



THE STATE  
of **ALASKA**  
GOVERNOR MIKE DUNLEAVY

## Department of Administration

### DIVISION OF RETIREMENT AND BENEFITS

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## LETTER OF TRANSMITTAL

December 15, 2025

The Honorable Mike Dunleavy, Governor  
Members of the Alaska State Legislature  
Alaska Retirement Management Board  
Employers and Plan Members

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the Teachers' Retirement System (TRS) (System) for the fiscal year ended June 30, 2025. The ACFR is intended to fulfill the legal requirements of Alaska Statute (AS) 14.25.004(a)(8).

The ACFR provides comprehensive information on the financial operations of the System for the fiscal year. Responsibility for the accuracy, completeness, and fairness of the information presented rests with the management of the System. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and is reported in a manner designed to fairly present the financial position and results of operations of the System for the year ended June 30, 2025. All disclosures necessary to enable the reader to gain an understanding of the System's activities have been included.

KPMG LLP, Certified Public Accountants, has issued an unmodified opinion on the System's basic financial statements for the year ended June 30, 2025. The Independent Auditors' Report is located at the beginning of the Financial Section of this report.

The management's discussion and analysis (MD&A) is also located in the Financial Section of this report. The MD&A provides an analytical overview of the financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

### Profile of the System

The System was established in 1955 to provide pension benefits to teachers and other eligible participants. Post-employment health care benefits were added July 1, 1975. Senate Bill 141, signed into law on July 27, 2005, closed the Defined Benefit (DB) Plan effective July 1, 2006, to new members and created a Defined Contribution Retirement (DCR) Plan for members first hired on or after July 1, 2006. Beginning in fiscal year 2007, the System consists of: (1) the DB Plan and (2) the DCR Plan. This report includes both plans. The DB Plan includes the pension

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plan and the Alaska Retiree Health Care Trust (Tiers I and II). The DCR Plan includes the defined contribution retirement trust, occupational death and disability plan, retiree major medical plan, and the health reimbursement arrangement plan (Tier III).

## Reporting Entity

The System is considered a component unit of the State of Alaska (State) for financial reporting purposes. Due to the closeness of the System's relationship to the State, it is included in the State ACFR as a fiduciary fund.

The Commissioner of the Department of Administration, appointed by the Governor, is responsible for administering the System. In order to meet the statutory requirements of administering the System, the Commissioner appoints the Plan Administrator of the Division of Retirement and Benefits (Division). The Plan Administrator is responsible for the daily operations of the System.

The Board, constituted effective October 1, 2005, replaced the Teachers' Retirement Board (effective July 1, 2005) and the Alaska State Pension Investment Board (effective October 1, 2005).

The Board is responsible for:

- adopting investment policies and developing investment objectives;
- providing a range of investment options and establishing the rules by which participants can direct their investments among those options, when applicable;
- establishing crediting rates for members' individual contribution accounts, when applicable;
- assisting in prescribing policies for the proper operation of the System;
- coordinating with the System Administrator to have actuarial valuations performed;
- reviewing actuarial assumptions and conducting experience analyses;
- contracting for an independent audit of actuarial valuations and external performance calculations; and
- reporting the financial condition of the Systems to the Governor, Legislature, and individual employers participating in the System.

## Major Initiatives / Changes

The System continues making progress on several on-going projects. Most of these efforts are focused on improving the following: customer service, technology, methods for employers submitting information, methods for members to obtain information, and continued compliance with Governmental Accounting Standards Board (GASB) accounting requirements, as applicable.

The System is in the sixth year of a major member benefits system upgrade. The Division signed a contract with Sagitec, an industry leader in pension and healthcare software systems. The Division branded the new system **BE**enefits **A**nd **R**etirement **S**ystem, or **BEARS**. This integrated, enterprise-wide system will support all of our pension and health functions and will provide many modern tools to enable the Division to maintain and improve services to members. Staff is excited about this new system, the enhancements it provides, and looks forward to sharing more information with members and employers as we work toward implementation in April 2027.

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The System endeavors to offer best in class health care benefits balanced by strong financial management and cost initiatives that focus on value. Examples include the implementation of enhanced coverage and cost controls for gene therapy services in the retiree health plan, streamlining administrative requirements, and removing monetary penalties related to precertification for certain services in the retiree health plan. These changes result in valuable medical coverage to the membership while striving to contain rising healthcare costs that impact the System.

Under the guidance of Director Kathy Lea, the System continues to assess and retool its communication efforts, including printed handbooks, newsletters, and website content. The System developed employee videos for employers' use and plan information easily accessible online by members. While technology has enhanced our outreach, it does not replace in-person efforts to meet, discuss, and plan member benefits. The System strives to ensure that all communication material is clear, accurate, and user-friendly.

The System strives to provide the highest degree of customer service to all members. The Division continues to enhance and develop the central Member Services Section with the goals of improving phone service, faster processing of all customer requests, and improving member education services.

The System offers a broad array of fairs, town halls, and seminars as safely as possible for both members and employers. These efforts are directed at assisting employers with successful marketing of the plans, educating members about all benefits available from early career to retirement, encouraging healthy living, and how to best use the health plan.

## **Funding Requirements**

The System's consulting actuary, Arthur J. Gallagher and Company (formerly Buck Global LLC) presented the results of the June 30, 2025, actuarial valuation report to the Plan Administrator, Division, and the Board. The assumptions and benefits are explained in the Actuarial Section of this report.

Based on the most recent valuation report dated April 23, 2025, the System's DB Pension Plan has a funded ratio (actuarial value of DB Plan assets divided by actuarial liabilities for benefits) of 77.9% and an unfunded actuarial accrued liability (actuarial liability minus actuarial value of DB plan assets) total of approximately \$1.77 billion. The System's DB healthcare trust has a funded ratio of 138.7% and a funding excess of \$1.03 billion. The DB Pension unfunded liability continues to be addressed at all levels of the State. The Governor's budget proposes to provide funding to System's employers in order to maintain an appropriate level of employer contributions while also paying the actuarially determined contribution rate adopted by the Board and contributing to the reduction of the unfunded liability annually.

## **Investments**

On June 30, 2025, the DB Pension Plan's investment portfolio was valued at \$6.4 billion and earned an average 10.12% return for the fiscal year ended June 30, 2025, while the DB Healthcare Trust's investment portfolio was valued at \$3.9 billion and earned an average 10.13% return. The DCR Plan's investment portfolio was valued at \$1.2 billion for the fiscal year ended June 30, 2025. Over the past five years ending June 30, 2025, the DB Pension Plan's investments earned an 9.52% return and the DB Healthcare Trust's investments earned an 9.57% return.

The Board has statutory oversight of the System's investments and the Department of Revenue, Treasury Division, provides staff for the Board. Actual investing is performed by investment officers in the Treasury Division or by contracted external investment managers. The Board reviews and updates investment policies and strategies and is responsible for safeguarding invested assets.

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## Accounting System

This ACFR has been prepared to conform to the principles of accounting and reporting established by the GASB. Specific accounting treatments are detailed in the Notes to Financial Statements found in the Financial Section of this report.

## Internal Controls

Division management is responsible for establishing and maintaining a system of internal controls to protect System assets from loss, theft, or misuse and to ensure adequate accounting data is compiled for the preparation of financial statements in conformity with generally accepted accounting principles. The cost of internal control should not exceed anticipated benefits; the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

## Awards

The **Government Finance Officers Association of the United States and Canada (GFOA)** awarded a Certificate of Achievement for Excellence in Financial Reporting to the System for its ACFR for the fiscal year ended June 30, 2024. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards of preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government entity must publish an easily readable and efficiently organized ACFR. This report must satisfy both U.S. generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. The Division is confident our current ACFR continues to meet the Certificate of Achievement Program's requirements and are submitting it to the GFOA for consideration.

Additionally, the **Public Pension Coordinating Council (PPCC)** awarded the Public Pension Standards Award for Funding and Administration certificate to the Division for the fiscal year ended June 30, 2025. This award signifies that the Alaska TRS complies with the standard benchmarks for public defined benefit systems in the United States. The standards require a high level for the following: comprehensive benefit program, funding adequacy, accepted actuarial and audit practices, investment policy and evaluation, and member communications.

The Public Pension Standards Award for Funding and Administration certificate is valid for a period of one year. The Division is confident the System will continue to meet the standards award requirements and will apply to the PPCC for consideration in 2026.

## Acknowledgements

The preparation of this report is made possible by the dedicated services of the staff of the Department of Administration, Division of Retirement and Benefits and Division of Finance; Department of Law; and the Department of Revenue, Treasury Division. This report is intended to provide complete and reliable information as a basis for making management decisions, as a means of determining compliance with legal provisions, and as a means of determining responsible stewardship of the System's financial resources.

The report is available on the web at <https://drb.alaska.gov/docs/reports/#trs> and mailed to those who submit a formal request. This report forms the link between the System and the membership. The cooperation of the membership contributes significantly to the success of the System. We hope the employers and plan members find this report informative.

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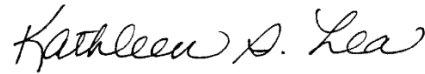
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We are grateful to the Alaska Retirement Management Board, staff, advisors, and to the many people who have diligently worked to assure the successful operation of the System.

Respectfully submitted,



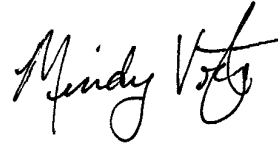
Paula Vrana  
Commissioner



Kathy Lea  
Division Director



Chris Murray  
Chief Health Administrator



Mindy Voigt  
Chief Pension Officer



Christopher Novell  
Chief Financial Officer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Alaska Teachers' Retirement System**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2024

*Christopher P. Morill*

Executive Director/CEO



Public Pension Coordinating Council

***Recognition Award for Administration  
2025***

Presented to

***Alaska Teachers' Retirement System***

In recognition of meeting professional standards for  
plan administration as set forth in the Public Pension Standards.

*Presented by the Public Pension Coordinating Council, a confederation of*

National Association of State Retirement Administrators (NASRA)  
National Conference on Public Employee Retirement Systems (NCPERS)  
National Council on Teacher Retirement (NCTR)

A handwritten signature in black ink, reading 'Robert A. Wylie'.

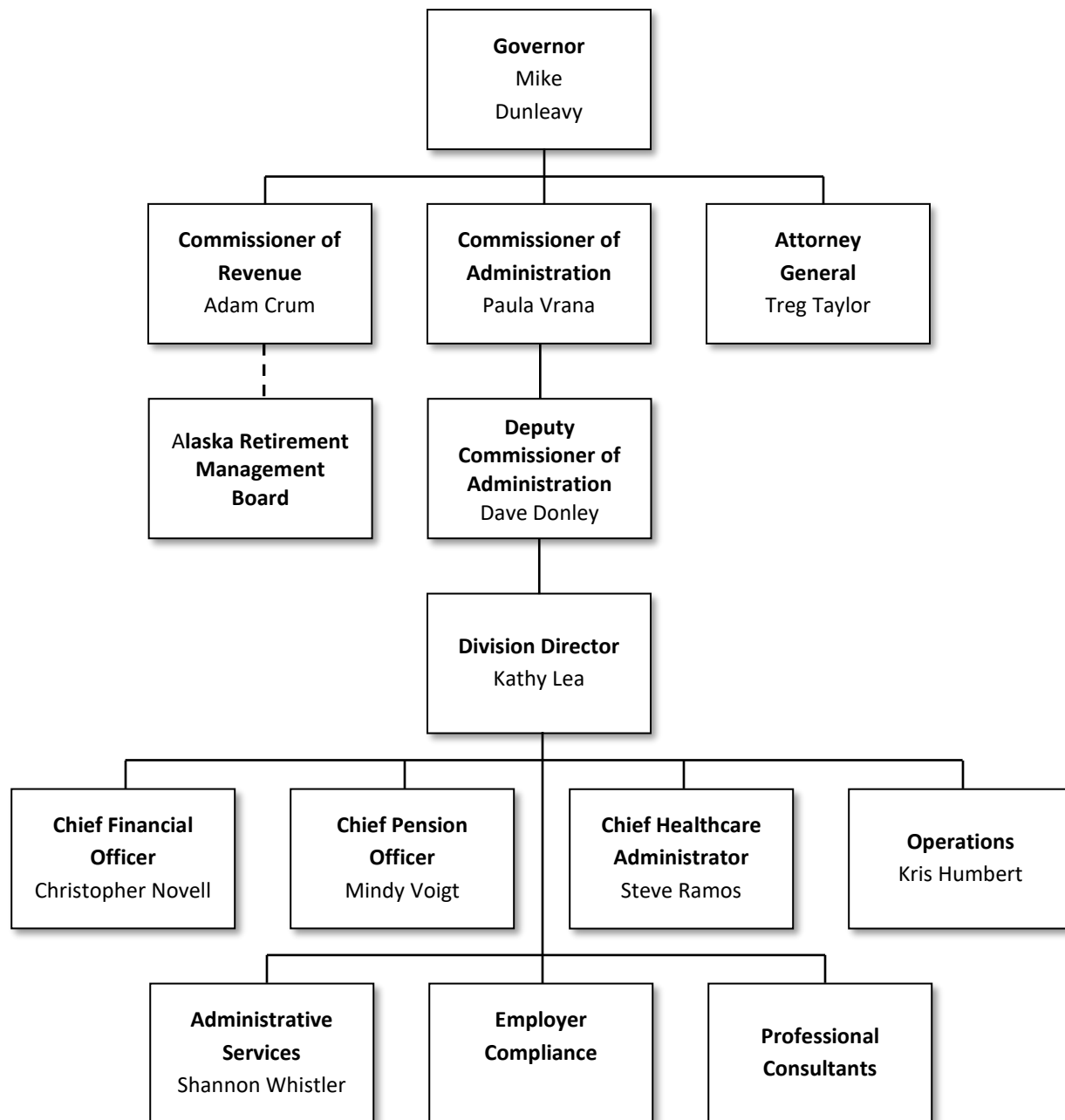
Robert A. Wylie  
Program Administrator

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## ORGANIZATION CHART

As of June 30, 2025





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## Section Responsibilities

The **Member Services Section** is responsible for providing comprehensive retirement counseling to the participating members and employers in the plan. This section appoints members to retirement and maintains benefit payment information.

The **Member Benefits Section** is responsible for calculating estimated and final benefits for disability, retirement and survivors; calculation and implementation of service credit claims, as well as maintenance and administration of the Alaska Cost of Living Allowance and terminal leave cash-ins for the Deferred Compensation Plan.

The **Health Plan Administration Section** is responsible for the administration of health, disability, and life insurance. This section provides benefits counseling and plan change information to the membership.

The **Financial Services Section** is responsible for maintaining the employee and employer records and accounts in each of the plans administered by the Division, producing financial statements and reports, and assuring compliance with Internal Revenue Service requirements.

The **Data Processing Services and Project Support Section** supports the information systems the System uses. Responsibilities include planning, development, database design, programming, and operational support of the data processing systems, including the Local Area Network.

The **Administrative Services Section** is responsible for budget preparation, fiscal management of appropriations, procuring professional services, supplies, and equipment. The section manages the System's record center containing the member's physical records and performs other administrative functions such as legislative tracking and personnel management.

Professional Consultants		
<b>Consulting Actuary</b> Arthur J. Gallagher and Company (Formerly Buck Global LLC) <i>Chicago, Illinois</i>	<b>Benefits Consultants</b> Arthur J. Gallagher and Company (Formerly Buck Global LLC) <i>Chicago, Illinois</i> The Segal Company <i>Greenwood Village, Colorado</i>	<b>Third-Party Healthcare Claim Administrators</b> Aetna Life Insurance Company <i>Lexington, Kentucky</i> CHCS Services, Inc. <i>Pensacola, Florida</i> Moda Health / Delta Dental of Alaska <i>Portland, Oregon</i> PayFlex Systems USA, Inc. <i>Omaha, Nebraska</i> Optum Rx <i>Irvine, California</i> Lantern Specialty Care <i>Dallas, Texas</i>
<b>Reviewing Actuary</b> Gabriel, Roeder, Smith & Co. <i>Denver, Colorado</i>	<b>Legal Counsel</b> Andrew Bocanumenth Ben Hofmeister Kevin Dilg Assistant Attorney Generals <i>Juneau, Alaska</i>	
<b>Independent Auditors</b> KPMG LLP <i>Anchorage, Alaska</i>		
<b>IT Consultants</b> Alaska IT Group <i>Juneau, Alaska</i> Applied Microsystems, Inc. Computer Task Group <i>Anchorage, Alaska</i>	<b>Consulting Physicians</b> Dr. John Boston <i>Anchorage, AK (DOH)</i>	

A list of investment consultants can be found in the Investment Section on pages 79 and 80. Investment fees and commissions can be found on pages 87 and 93.

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## Alaska Retirement Management Board

As of June 30, 2025

**Bob Williams, Board Chair / Chair of Defined Contribution Committee**, was appointed by Governor Walker in March 2016, reappointed by Governor Dunleavy in March 2020, and again in March 2024. Mr. Williams was born and raised in Palmer, Alaska. He began his teaching career as a Peace Corps teacher in Gambia, Africa. He then taught for more than two decades as a secondary mathematics teacher in Alaska with more than a decade of experience teaching AP Calculus. He is a nationally board-certified teacher and the recipient of both the Presidential Award for Excellence in Mathematics Teaching and the Horace Mann Teaching Excellence Award. He was the Alaska 2009 Teacher of the Year and was inducted into the National Teachers Hall of Fame in 2017. Mr. Williams has a B.S. in Petroleum Engineering, an M.A. in Mathematics Education, an M.Ed. in Educational Leadership, and a Ph.D. in Public Policy and Administration. Mr. Williams also serves as Chair of the ARMB Defined Contribution Plan Committee.

**Sandra Ryan, Board Vice-Chair / Chair of Actuarial Committee**, was a teacher of mathematics and computer science in the Fairbanks North Star Borough School District since 1994. She served as a member of the District's curriculum committee, an advanced placement teacher in both AP Computer Science and AP Statistics, on two school Accreditation Committees, on the Education Excellence for Teachers and Students Committee, and President of the Fairbanks Education Association representing over 800 certificated professionals. Ms. Ryan is a new local presidents' trainer for the National Education Association and a member of Alpha Delta Kappa. She holds a B.S. in Communications from the University of Texas at Austin, a B.S. in Mathematics from St. Edward's University, and an M.S. in Computer Science—Software Engineering from the University of Alaska Fairbanks.

**Michael Williams, Board Secretary / Chair of Audit Committee**, was appointed by Governor Dunleavy in March 2022. He previously served on the board from 2005 to 2012. Mr. Williams works for the Alaska Department of Revenue as a Revenue Audit Supervisor, managing the State's corporate income tax program. He also serves as Secretary/Treasurer for the Supervisory Unit of the Alaska Public Employees Association, and since 2005 has been the treasurer for the Pacific Health Coalition, a private health coalition representing 250,000 members through public and private unions and small businesses. He is an avid reader and travel enthusiast. Mr. Williams holds a B.A. in Accounting and a Master of Taxation from Weber State University. He is professionally licensed as an Enrolled Agent.

**Dennis Moen, Chair of Operations Committee**, was appointed by Governor Dunleavy in 2020 and reappointed in March 2024. He is a retired Facility Manager for the State of Alaska, Department of Transportation & Public Facilities, Northern Region. Mr. Moen established and managed a multi-million-dollar annual operating budget. Supervised over 50 employees. Developed an annual budget for over 400 state owned facilities and was the Contracting Officer for 100's of state vendors. Fourteen hours after retiring from the State of Alaska, he went to work for the Public Employees Local 71 Laborer's Union. He was elected as Business Manager/Secretary Treasurer in 2012. As Business Manager, Mr. Moen represented 2400 members statewide. He developed a multi-million-dollar budget and provided fiduciary oversight of Local 71's operating budget. Mr. Moen directed investment bankers and economic consultants for PE Local 71's Health Trust Fund. He also oversaw actuarial analysis and audits. Mr. Moen was concurrently Business Manager/Secretary Treasurer for Alaska District Council of Laborers for three Alaska Laborer Locals. He was also the Vice President of the Pacific Health Coalition (PHC), a private health coalition representing 250,000 members through public and private unions and small businesses. Mr. Moen lived and raised his 2 children in Fairbanks, Alaska for 40 years. He is a private pilot, a Coast-Guard Captain for 100-ton vessels and since his retirement in 2019 from the Union, he enjoys commercial fishing in Southeast Alaska.

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**Paula Vrana** is the Commissioner of the Department of Administration, appointed by Governor Dunleavy on September 30, 2021. Commissioner Vrana served as deputy commissioner of the department since January 2019. She is an attorney and lifelong Alaskan, her family roots in Southeast Alaska date back to early World War II years in Skagway. Commissioner Vrana practiced law at the law firm of Brena, Bell & Clarkson and has served as the Chief Executive Officer of Copper River Native Association as well as Executive Director of Hospice of Anchorage.

**Lorne Bretz** was appointed by Governor Dunleavy in March 2019. Mr. Bretz immigrated to Alaska in 1992, and with its vast beauty, it quickly became home. Volunteering in the community, hiking and off-road adventuring are some of Lorne's favorite hobbies. Mr. Bretz is the Plan Administrator for the Municipality of Anchorage Retiree Medical Funding Program Trust for Police Officers and Firefighters. He has a Master's in Business Administration, has a Retirement Plans Associate designation, and is a Certified Financial Planner professional. Mr. Bretz has a passion for finances and a desire to support the needs of retirees and future retirees of the state he calls home.

**Adam Crum** is the Commissioner of the Department of Revenue, appointed by Governor Dunleavy on November 16, 2022. Commissioner Crum previously served as commissioner at the Alaska Department of Health. He was born and raised in Alaska and has experience in the private sector in strategic management, organizational development, executive consulting and working on mega-projects. Prior to his tenure with DHSS, he was executive vice president of his family's company, Northern Industrial Training. He is also active in community organizations and has served as a board member for groups like the Salvation Army and MyHouse. Commissioner Crum has a bachelor's degree in psychology from Northwestern University and a Master of Science in Public Health from Johns Hopkins University.

**Donald Krohn** was appointed by Governor Dunleavy in March 2021 and reappointed in March 2024. Mr. Krohn began his career in law enforcement more than 45 years ago with a four-year stint in the Air Force. From there, he joined the U.S. Customs Service in Chicago, working on narcotics interdiction. In 1979, he was transferred to Anchorage and after five more years working in inspections and intercepting drug traffic, he joined the Anchorage Police Department. Mr. Krohn worked for several years at the department as a detective specializing in white-collar crime. He was then promoted to the major crime's unit. He finished his 18 years at APD working major crimes and as a homicide detective. In January 2002, he joined First National Bank Alaska as Security Officer. During his first three years at the bank, he developed and implemented programs that resulted in an 80 percent reduction in successful criminal attacks against the bank and its customers. He retired in May 2020. Mr. Krohn also holds a B.S. in Occupational Education, with a minor in Criminal Justice from Wayland Baptist University.

**Norman West** was most recently appointed by Governor Dunleavy in June 2025. He is the retired Chief Financial Officer of Alaska USA Federal Credit Union, where he served for 30 years. In addition to his role as CFO, he held leadership positions in several of the credit union's subsidiaries. He has over three decades of experience in managing fixed income portfolios and overseeing financial planning, risk management, and treasury operations. Prior to AKUSA, he served as Trust Controller and Investment Managers of the Alaska Teamsters Employer Service Corporation and held roles in public accounting, including Director of Tax Services at Laventhol and Horwath. A CPA and Brigham Young University graduate, Mr. West has taught accounting and tax courses at UAA and Chapman University. He is also involved in community service, including serving as Treasurer of the Great Alaska Council of the Boy Scouts of America.