of June 30, 2025:

Retired plan members or beneficiaries currently receiving benefits	412
Inactive plan members entitled to but not yet receiving benefits	3,205
Inactive plan members not entitled to benefits	22,039
Active plan members	28,616
Total HRA Plan membership	54,272

(b) OPEB Benefits

Persons who meet the eligibility requirements of AS 39.35.870 are eligible for reimbursements from the individual account established for a member under the HRA Plan but do not have to retire directly from the System.

The Plan Administrator may deduct the cost of monthly premiums from the HRA individual account for the RMP insurance on behalf of an eligible person who elected the retiree major medical insurance under AS 39.35.880. Upon application of an eligible person, the HRA Plan administrator shall reimburse the costs for medical care expenses defined in 26 USC 213(d). Reimbursement is limited to the medical expenses of (1) an eligible member, the spouse of an eligible member, and the dependent children of an eligible member; or (2) a surviving spouse and the dependent children of an eligible member dependent on the surviving spouse. When the member's individual account balance is exhausted, any deductions from the HRA individual account end. If all eligible persons die before exhausting the member's individual account, the account balance reverts to the HRA Plan.

(c) Contributions

An employer shall contribute to the HRA Plan trust fund an amount equal to 3.00% of the average annual compensation of all employees in the PERS. The administrator maintains a record of each member to account for employer contributions on behalf of that member. The 2025 contribution amount was an annual contribution not to exceed $2,387 and was required for every pay period in which the employee was enrolled in the DCR Plan, regardless of the compensation paid during the year. An amount less than $2,387 would be deposited to a member's account if that member worked less than a full year.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The accompanying financial statements have been prepared using the economic resources measurement focus and on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles (GAAP), as prescribed by the Governmental Accounting Standards Board (GASB). Contributions are due to the System when employee services have been performed and paid. Contributions are recognized as revenue when due pursuant to statutory requirements. Benefits and refunds are recognized when due and payable and expenses are recorded when the corresponding liabilities are incurred, regardless of when contributions are received or payment is made.

(b) Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

(c) Cash and Cash Equivalents

Cash and cash equivalents include the System's holdings within the short-term fixed-income pool, employer money market funds, and overnight investments associated with securities lending collateral. These holdings have the general characteristics of a demand deposit account.

(d) Defined Benefit Pension and OPEB Investments

The System owns shares in various investment pools that are administered by the State of Alaska, Department of Revenue, Division of Treasury (Treasury). The System's investment in the pools, except for the short-term fixed-income pool, is reported at fair value based on the net asset value reported by the Treasury. The short-term fixed-income pool maintains a share price of $1. Each plan owns shares in the pool, the number of which fluctuates daily with contributions and withdrawals.

(e) Defined Contribution Participant-directed Investments

The Board contracts with an external investment manager, through the Treasury, who is given the authority to invest in a wholly owned pooled environment to accommodate 14 participant-directed funds. Additionally, the Board contracts with external managers who manage a mix of collective investment funds and synthetic investment contracts. Income for the pooled investment and collective investment funds is credited to the fund's net asset value on a daily basis and allocated to pool participants daily on a pro rata basis.

Collective investment funds, held in trust, are stated at fair value based on the unit value as reported by the Trustees multiplied by the number of units held by the DCR Plan. The unit value is determined by the Trustees based on fair value of the underlying assets. Purchases and sales of securities are recorded on a trade-date basis.

Pooled participant-directed investment funds, held in trust, are stated at fair value based on the unit value as reported by the Trustees multiplied by the number of units held by the DCR Plan. The unit value is determined by the Trustees based on fair value of the underlying assets. Purchases and sales of securities are recorded on a trade-date basis. Underlying assets comprise domestic and international stocks, investment-grade bonds, federally guaranteed mortgages, money market instruments, and other cash equivalent instruments with maturities of less than one year, which include but are not limited to commercial paper, asset-backed securities, banker acceptances, certificates of deposit with ratings of A1/P1 or better, as well as obligations of the U.S. government and its agencies, and repurchase agreements collateralized by U.S. Treasury instruments.

Synthetic Investment Contracts (SICs) are included in the Plan's statements at contract value. The Board's investment manager entered into the investment contracts, on behalf of the Board, with four financial institutions who provide wrap contracts that cover separately managed SIC portfolios. The accounts are credited with earnings and investment deposits, less administrative expenses charged by the financial institutions and investment withdrawals. They are fully benefit-responsive. There are no reserves against contract value for the credit risk of the contract issuer or otherwise. The crediting interest rate is based on the approximate rate of interest that will amortize differences between contract and market value over the portfolio's average duration.

(f) Contributions Receivable

Contributions from the System's members and employers applicable to payrolls received through July 15 for wages paid for service through June 30 are accrued. These contributions are considered fully collectible, and accordingly, no allowance for uncollectible receivables is reflected in the financial statements.

(g) Due from (to) State of Alaska General Fund

Amounts due from State of Alaska General Fund represent the amounts remitted by employers to the General Fund but not yet transmitted to the System. Amounts due to State of Alaska General Fund represent the amounts paid by others on behalf of the System.

(h) Other Income

Other income consists of Employer Group Waiver Plan (EGWP) rebates, Medicare Part D Retiree Drug Subsidy (RDS) rebates, pharmacy rebates, and other miscellaneous items. The RDS are rebates provided to the plan sponsor. The State has elected to voluntarily put the RDS back into the trust and treat it as a contribution for purposes of calculating the net OPEB liability. The EGWP and pharmacy rebates are provided to the Plan through the third-party administrators and are treated as a reduction to the benefit payments for purposes of calculating the net OPEB liability. RDS and pharmacy rebates are recognized on an accrual basis.

(i) Administrative Costs

Administrative costs are paid from contributions. The Board has established a funding policy objective that the required contributions be sufficient to pay the plan administrative expenses, normal costs, and past service costs.

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(j) Federal Income Tax Status

The DB Plan and DCR Plan are qualified plans under Sections 401(a) and 414(d) of the Internal Revenue Code and are exempt from federal income taxes under Section 501(a).

(3) Investments

The Board is the investment oversight authority of the System's investments. As the fiduciary, the Board has the statutory authority to invest assets under the Prudent Investor Rule. Fiduciary responsibility for the Board's invested assets is pursuant to AS 37.10.210-390.

AS 37.10.071 provides that investments shall be made with the judgment and care under circumstances then prevailing that an institutional investor of ordinary professional prudence, discretion, and intelligence exercises in managing large investment portfolios.

Treasury provides staff for the Board. Treasury has created a pooled environment by which it manages investments of the Board. Additionally, Treasury manages a mix of pooled investment funds, collective investment funds and SICs for the DCR participant-directed pension plans under the Board's fiduciary responsibility.

Actual investing is performed by investment officers in Treasury or by contracted external investment managers. The Board has developed investment guidelines, policies, and procedures for Treasury staff and external investment managers to adhere to when managing investments. Treasury manages the U.S. Treasury Fixed-Income Pool, Real Estate Investment Trust Pool, and Treasury Inflation-Protected Securities Pool, in addition to acting as oversight manager for all externally managed investments. All other investments are managed by external management companies.

The short-term fixed-income pool is a State pool managed by Treasury that holds investments on behalf of the Board as well as other State funds.

Rate of Return

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The annual money-weighted rate of return, net of investment expense, for the year ended June 30, 2025 for the DB Pension Plan is 10.80%, the ARHCT Plan is 10.86%, the ODD Plan is 10.86%, and the RMP is 10.87%.

For additional information on securities lending, interest rate risk, credit risk, foreign exchange, derivatives, fair value, and counterparty credit risk, see the separately issued report on the Invested Assets of the State of Alaska Retirement and Benefits Systems at https://treasury.dor.alaska.gov/armb/reports-and-policies/annual-audited-financial-schedules

(4) Net Pension Liability – Defined Benefit Pension Plan

The components of the net pension liability of the participating employers at June 30, 2025 were as follows (in thousands):

Total pension liability	$	17,248,347
Plan fiduciary net position		(12,286,031)
Employers' net pension liability	$	4,962,316
Plan fiduciary net position as a percentage of the total pension liability		71.23 %

(a) Actuarial Assumptions

The total pension 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	For Peace Officer/Firefighter, increases range from 8.50% to 3.85% based on service. For all others, increses range from 6.75% to 2.85% based on service.
Investment rate of return	7.25%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real return of 4.75%
Mortality - Peace Officer / Firefighter	Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 70% of the time. Post-commencement mortailty rates for healthy retirees were based on the Pub-2010 Safety Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortailty rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortailty rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

Motality - Others	Pre-commencement mortality rates were based on the Pub-2010 General Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 35% of the time. Post-commencement mortailty rates for healthy retirees were based on 98% of male and 106% of female rates of the Pub-2010 General Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortailty rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree Table, amount - weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rate for beneficiaries were based on 102% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

The actuarial assumptions used in the June 30, 2024 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021.

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The long-term expected rate of return on pension 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 adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2025 are summarized in the following table (note that the rates shown below exclude an inflation component of 2.51%).

Asset class	Long-term expected real rate of return
Domestic equity	5.74%
Global equity (ex-U.S.)	6.37
Global equity	5.88
Aggregate bonds	2.30
Real assets	4.54
Private equity	9.28
Cash equivalents	0.60

(b) *Discount Rate*

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the pension 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability in accordance with the method prescribed by GASB 67. In the event benefit payments are not covered by the Plan's fiduciary net position, a municipal bond rate would be used to discount the benefit payments not covered by the Plan's fiduciary net position. The Bond Buyer GO 20-Year Municipal Bond Index rate was 5.20% as of June 30, 2025. The prior rate was 4.21%, which was based on the S&P Municipal Bond 20-Year High Grade Index rate as of June 30, 2024. The underlying index was updated in order to exclude bonds subject to the alternative minimum tax.

(c) *Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

The following presents the net pension liability of the System as of June 30, 2025, calculated using the discount rate of 7.25%, as well as what the System's net pension liability 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 (in thousands):

		1.00% decrease (6.25%)	Current discount rate (7.25%)	1.00% increase (8.25%)
Net pension liability	$	6,784,035	4,962,316	3,418,641

(5) Net OPEB Asset

The components of the net OPEB asset of the participating employers for each Plan at June 30, 2025 were as follows (in thousands):

		ARHCT Plan	ODD Plan	RMP
Total OPEB liability	$	7,230,159	28,030	269,139
Plan fiduciary net position		(9,891,510)	(98,971)	(330,063)
Employers' net OPEB asset	$	(2,661,351)	(70,941)	(60,924)
Plan fiduciary net position as a percentage of the total OPEB liability		136.81%	353.09%	122.64%

(a) *Actuarial Assumptions*

The total OPEB liability for each plan was determined by actuarial valuations 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	For peace officer/firefighter, increases range from 8.50% to 3.85% based on service. For Others, increases range from 6.75% 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 return of 4.75%.
Healthcare cost trend rates (ARHCT Plan and RMP)	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 Peace officer/firefighter (ARHCT Plan and RMP)	Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, headcount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupation causes 70% of the time. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on 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.
Peace officer/firefighter (ODD Plan)	Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 70% of the time. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

Mortality Others (ARHCT Plan and RMP)	Pre-commencement mortality rates were based on the Pub-2010 General Employee table, headcount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 35% of the time. Post-commencement mortality rates for healthy retirees were based on 101% of male and 110% of female rates of the Pub-2010 General 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 101% of male and 108% 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.
Mortality (ODD Plan)	Pre-commencement mortality rates were based on the Pub-2010 General Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 35% of the time. Post-commencement mortality rates for healthy retirees were based on 98% of male and 106% of female rates of the Pub-2010 General Retiree table, amount-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, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on 102% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

The actuarial assumptions used in the June 30, 2024 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021. For the ARHCT and RMP, the per capita claims costs were updated to reflect recent experience for the June 30, 2024 actuarial valuation. EGWP subsidies were updated to reflect higher expected subsidies due to the Inflation Reduction Act. Because of the significant increase in the EGWP subsidy for FY25 and beyond due to the Inflation Reduction Act, and uncertainty regarding future subsidy levels, the ARMB has adopted a smoothing of EGWP subsidy estimates over five years. In addition, the prescription drug and EGWP trend assumption was updated to reflect recent survey information indicating higher than initial trend rates in part due to the recent higher-than-expected inflationary environment.

The long-term expected rate of return on postretirement healthcare 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 adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the postretirement healthcare plans' target asset allocation as of June 30, 2025 are summarized in the following table (note that the rates shown below exclude an inflation component of 2.51%):

Asset class	Long-term expected real rate of return
Domestic equity	5.74%
Global equity (ex-U.S.)	6.37
Global equity	5.88
Aggregate bonds	2.30
Real assets	4.54
Private equity	9.28
Cash equivalents	0.60

(b) Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2025 was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the postretirement healthcare 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 postretirement healthcare plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability in accordance with the method prescribed by GASB 74. In the event benefit payments are not covered by the Plan's fiduciary net position, a municipal bond rate would be used to discount the benefit payments not covered by the Plan's fiduciary net position. The Bond Buyer GO 20-Year Municipal Bond Index rate was 5.20% as of June 30, 2025. The prior rate was 4.21%, which was based on the S&P Municipal Bond 20-Year High Grade Index rate as of June 30, 2024. The underlying index was updated in order to exclude bonds subject to the alternative minimum tax.

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

The following presents the net OPEB asset as of June 30, 2025, calculated using the discount rate of 7.25%, as well as what the System's 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 (in thousands):

		1.00% decrease (6.25%)	Current discount rate (7.25%)	1.00% increase (8.25%)
ARHCT Plan	$	(1,859,737)	(2,661,351)	(3,337,171)
ODD Plan		(66,719)	(70,941)	(74,248)
RMP		(1,506)	(60,924)	(110,571)

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

The following presents the net OPEB asset as of June 30, 2025, calculated using the healthcare cost trend rates as summarized in the 2024 actuarial valuation report, as well as what the System's 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 (in thousands):

		1.00% decrease	Current healthcare cost trend rate	1.00% increase
ARHCT Plan	$	(3,414,072)	(2,661,351)	(1,769,594)
RMP		(116,706)	(60,924)	8,246

(6) Claims Payable

The liability for claims payable and claims incurred but not reported, included in the claims payable amount on the statement of fiduciary net position, represent the estimated amounts necessary to settle all outstanding claims incurred as of the balance sheet date. The ARHCT and Retiree Medical Plan's reserve estimates are based primarily on historical development patterns adjusted for current trends that would modify past experience. Claims are reevaluated periodically to consider the effects of inflation, claims settlement trends, and other economic factors. The process of establishing loss reserves is subject to uncertainties that are normal, recurring, and inherent in the healthcare business.

Changes in the balances of claims liabilities were as follows (in thousands):

		2025	2024
Total, beginning of year	$	50,712	45,690
Healthcare benefits		651,147	594,117
Benefits paid		(645,324)	(589,095)
Total, end of year	$	56,535	50,712

(7) Employer Group Waiver Program

Effective January 1, 2019, the Division implemented a group Medicare Part D prescription drug plan known as an enhanced EGWP for all Medicare-eligible members covered under the ARHCT Plan and the RMP. The enhanced EGWP leverages increased federal subsidies to the ARHCT Plan and the RMP for prescription drugs covered by Medicare Part D while also providing coverage for medications not covered by Medicare Part D through a "wrap" of additional benefits. Moving to an enhanced EGWP has resulted in the ARHCT Plan and RMP receiving significantly higher subsidies, while simultaneously maintaining the prescription drug coverage retirees had prior to implementation of the enhanced EGWP. Currently, EGWP is the primary program used by the Division; however, there are still retirees that are covered by the RDS if they do not meet the requirements of EGWP.

(8) Medicare Part D Retiree Drug Subsidy

One of the provisions of Medicare Part D provides sponsors of pension healthcare plans the opportunity to receive an RDS payment if the sponsor's plan provides a prescription drug benefit that is actuarially equivalent to the Medicare Part D benefit. The RDS is equal to 28% of the amount of eligible prescription drug benefit costs of retirees who are eligible for, but not enrolled in, Medicare Part D, by virtue of continuing to be covered by the sponsor's plan. The ARHCT Plan was approved for participation in the Medicare Part D program beginning calendar year 2006.

(9) Commitments and Contingencies

The Division is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Division of Retirement and Benefits' counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the Division.

The System was a defendant in a class action lawsuit against the State alleging that the passage of Senate Bill (SB) 141 violated the Alaska Constitution by extinguishing a former member's ability to re-enter the PERS / TRS defined benefits plan. According to SB 141, a PERS / TRS defined benefit former member would have to re-employ into an eligible defined benefit position by June 30, 2010 or lose that former member's status (tier standing). If that former member re-entered the workforce in a valid PERS / TRS position but after June 30, 2010, that person would become a defined contribution retirement plan member, rather than reinstated into their prior defined benefit status (tier standing). The lawsuit challenged the effect of SB 141 as an unconstitutional diminishment of a promised defined benefit.

In April 2022, the Alaska Supreme Court found that a former member's ability to reinstate PERS / TRS status is an accrued benefit protected by Article XII, Section 7 of the Alaska Constitution. The Court held that not allowing former members to buy back into PERS / TRS defined benefit status resulted in an unconstitutional diminishment. The Division continues to determine the impact of this decision on PERS and TRS. The Division has notified class members of their right to seek reinstatement into the defined benefit plan and the procedures to do so and is working with impacted former members who meet the requirements to re-establish their position in the defined benefits plan. During fiscal year 2025, the System transferred $7 thousand from the PERS DCR – Occupational Death and Disability fund to the PERS DB Pension fund, $29 thousand from the PERS DCR – Retiree Medical fund to the PERS DB Alaska Retiree Healthcare Trust fund, and $145 thousand from the PERS DCR – Health Reimbursement Arrangement plans to the PERS DB Alaska Retiree Healthcare Trust fund to re-establish certain former members' position in the defined benefits plan. It is unclear exactly how many former members will seek to reinstate to the defined benefits plan or the precise cost of the reintroduction of those former members to the defined benefits plan.

REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

STATE OF ALASKA | PUBLIC EMPLOYEES' RETIREMENT SYSTEM

(A Component Unit of the State of Alaska)

Required Supplementary Information (Unaudited)

Schedule of Changes in Employer Net Pension Liability and Related Ratios Defined Benefit Pension Plan

Last 10 Fiscal Years

(In thousands)

		2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability:											
Service cost	$	112,579	115,370	116,137	119,376	130,592	141,556	157,708	170,816	184,411	172,304
Interest		1,200,098	1,149,367	1,122,591	1,120,832	1,107,399	1,079,549	1,118,574	1,108,068	1,072,312	1,049,226
Differences between expected and actual experience		20,824	550,053	193,787	(172,703)	(97,514)	81,120	(243,120)	(302,874)	(184,252)	(118,947)
Changes of assumptions		—	—	—	227,035	—	—	502,790	—	—	—
Benefit payments, including refunds of member contributions		(1,125,512)	(1,097,143)	(1,022,795)	(962,357)	(930,006)	(895,523)	(848,019)	(812,877)	(777,187)	(742,174)
Net change in total pension liability		207,989	717,647	409,720	332,183	210,471	406,702	687,933	163,133	295,284	360,409
Total pension liability – beginning		17,040,358	16,322,711	15,912,991	15,580,808	15,370,337	14,963,635	14,275,702	14,112,569	13,817,285	13,456,876
Total pension liability – ending (a)		17,248,347	17,040,358	16,322,711	15,912,991	15,580,808	15,370,337	14,963,635	14,275,702	14,112,569	13,817,285
Plan fiduciary net position:											
Contributions – employers		517,941	460,974	438,011	415,538	414,741	350,028	350,601	299,665	263,597	235,360
Contributions – plan members		63,409	70,329	79,968	66,412	70,614	74,514	79,609	84,956	89,345	96,024
Contributions – nonemployer State of Alaska		59,149	37,942	33,933	97,700	101,383	79,487	67,857	72,719	99,167	88,586
Net investment income (loss)		1,222,953	953,819	799,906	(704,611)	2,794,112	378,119	540,088	725,310	1,048,006	(49,967)
Transfer in		7	863	—	—	—	—	—	—	—	—
Benefit payments, including refunds of member contributions		(1,125,512)	(1,097,143)	(1,022,795)	(962,357)	(930,006)	(895,523)	(848,019)	(812,877)	(777,187)	(742,175)
Administrative expenses		(7,970)	(8,560)	(7,842)	(9,038)	(8,232)	(7,017)	(7,429)	(6,250)	(7,526)	(7,243)
Other income		186	155	168	187	536	148	23	25	38	240
Net change in plan fiduciary net position		730,163	418,379	321,349	(1,096,169)	2,443,148	(20,244)	182,730	363,548	715,440	(379,175)
Plan fiduciary net position – beginning		11,555,868	11,137,489	10,816,140	11,912,309	9,469,161	9,489,405	9,306,675	8,943,127	8,227,687	8,606,862
Plan fiduciary net position – ending (b)		12,286,031	11,555,868	11,137,489	10,816,140	11,912,309	9,469,161	9,489,405	9,306,675	8,943,127	8,227,687
Plan's net pension liability (a)–(b)	$	4,962,316	5,484,490	5,185,222	5,096,851	3,668,499	5,901,176	5,474,230	4,969,027	5,169,442	5,589,598
Plan fiduciary net position as a percentage of the total pension liability		71.23 %	67.81 %	68.23 %	67.97 %	76.46 %	61.61 %	63.42 %	65.19 %	63.37 %	59.55 %
Covered payroll	$	781,078	795,805	813,896	831,409	893,910	956,120	1,033,526	1,096,605	1,166,107	1,251,066
Net pension liability as a percentage of covered payroll		635.32 %	689.18 %	637.09 %	613.04 %	410.39 %	617.20 %	529.67 %	454.37 %	443.31 %	446.79 %

See accompanying notes to required supplementary information (unaudited) and independent auditors' report.

STATE OF ALASKA | PUBLIC EMPLOYEES' RETIREMENT SYSTEM

(A Component Unit of the State of Alaska)

Required Supplementary Information (Unaudited)

Schedule of Employer and Nonemployer Contributions Defined Benefit Pension Plan

Last 10 Fiscal Years

(In thousands)

Fiscal Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered Payroll	Contribution as a percentage of covered payroll
2025	$ 552,266	577,090	(24,824)	781,078	73.88%
2024	478,167	498,916	(20,749)	795,805	62.69
2023	448,841	471,944	(23,103)	813,896	57.99
2022	502,772	513,238	(10,466)	831,409	61.73
2021	495,499	516,123	(20,624)	893,910	57.74
2020	429,322	429,515	(193)	956,120	44.92
2019	414,243	418,458	(4,215)	1,033,526	40.49
2018	395,663	372,383	23,280	1,096,605	33.96
2017	368,766	362,764	6,002	1,166,107	31.11
2016	566,615	323,946	242,669	1,251,066	25.89

See accompanying notes to required supplementary information (unaudited) and independent auditors' report.

STATE OF ALASKA | PUBLIC EMPLOYEES' RETIREMENT SYSTEM

(A Component Unit of the State of Alaska)

Required Supplementary Information (Unaudited)

Schedule of Investment Returns
Defined Benefit Pension Plan

Last 10 Fiscal Years

Fiscal Year	Annual money-weighted rate of return, net of investment expense
2025	10.80%
2024	8.75
2023	7.56
2022	(6.00)
2021	29.77
2020	4.03
2019	5.88
2018	8.26
2017	12.99
2016	(0.36)

See accompanying notes to required supplementary information (unaudited) and independent auditors' report.

STATE OF ALASKA | PUBLIC EMPLOYEES' RETIREMENT SYSTEM

(A Component Unit of the State of Alaska)

Required Supplementary Information (Unaudited)

Schedule of Changes in Employer Net OPEB (Asset) Liability and Related Ratios
Alaska Retiree Healthcare Trust Plan

(In thousands)

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability:								
Service cost	$ 56,551	56,354	58,773	73,661	82,428	95,615	119,782	110,333
Interest	508,258	478,430	488,658	523,716	535,241	577,711	684,429	647,310
Differences between expected and actual experience	68,169	7,158	28,664	(60,449)	(80,821)	(88,229)	(147,463)	(149,287)
Changes of assumptions	(103,436)	354,746	(254,054)	(391,276)	(290,836)	(766,624)	(965,602)	259,497
Benefit payments, including refunds of member contributions	(577,494)	(537,616)	(508,527)	(453,211)	(440,234)	(407,069)	(420,429)	(413,273)
EGWP rebates	79,632	64,116	60,209	54,052	52,356	33,177	7,066	—
Net change in total OPEB liability	31,680	423,188	(126,277)	(253,507)	(141,866)	(555,419)	(722,217)	454,580
Total OPEB liability – beginning	7,198,479	6,775,291	6,901,568	7,218,787	7,360,653	7,916,072	8,638,289	8,183,709
Total OPEB liability – ending (a)	7,230,159	7,198,479	6,775,291	6,965,280	7,218,787	7,360,653	7,916,072	8,638,289
Plan fiduciary net position:								
Contributions – employers	5	47	555	64,990	68,191	107,298	102,266	85,731
Contributions – Employer group waiver plan rebates	79,632	64,116	60,209	54,052	52,356	33,177	7,066	—
Contributions – Medicare retiree drug subsidy	651	736	453	594	189	—	20,481	5,965
Transfer in	174	13,719	—	—	—	—	—	—
Net investment income (loss)	991,740	787,456	658,963	(578,684)	2,294,391	318,157	449,098	598,342
	1,072,202	866,074	720,180	(459,048)	2,415,126	458,632	578,911	690,038
Benefit payments	(650,168)	(593,597)	(551,353)	(485,327)	(462,977)	(439,785)	(444,143)	(422,378)
Pharmacy rebates	89,404	71,885	58,282	47,329	37,901	48,006	36,921	20,268
Pharmacy management allowance	135	137	132	134	189	—	—	—
Administrative Services Only (ASO) fees	(16,865)	(16,041)	(15,588)	(15,347)	(15,347)	(15,290)	(13,207)	(11,163)
Net benefit payments	(577,494)	(537,616)	(508,527)	(453,211)	(440,234)	(407,069)	(420,429)	(413,273)
Administrative expenses, excluding ASO fees	(4,602)	(4,562)	(4,955)	(2,873)	(4,859)	(6,203)	(3,665)	(3,822)
Other	779	507	390	125	597	459	874	106
Net change in plan fiduciary net position	490,885	324,403	207,088	(915,007)	1,970,630	45,819	155,691	273,049
Plan fiduciary net position – beginning	9,400,625	9,076,222	8,869,134	9,784,141	7,813,511	7,767,692	7,612,001	7,338,952
Plan fiduciary net position – ending (b)	9,891,510	9,400,625	9,076,222	8,869,134	9,784,141	7,813,511	7,767,692	7,612,001
Plan's net OPEB (asset) liability (a)–(b)	$ (2,661,351)	(2,202,146)	(2,300,931)	(1,903,854)	(2,565,354)	(452,858)	148,380	1,026,288
Plan fiduciary net position as a percentage of the total OPEB liability	136.81%	130.59%	133.96%	127.33%	135.54%	106.15%	98.13%	88.12%
Covered payroll	$ 781,078	795,805	813,896	831,409	893,910	956,120	1,033,526	1,096,605
Net OPEB (asset) liability as a percentage of covered payroll	(340.73%)	(276.72%)	(282.71%)	(228.99%)	(286.98%)	(47.36%)	14.36%	93.59%

This schedule is intended to present information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to required supplementary information (unaudited) and independent auditors' report.

STATE OF ALASKA | PUBLIC EMPLOYEES' RETIREMENT SYSTEM

(A Component Unit of the State of Alaska)

Required Supplementary Information (Unaudited)

Schedule of Employer and Nonemployer Contributions
Alaska Retiree Healthcare Trust Plan

Last 10 Fiscal Years

(In thousands)

Fiscal Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered Payroll	Contribution as a percentage of covered payroll
2025	$ 54,330	5	54,325	781,078	— %
2024	64,722	47	64,675	795,805	0.01
2023	69,353	555	68,798	813,896	0.07
2022	75,091	64,990	10,101	831,409	7.82
2021	101,330	68,191	33,139	893,910	7.63
2020	114,783	107,298	7,485	956,120	11.22
2019	99,083	102,266	(3,183)	1,033,526	9.89
2018	71,251	85,731	(14,480)	1,096,605	7.82
2017	133,845	124,541	9,304	1,166,107	10.68
2016	790,824	193,564	597,260	1,251,066	15.47

See accompanying notes torequired supplementary information (unaudited) and independent auditors' report.

STATE OF ALASKA | PUBLIC EMPLOYEES' RETIREMENT SYSTEM

(A Component Unit of the State of Alaska)

Required Supplementary Information (Unaudited)

Schedule of Investment Returns
Alaska Retiree Healthcare Trust Plan

Fiscal Year	Annual money-weighted rate of return, net of investment expense
2025	10.86%
2024	8.89
2023	7.64
2022	(6.03)
2021	30.00
2020	4.16
2019	6.03
2018	8.35

This schedule is intended to present information for 10 years. Additional years will be displayed as they become available.

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STATE OF ALASKA | PUBLIC EMPLOYEES' RETIREMENT SYSTEM

(A Component Unit of the State of Alaska)

Required Supplementary Information (Unaudited)

Schedule of Changes in Employer Net OPEB Asset and Related Ratios Occupational Death and Disability Plan

(In thousands)

		2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability:									
Service cost	$	6,179	5,483	5,068	5,456	5,133	4,808	3,870	3,565
Interest		2,171	1,864	1,623	1,572	1,458	1,244	1,205	1,275
Differences between expected and actual experience		(3,644)	(3,026)	(3,102)	(5,014)	(4,919)	(3,022)	(3,252)	(5,625)
Changes in assumptions		—	—	—	(10)	—	—	(528)	—
Benefit payments, including refunds of member contributions		(865)	(716)	(625)	(456)	(431)	(479)	(398)	(392)
Net change in total OPEB liability		3,841	3,605	2,964	1,548	1,241	2,551	897	(1,177)
Total OPEB liability – beginning		24,189	20,584	17,620	16,072	14,831	12,280	11,383	12,560
Total OPEB liability – ending (a)		28,030	24,189	20,584	17,620	16,072	14,831	12,280	11,383
Plan fiduciary net position:									
Contributions – employers		6,553	6,862	6,126	5,769	5,334	4,387	4,083	2,215
Net investment income (loss)		9,433	6,750	4,963	(3,968)	13,182	1,658	2,036	2,233
Benefit payments		(865)	(716)	(625)	(456)	(431)	(479)	(398)	(392)
Administrative expenses		(32)	(32)	(34)	(33)	(32)	—	(1)	—
Transfer out		(7)	(863)	—	—	—	—	—	—
Other		—	—	—	—	2	—	—	—
Net change in plan fiduciary net position		15,082	12,001	10,430	1,312	18,055	5,566	5,720	4,056
Plan fiduciary net position – beginning		83,889	71,888	61,458	60,146	42,091	36,525	30,805	26,749
Plan fiduciary net position – ending (b)		98,971	83,889	71,888	61,458	60,146	42,091	36,525	30,805
Plan's net OPEB asset (a)–(b)	$	(70,941)	(59,700)	(51,304)	(43,838)	(44,074)	(27,260)	(24,245)	(19,422)
Plan fiduciary net position as a percentage of the total OPEB liability		353.09 %	346.81 %	349.24 %	348.80 %	374.23 %	283.80 %	297.43 %	270.62 %
Covered payroll	$	2,123,761	1,910,331	1,708,930	1,575,906	1,460,483	1,353,078	1,256,848	1,133,799
Net OPEB asset as a percentage of covered payroll		(3.34)%	(3.13)%	(3.00)%	(2.78)%	(3.02)%	(2.01)%	(1.93)%	(1.71)%

This schedule is intended to present information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to required supplementary information (unaudited) and independent auditors' report.

STATE OF ALASKA | PUBLIC EMPLOYEES' RETIREMENT SYSTEM

(A Component Unit of the State of Alaska)

Required Supplementary Information (Unaudited)

Schedule of Employer Contributions
Occupational Death and Disability Plan

Last 10 Fiscal Years

(In thousands)

Fiscal Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered Payroll	Contribution as a percentage of covered payroll
2025	$ 6,285	6,553	(268)	2,123,761	0.31%
2024	6,439	6,862	(423)	1,910,331	0.36
2023	5,885	6,126	(241)	1,708,930	0.36
2022	5,617	5,769	(152)	1,575,906	0.37
2021	5,266	5,334	(68)	1,460,483	0.37
2020	4,321	4,387	(66)	1,353,078	0.32
2019	3,944	4,083	(139)	1,256,848	0.32
2018	2,190	2,215	(25)	1,133,799	0.20
2017	2,226	2,196	30	1,040,377	0.21
2016	2,601	3,104	(503)	867,000	0.36

See accompanying notes to required supplementary information (unaudited) and independent auditors' report.

STATE OF ALASKA | PUBLIC EMPLOYEES' RETIREMENT SYSTEM

(A Component Unit of the State of Alaska)

Required Supplementary Information (Unaudited)

Schedule of Investment Returns
Occupational Death and Disability Plan

Fiscal Year	Annual money-weighted rate of return, net of investment expense
2025	10.86%
2024	9.01
2023	7.71
2022	(6.30)
2021	29.55
2020	4.28
2019	6.22
2018	8.06
2017	11.97

This schedule is intended to present information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to required supplementary information (unaudited) and independent auditors' report.

STATE OF ALASKA | PUBLIC EMPLOYEES' RETIREMENT SYSTEM

(A Component Unit of the State of Alaska)

Required Supplementary Information (Unaudited)

Schedule of Changes in Employer Net OPEB (Asset) Liability and Related Ratios Retiree Medical Plan

(In thousands)

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability:								
Service cost	$ 16,981	14,544	13,969	16,428	15,100	15,726	13,465	12,269
Interest	18,236	15,223	13,545	14,317	12,079	11,651	10,093	7,916
Differences between expected and actual experience	4,625	(4,614)	(535)	(406)	2,233	42	(1,340)	(724)
Change of assumptions	(7,526)	14,120	(4,247)	(32,415)	(184)	(20,884)	7,303	6,623
Benefit payments	(663)	(400)	(356)	(444)	(237)	(69)	(109)	(41)
Employer group waiver plan rebates	464	280	161	139	60	34	10	—
Net change in total OPEB liability	32,117	39,153	22,537	(2,381)	29,051	6,500	29,422	26,043
Total OPEB liability – beginning	237,022	197,869	175,332	177,713	148,662	142,162	112,740	86,697
Total OPEB liability – ending (a)	269,139	237,022	197,869	175,332	177,713	148,662	142,162	112,740
Plan fiduciary net position:								
Contributions – employers	17,498	19,245	18,753	16,920	18,559	17,846	11,736	11,657
Contributions – Employer group waiver plan rebates	464	280	161	139	60	35	10	—
Contributions – Medicare retiree drug subsidy	—	1	—	1	—	—	9	—
Transfer out	(29)	(3,537)	—	—	—	—	—	—
Net investment income (loss)	31,565	22,730	16,776	(13,410)	44,619	5,546	6,591	6,919
	49,498	38,719	35,690	3,650	63,238	23,427	18,346	18,576
Benefit payments	(979)	(520)	(405)	(505)	(247)	(98)	(128)	(41)
Pharmacy rebates	438	213	115	86	35	29	19	—
ASO fees	(122)	(93)	(66)	(25)	(25)	—	—	—
Net benefit payments	(663)	(400)	(356)	(444)	(237)	(69)	(109)	(41)
Administrative expenses, excluding ASO fees	(36)	(37)	(45)	(75)	(22)	(27)	(14)	(4)
Other	3	2	2	—	7	—	—	2
Net change in plan fiduciary net position	48,802	38,284	35,291	3,131	62,986	23,331	18,223	18,533
Plan fiduciary net position – beginning	281,261	242,977	207,686	204,555	141,569	118,238	100,015	81,482
Plan fiduciary net position – ending (b)	330,063	281,261	242,977	207,686	204,555	141,569	118,238	100,015
Plan's net OPEB (asset) liability (a)–(b)	$ (60,924)	(44,239)	(45,108)	(32,354)	(26,842)	7,093	23,924	12,725
Plan fiduciary net position as a percentage of the total OPEB liability	122.64 %	118.66 %	122.80 %	118.45 %	115.10 %	95.23 %	83.17 %	88.71 %
Covered payroll	$ 2,123,761	1,910,331	1,708,930	1,575,906	1,460,483	1,353,078	1,256,848	1,133,799
Net OPEB (asset) liability as a percentage of covered payroll	(2.87)%	(2.32)%	(2.64)%	(2.05)%	(1.84)%	0.52 %	1.90 %	1.12 %

This schedule is intended to present information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to required supplementary information (unaudited) and independent auditors' report.

STATE OF ALASKA | PUBLIC EMPLOYEES' RETIREMENT SYSTEM

(A Component Unit of the State of Alaska)

Required Supplementary Information (Unaudited)

Schedule of Employer Contributions
Retiree Medical Plan

Last 10 Fiscal Years

(In thousands)

Fiscal Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered Payroll	Contribution as a percentage of covered payroll
2025	$ 16,774	17,498	(724)	2,123,761	0.82%
2024	18,140	19,245	(1,105)	1,910,331	1.01
2023	18,099	18,753	(654)	1,708,930	1.10
2022	16,565	16,920	(355)	1,575,906	1.07
2021	18,326	18,559	(233)	1,460,483	1.27
2020	17,725	17,846	(121)	1,353,078	1.32
2019	11,451	11,736	(285)	1,256,848	0.93
2018	11,654	11,657	(3)	1,133,799	1.03
2017	12,506	12,280	226	1,040,377	1.18
2016	16,907	16,184	723	867,000	1.87

See accompanying notes to required supplementary information (unaudited) and independent auditors' report.

STATE OF ALASKA | PUBLIC EMPLOYEES' RETIREMENT SYSTEM

(A Component Unit of the State of Alaska)

Required Supplementary Information (Unaudited)

Schedule of Investment Returns
Retiree Medical Plan

Fiscal Year	Annual money-weighted rate of return, net of investment expense
2025	10.87%
2024	9.02
2023	7.71
2022	(6.28)
2021	29.54
2020	4.33
2019	6.21
2018	7.89

This schedule is intended to present information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to required supplementary information (unaudited) and independent auditors' report.

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(1) Actuarial Assumptions and Methods

The actuarial valuation was prepared by Gallagher. The significant actuarial methods and assumptions used in the defined benefit pension and postemployment healthcare benefit plan valuation as of June 30, 2024 were as follows:

(a) Actuarial cost method – Liabilities and contributions in the report are computed using the Entry Age Normal Actuarial Cost Method, level percent of pay.

Effective June 30, 2018, the Board adopted a layered UAAL amortization method: Layer #1 equals the sum of (i) the UAAL at June 30, 2018 based on the 2017 valuation, plus (ii) the FY18 experience gain/loss. Layer #1 is amortized over the remainder of the 25-year closed period that was originally established in 2014. Layer #2 equals the change in UAAL at June 30, 2018 due to the experience study and EGWP implementation. Layer #2 is amortized over a separate closed 25-year period starting in 2018. Future layers will be created each year based on the difference between actual and expected UAAL occurring that year and will be amortized over separate closed 25-year periods. The UAAL amortization continues to be on a level percent of pay basis. State statutes allow the contribution rate to be determined on payroll for all members, defined benefit and defined contribution member payroll combined.

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

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

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

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

(b) Valuation of assets – The actuarial asset value was reinitialized to equal fair value of assets as of June 30, 2014. Beginning in FY 15, the asset value method recognizes 20% of the gain or loss each year, for a period of five years. All assets are valued at fair value. Assets are accounted for on an accrued basis and are taken directly from audited financial statements.

(c) Changes in Methods Since the Prior Valuation– The actuarially determined contribution rates were updated to include a half-year interest adjustment that was adopted by the Board effective beginning with the June 30, 2024 valuation to account for the monthly timing of employer contributions. There were no changes in the asset or valuation methods since the prior valuation.

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

(e) Investment return – 7.25% per year, net of investment expenses

(f) Salary scale – Rates based upon the 2017–2021 actual experience. Inflation 2.50% per year and productivity 0.25% per year.

(g) Payroll growth – 2.75% per year (2.50% inflation + 0.25% productivity)

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

(i) Mortality (pre-commencement) – Mortality rates based on the 2017–2021 actual experience, to the extent the experience was statistically credible.

Employee mortality for Peace Officer/Firefighters in accordance with the following tables:

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

Employee mortality for Others in accordance with the following tables:

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

Deaths are assumed to result from occupational causes 70% of the time for Peace Officers/Firefighters, and 35% of the time for Others.

(j) Mortality (post-commencement) – Mortality rates based on the 2017–2021 actual experience, to the extent the experience was statistically credible.

Retiree mortality for Peace Officer/Firefighters in accordance with the following tables:

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

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

Retiree mortality for Others in accordance with the following tables:

- Pension: 98% of male and 106% of female rates of the Pub-2010 General Retiree table, amount-weighted, and projected with MP-2021 generational improvement.
- Healthcare: 101% of male and 110% of female rates of the Pub-2010 General Retiree table, headcount-weighted, and projected with MP-2021 generational improvement.

Beneficiary mortality for Peace Officer/Firefighters in accordance with the following tables. These tables are applied only after the death of the original member.

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

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

- Pension: 102% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement.
- Healthcare: 101% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement.

(k) Turnover – Select and ultimate rates based upon the 2017–2021 actual experience

(l) Disability – No changes to the incidence rates from the prior valuation due to insufficient 2017–2021 actual experience. Disability rates cease once a member is eligible for retirement.

Disabilities are assumed to be occupational 70% of the time for Peace Officer/Firefighters, and 35% of the time for Others.

Post-disability mortality for Peace Officer/Firefighters in accordance with the following tables:

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

Post-disability mortality for Others in accordance with the following tables:

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

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

(m) Retirement – Retirement rates based on the 2017–2021 actual experience. Deferred vested members are assumed to retire at their earliest unreduced retirement date. The modified cash refund annuity is valued as a three-year certain and life annuity.

(n) Spouse age difference – Males are assumed to be three years older than their wives. Females are assumed to be two years younger than husbands.

(o) Percent married for pension – For Peace Officer/Firefighters, 85% of male members and 60% of female members are assumed to be married at termination of active service. For Others, 75% of male members and 70% of female members are assumed to be married at termination of active service.

(p) Dependent spouse medical coverage election – Applies to members who do not have double medical coverage. For Peace Officer/Firefighters, 75% of male members and 50% of female members are assumed to be married and cover a dependent spouse. For others, 60% of male members and 50% of female members are assumed to be married and cover a dependent spouse.

(q) Dependent children –

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

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

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

(s) Active data adjustment – No adjustment was made to reflect participants who terminate employment before the valuation date and are subsequently rehired after the valuation date.

(t) Administrative expenses – The Normal Cost as of June 30, 2024 was increased by the following amounts. These amounts are based on the average of actual administrative expenses during the last two fiscal years. For projections, the percent increase was assumed to remain constant in future years.

- Pension – $8,201,000
- Healthcare – $4,759,000

(u) Rehire assumption – The normal cost used for determining contribution rates and in the projections includes a rehire assumption to account for anticipated rehires. The normal cost shown in the report includes the following assumptions based on the four years of rehire loss experience through June 30, 2021. For projections, these assumptions were assumed to grade to zero uniformly over a 20-year period.

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- Pension – 15.30%
- Healthcare – 2.40%

(v) Re-employment option – All re-employed retirees are assumed to return to work under the standard option.

(w) Service – Total credited service is provided by the State. This service is assumed to be the only service that should be used to calculate benefits. Additionally, the State provides claimed service (including Bureau of Indian Affairs service). Claimed service is used for vesting and eligibility purposes.

(x) Part-time service – Peace Officer/Firefighter members are assumed to be full-time employees. For Other members, part-time employees are assumed to earn 0.75 years of service per year.

(y) Final average earnings – Final average earnings is provided on the data for active members. This amount is used as a minimum in the calculation of the average earnings in the future.

(z) Contribution refunds – 5% of terminating members with vested benefits are assumed to have their contributions refunded. 100% of those with non-vested benefits are assumed to have their contributions refunded.

(aa) Early retirement factors – The State provided the early retirement factors, which reflect grandfathered factors.

(bb) Alaska Cost of Living Allowance (COLA) – Of those benefit recipients who are eligible for the Alaska COLA, 60% of Peace Officer/Firefighters and 65% of Others are assumed to remain in Alaska and receive the COLA.

(cc) Postretirement pension adjustment (PRPA) – 50% and 75% of assumed inflation, or 1.25% and 1.875%, respectively, is valued for the annual automatic PRPA as specified in the statute.

(dd) Healthcare participation – 100% of System paid members and their spouses are assumed to elect healthcare benefits as soon as they are eligible. For Peace Officer/Firefighters, 20% of non-System paid members and their spouses are assumed to elect healthcare benefits as soon as they are eligible. For Others, 25% of non-System paid members and their spouses are assumed to elect healthcare benefits as soon as they are eligible.

(ee) Medicare Part B Only – It is assumed that 2% of actives hired before April 1, 1986 and current retirees who are not yet Medicare eligible will not be eligible for Medicare Part A.

(ff) Healthcare per capita claims cost – Sample claims cost rates adjusted to age 65 for FY25 medical and prescription drug benefits are shown below. The prescription drug costs reflect the plan change to require prior authorization for certain specialty medications. The pre-Medicare medical costs reflect the coverage of additional preventive benefits:

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

Members are assumed to attain Medicare eligibility at age 65. All costs are for the 2025 fiscal year (July 1, 2023 – June 30, 2025).

The EGWP subsidy is assumed to increase in future years by the trend rates shown on the following page. No future legislative changes or other events are anticipated to impact the EGWP subsidy. If any legislative or other changes occur in the future that impact the EGWP subsidy (which could either increase or decrease the Plan's actuarial accrued liability), those changes will be evaluated and quantified when they occur.

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

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

(hh) Healthcare third-party administrator fees – $442 per person per year; assumed to increase at 4.50% per year.

(ii) Healthcare cost trend – The table below shows the rates used to project the cost from the shown fiscal year to the next fiscal year. For example, 6.4% is applied to the FY25 pre-Medicare medical claims cost to get the FY26 medical claims cost:

	Medical		Prescription
Fiscal year	Pre-65	Post-65	drugs / EGWP
2025	6.40	5.40	8.80
2026	6.20	5.40	8.50
2027	6.05	5.35	8.20
2028	5.85	5.35	7.90
2029	5.65	5.30	7.45
2030	5.45	5.30	7.05
2031	5.30	5.30	6.60
2032	5.30	5.30	6.15
2033	5.30	5.30	5.70
2034-2038	5.30	5.30	5.30
2039	5.25	5.25	5.30
2040	5.20	5.20	5.30
2041	5.10	5.10	5.20
2042	5.05	5.05	5.10
2043	4.95	4.95	5.00
2044	4.90	4.90	4.90
2045	4.80	4.80	4.85
2046	4.75	4.75	4.75
2047	4.70	4.70	4.70
2048	4.60	4.60	4.65
2049	4.55	4.55	4.55
2050+	4.50	4.50	4.50

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

(jj) Retired member contributions for medical benefits – Currently, contributions are required for System members who are under age 60 and have less than 30 years of service (25 for Peace Officers/ Firefighters). Eligible tier 1 members are exempt from contribution requirements. Annual FY25 contributions based on monthly rates shown below for calendar 2025 are assumed based on the coverage category for current retirees. The retiree only rate shown is used for current active and inactive members and spouses in tier 2 or 3 who are assumed to retire prior to age 60 with less than 30 years of service and who are not disabled. For dependent children, the System values one-third of the annual retiree contribution to estimate the per-child rate based on the assumed number of children in rates where children are covered.

	Calendar 2025		Calendar 2024
Coverage category	Annual contribution	Monthly contribution	Monthly contribution
Retiree only	$ 8,868	739	704
Retiree and spouse	17,736	1,478	1,408
Retiree and child(ren)	12,540	1,045	995
Retiree and family	21,408	1,784	1,699
Composite	13,176	1,098	1,046

Tier 3 members who retire with between five and ten years of credited service pay the full monthly premium regardless of their age. Such future retirees, current retirees under the age of 60 who have not elected retiree medical coverage, and current retirees over the age of 60 who have elected retiree medical coverage are not valued with post-65 benefits because the cost of the premium is assumed to offset the entire employer cost.

(kk) Trend rate for retired member medical contributions – Calendar 2025 contributions are trended back to FY25 using half a year of 4.0% trend. Thereafter, a rate of 4.0% is used to project retired member medical contributions to each subsequent fiscal year.

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The significant actuarial methods and assumptions used in the defined contribution occupational death and disability and retiree medical benefit plans valuation as of June 30, 2024 were as follows:

(a) Actuarial cost method – Liabilities and contributions shown in the report are computed using the Entry Age Normal Actuarial Cost Method, level percent of pay. Each year's difference between actual and expected unfunded actuarial accrued liability is amortized over 25 years as a level percentage of expected payroll.

(b) Valuation of assets – Effective June 30, 2006, the asset valuation method recognizes 20% of the investment gain or loss in each of the current and preceding four years. This method was phased in over five years. Fair value of assets was $0 as of June 30, 2006. All assets are valued at fair value. Assets are accounted for on an accrued basis and are taken directly from audited financial statements. Valuation assets are constrained to a range of 80% to 120% of the fair value of assets.

(c) Valuation of retiree medical and prescription drug benefits – Due to the lack of experience for the DCR retiree medical plan only, base claims costs are based on those described in the actuarial valuation as of June 30, 2024 for the Defined Benefit (DB) retiree medical plan covering TRS and PERS. The DB rates were used with some adjustments. The claims costs were adjusted to reflect the differences between the DCR medical plan and the DB medical plan. These differences include network steerage, different coverage levels, different Medicare coordination for medical benefits, and an indexing of the retiree out-of-pocket dollar amounts. To account for higher initial copays, deductibles, and out-of-pocket limits, projected FY25 claims costs were reduced 4.4% for pre-Medicare medical claims, 3.1% for Medicare medical claims, and 8.9% for prescription drugs. In addition, to account for the difference in Medicare coordination, projected FY25 medical claims costs for Medicare eligible retirees were further reduced 29.5%.

    FY23 and FY24 experience was thoroughly reviewed to assess the impact of COVID-19 and whether an adjustment to FY23 and FY24 claims was appropriate for use in the June 30, 2024 valuation. FY23 and FY24 per capita claims were reasonable when compared to pre-COVID levels, so no adjustments were made to the claims used in the per capita claims cost development.

    No implicit subsidies are assumed. Employees projected to retire with 30 years of service prior to Medicare are valued with commencement deferred to Medicare eligibility, because those members will be required to pay the full plan premium prior to Medicare. Explicit subsidies for disabled and normal retirement are determined using the plan-defined percentages of age-related total projected plan costs, again with no implicit subsidy assumed.

    The State transitioned to an Employer Group Waiver Program (EGWP) for DCR participants effective January 1, 2019. The estimated 2025 reimbursements under EGWP were provided by Segal Consulting (who worked with the EGWP administrator, Optum, to develop those estimates). The EGWP estimates increased significantly from 2024 to 2025, as a result of the Inflation Reduction Act, primarily due to increases in Direct Subsidy payments. In addition, retiree cost sharing is expected to decrease in 2025 based on the 2025 Standard Medicare Part D plan design. The estimated reimbursements under EGWP from fiscal years 2021 through 2025, trended to fiscal year 2025, were blended to develop the EGWP subsidies for the June 30, 2024 valuation. The first-year trend rate applied to EGWP per capita costs was also adjusted to reflect the increase in EGWP subsidies from CY 2024 to CY 2025.

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(d) Investment return – 7.25% per year, net of investment expenses.

(e) Salary scale – Rates based upon the 2017–2021 actual experience. Inflation 2.50% per year and productivity 0.25% per year.

(f) Payroll growth – 2.75% per year (2.50% inflation + 0.25% productivity).

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

(h) Mortality (pre-commencement) – Mortality rates based on the 2017–2021 actual experience, to the extent the experience was statistically credible.

Employee mortality for Peace Officer/Firefighters in accordance with the following tables:

- Occupational Death & Disability: Pub-2010 Safety Employee table, amount-weighted, and projected with MP-2021 generational improvement.
- Healthcare: Pub-2010 Safety Employee table, headcount-weighted, and projected with MP-2021 generational improvement.

Employee mortality for Others in accordance with the following tables:

- Occupational Death & Disability: Pub-2010 General Employee table, amount-weighted, and projected with MP-2021 generational improvement.
- Healthcare: Pub-2010 General Employee table, headcount-weighted, and projected with MP-2021 generational improvement.

Deaths are assumed to result from occupational causes 70% of the time for Peace Officer/Firefighters, and 35% of the time for Others.

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(i) Mortality (post-commencement) – Mortality rates based on the 2017–2021 actual experience, to the extent the experience was statistically credible.

Retiree mortality for Peace Officer/Firefighters in accordance with the following tables:

- Occupational Death & Disability: Pub-2010 Safety Retiree table, amount-weighted, and projected with MP-2021 generational improvement.
- Healthcare: Pub-2010 Safety Retiree table, headcount-weighted, and projected with MP-2021 generational improvement.

Retiree mortality for Others in accordance with the following tables:

- Occupational Death & Disability: 98% of male and 106% of female rates of the Pub-2010 General Retiree table, amount-weighted, and projected with MP-2021 generational improvement.
- Healthcare: 101% of male and 110% of female rates of the Pub-2010 General Retiree table, headcount-weighted, and projected with MP-2021 generational improvement.

Beneficiary mortality for Peace Officer/Firefighters in accordance with the following tables. These tables are applied only after the death of the original member.

- Occupational Death & Disability: Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement.
- Healthcare: Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement.

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

- Occupational Death & Disability: 102% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement.
- Healthcare: 101% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement.

(j) Turnover – Select and ultimate rates based upon the 2017–2021 actual experience

(k) Disability – No changes to the incidence rates from the prior valuation due to insufficient 2017–2021 actual experience. For retiree medical benefits, the disability rates cease once a member is eligible for retirement. However, the disability rates continue after retirement eligibility for occupational death & disability benefits.

Disabilities are assumed to be occupational 70% of the time for Peace Officer/Firefighters, and 35% of the time for Others.

For Peace Officer/Firefighters, members are assumed to take the monthly annuity 100% of the time.

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Post-disability mortality for Peace Officer/Firefighters in accordance with the following tables:

- Occupational Death & Disability: Pub-2010 Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement.
- Healthcare: Pub-2010 Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement.

Post-disability mortality for Others in accordance with the following tables:

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

(l) Retirement – Retirement rates based upon the 2017–2021 actual experience.

(m) Spouse age difference – Males are assumed to be three years older than their wives. Females are assumed to be two years younger than husbands.

(n) Percent married for occupational death and disability – For Peace Officer/Firefighters, 85% of male members and 60% of female members are assumed to be married at termination from active service. For others, 75% of male members and 70% female members are assumed to be married at termination from active service.

(o) Dependent spouse medical coverage election – Applies to members who do not have double medical coverage. For Peace Officer/Firefighters, 75% of male members and 50% of female members are assumed to be married and cover a dependent spouse. For others, 60% of male members and 50% of female members are assumed to be married and cover a dependent spouse.

(p) Part-time service – Peace Officer/Firefighter member are assumed to be full-time employees. For Other members, part-time employees are assumed to earn 0.75 years of service per year.

(q) Peace Officer/Firefighter occupational disability retirement benefit commencement – The occupational disability retirement benefit is assumed to be first payable from the member's DC account and the retirement benefit payable from the occupational death and disability trust will commence five years later.

(r) Imputed data – Data changes from the prior year which are deemed to have immaterial impact on liabilities and contribution rates are assumed to be correct in the current year's client data. Non-vested terminations with appropriate refund dates are assumed to have received a full refund of contributions. Active members with missing salary and service are assumed to be terminated with status based on their vesting percentage.

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

- Occupational Death & Disability – $33,000
- Healthcare – $41,000

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(t) Retiree medical participation:

Death / Disability Decrement		Retirement Decrement		
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

Participation assumption is a combination of (i) the service-based rates for retirement from employment at age 65+ and (ii) the age-based rates for retirement from employment before age 65. These 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.

(u) Healthcare per capita claims cost – Sample claims cost rates (before base claims cost adjustments described below) adjusted to age 65 for FY25 medical and prescription drug benefits are shown below. The prescription drug costs reflect the plan change to require prior authorization for certain specialty medications.

	Medical	Prescription drugs
Pre-Medicare	$ 18,503	4,103
Medicare Parts A and B	2,085	4,539
Medicare Part D - EGWP	N/A	1,586

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

The smoothed fiscal year 2025 EGWP subsidy assumption reflects a weighted blend of estimated reimbursements from fiscal years 2021 through 2025. Since estimated FY25 EGWP subsidies contained only 6 months of increased subsidy due to the IRA changes as of January 1, 2025, the first year EGWP subsidy trend is 30.20% taking into account the estimated FY26 subsidy has 12 months of increased subsidy. Thereafter, the EGWP subsidy is assumed to

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increase in future years by the trend rates shown on the following pages. No future legislative changes or other events are anticipated to impact the EGWP subsidy. If any legislative or other changes occur in the future that impact the EGWP subsidy (which could either increase or decrease the plan's Actuarial Accrued Liability), those changes will be evaluated and quantified when they occur.

(v) Base claims cost adjustments – Due to higher initial copays, deductibles, out-of-pocket limits, and member cost sharing compared to the DB medical plan, the following cost adjustments are applied to the per capita claims cost rates above:

- 0.956 for the pre-Medicare plan
- 0.674 for both the Medicare medical plan and Medicare coordination method (3.1% reduction for the medical plan and 29.5% reduction for the coordination method)
- 0.911 for the prescription drug plan

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

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

(a) Healthcare third-party administrator fees – $442 per person per year; assumed to increase at 4.50% per year.

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

	Medical		Prescription
Fiscal year	Pre-65	Post-65	drugs/EGWP
2025	6.40	5.40	8.80
2026	6.20	5.40	8.50
2027	6.05	5.35	8.20
2028	5.85	5.35	7.90
2029	5.65	5.30	7.45
2030	5.45	5.30	7.05
2031	5.30	5.30	6.60
2032	5.30	5.30	6.15
2033	5.30	5.30	5.70
2034-2038	5.30	5.30	5.30
2039	5.25	5.25	5.30
2040	5.20	5.20	5.30
2041	5.10	5.10	5.20
2042	5.05	5.05	5.10
2043	4.95	4.95	5.00
2044	4.90	4.90	4.90
2045	4.80	4.80	4.85
2046	4.75	4.75	4.75
2047	4.70	4.70	4.70
2048	4.60	4.60	4.65
2049	4.55	4.55	4.55
2050+	4.50	4.50	4.50

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

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(2) Changes in Actuarial Assumptions, Methods, and Benefits Since the Prior Valuation

Defined Benefit Pension and Postemployment Healthcare Benefit Plan

(a) Changes in Methods Since the Prior Valuation – June 30, 2023 to June 30, 2024

(b) The actuarially determined contribution rates were updated to include a half-year interest adjustment that was adopted by the Board effective beginning with the June 30, 2024 valuation to account for the monthly timing of employer contributions. Changes in Assumptions Since the Prior Valuation – June 30, 2023 to June 30, 2024

The healthcare per capita claims cost assumption is updated annually as described in Section 5.2. As a result of changes to the Standard Medicare Part D plan under the Inflation Reduction Act, EGWP subsidies are expected to be higher than originally anticipated for 2025 and beyond. EGWP subsidies were updated based on estimates provided by Segal Consulting. Because of the significant increase in the EGWP subsidy for FY25 and beyond due to the Inflation Reduction Act, and uncertainty regarding future subsidy levels, the ARMB has adopted a smoothing of EGWP subsidy estimates over five years. In addition, the prescription drug and EGWP trend assumption was updated to reflect recent survey information indicating higher than initial trend rates in part due to the recent higher-than-expected inflationary environment.

The future increase in the IRS 401(a)(17) maximum compensation limit was updated to align with the inflation assumption. This caused a $21,000 decrease in the pension Normal Cost and a $2,126,000 decrease in the pension Actuarial Accrued Liability.

The amounts included in the Normal Cost for administrative expenses were changed from $8,440,000 to $8,201,000 for pension, and from $3,866,000 to $4,759,000 for healthcare (based on the most recent two years of actual administrative expenses paid from plan assets).

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

(c) Changes in Benefit Provisions Since the Prior Valuation – June 30, 2023 to June 30, 2024

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

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Notes to Required Supplementary Information (Unaudited)

June 30, 2025

Defined Contribution Occupational Death and Disability and Retiree Medical Benefits Plan

(d) Changes in Methods Since the Prior Valuation – June 30, 2023 to June 30, 2024

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

(e) Changes in Assumptions Since the Prior Valuation – June 30, 2023 to June 30, 2024

The healthcare per capita claims cost assumption is updated annually as described in Section 4.2. As a result of changes to the Standard Medicare Part D plan under the Inflation Reduction Act, EGWP subsidies are expected to be higher than originally anticipated for 2025 and beyond. EGWP subsidies were updated based on estimates provided by Segal Consulting. Because of the significant increase in the EGWP subsidy for FY25 and beyond due to the Inflation Reduction Act, and uncertainty regarding future subsidy levels, the ARMB has adopted a smoothing of EGWP subsidy estimates over five years. In addition, the prescription drug and EGWP trend assumption was updated to reflect recent survey information indicating higher than initial trend rates in part due to the recent higher-than-expected inflationary environment. There were no other changes in actuarial assumptions since the prior valuation.

The future increase in the IRS 401(a)(17) maximum compensation limit was updated to align with the inflation assumption. This caused a $2,000 decrease in the Occupational Death & Disability Normal Cost and a $25,000 decrease in the Occupational Death & Disability Actuarial Accrued Liability.

The amounts included in the Normal Cost for administrative expenses were changed from $34,000 to $33,000 for occupational death & disability, and from $51,000 to $41,000 for retiree medical (based on the most recent two years of actual administrative expenses paid from plan assets).

(f) Changes in Benefit Provisions Since the Prior Valuation – June 30, 2023 to June 30, 2024

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

SUPPLEMENTAL SCHEDULES

STATE OF ALASKA | PUBLIC EMPLOYEES' RETIREMENT SYSTEM

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Schedule of Administrative and Investment Deductions

Years ended June 30, 2025 and 2024
(In thousands)

			Totals	
	Administrative	Investment	2025	2024
Personal services:				
Wages	$ 5,509	3,097	8,606	8,010
Benefits	3,864	1,520	5,384	4,573
Total personal services	9,373	4,617	13,990	12,583
Travel:				
Transportation	33	78	111	85
Per diem	5	13	18	15
Total travel	38	91	129	100
Contractual services:				
Investment management and custodial fees	—	57,639	57,639	55,124
Management and consulting	21,637	789	22,426	21,717
Data processing	2,742	605	3,347	4,825
Securities lending expense	—	1,713	1,713	1,321
Rentals/leases	439	114	553	504
Accounting and auditing	260	—	260	394
Transportation	180	—	180	172
Legal	92	84	176	169
Communications	145	10	155	146
Advertising and printing	129	—	129	126
Medical specialists	10	—	10	10
Repairs and maintenance	3	1	4	54
Other professional services	877	318	1,195	620
Total contractual services	26,514	61,273	87,787	85,182
Other:				
Equipment	7	14	21	142
Supplies	50	2	52	49
Total other	57	16	73	191
Total administrative and investment deductions	$ 35,982	65,997	101,979	98,056

See accompanying independent auditors' report.

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Schedule of Payments to Consultants Other Than Investment Advisors

Years ended June 30, 2025 and 2024
(In thousands)

Firm	Services		2025	2024
Gallagher	Actuarial services	$	367	325
KPMG LLP	Auditing services		72	75
State Street Bank and Trust	Custodial banking services		1,294	1,218
Alaska IT Group	Data processing services		321	343
Applied Microsystems Incorporated	Data processing services		539	509
International Business Machines	Data processing services		14	33
Sagitec Solutions	Data processing services		518	2,942
SHI International Corporation	Data processing services		11	103
Unicom Systems	Data processing services		17	16
State of Alaska, Department of Law	Legal services		92	208
Linea Consulting Incorporated	Management consulting services		756	483
The Segal Company Incorporated	Management consulting services		241	199
Federal Hearings and Appeals Services	Medical specialist and consulting		10	10
		$	4,252	6,464

This schedule presents payments to consultants receiving greater than $10,000.

See accompanying independent auditors' report.