
TEACHERS' RETIREMENT SYSTEM

COMPREHENSIVE ANNUAL FINANCIAL REPORT

A Component Unit of the State of Alaska

For the Fiscal Year Ended June 30, 2019



Mike Dunleavy, Governor

Prepared by

Department of Administration
Division of Retirement and Benefits
P.O. Box 110203
Juneau, AK 99811-0203

Kelly Tshibaka, Commissioner
Paula Vrana, Deputy Commissioner
Ajay Desai, Director
Kevin Worley, Chief Financial Officer
Kathy Lea, Chief Pension Officer
Emily Ricci, Chief Healthcare Policy Administrator

Located at: 333 Willoughby Avenue
State Office Building, 6th floor
Toll-Free (800) 821-2251 or in Juneau (907) 465-4460
alaska.gov/drb



ALASKA DIVISION OF
**Retirement
and Benefits**

The Alaska Department of Administration complies with Title II of the 1990 Americans with Disabilities Act (ADA). This publication is available in alternative communication formats upon request. To make necessary arrangements, contact the ADA Coordinator for the Division of Retirement and Benefits, at (907) 465-4460 or contact the TDD for the hearing impaired at (907) 465-2805.

Table of Contents

INTRODUCTORY SECTION

Letter of Transmittal	1
Certificate of Achievement for Excellence in Financial Reporting	7
Public Pension Coordinating Council Public Pension Standards Award For Funding and Administration.	8
Organization Chart.	9
Section Responsibilities and Professional Consultants	10
Alaska Retirement Management Board	11

FINANCIAL SECTION

Independent Auditors' Report	13
Management's Discussion and Analysis (Unaudited).	15

Basic Financial Statements

Combining Statement of Fiduciary Net Position	26
Combining Statement of Changes in Fiduciary Net Position	27
Notes To Financial Statements – An Integral Part of the Basic Financial Statements	
Note 1 – Description	28
Note 2 – Summary of Significant Accounting Policies	36
Note 3 – Investments	38
Note 4 – Net Pension Liability – Defined Benefit Pension Plan	39
Note 5 – Net OPEB (Asset) Liability	42
Note 6 – Claims Payable	46
Note 7 – Commitments and Contingencies	48
Note 8 – Medicare Part D Retiree Drug Subsidy	48
Note 9 – Employer Group Waiver Program.	48

Required Supplementary Information (Unaudited)

Schedule of Changes in Employer Net Pension Liability and Related Ratios – Defined Benefit Pension Plan	49
Schedule of Employer and Nonemployer Contributions – Defined Benefit Pension Plan	50
Schedule of Investment Returns – Defined Benefit Pension Plan	52
Schedule of Changes in Employer Net OPEB Liability and Related Ratios – Alaska Retiree Healthcare Trust Plan	53
Schedule of Employer and Nonemployer Contributions – Alaska Retiree Healthcare Trust Plan	54
Schedule of Investment Returns – Alaska Retiree Healthcare Trust Plan	56
Schedule of Changes in Employer Net OPEB Liability and Related Ratios – Occupational Death and Disability Plan	57
Schedule of Employer and Nonemployer Contributions – Occupational Death and Disability Plan	58
Schedule of Investment Returns – Occupational Death and Disability Plan	60
Schedule of Changes in Employer Net OPEB Liability and Related Ratios – Retiree Medical Plan	61
Schedule of Employer and Nonemployer Contributions – Retiree Medical Plan	62
Schedule of Investment Returns – Retiree Medical Plan	64

Notes to Required Supplementary Information

Note 1 – Actuarial Assumptions and Methods	65
--	----

Supplemental Schedules

Schedule of Administrative and Investment Deductions	81
Schedule of Payments to Consultants Other than Investment Advisors	82

Table of Contents

INVESTMENT SECTION

Investment Consultant's Report	83
Treasury Division Staff and External Money Managers and Consultants	86
Investment Report	89
Schedule of Investment Results	90
Asset Allocation	91
Top Ten Holdings by Asset Type	95
Schedule of Investment Management Fees	96
Investment Summary Schedule	97
Recaptured Commission Fees	103

ACTUARIAL SECTION

Teachers' Retirement System Defined Benefit Retirement Plan

Actuarial Certification	105
Description of Actuarial Methods and Valuation Procedures	108
Summary of Actuarial Assumptions and Changes in Assumptions	116
Funding Excess/(Unfunded Liability)	127
Employer Contribution Rates	128
Schedule of Active Member Valuation Data	129
Schedule of Pension Benefit Recipients Added to and Removed From Rolls	129
Pension Solvency Test	130
Postemployment Healthcare Solvency Test	131
Analysis of Financial Experience	132
Summary of Plan Provisions and Changes in Plan Provisions	134

Teachers' Retirement System Defined Contribution Retirement Plan

Actuarial Certification	142
Description of Actuarial Methods and Valuation Procedures	144
Summary of Actuarial Assumptions and Changes in Assumptions	147
Funding Excess/(Unfunded Liability)	156
Employer Contribution Rates	157
Schedule of Active Member Valuation Data	158
Occupational Death and Disability Solvency Test	159
Retiree Medical Solvency Test	160
Summary of Plan Provisions and Changes in Plan Provisions	161

STATISTICAL SECTION

Statistical Section Overview	165
Changes in Fiduciary Net Position	166
Additions by Source	172
Deductions by Type	178
New Benefit Recipients	184
Schedule of Pension and Healthcare Benefits Deductions by Type	185
Schedule of Pension Benefit Recipients by Type of Pension Benefit and Option Elected	186
System Membership by Status	187
Principal Participating Employers	188
Participating Employers	189