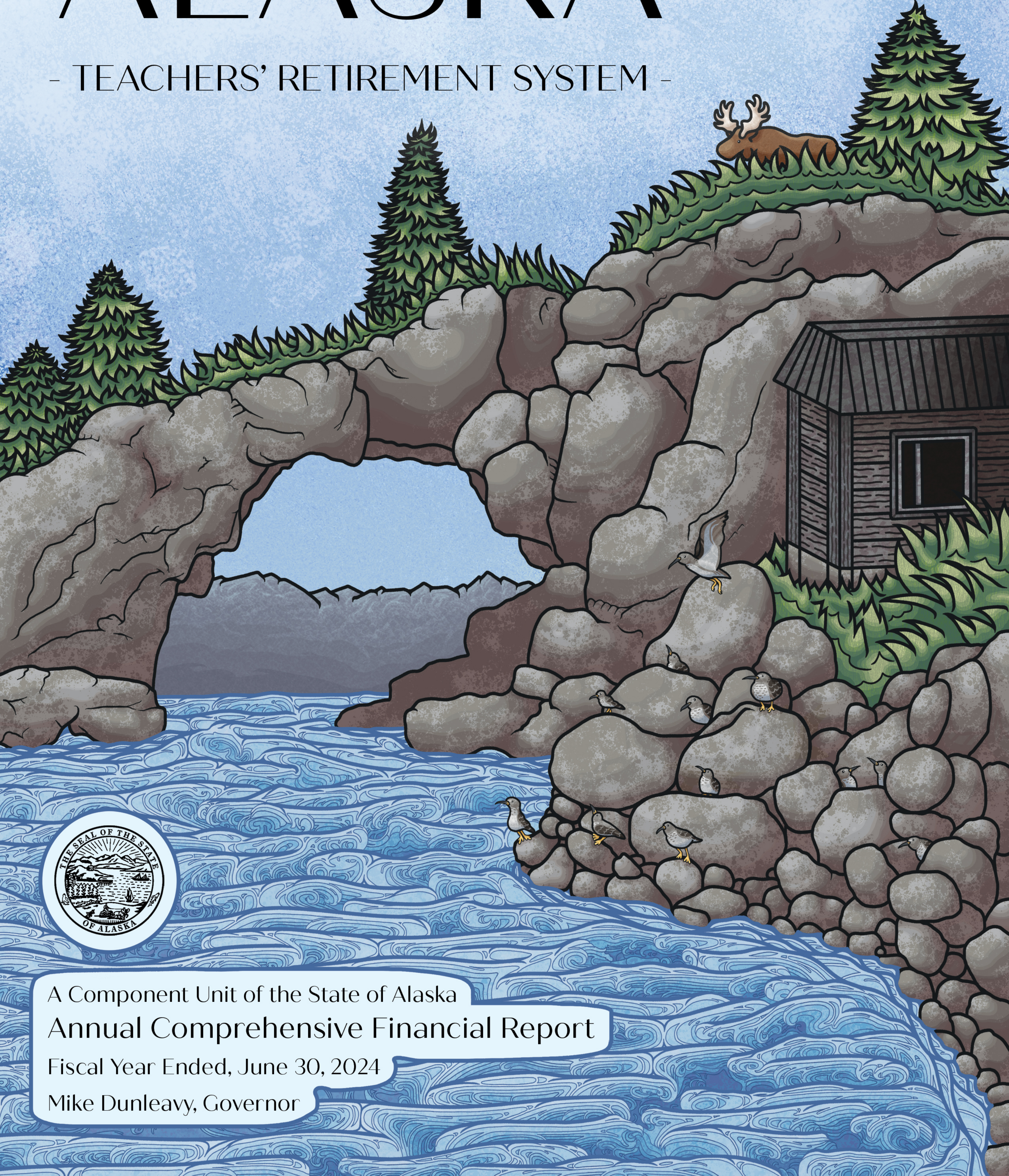
ALASKA

- TEACHERS' RETIREMENT SYSTEM -



A Component Unit of the State of Alaska

Annual Comprehensive Financial Report

Fiscal Year Ended, June 30, 2024

Mike Dunleavy, Governor

Teachers' Retirement System

Annual Comprehensive Financial Report

A Component Unit of the State of Alaska

For the Fiscal Year Ended June 30, 2024

Mike Dunleavy, Governor

Prepared by

Department of Administration
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ALASKA DIVISION OF
Retirement
and Benefits

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INTRODUCTORY SECTION

ALASKA DIVISION OF
Retirement
and Benefits

THE STATE of ALASKA
GOVERNOR MIKE DUNLEAVY

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LETTER OF TRANSMITTAL

December 1, 2024

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, 2024. 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, 2024. 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, 2024. 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 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. While COVID-19 continues to impact day-to-day and face-to-face interaction with members and employers, we continue providing via teleworking and hybrid telework arrangements the necessary services needed to meet stakeholder demands while maintaining appropriate security and safety measures.

The System is in the fifth 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**nefits **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 September 2025.

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, 2023, 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 May 3, 2024, the System's DB Pension Plan has a funded ratio (actuarial value of DB Plan assets divided by actuarial liabilities for benefits) of 76.8% and an unfunded actuarial accrued liability (actuarial liability minus actuarial value of DB plan assets) total of approximately $1.87 billion. The System's DB healthcare trust has a funded ratio of 135.5% and a funding excess of $930.2 million. 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, 2024, the DB Pension Plan's investment portfolio was valued at $6.1 billion and earned an average 9.23% return for the fiscal year ended June 30, 2024, while the DB Healthcare Trust's investment portfolio was valued at $3.6 billion and earned an average 9.31% return. The DCR Plan's investment portfolio was valued at $1.1 billion for the fiscal year ended June 30, 2024. Over the past five years ending June 30, 2024, the DB Pension Plan's investments earned an 8.24% return and the DB Healthcare Trust's investments earned an 8.30% 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.

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, 2023. 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, 2024. 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 2025.

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.

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

Steve Ramos
Chief Health Administrator

Mindy Voigt
Chief Pension Officer

Kevin Worley
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, 2023

Christopher P. Morrill

Executive Director/CEO

Public Pension Coordinating Council

Public Pension Standards Award
For Funding and Administration
2024

Presented to

Alaska Teachers' Retirement System

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

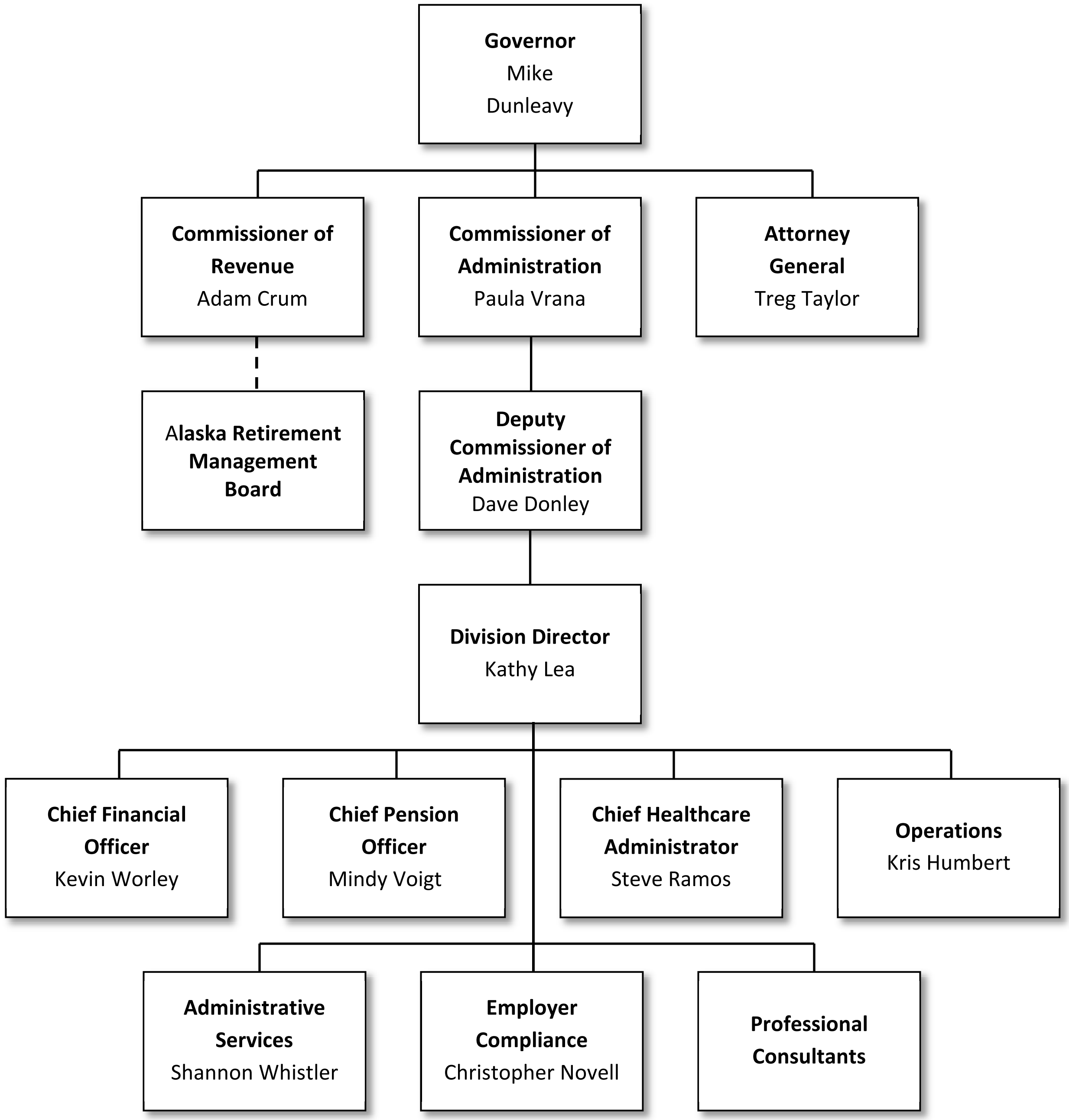
Presented by the Public Pension Coordinating Council, a confederation of

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

Alan H. Winkle
Program Administrator

ORGANIZATION CHART

As of June 30, 2024



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

Consulting Actuary
Arthur J. Gallagher and Company
(Formerly Buck Global LLC)
Chicago, Illinois

Reviewing Actuary
Gabriel, Roeder, Smith & Co.
Denver, Colorado

Independent Auditors
KPMG LLP
Anchorage, Alaska

IT Consultants
Alaska IT Group
Juneau, Alaska
Applied Microsystems, Inc.
Computer Task Group
Anchorage, Alaska

Benefits Consultants
Arthur J. Gallagher and Company
(Formerly Buck Global LLC)
Chicago, Illinois
The Segal Company
Greenwood Village, Colorado

Legal Counsel
Andrew Bocanumenth
Ben Hofmeister
Bill Milks
Assistant Attorney Generals
Juneau, Alaska

Ice Miller LLP
Indianapolis, Indiana

Third-Party Healthcare Claim Administrators
Aetna Life Insurance Company
Lexington, Kentucky
CHCS Services, Inc.
Pensacola, Florida
Moda Health / Delta Dental of Alaska
Portland, Oregon
PayFlex Systems USA, Inc.
Omaha, Nebraska
Optum Rx
Irvine, California

Consulting Physicians
Dr. John Boston
Anchorage, AK (DOH)

A list of investment consultants can be found in the Investment Section on pages 81 - 82. Investment fees and commissions can be found on pages 89 and 95.

Alaska Retirement Management Board

As of June 30, 2024

Bob Williams, Board Chair / Chair of Defined Contribution Committee, was appointed by Governor Walker in March 2016 and reappointed by Governor Dunleavy in March 2020. 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. Ms. Ryan also serves as Chair of the ARMB Actuarial Committee.

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. Mr. Williams also serves as the Chair of the ARMB Audit Committee.

Dennis Moen, Chair of Operations Committee, was appointed by Governor Dunleavy in 2020. 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. Mr. Moen also serves as the Chair of the ARMB Operations Committee.

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.

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.

Donald Krohn was appointed by Governor Dunleavy in March 2021. 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.

Spencer Moore was appointed by Governor Mike Dunleavey in June of 2023. He currently works in finance for a non-profit in Anchorage and is also a commercial fisherman out of Bristol Bay, Alaska. He attended Liberty University in Lynchburg, Virginia and graduated in 2014 with a Business Degree. There he met his wife and moved to Alaska in 2014 and together they have 4 children. He has a background in construction, church ministry and accounting. He is a Ramsey Certified Financial Coach and has taught personal finance for high school students, and inmates in Alaska as a volunteer chaplain. He enjoys playing or coaching basketball and ATV riding around our state. He is excited about serving the state of Alaska on the ARM Board, and ensuring all retirees can retire with dignity.

ALASKA DIVISION OF
Retirement
and Benefits

FINANCIAL SECTION

ALASKA DIVISION OF
Retirement
and Benefits

ALASKA DIVISION OF
Retirement and Benefits

KPMG LLP
Suite 200
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 Teachers’ Retirement System:

Opinion

We have audited the combining financial statements of the State of Alaska Teachers’ Retirement System (the System), a component unit of the State of Alaska, as of and for the year ended June 30, 2024, 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, 2024, 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 one year after the date that the financial statements are issued.

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 2023 combining financial statements, and we expressed an unmodified opinion on those financial statements in our report dated October 12, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 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, 2024 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, 2024. 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 has been subjected to the auditing 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 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, 2024.

We also previously audited, in accordance with GAAS, the basic financial statements of the System as of and for the year ended June 30, 2023 (not presented herein), and have issued our report thereon dated October 14, 2023 which expressed an unmodified opinion. The supplemental schedules listed in the table of contents for the year ended June 30, 2023 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, 2023 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, 2023.

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 15, 2024, except for the Other Information section of our report, as to which the date is November 15, 2024.

STATE OF ALASKA | TEACHERS' RETIREMENT SYSTEM

(A Component Unit of the State of Alaska)

Management's Discussion and Analysis (Unaudited)

June 30, 2024

This section presents management's discussion and analysis (MD&A) of the State of Alaska Teachers' Retirement System's (the System) financial position and performance for the years ended June 30, 2024 and 2023. 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, 2024 and 2023. Information for fiscal year 2022 is presented for comparative purposes.

Financial Highlights

The System's financial highlights for the year ended June 30, 2024 were as follows:

- The System's fiduciary net position restricted for pension benefits, postemployment healthcare benefits, and individuals increased by $498.5 million.
- The System's employers and plan members contributions decreased by $143 thousand when compared to fiscal year 2023.
- The State of Alaska (the State) directly appropriated $98.8 million to the System.
- The System's net investment income was $991.3 million, an increase of $176.6 million when compared to fiscal year 2023.
- The System's pension benefit expenditures totaled $572.2 million.
- The System's postemployment healthcare benefit expenditures totaled $188.0 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, 2024.

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, 2024. 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, 2024, and the sources and uses of those funds during fiscal year 2024.

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.

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.

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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	2024	2023	Increase (decrease) Amount	Increase (decrease) Percentage	2022
Assets:					
Cash and cash equivalents	$ 131,427	110,428	20,999	19.0 %	$ 127,477
Contributions receivable	10,029	10,917	(888)	(8.1)	11,176
Due from State of Alaska General Fund	7,462	9,399	(1,937)	(20.6)	11,289
Due from TRS OD&D	9	—	9	100.0	—
Due from TRS RMP	302	—	302	100.0	—
Other accounts receivables	6,248	4,878	1,370	28.1	4,393
Investments	11,187,860	10,708,951	478,909	4.5	10,329,028
Other assets	318	318	—	—	318
Total assets	11,343,655	10,844,891	498,764	4.6	10,483,681
Liabilities:					
Claims payable	15,984	13,957	2,027	14.5	13,004
Accrued expenses	3,468	3,867	(399)	(10.3)	3,023
Forfeitures payable to employers	117	59	58	98.3	54
Due to State of Alaska General Fund	4,688	2,812	1,876	66.7	5,211
Due to TRS DB Pension	9	—	9	100.0	—
Due to TRS ARHCT	302	—	302	100.0	—
Securities lending collateral payable	7,513	11,080	(3,567)	(32.2)	18,368
Total liabilities	32,081	31,775	306	1.0	39,660
Net position	$ 11,311,574	10,813,116	498,458	4.6 %	$ 10,444,021

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Condensed Financial Information (continued)

Changes in system net position (In thousands)

Description	2024	2023	Increase (decrease) Amount	Increase (decrease) Percentage	2022
Net position, beginning of year	$ 10,813,116	10,444,021	369,095	3.5 %	$ 11,548,627
Additions:					
Contributions – employers and plan members	177,989	178,132	(143)	(0.1)	172,442
Contributions – nonemployer State of Alaska	97,951	90,412	7,539	8.3	141,739
Net investment income (loss)	991,281	814,723	176,558	21.7	(742,368)
Employer group waiver plan	21,493	20,392	1,101	5.4	18,526
Medicare retiree drug subsidy	225	138	87	63.0	311
Pharmacy rebates	23,019	17,992	5,027	27.9	14,751
Pharmacy management allowance	64	64	—	—	69
Other income	447	229	218	95.2	63
Transfer in	2,650	—	2,650	100.0	—
Total additions (reductions)	1,315,119	1,122,082	193,037	17.2	(394,467)
Deductions:					
Pension and postemployment healthcare benefits	760,149	707,666	52,483	7.4	668,397
Refunds of contributions	40,426	32,358	8,068	24.9	28,155
Administrative	13,436	12,963	473	3.6	13,587
Transfer out	2,650	—	2,650	100.0	—
Total deductions	816,661	752,987	63,674	8.5	710,139
Increase (decrease) in net position	498,458	369,095	129,363	35.0	(1,104,606)
Net position, end of year	$ 11,311,574	10,813,116	498,458	4.6 %	$ 10,444,021

Financial Analysis of the System

The statements of fiduciary net position as of June 30, 2024 and 2023 show net position restricted for pension benefits, postemployment healthcare benefits, and individuals of $11,311,574,000 and $10,813,116,000, 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 $498,458,000 or 4.6% from fiscal year 2023 to 2024, and an increase of $369,095,000 or 3.5% from fiscal year 2022 to 2023. 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 33rd Alaska State Legislature and as part of the State's Fiscal Year 2024 Operating Budget, House Bill 39 appropriated $98,766,000 from the General Fund to the Department of Administration for deposit in the Defined Benefit Pension fund. The amount of the appropriation allocated to the State as an employer is included in Contributions – Employer. The remaining appropriation of $97,951,000 is reported as Contributions – Nonemployer State of Alaska.

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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 2024 and 2023, 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:

	2024		2023	
	Pension and healthcare trusts		Pension and healthcare trusts	
	Allocation	Range	Allocation	Range
Broad domestic equity	26.0 %	± 6%	27.0 %	± 6%
Global equity ex-U.S.	17.0	± 4%	18.0	± 4%
Fixed income	21.0	± 10%	19.0	± 10%
Multi-asset	8.0	± 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	7.59 %		6.90 %	
Project standard deviation	13.61		13.93	

For fiscal years 2024 and 2023, the DB Pension Plan's investments generated a 9.23% and 7.02% rate of return, respectively. For fiscal years 2024 and 2023, the Alaska Retiree Healthcare Trust Plan's investments generated a 9.31% and 7.11% rate of return, respectively.

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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)		
	2024	2023	Amount	Percentage	2022
Contributions – employers	$ 104,887	105,019	(132)	(0.1)%	$ 102,946
Contributions – plan members	73,102	73,113	(11)	—	69,496
Contributions – nonemployer State of Alaska	97,951	90,412	7,539	8.3	141,739
Net investment income (loss)	991,281	814,723	176,558	21.7	(742,368)
Employer group waiver plan	21,493	20,392	1,101	5.4	18,526
Medicare retiree drug subsidy	225	138	87	63.0	311
Pharmacy rebates	23,019	17,992	5,027	27.9	14,751
Pharmacy management allowance	64	64	—	—	69
Other income	447	229	218	95.2	63
Transfer in	2,650	—	2,650	100.0	—
Total	$ 1,315,119	1,122,082	193,037	17.2 %	$ (394,467)

The System's employer contributions decreased from $105,019,000 in fiscal year 2023 to $104,887,000 in fiscal year 2024, a decrease of $132 thousand or 0.1%. The System's employer contributions increased from $102,946,000 in fiscal year 2022 to $105,019,000 in fiscal year 2023, an increase of $2,073,000 or 2.0%. The decrease in employer contributions is attributed to a slight decrease in active members. The increase in employer contributions for fiscal year 2023 is attributed to an increase in total member salaries.

The State provided $97,951,000 and $90,412,000 for fiscal years 2024 and 2023, respectively, in nonemployer contributions per Alaska Statute (AS) 14.25.085. The employer on-behalf amount (or additional State contributions as defined in AS 14.25.085) 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 12.56% is established in AS 14.25.070(a).

The System's net investment income in fiscal year 2024 increased by $176,558,000 or 21.7% from amounts in fiscal year 2023. The System saw investment rate of returns roughly 2.2% higher than fiscal year 2023, primarily in the domestic equities, fixed income, multi-asset, and private equities markets, and ended the year above the System's actuarial rate of return of 7.25%. The System's net investment income in fiscal year 2023 increased by $1,557,091,000 or 209.7% from amounts in fiscal year 2022. The investment gains in fiscal year 2023 were substantially higher than the investment losses seen in fiscal year 2022, primarily due to improved investor sentiment in domestic stocks and an increase in overseas stocks aided through currency appreciation versus the U.S. dollar that exceeded the System's actuarial rate of return. However, other investment classes did not fare as well, ending fiscal year 2023 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.

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During fiscal year 2024, the System transferred $32 thousand from the TRS DCR – Occupational Death and Disability fund to the TRS DB Pension fund, $787 thousand from the TRS DCR – Retiree Medical fund and $1.8 million from the TRS DCR – Health Reimbursement Arrangement plans to the TRS 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 2024, the Plan received $21,493,000 in EGWP funds from the Center of Medicare and Medicaid Services (CMS) through the EGWP Plan Sponsor, OptumRx, compared to fiscal year 2023 receipts of $20,392,000, and fiscal year 2022 receipts of $18,526,000. The increases each year is 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 2024, the Plan received $23,019,000 in pharmacy rebates compared to $17,992,000 from fiscal year 2023. In fiscal year 2022, the Plan received $14,751,000. 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		
	2024	**2023**	**2022**
Plan returns	9.23 %	7.02 %	(4.10)%
Broad domestic equity	21.21	17.76	(11.73)
Global equity (ex-U.S.)	12.77	15.14	(20.96)
Fixed income	3.58	0.43	(6.99)
Multi-asset	8.04	4.09	(10.58)
Real assets	0.04	2.37	14.29
Private equity	4.96	(3.29)	26.25
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		
	2024	2023	2022
Plan returns	9.31 %	7.11 %	(4.08)%
Broad domestic equity	21.21	17.78	(11.73)
Global equity (ex-U.S.)	12.77	15.13	(20.95)
Fixed income	3.61	0.34	(7.04)
Multi-asset	8.05	4.09	(10.58)
Real assets	0.49	2.88	14.41
Private equity	4.96	(3.29)	26.25
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		
	2024	2023	Amount	Percentage	2022
Pension benefits	$ 572,179	536,892	35,287	6.6 %	$ 510,484
Postemployment benefits	187,970	170,774	17,196	10.1	157,913
Refunds of contributions	40,426	32,358	8,068	24.9	28,155
Administrative	13,436	12,963	473	3.6	13,587
Transfer out	2,650	—	2,650	100.0	—
Total	$ 816,661	752,987	63,674	8.5 %	$ 710,139

The System's DB pension benefit payments in 2024 increased $35,287,000 or 6.6% from fiscal year 2023, which increased $26,408,000 or 5.2% from fiscal year 2022. The increases in pension benefits in fiscal year 2024 is the result of an increase in average pension benefits, which includes a 3.9% or 5.9% Post Retirement Pension Adjustment for eligible retirees. The increase in pension benefits in 2023 is the result of an increase in the number of retirees and an increase in average pension benefits, which includes a 2.5% or 3.8% Post Retirement Pension Adjustment for eligible retirees.

The System's postemployment healthcare benefit payments in fiscal year 2024 increased $17,196,000 or 10.1% from fiscal year 2023, which increased $12,861,000 or 8.1% from fiscal year 2022. During fiscal year 2024, the System saw an increase in postemployment benefits as the number of retirees in the DB Plan decreased. The increase in postemployment benefits in 2024 is the result of an increase in per member average postemployment benefits by roughly 12.1%. In 2023, 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 $8,068,000 or 24.9% from fiscal year 2023 to 2024 and increased $4,203,000 or 14.9% from fiscal year 2022 to 2023. The increase in refunds is primarily in the DCR Plan, where refunds increased $7,649,000 between fiscal year 2023 to 2024, and increased $4,104,000 between fiscal year 2022 to 2023. Increases in DCR Plan refunds are attributed to the increase in the number of DCR Plan member accounts and higher member balances being refunded. 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 2024 increased $473,000 or 3.6% from fiscal year 2023 and decreased $624,000 or 4.6% from fiscal year 2022. The increase in fiscal year 2024 is due to increased costs in management and consulting services as well as modest increases due to a capital project for a retirement system replacement. The decrease in administrative cost in fiscal year 2023 is primarily due to lower spending on a capital project for a retirement system replacement compared to 2022.

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):

		2024	2023
Total pension liability	$	8,066,377	7,857,964
Plan fiduciary net position		(6,216,525)	(6,099,520)
Employers' net pension liability	$	1,849,852	1,758,444
Plan fiduciary net position as a percentage of the total pension liability		77.07%	77.62%

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 over-funded portion of the total OPEB liability.

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	$ 2,667,509	531	64,755
Plan fiduciary net position	(3,665,189)	(8,499)	(87,241)
Employers' net OPEB asset	$ (997,680)	(7,968)	(22,486)
Plan fiduciary net position as a percentage of the total OPEB liability	137.40%	1,600.56%	134.72%

The components of the net OPEB asset of the participating employers of the Plans as of June 30, 2023 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	$ 2,495,957	528	54,406
Plan fiduciary net position	(3,506,595)	(7,447)	(76,557)
Employers' net OPEB asset	$ (1,010,638)	(6,919)	(22,151)
Plan fiduciary net position as a percentage of the total OPEB liability	140.49%	1,410.42%	140.71%

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 14.25.070(a) sets the employer effective contribution rate at 12.56%. 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 14.25.085.
- AS 14.25.085 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 14.25.050 for the DB Plan and AS 14.25.340 for the DCR Plan.
- The Board works with an external consultant to determine the proper asset allocation strategy.

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Legislation

During fiscal year 2024, the 33rd Alaska State Legislature enacted one law that affects the System. Conference Committee Substitute (CS) for House Bill 268, Section 51(b), appropriates $123.4 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, 2025.

This appropriation is to fund the difference between the statutory employer required contribution of 12.56% 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 28.59% adopted by the Board for Fiscal Year 2025. This additional state contribution is specified in AS 14.25.085 – Additional State Contributions.

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

Fiscal year 2024 had positive investment returns. Net investment income increased from $814,723,000 in fiscal year 2023 to $991,281,000 in fiscal year 2024, an increase of $176,558,000 or 21.7%. During fiscal year 2024, the System's actual rate of return on investments was roughly 2.2% 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 24.62% in fiscal year 2023 to 25.52% in fiscal year 2024. Additionally, the Board again discussed not contributing the healthcare normal cost contribution rate of 2.41% since the Alaska Retiree HealthCare Trust (ARHCT) is well above 100% funded. After the Board's actuarial committee discussed the healthcare trusts over-funding, they voted to not contribute the healthcare normal cost rate for fiscal year 2024. The Board adopted the fiscal year 2024 actuarially determined contribution rate of 25.52%, which represented an increase of 0.90%. The statutory employer effective contribution rate remains at 12.56% for fiscal years 2024 and 2023.

The June 30, 2023 and 2022 actuarial valuation reports for the DB Pension Plan reported funded ratios based on valuation assets of 76.8% and 78.2%, as well as unfunded liabilities of $1.9 billion and $1.7 billion, respectively.

The June 30, 2023 and 2022 actuarial valuation reports for the DB ARHCT reported funded ratios based on valuation assets of 135.5% and 140.7%, as well as funding excesses of $930.2 million and $994.6 million, respectively.

For fiscal years 2024 and 2023, the DCR Plan's employer contribution rate are established by AS 14.25.070(a) at 12.56%. The DCR Plan's actuarially determined occupational death and disability contribution rate was adopted by the Board for fiscal years 2024 and 2023 to be 0.08%. The DCR Plan's actuarially determined retiree medical plan contribution rate was adopted by the Board for fiscal years 2024 and 2023 to be 0.82% and 0.87%, respectively.

The June 30, 2023 and 2022 actuarial valuation reports for the DCR Occupational Death & Disability Plan reported funded ratios based on valuation assets of 3,983.2% and 3,366.8%, as well as funding excesses of $7.4 million and $6.5 million, respectively.

The June 30, 2023 and 2022 actuarial valuation reports for the DCR Retiree Major Medical Plan reported funded ratios based on valuation assets of 136.3% and 143.1%, as well as funding excesses of $20.7 million and $20.6 million, respectively.

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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 Teachers' 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

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Combining Statement of Fiduciary Net Position

June 30, 2024

(With summarized financial information for June 30, 2023)

(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, 2024	System total June 30, 2023
Assets:								
Cash and cash equivalents:								
Short-term fixed-income pool	$ 75,421	177	43,775	121	1,021	3,007	123,522	99,039
Empower money market fund – non-participant	—	392	—	—	—	—	392	309
Securities lending collateral	4,599	—	2,664	6	60	184	7,513	11,080
Total cash and cash equivalents	80,020	569	46,439	127	1,081	3,191	131,427	110,428
Receivables:								
Contributions	10,029	—	—	—	—	—	10,029	10,917
Due from State of Alaska General Fund	—	5,866	—	36	398	1,162	7,462	9,399
Due from TRS – Occupational death & disability	9	—	—	—	—	—	9	—
Due from TRS – Retiree medical	—	—	302	—	—	—	302	—
Other accounts receivable	79	—	6,159	—	10	—	6,248	4,878
Total receivables	10,117	5,866	6,461	36	408	1,162	24,050	25,194
Investments, at fair value:								
Fixed income securities:								
Barclays aggregate bond fund	996,421	—	590,188	1,357	13,989	42,693	1,644,648	1,327,537
Opportunistic fixed income pool	247,398	—	146,536	337	3,473	10,600	408,344	356,707
Transition pool	—	—	—	—	—	—	—	125,699
Total fixed-income securities	1,243,819	—	736,724	1,694	17,462	53,293	2,052,992	1,809,943
Broad domestic equity:								
Large cap pool	1,440,084	—	852,974	1,961	20,217	61,702	2,376,938	2,257,734
Small cap pool	133,025	—	78,792	181	1,868	5,700	219,566	203,362
Total broad domestic equity	1,573,109	—	931,766	2,142	22,085	67,402	2,596,504	2,461,096
Global equity ex-U.S.:								
International equity pool	827,802	—	490,314	1,127	11,621	35,468	1,366,332	—
International equity small cap pool	—	—	—	—	—	—	—	1,400,543
Emerging markets equity pool	200,043	—	118,487	272	2,808	8,571	330,181	306,347
Total global equity ex-U.S.	1,027,845	—	608,801	1,399	14,429	44,039	1,696,513	1,706,890
Multi-asset:								
Alternative beta pool	64,547	—	38,232	88	906	2,765	106,538	93,364
Alternative equity pool	40,449	—	23,958	55	568	1,733	66,763	100,295
Alternative fixed income pool	161,844	—	95,862	220	2,272	6,934	267,132	272,156
Tactical allocation strategies pool	179,756	—	106,427	244	2,521	7,695	296,643	343,234
Total multi-asset	446,596	—	264,479	607	6,267	19,127	737,076	809,049
Private equity pool	975,713	—	577,923	1,329	13,698	41,806	1,610,469	1,614,795
Real assets:								
Real estate pool	310,536	—	183,358	421	4,346	13,264	511,925	523,169
Real estate investment trust pool	96,653	—	57,249	131	1,357	4,141	159,531	151,867
Infrastructure private pool	167,214	—	99,042	228	2,348	7,164	275,996	272,288
Energy pool	8,166	—	4,837	11	115	350	13,479	16,981
Farmland pool	207,858	—	123,116	283	2,918	8,906	343,081	334,540
Timber pool	78,351	—	46,408	107	1,100	3,357	129,323	125,586
Total real assets	868,778	—	514,010	1,181	12,184	37,182	1,433,335	1,424,431
Other investment funds:								
Participant directed at fair value:								
Collective investment funds	—	248,079	—	—	—	—	248,079	224,096
Pooled investment funds	—	761,842	—	—	—	—	761,842	609,963
Participant directed at contract value:								
Synthetic investment contracts	—	51,050	—	—	—	—	51,050	48,688
Total other investment funds	—	1,060,971	—	—	—	—	1,060,971	882,747
Total investments	6,135,860	1,060,971	3,633,703	8,352	86,125	262,849	11,187,860	10,708,951
Other assets	—	—	318	—	—	—	318	318
Total assets	6,225,997	1,067,406	3,686,921	8,515	87,614	267,202	11,343,655	10,844,891
Liabilities:								
Claims payable (note 6)	—	—	15,984	—	—	—	15,984	13,957
Accrued expenses	412	181	2,857	1	11	6	3,468	3,867
Forfeitures payable to employers	—	117	—	—	—	—	117	59
Due to State of Alaska General Fund	4,461	—	227	—	—	—	4,688	2,812
Due to TRS – Defined benefit pension	—	—	—	9	—	—	9	—
Due to TRS – Alaska Retiree Healthcare Trust	—	—	—	—	302	—	302	—
Securities lending collateral payable	4,599	—	2,664	6	60	184	7,513	11,080
Total liabilities	9,472	298	21,732	16	373	190	32,081	31,775
Net position restricted for pension benefits, postemployment healthcare benefits, and individuals	$ 6,216,525	1,067,108	3,665,189	8,499	87,241	267,012	11,311,574	10,813,116

See accompanying notes to financial statements.

STATE OF ALASKA | TEACHERS' RETIREMENT SYSTEM

(A Component Unit of the State of Alaska)

Combining Statement of Changes in Fiduciary Net Position

Year ended June 30, 2024

(With summarized financial information for June 30, 2023)

(In thousands)

	Defined benefit pension	Defined contribution retirement pension	Other postemployment benefit plans: Alaska Retiree Healthcare Trust	Occupational death and disability	Retiree medical	Health reimbursement arrangement	System total June 30, 2024	System total June 30, 2023
Additions:								
Contributions:								
Employers	$ 48,501	36,435	31	444	4,561	14,915	104,887	105,019
Plan members	28,441	44,661	—	—	—	—	73,102	73,113
Nonemployer State of Alaska	97,951	—	—	—	—	—	97,951	90,412
Total contributions	174,893	81,096	31	444	4,561	14,915	275,940	268,544
Investment income:								
Net appreciation in fair value	436,132	137,218	257,102	574	5,917	18,013	854,956	687,890
Interest	39,745	306	23,049	51	523	1,592	65,266	48,663
Dividends	60,399	—	35,371	78	804	2,449	99,101	105,341
Total investment income	536,276	137,524	315,522	703	7,244	22,054	1,019,323	841,894
Less investment expense	16,793	1,047	9,645	26	239	659	28,409	27,514
Net investment income before securities lending activities	519,483	136,477	305,877	677	7,005	21,395	990,914	814,380
Securities lending income	600	—	348	1	8	24	981	429
Less securities lending expense	376	—	218	—	5	15	614	86
Net income from securities lending activities	224	—	130	1	3	9	367	343
Net investment income	519,707	136,477	306,007	678	7,008	21,404	991,281	814,723
Transfer in	32	—	2,618	—	—	—	2,650	—
Other income:								
Employer group waiver plan	—	—	21,457	—	36	—	21,493	20,392
Medicare retiree drug subsidy	—	—	225	—	—	—	225	138
Pharmacy rebates	—	—	22,989	—	30	—	23,019	17,992
Pharmacy management allowance	—	—	64	—	—	—	64	64
Miscellaneous income	36	108	301	—	2	—	447	229
Total other income	36	108	45,036	—	68	—	45,248	38,815
Total additions	694,668	217,681	353,692	1,122	11,637	36,319	1,315,119	1,122,082
Deductions:								
Pension and postemployment benefits	572,151	—	187,579	28	109	282	760,149	707,666
Refunds of contributions	1,823	38,603	—	—	—	—	40,426	32,358
Administrative	3,689	2,153	7,519	10	57	8	13,436	12,963
Total deductions	577,663	40,756	195,098	38	166	290	814,011	752,987
Transfer out	—	—	—	32	787	1,831	2,650	—
Net increase	117,005	176,925	158,594	1,052	10,684	34,198	498,458	369,095
Net position restricted for pension benefits, postemployment healthcare benefits, and individuals:								
Balance, beginning of year	6,099,520	890,183	3,506,595	7,447	76,557	232,814	10,813,116	10,444,021
Balance, end of year	$ 6,216,525	1,067,108	3,665,189	8,499	87,241	267,012	11,311,574	10,813,116

See accompanying notes to financial statements.

STATE OF ALASKA | TEACHERS' RETIREMENT SYSTEM

(A Component Unit of the State of Alaska)

Notes to Financial Statements

June 30, 2024

(1) Description

The State of Alaska Teachers' Retirement System (TRS 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 Public Employees' Retirement System (PERS) or TRS, two trustees who are PERS members, and two trustees who are TRS members.

TRS 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 Pension (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, 2024, the number of participating local government employers and public organizations, including the State, was as follows:

State of Alaska	1
School districts	53
Other	3
Total employers	57

Inclusion in the DB Plan and DCR Plan is a condition of employment for permanent school district, University of Alaska, and State Department of Education employees who meet the eligibility requirements for participation.

Defined Benefit Pension Plan

(a) General

The Defined Benefit Pension (DB) Plan provides pension benefits for teachers and other eligible members. 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, 2024:

Retired plan members or beneficiaries currently receiving benefits	13,236
Inactive plan members entitled to but not yet receiving benefits	751
Inactive plan members not entitled to benefits	1,504
Active plan members	2,555
Total DB Plan membership	18,046

(b) Pension Benefits

Vested members hired prior to July 1, 1990 are entitled to monthly pension benefits beginning at normal retirement age, 55, or early retirement age, 50. For members first hired after June 30, 1990, the normal and early retirement ages are 60 and 55, respectively. Members may retire at any age and receive a normal benefit when they accumulate the required credited service.

The normal annual pension benefit is based on years of service and average base salary. The average base salary is based upon the members' three highest contract years' salaries.

The benefit related to all years of credited service prior to July 1, 1990 and for years of service through a total of 20 years is equal to 2.00% of the employee's average base salary. The benefit for each year over 20 years of service subsequent to June 30, 1990 is equal to 2.5% of the employee's base salary.

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 benefits are payable under the 1% supplemental contributions provision.

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 members contribute 8.65% of their base salary as required by statute. The statutory employer effective contribution rate is 12.56% of annual payroll, which for fiscal year 2024 is allocated 12.56% to the DB Pension Plan and 0.00% to the DB ARHCT Plan as determined by the actuary of the Plan. Alaska Statute (AS) 14.25.085 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 Defined Contribution Retirement Pension (DCR) Plan payroll. The DBUL amount is computed as the difference between:

(A) The amount calculated for the statutory employer effective contribution rate of 12.56% on eligible salary 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 2024, 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, 2024, membership in the DCR Plan included 6,742 active 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 7.0% 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, 2024:

Retired plan members or beneficiaries currently receiving benefits	13,236
Inactive plan members entitled to but not yet receiving benefits	1,504
Inactive plan members not entitled to benefits	751
Active plan members	2,555
Total ARHCT Plan membership	18,046

(i) OPEB Benefits

When pension benefits begin, major medical benefits are provided without cost to (1) all members first hired before July 1, 1990; (2) members hired after July 1, 1990, with 25 years of membership service; and (3) members who are disabled or age 60 or older, regardless of their initial hire dates. Members first hired after June 30, 1990, may receive major medical benefits prior to age 60 by paying premiums.

(ii) Contributions

Employer contribution rates are actuarially determined and adopted by the Board. The 2024 statutory employer effective contribution rate was 12.56% of member's compensation, with 0.00% specifically allocated to ARHCT Plan.

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Notes to Financial Statements

June 30, 2024

(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, 2024:

Active plan members	6,742
Participating employers	57
Open claims	1

(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.

When benefits are payable under the 1% supplemental contribution provision, the DB Plan member's spouse is eligible for a spouse's pension if there is (are) no dependent child(ren). If there is (are) dependent child(ren), a survivor's allowance may be payable to the DB Plan member's spouse, or guardian of the dependent child(ren). The amount of the pension or allowance is determined by the DB Plan member's base salary. DB Plan members first hired after June 30, 1982 are not eligible to participate in this provision.

If an active DB Plan member dies from occupational causes, the spouse may receive a monthly pension from the DB Plan. When death is due to occupational causes and there is no surviving spouse, the DB Plan member's dependent child(ren) may receive a monthly pension until the child(ren) is(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 is 40% of the member's base salary at the time of death. 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 base salary 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 benefits are payable under the 1% supplemental contribution provision, benefits are not payable under this provision. 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 base salary 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 is 40% of the employee's 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

If a DB Plan member has been in membership service for five or more years for which contributions have been made, is not eligible for normal retirement benefits, and becomes permanently disabled, the DB Plan member is entitled to a monthly benefit. The annual disability benefit is equal to 50% of the base salary at the time of the disability plus an additional 10% of his/her base salary for each dependent child up to a maximum of four children. At normal retirement age, a disabled System member receives normal retirement benefits.

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 2024, the rate is 0.08%.

(c) Retiree Medical Plan

The RMP is established under AS 14.25.480 – 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, 2024:

Retired plan members or beneficiaries currently receiving benefits	56
Inactive plan members entitled to but not yet receiving benefits	1,244
Inactive plan members not entitled to benefits	3,482
Active plan members	6,742
Total RMP membership	11,524

(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 2024 employer effective contribution rate is 0.82% 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, 2024:

Retired plan members or beneficiaries currently receiving benefits	66
Inactive plan members entitled to but not yet receiving benefits	1,244
Inactive plan members not entitled to benefits	3,482
Active plan members	6,742
Total HRA Plan membership	11,534

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June 30, 2024

(b) OPEB Benefits

Persons who meet the eligibility requirements of AS 14.25.470 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 14.25.480. 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 TRS and PERS. The administrator maintains a record of each member to account for employer contributions on behalf of that member. The 2024 contribution amount was an annual contribution not to exceed $2,303 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 $2,303 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 and overnight investments associated with securities lending collateral. These holdings have the general characteristics of a demand deposit account.

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Notes to Financial Statements

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(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 participant 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.

(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.

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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, 2024 for the DB Pension Plan is 8.74%, the ARHCT Plan is 8.90%, the ODD Plan is 8.84%, and the RMP is 8.90%.

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, 2024 were as follows (in thousands):

Total pension liability	$	8,066,377
Plan fiduciary net position		(6,216,525)
Employers' net pension liability	$	1,849,852
Plan fiduciary net position as a percentage of the total pension liability		77.07 %

(a) Actuarial Assumptions

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

Inflation	2.50% per year
Salary increases	Range from 7.00% 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 rate of return of 4.75%.
Mortality	Pre-commencement mortality rates were based on the Pub-2010 Teachers Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 15% of the time.
	Post-commencement mortality rates for healthy retirees were based on 97% of the Pub-2010 Teachers 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 100% of male and 95% 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, 2023 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021. The new demographic and economic assumptions were adopted by the Board at the June 2022 meeting to better reflect expected future experience and were effective for the June 30, 2022 valuation.

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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, 2024 are summarized in the following table (note that the rates shown below exclude an inflation component of 2.39%).

Asset class	Long-term expected real rate of return
Domestic equity	5.48%
Global equity (ex-U.S.)	7.14
Global equity	5.79
Aggregate bonds	2.10
Real assets	4.63
Private equity	8.84
Cash equivalents	0.77

(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 S&P Municipal Bond 20-Year High Grade Index rate was 4.21% as of June 30, 2024.

(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, 2024, 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	$ 2,683,639	1,849,852	1,144,045

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(5) Net OPEB Asset

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

		ARHCT Plan	ODD Plan	RMP
Total OPEB liability	$	2,667,509	531	64,755
Plan fiduciary net position		(3,665,189)	(8,499)	(87,241)
Employers' net OPEB asset	$	(997,680)	(7,968)	(22,486)
Plan fiduciary net position as a percentage of the total OPEB liability		137.40%	1,600.56%	134.72%

(a) Actuarial Assumptions

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

Inflation	2.50% per year
Salary increases	ARHCT Plan - Range from 7.00% to 2.85% based on service. ODD Plan / RMP - Range from 7.25% to 2.85% based on service.
Investment rate of return	7.25%, net of post-retirement healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.75%.
Healthcare cost trend rates (ARHCT Plan and RMP)	Pre-65 medical: 6.4% grading down to 4.5% Post-65 medical: 5.4% grading down to 4.5% Rx/EGWP: 6.9% grading down to 4.5% Initial trend rates are for FY 2025 Ultimate trend rates reached in FY 2050
Mortality (ARHCT Plan and RMP)	Pre-commencement mortality rates were based on the Pub-2010 Teachers Employee table, headcount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 15% of the time. Post-commencement mortality rates for healthy retirees were based on 98% of male and 100% of female rates of the Pub-2010 Teachers Retiree table, headcount-weighted, and projected with MP-2021 generational improvement.

	Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement.
	Post-commencement mortality rates for beneficiaries were based on 100% of male and 94% of female rates of the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.
Mortality (ODD Plan)	Pre-commencement mortality rates were based on the Pub-2010 Teachers Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 15% of the time.
	Post-commencement mortality rates for healthy retirees were based on 97% of the Pub-2010 Teachers 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 100% of male and 95% 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, 2023 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021. The new demographic and economic assumptions were adopted by the Board at the June 2022 meeting to better reflect expected future experience and were effective for the June 30, 2022 actuarial valuation. For the ARHCT and RMP, the per capita claims costs were updated to reflect recent experience for the June 30, 2023 actuarial valuation.

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, 2024 are summarized in the following table (note that the rates shown below exclude an inflation component of 2.39%):

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Asset class	Long-term expected real rate of return
Domestic equity	5.48%
Global equity (non-U.S.)	7.14
Global equity	5.79
Aggregate bonds	2.10
Real assets	4.63
Private equity	8.84
Cash equivalents	0.77

(b) Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2024 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 S&P Municipal Bond 20-Year High Grade Index rate was 4.21% as of June 30, 2024.

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

The following presents the net OPEB asset as of June 30, 2024, 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	$	687,601	997,680	1,257,163
ODD Plan		7,994	7,968	7,952
RMP		5,935	22,486	34,984

(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, 2024, calculated using the healthcare cost trend rates as summarized in the 2023 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	$ 1,285,493	997,680	653,820
ODD Plan	N/A	N/A	N/A
RMP	36,494	22,486	3,521

(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):

	2024	2023
Total, beginning of year	$ 13,957	13,004
Healthcare benefits	187,688	170,540
Benefits paid	(185,661)	(169,587)
Total, end of year	$ 15,984	13,957

(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.

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(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 2024, the System transferred $32 thousand from the TRS DCR – Occupational Death and Disability fund to the TRS DB Pension fund, $787 thousand from the TRS DCR – Retiree Medical fund to the TRS DB Alaska Retiree Healthcare Trust fund, and $1.8 million from the TRS DCR – Health Reimbursement Arrangement plans to the TRS 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.

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(10) Subsequent Event

During Board and committee meetings in fiscal years 2023 and 2024, the Board performed an analysis of the managed account program and recommended that this program be discontinued due to the combined effects of its asset allocation, higher fees, and low participant engagement. The Board closed the managed account program to new participants effective November 2023. In June 2024 the Board voted to terminate the managed account program for existing participants effective November 15, 2024.The Plan is complying with the closure request and has worked with the record keeper to close the managed account program effective November 15, 2024.

REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

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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)

		2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability:											
Service cost	$	40,266	44,003	44,727	48,401	50,654	60,810	64,961	68,376	61,011	63,608
Interest		550,443	540,174	538,703	535,725	529,132	575,706	572,791	559,165	550,392	540,981
Differences between expected and actual experience		191,678	118,504	(59,667)	(33,160)	8,105	(135,121)	(131,092)	(65,757)	(55,682)	(5,693)
Changes of assumptions		—	—	154,098	—	—	(35,262)	—	—	—	156,854
Benefit payments, including refunds of member contributions		(573,974)	(538,270)	(511,762)	(501,429)	(490,446)	(472,717)	(458,511)	(448,422)	(437,582)	(418,545)
Net change in total pension liability		208,413	164,411	166,099	49,537	97,445	(6,584)	48,149	113,362	118,139	337,205
Total pension liability – beginning		7,857,964	7,693,553	7,527,454	7,477,917	7,380,472	7,387,056	7,338,907	7,225,545	7,107,406	6,770,201
Total pension liability – ending (a)		8,066,377	7,857,964	7,693,553	7,527,454	7,477,917	7,380,472	7,387,056	7,338,907	7,225,545	7,107,406
Plan fiduciary net position:											
Contributions – employers		48,501	50,746	30,707	29,336	34,114	36,805	39,835	36,634	33,478	36,374
Contributions – plan members		28,441	31,835	30,013	33,342	33,566	35,763	37,674	39,878	42,654	45,506
Contributions – nonemployer State of Alaska		97,951	90,412	141,739	134,070	140,219	127,365	111,757	116,700	90,589	1,662,700
Net investment income (loss)		519,707	441,425	(391,758)	1,594,536	218,372	314,972	432,543	628,184	(31,340)	152,561
Transfer in		32	—	—	—	—	—	—	—	—	—
Benefit payments, including refunds of member contributions		(573,974)	(538,270)	(511,762)	(501,429)	(490,446)	(472,717)	(458,511)	(448,422)	(437,582)	(418,545)
Administrative expenses		(3,689)	(3,310)	(3,805)	(3,446)	(2,988)	(3,018)	(3,050)	(2,890)	(2,648)	(2,789)
Other income		36	31	36	273	33	32	184	10	95	9
Net change in plan fiduciary net position		117,005	72,869	(704,830)	1,286,682	(67,130)	39,202	160,432	370,094	(304,754)	1,475,816
Plan fiduciary net position – beginning		6,099,520	6,026,651	6,731,481	5,444,799	5,511,929	5,472,727	5,312,295	4,942,201	5,246,955	3,771,139
Plan fiduciary net position – ending (b)		6,216,525	6,099,520	6,026,651	6,731,481	5,444,799	5,511,929	5,472,727	5,312,295	4,942,201	5,246,955
Plan's net pension liability (a)–(b)	$	1,849,852	1,758,444	1,666,902	795,973	2,033,118	1,868,543	1,914,329	2,026,612	2,283,344	1,860,451
Plan fiduciary net position as a percentage of the total pension liability		77.07%	77.62%	78.33%	89.43%	72.81%	74.68%	74.09%	72.39%	68.40%	73.82%
Covered payroll	$	283,864	308,408	333,781	357,288	370,449	392,849	416,051	442,029	463,604	491,223
Net pension liability as a percentage of					548.82%						
covered payroll		651.67%	570.17%	499.40%	222.78%	548.82%	475.64%	460.12%	458.48%	492.52%	378.74%

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

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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
2024	$ 139,465	146,452	(6,987)	283,864	51.59%
2023	135,850	141,158	(5,308)	308,408	45.77
2022	168,900	172,446	(3,546)	333,781	51.66
2021	155,184	163,406	(8,222)	357,288	45.74
2020	150,284	174,333	(24,049)	370,449	47.06
2019	154,083	164,170	(10,087)	392,849	41.79
2018	144,391	151,593	(7,202)	416,051	36.44
2017	133,417	153,334	(19,917)	442,029	34.69
2016	359,790	124,067	235,723	463,604	26.76
2015	321,971	1,699,074	(1,377,103)	491,223	345.89

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

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Schedule of Investment Returns
Defined Benefit Pension Plan

Last 10 Fiscal Years

Fiscal Year	Annual money-weighted rate of return, net of investment expense
2024	8.74%
2023	7.52
2022	(5.91)
2021	29.80
2020	4.01
2019	5.85
2018	8.30
2017	13.04
2016	(0.36)
2015	3.30

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

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

(In thousands)

	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability:								
Service cost	$ 16,604	18,258	21,350	23,793	26,684	34,729	32,821	31,605
Interest	176,861	178,811	185,824	188,868	202,757	252,021	232,774	224,435
Change in benefit terms	—	—	(22,446)	—	—	—	—	—
Differences between expected and actual experience	(2,690)	16,707	(13,457)	(24,483)	(23,298)	(47,911)	(57,990)	(27,011)
Changes of assumptions	129,586	(95,891)	(86,086)	(100,701)	(273,319)	(509,775)	163,911	—
Benefit payments	(170,266)	(158,002)	(148,330)	(141,137)	(125,310)	(136,158)	(132,040)	(120,204)
EGWP rebates	21,457	20,361	18,508	18,293	11,705	2,518	—	—
Net change in total OPEB liability	171,552	(19,756)	(44,637)	(35,367)	(180,781)	(404,576)	239,476	108,825
Total OPEB liability – beginning	2,495,957	2,515,713	2,560,350	2,595,717	2,776,498	3,181,074	2,941,598	2,832,773
Total OPEB liability – ending (a)	2,667,509	2,495,957	2,515,713	2,560,350	2,595,717	2,776,498	3,181,074	2,941,598
Plan fiduciary net position:								
Contributions – employers	31	92	21,806	24,700	18,788	17,957	19,305	24,069
Contributions – Employer group waiver plan rebates	21,457	20,361	18,508	18,293	11,705	2,518	—	—
Contributions – Medicare retiree drug subsidy	225	138	311	62	—	6,711	1,894	—
Transfer in	2,618	—	—	—	—	—	—	—
Net investment income (loss)	306,007	253,489	(221,118)	869,241	120,073	169,183	224,820	322,219
	330,338	274,080	(180,493)	912,296	150,566	196,369	246,019	346,288
Benefit payments	(187,583)	(170,448)	(157,616)	(147,861)	(135,566)	(143,126)	(134,051)	(120,237)
Pharmacy rebates	22,989	17,973	14,741	12,100	15,829	11,858	6,149	33
Pharmacy management allowance	64	64	69	85	—	—	—	—
Administrative Services Only (ASO) fees	(5,736)	(5,591)	(5,524)	(5,461)	(5,573)	(4,890)	(4,138)	—
Net benefit payments	(170,266)	(158,002)	(148,330)	(141,137)	(125,310)	(136,158)	(132,040)	(120,204)
Administrative expenses, excluding ASO fees	(1,779)	(1,867)	(2,044)	(1,836)	(1,372)	(1,351)	(1,527)	(5,908)
Other	301	173	47	247	258	324	18	13,909
Net change in plan fiduciary net position	158,594	114,384	(330,820)	769,570	24,142	59,184	112,470	234,085
Plan fiduciary net position – beginning	3,506,595	3,392,211	3,723,031	2,953,461	2,929,319	2,870,135	2,757,665	2,523,580
Plan fiduciary net position – ending (b)	3,665,189	3,506,595	3,392,211	3,723,031	2,953,461	2,929,319	2,870,135	2,757,665
Plan's net OPEB (asset) liability (a)–(b)	$ (997,680)	(1,010,638)	(876,498)	(1,162,681)	(357,744)	(152,821)	310,939	183,933
Plan fiduciary net position as a percentage of the total OPEB liability	137.40%	140.49%	134.84%	145.41%	113.78%	105.50%	90.23%	93.75%
Covered payroll	$ 283,864	308,408	333,781	357,288	370,449	392,849	416,051	449,629
Net OPEB liability (asset) as a percentage of covered payroll	(351.46)%	(327.70)%	(262.60)%	(325.42)%	(96.57)%	(38.90)%	74.74%	40.91%

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 | TEACHERS' 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
2024	$ 18,178	31	18,147	283,864	0.01%
2023	20,643	92	20,551	308,408	0.03
2022	22,360	21,806	554	333,781	6.53
2021	25,197	24,700	497	357,288	6.91
2020	28,373	18,788	9,585	370,449	5.07
2019	19,944	17,957	1,987	392,849	4.57
2018	19,518	19,305	213	416,051	4.64
2017	42,171	24,069	18,102	442,029	5.45
2016	336,595	66,099	270,496	463,604	14.26
2015	352,417	364,222	(11,805)	491,223	74.15

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

STATE OF ALASKA | TEACHERS' 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
2024	8.90%
2023	7.64
2022	(6.04)
2021	29.95
2020	4.16
2019	6.02
2018	8.33
2017	12.58

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 | TEACHERS' 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)

		2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability:									
Service cost	$	355	339	335	312	284	275	259	238
Interest		63	61	63	60	43	44	41	21
Differences between expected and actual experience		(387)	(363)	(367)	(338)	(92)	(274)	(248)	(15)
Changes of assumptions		—	—	(15)	—	—	(5)	—	—
Benefit payments		(28)	(26)	(27)	(24)	(24)	(24)	(24)	—
Net change in total OPEB liability		3	11	(11)	10	211	16	28	244
Total OPEB liability – beginning		528	517	528	518	307	291	263	19
Total OPEB liability – ending (a)		531	528	517	528	518	307	291	263
Plan fiduciary net position:									
Contributions – employers		444	411	393	362	329	312	—	—
Net investment income (loss)		678	515	(423)	1,471	190	243	290	406
Benefit payments		(28)	(26)	(27)	(24)	(24)	(24)	(24)	—
Transfer out		(32)	—	—	—	—	—	—	—
Administrative expenses		(10)	(10)	(9)	(9)	—	—	—	(12)
Net change in plan fiduciary net position		1,052	890	(66)	1,800	495	531	266	394
Plan fiduciary net position – beginning		7,447	6,557	6,623	4,823	4,328	3,797	3,531	3,137
Plan fiduciary net position – ending (b)		8,499	7,447	6,557	6,623	4,823	4,328	3,797	3,531
Plan's net OPEB asset (a)–(b)	$	(7,968)	(6,919)	(6,040)	(6,095)	(4,305)	(4,021)	(3,506)	(3,268)
Plan fiduciary net position as a percentage of the total OPEB liability		1,600.56%	1,410.42%	1,268.28%	1,254.36%	931.08%	1,409.77%	1,304.81%	1,342.59%
Covered payroll	$	558,899	515,483	488,659	453,286	412,113	392,866	359,130	300,750
Net OPEB asset as a percentage of covered payroll		(1.43)%	(1.34)%	(1.24)%	(1.34)%	(1.04)%	(1.02)%	(0.98)%	(1.09)%

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

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

STATE OF ALASKA | TEACHERS' 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
2024	$	382	444	(62)	558,899	0.08%
2023		365	411	(46)	515,483	0.08
2022		339	393	(54)	488,659	0.08
2021		313	362	(49)	453,286	0.08
2020		288	329	(41)	412,113	0.08
2019		277	312	(35)	392,866	0.08
2018		—	—	—	359,130	—
2017		—	—	—	335,269	—
2016		—	1	(1)	289,714	—
2015		—	—	—	255,186	—

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

STATE OF ALASKA | TEACHERS' 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
2024	8.84%
2023	7.62
2022	(6.21)
2021	29.46
2020	4.22
2019	6.15
2018	8.24
2017	12.03

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 | TEACHERS' 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
Retiree Medical Plan

(In thousands)

	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability:								
Service cost	$ 3,300	3,136	3,636	3,376	3,410	3,684	3,247	2,703
Interest	4,181	3,672	3,748	3,088	3,073	2,971	2,347	1,934
Change in benefit terms	—	—	(610)	—	—	—	—	—
Differences between expected and actual experience	(1,032)	1,254	(409)	2,313	(529)	2,696	(389)	(2)
Changes of assumptions	3,965	(1,144)	(5,910)	41	(5,632)	(4,551)	2,184	—
Benefit payments	(101)	(86)	(128)	(171)	(6)	(35)	(31)	(3)
Employer group waiver plan rebates	36	31	18	3	1	—	—	—
Net change in total OPEB liability	10,349	6,863	345	8,650	317	4,765	7,358	4,632
Total OPEB liability – beginning	54,406	47,543	47,198	38,548	38,231	33,466	26,108	21,476
Total OPEB liability – ending (a)	64,755	54,406	47,543	47,198	38,548	38,231	33,466	26,108
Plan fiduciary net position:								
Contributions – employers	4,561	4,467	4,086	4,217	4,461	3,085	3,271	3,524
Contributions – Employer group waiver plan rebates	36	31	18	3	1	—	—	—
Contributions – Medicare retiree drug subsidy	—	—	—	—	—	3	—	—
Transfer out	(787)	—	—	—	—	—	—	—
Net investment income (loss)	7,008	5,273	(4,310)	14,848	1,899	2,355	2,579	3,260
	10,818	9,771	(206)	19,068	6,361	5,443	5,850	6,784
Benefit payments	(109)	(92)	(129)	(164)	(9)	(44)	(31)	(3)
Pharmacy rebates	30	19	10	1	3	9	—	—
ASO fees	(22)	(13)	(9)	(8)	—	—	—	—
Net benefit payments	(101)	(86)	(128)	(171)	(6)	(35)	(31)	(3)
Administrative expenses, net of ASO fees	(35)	(37)	(35)	(34)	(9)	(6)	(3)	(12)
Other	2	—	—	2	—	—	1	—
Net change in plan fiduciary net position	10,684	9,648	(369)	18,865	6,346	5,402	5,817	6,769
Plan fiduciary net position – beginning	76,557	66,909	67,278	48,413	42,067	36,665	30,848	24,079
Plan fiduciary net position – ending (b)	87,241	76,557	66,909	67,278	48,413	42,067	36,665	30,848
Plan's net OPEB asset (a)–(b)	$ (22,486)	(22,151)	(19,366)	(20,080)	(9,865)	(3,836)	(3,199)	(4,740)
Plan fiduciary net position as a percentage of the total OPEB liability	134.72%	140.71%	140.73%	142.54%	125.59%	110.03%	109.56%	118.16%
Covered payroll	$ 558,899	515,483	488,659	453,286	412,113	392,866	359,130	300,750
Net OPEB asset as a percentage of covered payroll	(4.02)%	(4.30)%	(3.96)%	(4.43)%	(2.39)%	(0.98)%	(0.89)%	(1.58)%

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

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

STATE OF ALASKA | TEACHERS' 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
2024	$	3,918	4,561	(643)	558,899	0.82%
2023		3,967	4,467	(500)	515,483	0.87
2022		3,517	4,086	(569)	488,659	0.84
2021		3,644	4,217	(573)	453,286	0.93
2020		3,920	4,461	(541)	412,113	1.08
2019		2,734	3,085	(351)	392,866	0.79
2018		2,983	3,271	(288)	359,130	0.91
2017		3,158	3,524	(366)	335,269	1.05
2016		6,837	6,317	520	289,714	2.18
2015		6,099	5,670	429	255,186	2.22

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

STATE OF ALASKA | TEACHERS' 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
2024	8.90%
2023	7.62
2022	(6.21)
2021	29.41
2020	4.26
2019	6.16
2018	7.92
2017	11.80

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 | TEACHERS' RETIREMENT SYSTEM

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Notes to Required Supplementary Information (Unaudited)

June 30, 2024

(1) Actuarial Assumptions and Methods

The actuarial valuation was prepared by Buck. The significant actuarial methods and assumptions used in the defined benefit pension and postemployment healthcare benefit plan valuation as of June 30, 2023 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 FY15, 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) 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.

(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.

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

Deaths are assumed to result from occupational causes 15% of the time.

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

Retiree mortality in accordance with the following tables:

- Pension: 97% of male and 97% of female rates of the Pub-2010 Teachers Retiree table, amount-weighted, and projected with MP-2021 generational improvement.
- Healthcare: 98% of male and 100% of female rates of the Pub-2010 Teachers Retiree table, headcount-weighted, and projected with MP-2021 generational improvement.

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

- Pension: 100% of male and 95% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement.
- Healthcare: 100% of male and 94% 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. Disability rates cease once a member is eligible for retirement.

Post-disability mortality in accordance with the following tables:

- Pension: 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 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.

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

(n) Percent married for occupational death and disability – 85% of male members and 75% of 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. 60% of male members and 50% of female members are assumed to be married and cover a dependent spouse.

(p) Dependent children –

- Pension: For the participants who are assumed to be married, those between ages 25 and 45 are assumed to have two dependent children.
- 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).

(q) 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.

(r) 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.

(s) Administrative expenses – The Normal Cost as of June 30, 2023 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 – $3,558,000
- Healthcare – $1,956,000

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June 30, 2024

(t) 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.

- Pension – 12.00%
- Healthcare – 0.20%

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

(v) 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.

(w) Part-time service – Part-time employees are assumed to earn 0.75 years of credited service per year.

(x) Unused sick leave – 5.25 days of unused sick leave for each year of service are assumed to be available to be credited once the member is retired, terminates, or dies.

(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 – 0% 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% 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. 20% 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 FY24 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	$ 17,338	3,947
Medicare Parts A and B	1,761	4,300
Medicare Part B only	5,812	4,300
Medicare Part D – EGWP	N/A	1,267

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June 30, 2024

Members are assumed to attain Medicare eligibility at age 65. All costs are for the 2024 fiscal year (July 1, 2023 – June 30, 2024).

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 – $497 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, 6.70% is applied to the FY24 pre-Medicare medical claims cost to get the FY25 medical claims cost:

	Medical		Prescription
Fiscal year	Pre-65	Post-65	drugs/EGWP
2024	6.70%	5.50%	7.20%
2025	6.40	5.40	6.90
2026	6.20	5.40	6.65
2027	6.05	5.35	6.35
2028	5.85	5.35	6.10
2029	5.65	5.30	5.80
2030	5.45	5.30	5.55
2031–2038	5.30	5.30	5.30
2039	5.25	5.25	5.25
2040	5.20	5.20	5.20
2041	5.10	5.10	5.10
2042	5.05	5.05	5.05
2043	4.95	4.95	4.95
2044	4.90	4.90	4.90
2045	4.80	4.80	4.80
2046	4.75	4.75	4.75
2047	4.70	4.70	4.70
2048	4.60	4.60	4.60
2049	4.55	4.55	4.55
2050 +	4.50	4.50	4.50

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(A Component Unit of the State of Alaska)

Notes to Required Supplementary Information (Unaudited)

June 30, 2024

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 25 years of service. Eligible tier 1 members are exempt from contribution requirements. Annual FY24 contributions based on monthly rates shown below for calendar 2024 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 who are assumed to retire prior to age 60 with less than 25 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 2024		Calendar 2023
Coverage category	**Annual contribution**	**Monthly contribution**	**Monthly contribution**
Retiree only	$ 8,448	704	704
Retiree and spouse	16,896	1,408	1,408
Retiree and child(ren)	11,940	995	995
Retiree and family	20,388	1,699	1,699
Composite	12,552	1,046	1,046

(kk) Trend rate for retired member medical contributions – The table below shows the rate used to project the retired member medical contributions from the shown fiscal year to the next fiscal year. For example, 4.0% is applied to the FY24 retired member medical contributions to get the FY25 retired member medical contributions.

Fiscal year	**Trend assumption**
2024 +	4.0%

Graded trend rates for retired member medical contributions are consistent with the rates used for the June 30, 2022 valuation. Actual FY24 retired member medical contributions are reflected in the valuation.

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, 2023 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.

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(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, 2023 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 FY24 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 FY24 medical claims costs for Medicare eligible retirees were further reduced 29.5%.

FY22 and FY23 experience was thoroughly reviewed to assess the impact of COVID-19 and whether an adjustment to FY22 and FY23 claims was appropriate for use in the June 30, 2023 valuation. FY22 and FY23 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.

Starting in 2022, prior authorization is required for certain specialty medications. There is no change to the medications that are covered by the plan. Segal provided an estimate of the impact of this change to the DB retiree health plan cost for calendar year 2022. The resulting adjustment factors for pre-Medicare prescription drug, Medicare prescription drug, and EGWP costs were applied to claims experience incurred before January 1, 2022. Those base claims costs were used for the DCR valuation with further adjustments as noted below. Additionally, starting in 2022, certain common preventive benefits are covered for the DB plan. The resulting adjustment factor for pre-Medicare medical costs was applied to claims experience incurred before January 1, 2022. However, preventive benefits were already covered under the DCR plan, so the pre-65 DCR medical adjustment factor referenced above was increased from 3.1% to 4.4%.

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 2024 reimbursements under EGWP were provided by Segal Consulting (who worked with the EGWP administrator, Optum, to develop those estimates).

(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.

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

Deaths are assumed to result from occupational causes 15% of the time.

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

Retiree mortality in accordance with the following tables:

- Occupational Death & Disability: 97% of male and 97% of female rates of the Pub-2010 Teachers Retiree table, amount-weighted, and projected with MP-2021 generational improvement.
- Healthcare: 98% of male and 100% of female rates of the Pub-2010 Teachers Retiree table, headcount-weighted, and projected with MP-2021 generational improvement.

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

- Occupational Death & Disability: 100% of male and 95% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement.
- Healthcare: 100% of male and 94% 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 15% of the time.

Post-disability mortality 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 – Male members are assumed to be three years older than their wives. Female members are assumed to be two years younger than husbands.

(n) Percent married for occupational death and disability – 85% of male members and 75% of female members are assumed to be married at termination from active service.

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

(p) Part-time service – Part-time employees are assumed to earn 0.75 years of service per year.

(q) 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.

(r) Administrative expenses – The Normal Cost as of June 30, 2023 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 – $10,000
- Healthcare – $36,000

(s) 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.

(t) Healthcare per capita claims cost – Sample claims cost rates (before base claims cost adjustments described below) adjusted to age 65 for FY24 medical and prescription drug benefits are shown below. The prescription drug costs reflect the plan change to require prior authorization for certain specialty medications.

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		Medical	Prescription drugs
Pre-Medicare	$	17,338	3,947
Medicare Parts A and B		1,761	4,300
Medicare Part D - EGWP		N/A	1,267

Members are assumed to attain Medicare eligibility at age 65. All other costs are for the 2024 fiscal year (July 1, 2023 – June 30, 2024).

The EGWP subsidy is assumed to 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 at the next measurement date.

(u) 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

(v) 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+	—	—

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(w) Third-party administrator fees – $497 per person per year; assumed to increase at 4.50% per year.

(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, 6.70% is applied to the FY24 pre-Medicare medical claims costs to get the FY25 medical claims costs.

Fiscal year	Medical Pre-65	Medical Post-65	Prescription drugs/EGWP
2024	6.70%	5.50%	7.20%
2025	6.40	5.40	6.90
2026	6.20	5.40	6.65
2027	6.05	5.35	6.35
2028	5.85	5.35	6.10
2029	5.65	5.30	5.80
2030	5.45	5.30	5.55
2031–2038	5.30	5.30	5.30
2039	5.25	5.25	5.25
2040	5.20	5.20	5.20
2041	5.10	5.10	5.10
2042	5.05	5.05	5.05
2043	4.95	4.95	4.95
2044	4.90	4.90	4.90
2045	4.80	4.80	4.80
2046	4.75	4.75	4.75
2047	4.70	4.70	4.70
2048	4.60	4.60	4.60
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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June 30, 2024

(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, 2022 to June 30, 2023

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

(b) Changes in Assumptions Since the Prior Valuation – June 30, 2022 to June 30, 2023

Healthcare claim costs are updated for each valuation. The amounts included in the Normal Cost for the administrative expenses were updated based on the last 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, 2022 to June 30, 2023

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

Defined Contribution Occupational Death and Disability and Retiree Medical Benefits Plans

(a) Changes in Methods Since the Prior Valuation – June 30, 2022 to June 30, 2023

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

(b) Changes in Assumptions Since the Prior Valuation – June 30, 2022 to June 30, 2023

Healthcare claim costs are updated for each valuation. The amounts included in the Normal Cost for the administrative expenses were updated based on the last 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, 2022 to June 30, 2023

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

SUPPLEMENTAL SCHEDULES

STATE OF ALASKA | TEACHERS' RETIREMENT SYSTEM

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Schedule of Administrative and Investment Deductions

Years ended June 30, 2024 and 2023

(In thousands)

	Administrative	Investment	Totals 2024	Totals 2023
Personal services:				
Wages	$ 1,926	1,290	3,216	3,137
Benefits	1,193	618	1,811	1,762
Total personal services	3,119	1,908	5,027	4,899
Travel:				
Transportation	8	27	35	30
Per diem	1	5	6	7
Total travel	9	32	41	37
Contractual services:				
Management and consulting	8,090	413	8,503	7,676
Investment management and custodial fees	—	25,553	25,553	24,956
Accounting and auditing	93	68	161	77
Data processing	1,630	256	1,886	2,054
Communications	32	4	36	47
Advertising and printing	41	—	41	26
Rentals/leases	121	45	166	289
Legal	43	40	83	81
Medical specialists	3	—	3	2
Repairs and maintenance	1	23	24	3
Transportation	47	1	48	16
Securities lending	—	614	614	86
Other professional services	172	21	193	244
Total contractual services	10,273	27,038	37,311	35,557
Other:				
Equipment	8	42	50	14
Supplies	27	3	30	56
Total other	35	45	80	70
Total administrative and investment deductions	$ 13,436	29,023	42,459	40,563

See accompanying independent auditors' report.

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Schedule of Payments to Consultants Other Than Investments Advisors

Years ended June 30, 2024 and 2023

(In thousands)

Firm	Services	2024	2023
Buck Global LLC	Actuarial services	$ 224	231
KPMG LLP	Auditing services	68	63
Groundswell Communications	Communications services	—	11
State Street Bank and Trust	Custodial banking services	556	555
Alaska IT Group	Data processing services	127	86
Applied Microsystems Incorporated	Data processing services	155	172
International Business Machines	Data processing services	13	11
Sagitec Solutions	Data processing services	1,222	1,083
SHI International Corporation	Data processing services	38	8
TechData Service Company	Data processing services	—	126
State of Alaska, Department of Law	Legal services	43	52
Linea Solutions Incorporated	Management consulting services	201	—
The Segal Company Incorporated	Management consulting services	74	72
		$ 2,721	2,470

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

See accompanying independent auditors' report.

INVESTMENT SECTION

TRS
TEACHERS' RETIREMENT SYSTEM
ALASKA DIVISION OF
Retirement
and Benefits

Callan

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September 30, 2024

Alaska Retirement Management Board
State of Alaska, Department of Revenue
Treasury Division
333 Willoughby Avenue, 11th Floor
Juneau, Alaska 99801

Dear Board Members:

This letter reviews the investment performance of assets under the purview of the Alaska Retirement Management Board (ARMB) for the fiscal year ended June 30, 2024.

Callan LLC (Callan) calculates time-weighted performance statistics based primarily on underlying custodial data provided by the Board's custodian, State Street Bank and Trust Company. The performance calculations were made using a time-weighted return methodology based upon fair values reported by the custodian.

Callan serves as ARMB's independent general investment consultant and evaluates ARMB's performance in relation to market benchmarks, appropriate manager peer groups and other public pension systems. The performance calculations are made using a methodology broadly similar to the Global Investment Performance Standards.

ARMB purposely seeks to invest assets prudently, expertly, and according to governing law and industry practices. The objective of this approach is to responsibly invest Plan assets that, in combination with contributions, will be sufficient to pay promised benefits to members and beneficiaries. In pursuit of this objective, ARMB periodically evaluates liabilities, expected contributions and potential earnings. This analysis considers a wide range of potentially viable investment strategies. With thoughtful consideration of multiple factors, ARMB selects a strategic investment policy that balances long-term growth potential and acceptable risk. A policy benchmark is constructed that mirrors ARMB's strategic decision regarding asset allocation policy. The custom policy benchmark comprises equity, fixed income, real estate, and other market indices weighted in proportions corresponding to ARMB's investment policy.

2024 Fiscal Year Market Overview

The most widely predicted recession in recent history did not materialize in 2023. In late 2022, 85% of economists polled by the *Financial Times* predicted a recession in 2023. Consumers were also gloomy, affected by post-pandemic blues and worries over rising inflation, especially gas and food prices, and stagnating wages.

Markets defied the early 2023 pessimism, and most asset classes and sectors (energy being an exception) posted robust gains for the calendar year. Global stocks surged and the S&P 500 closed 2023 just shy of a record. Even bond markets (taxable and tax-exempt) sharply reversed course in 4Q to bring 2023 results to an attractive 6%-ish figure. As a stark reminder of how quickly fortunes can be reversed, bond markets were on track to post a third consecutive calendar year of negative returns only three months prior. Gold also nearly hit a record in December, buoyed by geopolitical concerns and the prospect of lower interest rates.

As we entered 2024, the economic outlook improved from one year ago, but raging wars weighed heavily on investors' minds and government dysfunction and uncertainty over the lasting impact of sharply higher rates cast shadows on the economic picture. The path of short-term interest rates was likely downward, but the pace and timing were uncertain.

This fiscal year's well-publicized mantra—higher for longer—conjures up images of a tightrope, an apt descriptor of the Federal Reserve's current challenge. The economy has been resilient in the face of sharply rising rates, and while inflation has come down, it remains above the Fed's 2% target. The Fed must carefully balance the risks of too-high inflation with the impact of sharply higher rates on the economy while analyzing the ever-changing economic landscape.

The June meeting of the Federal Open Market Committee (FOMC) yielded no surprises for the market when the Fed Funds rate was kept on hold at 5.25% – 5.50%. Also widely expected, the median expectation for rate cuts was ratcheted down. In March (as well as in December 2023) the FOMC's median year-end expectation for the Fed Funds rate was 4.6%, or 3-4 cuts in 2024. In June, the Summary of Economic Projections median forecast was 5.1%, one cut from current levels. Stubborn inflation and resilient economic data were the twin motivators for the Fed's decision to delay rate cuts. The median projection from the FOMC is three more cuts in 2025, bringing the rate down to 4.1% by year-end 2025. The median forecast for the long-run rate ticked up slightly from 2.6% to 2.8%, reflecting the notion that the so-called "neutral rate" may be higher than previously thought. It is worth noting that the dispersion of forecasts is narrow in 2024 and for the long run, but expectations vary considerably for 2025 and 2026. Longer-term inflation expectations remain intact, reaching 2.0% by the end of 2026.

Real GDP grew at an annual rate of 1.4% in 1Q, down from the 3.4% pace in 4Q23. Consumer spending, which comprises about two-thirds of GDP, slowed from 3.3% in 4Q to 1.5% in 1Q as higher rates and declining savings took a toll. Growth modestly picked up in 2Q with GDP coming in at a brisk 2.8%, with consumer spending and business investment fueling the climb.

Unemployment rose slightly from 3.9% in April to 4.0% in May but remains relatively low by historical standards. The JOLTS (Job Openings and Labor Turnover Survey) June report showed job openings falling to 8.1 million at the end of April, below expectations and the lowest since February 2021. That said, job growth as measured by non-farm payrolls increased by 272,000 in May, far more than forecast and significantly more than the 175,000 created in April. Jobless claims and applications for unemployment benefits have risen in recent months, fueling speculation that the labor market may finally be softening, but further evidence is needed to support that notion.

U.S. equity markets finished fiscal year 2024 in positive territory and helped to recover losses after sharp drawdowns in 2022. The Russell 3000 Index, a measure of broad U.S. equity, was down 3.3% at the start of the fiscal year before rising 12.1% in 4Q23, 10.0% in 1Q24, and 3.2% in 2Q24. The S&P 500 Index hit 31 record highs over the first six months of 2024 gaining 15.3% for the period and 24.5% for the fiscal year. Technology stocks, namely the "Magnificent 7," were the clear winners as exuberance over artificial intelligence continues.

Central banks away from the U.S. have started to cut rates as growth has slowed and inflation moderated. In June, the Bank of Canada lowered its overnight rate 25 bps to 4.75%, and the European Central Bank cut rates for the first time this cycle. The Swiss National Bank has cut rates twice this year, and other cuts have come from Brazil, Mexico, Chile, and Sweden. Japan, on the other hand, raised rates very slightly in March (to 0% – 0.1%) and was the last country to exit a negative interest rate policy. Its 10-year government bond yield rose above 1% in May for the first time since 2013 as markets anticipated further rate increases. The yen, however, closed the quarter at just over 160 to the U.S. dollar, the lowest since 1986. The yen's weakness is due in part to the large differential in interest rates between Japan and other developed countries.

This year has also been marked by several elections that have yielded surprises and impacted markets. In India, Prime Minister Narendra Modi's party unexpectedly lost seats to the opposition, a result that caused its stock market to tumble on concerns over Modi's ability to pursue a business-friendly agenda. In Mexico, Claudia Sheinbaum won by a landslide to become the country's first woman president, but the wide margin of victory raised concerns that proposed changes to the constitution would be enacted, spooking investors and raising concerns over capital outflows. Subsequently, the peso dropped sharply, and the Mexican stock exchange was off roughly 6%. And in France, stock and bond markets were roiled with the far right gaining traction ahead of President Emmanuel Macron's surprise elections, fueling worries over increased spending and a rising deficit that at about 5.5% of GDP (in 2023) is already higher than the 3% maximum set by the European Union. The European Commission recommended disciplinary action against France for its excessive deficit in June. The yield premium for French government bonds over Germany reached its highest level since 2012.

Overseas markets were positive for the year but continue to lag domestic markets the fiscal year aided by currency appreciation vs. the U.S. dollar. The MSCI ACWI ex-U.S. IMI (Net) Index, a broad benchmark reflecting developed and emerging markets outside of the U.S., climbed 11.6% for the fiscal year. The MSCI All Country World Index (Net), a broad measure of the total global equity market (including the U.S.), increased 19.4% for the fiscal year.

The Bloomberg U.S. Aggregate Bond Index, a widely-used gauge of the investment grade domestic U.S. bond market, was flat for the most recent quarter but ended the fiscal year in positive territory (+2.7%). Bond yields rose modestly in 2024 as expectations dwindled for aggressive rate cuts amid stubbornly high inflation. The 10-year U.S. Treasury yield ended the fiscal year-end at 4.36%, up from 4.20% at the end of 1Q 2024, and 3.88% at year-end 2023. Interest rates have been volatile as the markets assess when and how swiftly the Fed will begin easing. The yield curve remained inverted at quarter-end with the 2-year U.S Treasury yielding 4.71%.

Private real estate, as measured by the NCREIF Property Index, was negative for the second consecutive year after over a decade long positive streak. In fiscal year 2024, the NCREIF Property Index returned -5.5% hurt yet again by office property. Publicly traded real estate, as measured by the FTSE NAREIT All Equity Index, continued to outperform private markets, returning 5.8% for the fiscal year 2024.

ARMB's actual asset groupings delivered the following one-year returns through June 30, 2024[1]:

Domestic Stocks:	21.21%
Global ex-U.S. Stocks:	12.77%
Multi-Asset:	8.03%
Fixed Income:	3.55%
Real Assets:	0.04%
Private Equity:	4.96%

For the fiscal year ended June 30, 2024, the Public Employees Retirement System (PERS) had a time-weighted total return of 9.22%. The Teachers Retirement System (TRS) had a time-weighted total return of 9.23%. Both systems' gross return trailed their strategic policy target return of 12.62% and the median return for Callan's Public Fund Sponsor database of 11.13%.

Over longer trailing periods, PERS and TRS have outperformed their target index returns. The 5-year annualized return was 8.24% for PERS and 8.24% for TRS, compared to the benchmark return of 7.88% for both Plans. The ten-year annualized return was 7.29% for PERS and 7.29% for TRS. Both were above the 10–year target return of 6.84%. Over 32.75 years – the longest period of available data – PERS and TRS achieved annualized total returns of 7.82% and 7.85%, respectively. Both exceeded the corresponding policy benchmark return of 7.64%.

[1]Note PERS asset class returns are used to represent the asset class performance of all plans.

The 2024 fiscal year returns of the PERS and TRS pension ("DB") and health care ("HC") programs are listed in the table below.

	PERS DB	PERS HC	TRS DB	TRS HC
FY 2024	9.22%	9.32%	9.23%	9.31%

The pension and health care systems are well diversified and currently have asset allocation policies that, in our opinion, are consistent with achieving a long-term "real" (above inflation) return of 4.5%.

In summary, fiscal year 2024 was a year in which ARMB's Total Fund returns were positive, as were those of most broad asset class returns. PERS and TRS produced lower returns than the average public fund, with both Plans ranking in the 82nd percentile within the Public Fund Sponsor peer group for the one-year period ended June 30, 2024. Lower peer group rankings were a result of the Funds' relative underweight to equities and relative overweight to alternatives vs peers.

Sincerely,

Steven J Center, CFA
Senior Vice President
c: Zachary Hanna
Ivan Cliff

Department of Revenue
Treasury Division Staff
As of June 30, 2024

Commissioner
Adam Crum

Deputy Commissioner
Fadil Limani

Treasury Division Director
Pamela Leary, CPA

Chief Investment Officer
Zachary Hanna, CFA

Head of Investment Operations
Scott Jones, CPA

Cash Management
Jesse Blackwell, CTP, AAP

ARMB Liaison Officer
Alysia Jones

Investment Officers
Shane Carson, CFA
James Cheng
Casey Colton, CFA
Victor Djajalie, CFA
Kevin Elliot
Benjamin Garrett
Emily Howard, CFA
Sean Howard, CFA
Tyler McCormack
Robyn Mesdag, CFA
Mark Moon
Cahal Morehouse
Nicholas Orr, CFA
Stephanie Pham
Steve Sikes, CFA

External Money Managers and Consultants

Opportunistic Fixed Income
Fidelity Investment Asset Management
Merrimack, NH
MacKay Shields LLC
New York, NY

Global Equities – Large Cap
Acadian Asset Management, LLC
Boston, MA
Arrowstreet Capital, LP
Boston, MA
Baillie Gifford Overseas Ltd.
Edinburgh, Scotland
Brandes Investment Partners, L.P.
San Diego, CA
Capital Guardian Trust Co.
Los Angeles, CA
Dimensional Fund Advisors
Austin, TX
First Eagle Investments
New York, NY
Legal and General Investment Management America, Inc.
Chicago, IL
State Street Global Advisors
Boston, MA

Emerging Markets
Legal and General Investment Management America, Inc.
Chicago, IL

Alternative Equity
McKinley Capital Management LLC
Anchorage, AK

Alternate Beta
Man Group
London, UK

Alternate Fixed Income
Ares Management
Los Angeles, CA
Comvest Credit Partners
West Palm Beach, FL
Crestline Investors, Inc.
Fort Worth, TX
Prisma Capital
New York, NY

Other Opportunities
Schroders Investment Management North America
New York, NY

Tactical Asset Allocation
Fidelity Investment Asset Management
Smithfield, RI
PineBridge Investments
New York, NY

Private Equity
Abbott Capital Management, L.P.
New York, NY
Advent International
Boston, MA
Battery Ventures
Boston, MA
Clearlake Capital
Santa Monica, CA
Dyal Capital Partners
New York, NY
Genstar Capital
San Francisco, CA
Glendon Capital
Santa Monica, CA
Insight Partners
New York, NY
KKR Lending Partners
New York, NY
Lexington Partners
New York, NY
Merit Capital Partners
Chicago, IL
Neuberger Berman
New York, NY
New Mountain Partners
New York, NY
NGP
Irving, TX
Onex Partners
New York, NY
Pathway Capital Management, LLC
Irvine, CA
Sentinel Capital Partners
New York, NY
Summit Partners
Boston, MA
The Jordan Company
New York, NY
The Riverside Company
New York, NY
Warburg Pincus
New York, NY

External Money Managers and Consultants (cont.)

Real Assets – Farmland and Timber
Timberland Investment Resources LLC
Atlanta, GA
UBS Farmland Investors, LLC
Hartford, CT

Real Assets – Energy
EIG Global Energy Partners
Washington, D.C.

Real Assets – Infrastructure
IFM
New York, NY
J.P. Morgan Asset Management
New York, NY

Real Assets – Real Estate Core Commingled Accounts
BlackRock Realty
New York, NY
J.P. Morgan Asset Management Inc.
New York, NY
UBS Realty Investors, LLC
Hartford, CT

Real Assets – Real Estate Core Separate Accounts
Sentinel Real Estate Corporation
New York, NY
UBS Realty Investors, LLC
Hartford, CT

Real Assets – Non-Core Commingled Real Estate Funds
Almanac Realty Investors
New York, NY
Clarion Partners
New York, NY
KKR & Co.
New York, NY
Silverpeak Real Estate Partners
New York, NY

**Supplemental Benefits System,
Deferred Compensation Plan, and
Defined Contribution Plans**
Baillie Gifford Overseas Ltd.
Edinburgh, Scotland
BlackRock
San Francisco, CA
Brandes Investment Partners
San Diego, CA
J.P. Morgan Asset Management Inc.
New York, NY
Northern Trust
Chicago, IL
State Street Global Advisors
Boston, MA
T. Rowe Price Investment Services
Baltimore, MD

Investment Consultants
Callan Associates, Inc.
Denver, CO

Investment Advisory Council
Ruth Traylor
Monument, CO
Joshua Rabuck
Indianapolis IN
William Jennings
Colorado Springs, CO

Independent Auditors
KPMG, LLP
Anchorage, AK

Actuaries
Arthur J. Gallagher and Company
(Formerly Buck Global LLC)
Chicago, IL
Gabriel, Roeder, Smith & Company
Denver, CO

Global Master Custodian
State Street Bank & Trust Co.
Boston, MA

Teachers' Retirement System
Investment Report

INVESTMENTS

The investment goals of the State of Alaska Teachers' Retirement System are the long-term return and sustainability of the pension funds under management. Annually, the Alaska Retirement Management Board (ARMB) sets its asset allocation strategy in order to reflect changes in the marketplace while still retaining an expected optimal risk/return level within the set constraints and objectives of the ARMB.

The ARMB categorizes its investments into six asset classes: Broad Domestic Equity, Global Equity Ex-US, Fixed Income, Multi-Asset, Real Assets, and Private Equity. The performance of each asset class is compared with a benchmark comprised of one or more market indices. The performance for the total portfolio is compared with its policy portfolio, determined by calculating the weighted performance of the underlying asset class benchmarks at the portfolio's target asset allocation. The asset class benchmarks are illustrated below:

Asset Class	Benchmark
Broad Domestic Equity	Russell 3000
Global Equities Ex-U.S.	MSCI All Country World Ex-U.S. IMI Net
Fixed Income	95% Bloomberg Barclays U.S. Aggregate 5% 3-Month Treasury Bill
Multi-Asset	60% MSCI All Country World IMI Net 40% Bloomberg Barclays U.S. Aggregate
Real Assets	35% NFI-ODCE 15% FTSE-NAREIT 25% NCREIF Farmland 10% NCREIF Timberland 15% CPI+4%
Private Equity	1/3 S&P 500 1/3 Russell 2000 1/3 MSCI EAFE Net

The target asset allocation is determined by the ARMB, utilizing capital market assumptions provided by its independent general investment consultant, Callan LLC. During the fiscal year, the ARMB's target asset allocation was 26% Broad Domestic Equity, 17% Global Equities Ex-US, 21% Fixed Income, 8% Multi-Asset, 14% Real Assets, and 14% Private Equity. Over the next 20 years, the target asset allocation is expected to generate a return of 7.59% with a standard deviation of 13.61%.

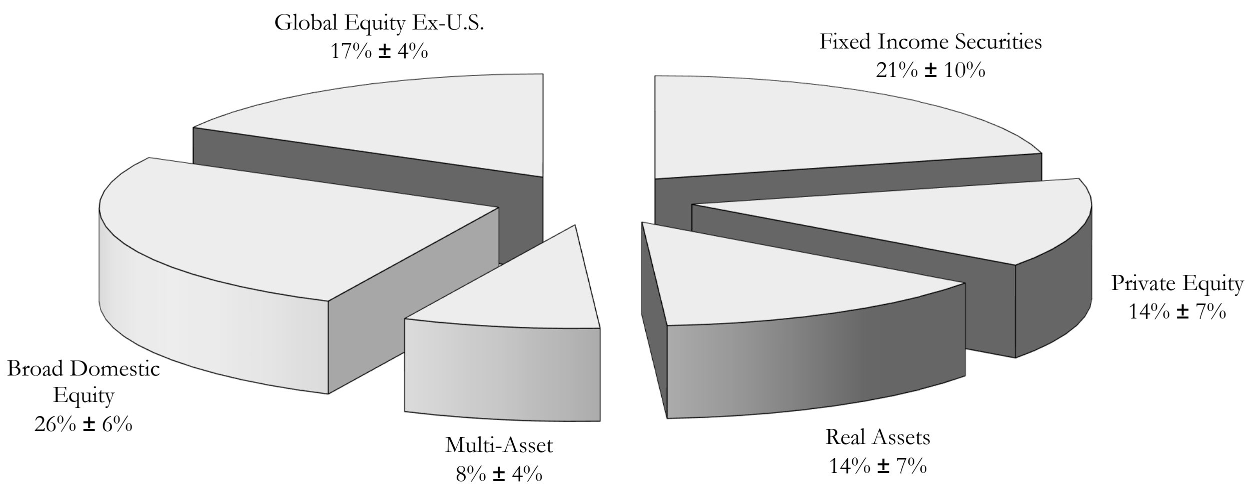
Teachers' Retirement System
Schedule of Investment Results
Fiscal Years Ended June 30

	2020	2021	2022	2023	2024	Annualized 3 Year	Annualized 5 Year
Total Fund							
TRS	3.83%	27.65%	(4.10%)	7.02%	9.23%	3.88%	8.24%
Custom Composite Index	4.64	24.95	(7.86)	7.53	12.62	3.72	7.89
Actuarial Earnings Rate	7.38	7.38	7.38	7.25	7.25	7.25	7.25
Broad Domestic Equity							
TRS	2.62	42.68	(11.73)	17.76	21.21	8.00	13.03
Custom Composite Index	6.53	44.16	(13.87)	18.95	23.13	8.05	14.14
Fixed Income							
TRS	7.31	2.20	(6.99)	0.43	3.58	-1.10	1.20
Custom Composite Index	7.67	(0.31)	(9.78)	(0.71)	2.78	-2.72	-0.24
Multi-Asset							
TRS	0.52	23.86	(10.58)	4.09	8.04	0.19	4.60
Custom Composite Index	9.32	23.20	(13.89)	9.14	11.94	1.70	7.22
Real Assets							
TRS	2.06	9.86	14.29	2.37	0.04	5.39	5.59
Custom Composite Index	1.19	4.62	14.80	3.41	0.63	6.11	5.19
Global Equity Ex-U.S.							
TRS	(3.59)	38.53	(20.96)	15.14	12.77	0.87	6.51
MSCI ACWI ex-U.S.	(4.74)	37.18	(19.86)	12.47	11.57	0.19	5.62
Private Equity							
TRS	10.47	50.67	26.25	(3.29)	4.96	8.62	16.35
Custom Composite Index	(1.35)	36.80	3.42	(6.83)	21.56	5.41	9.59

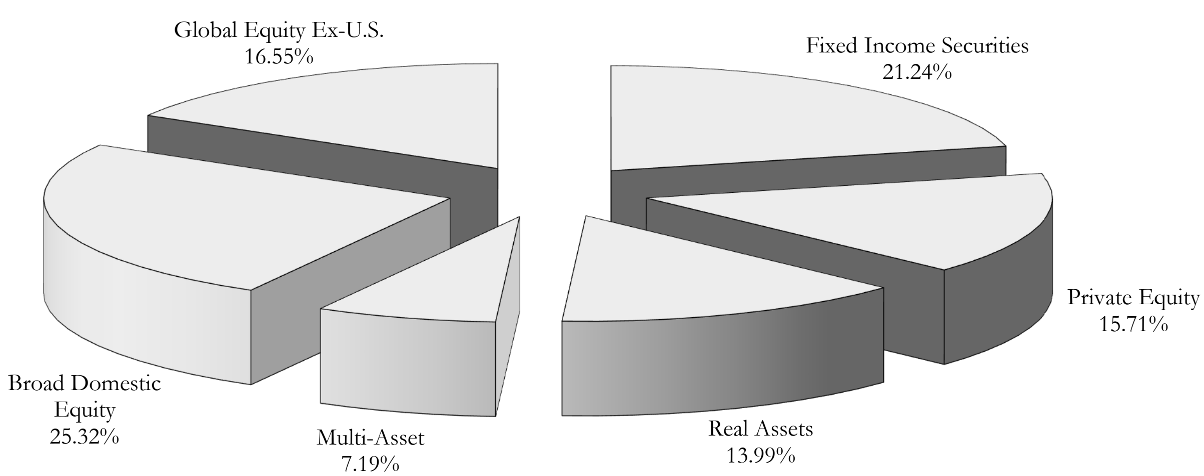
MSCI ACWI = Morgan Stanley Capital International All Country World Index
Returns for periods longer than one year are reported on an annualized basis.
Basis of calculation: Time-Weighed rate of return based on the market rate of return.

Teachers' Retirement System
Asset Allocation
June 30, 2024

Policy

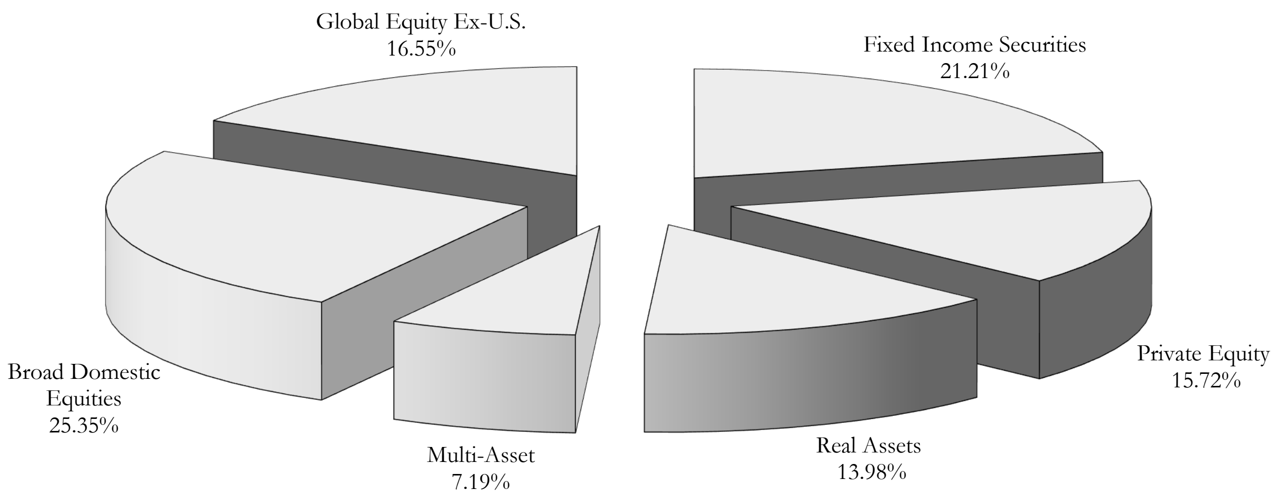


Actual — Defined Benefit Pension

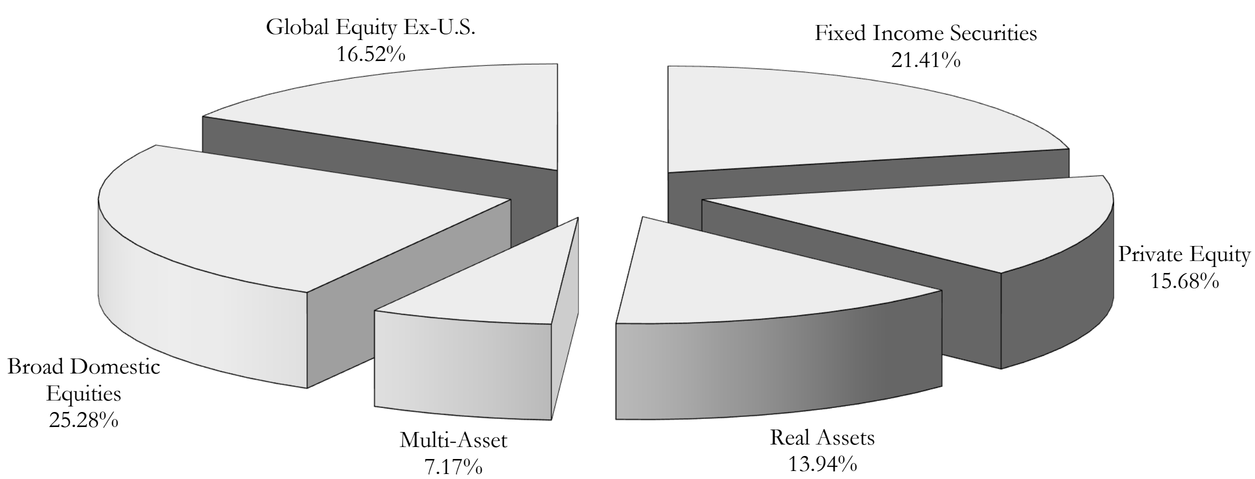


Teachers' Retirement System
Asset Allocation
June 30, 2024

Actual — Defined Benefit Alaska Retiree Healthcare Trust

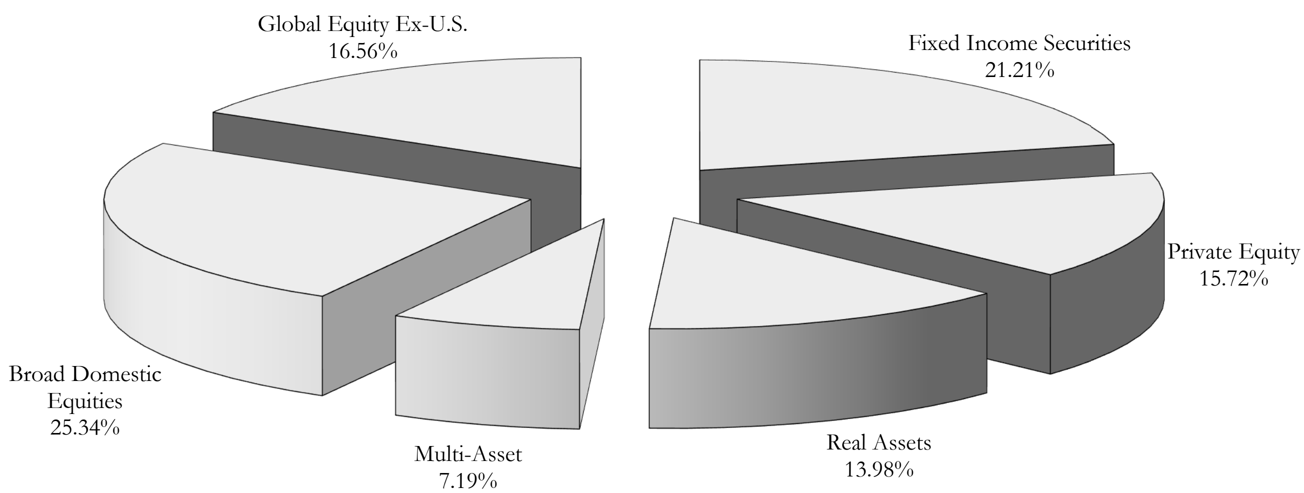


Actual — Occupational Death & Disability

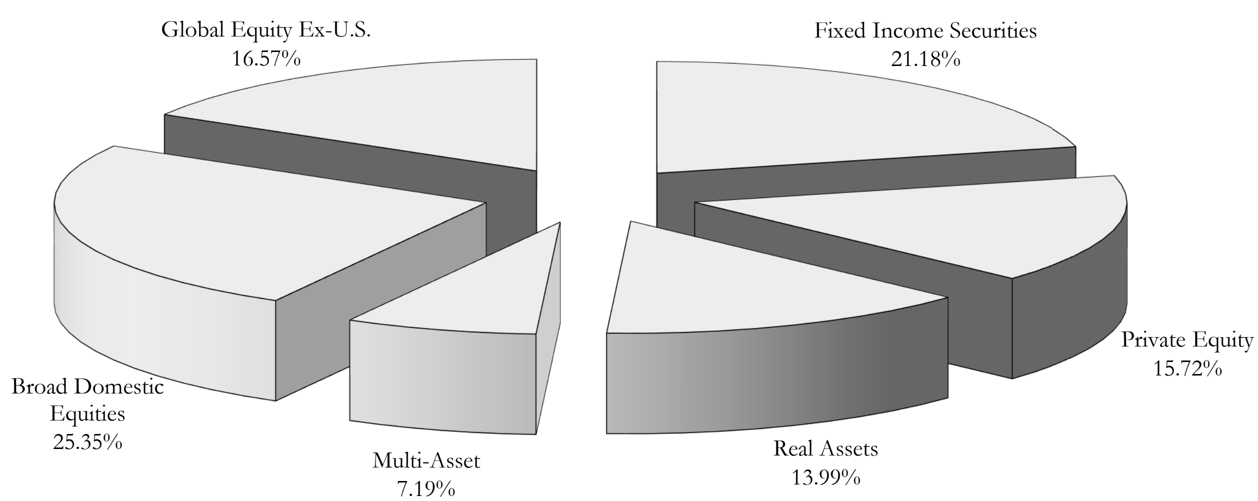


Teachers' Retirement System
Asset Allocation
June 30, 2024

Actual — Retiree Medical Plan



Actual — Health Reimbursement Arrangement



Alaska Retirement Management Board
Top Ten Holdings by Asset Type
June 30, 2024

Invested assets under the fiduciary responsibility of the ARMB have been commingled in various investment pools to manage the overall cost of the program. Using investment pools increases investment efficiency in three ways. First, combining individual funds' cash inflows and outflows to offset each other reduces the amount of cash on hand needed to support daily operations. Second, pooling investments significantly reduces accounting, budgeting, and administrative costs. Finally, the ARMB can achieve economies of scale by making available investment options that could not otherwise be practically provided for smaller retirement funds. Below are the ten largest fixed income and equity holdings.

Fixed Income

Rank	Largest Fixed Income Holdings	Fair Value	Par Value
1	U.S. Treasury N/B 4.5% 5/31/2029	$ 52,763,289	$ 52,403,018
2	U.S. Treasury N/B 4.625% 6/15/2027	52,655,033	52,499,177
3	U.S. Treasury N/B 1.375% 11/15/2040	34,900,982	55,329,770
4	U.S. Treasury N/B 4.875% 5/31/2026	34,372,579	34,302,902
5	U.S. Treasury N/B 3.875% 5/15/2043	29,320,992	32,494,259
6	FNMA Pool CB2662 3.0% 1/1/2052	27,378,076	31,918,643
7	FED HM LN PC Pool SD8230 4.5% 6/1/2052	26,782,441	28,368,753
8	U.S. Treasury N/B 3.625% 3/31/2028	26,553,825	27,322,264
9	U.S. Treasury N/B 4.25% 2/15/2054	26,528,352	27,851,289
10	U.S. Treasury N/B 3.625% 5/15/2053	25,533,661	30,000,996

Equities

Rank	Largest Equity Holdings	Fair Value	Shares
1	Microsoft Corp.	$ 154,040,639	344,648
2	Apple Inc.	134,841,445	640,212
3	Nvidia Corp.	120,415,666	974,710
4	Amazon.com Inc.	74,150,667	383,703
5	Meta Platforms Inc. Class A	53,965,253	107,027
6	Alphabet Inc. Class A	49,171,315	269,950
7	Alphabet Inc. Class C	42,357,994	230,934
8	Berkshire Hathaway Inc. Class B	38,507,000	94,658
9	Broadcom Inc.	33,087,305	20,608
10	Eli Lilly and Co.	28,831,968	31,845

Additional investment information may be obtained from the Alaska Department of Revenue, Treasury Division, P.O. Box 110405, Juneau, Alaska 99811-0405.

Teachers' Retirement System
Schedule of Investment Management Fees
Year Ended June 30, 2024

	Fair Value	Fees
Investment Management		
Total Fixed Income	$ 2,176,326,600	808,400
Total Multi-Asset	737,076,291	4,949,768
Total Broad Domestic Equity	2,596,503,145	220,570
Total Global Equity Ex-U.S.	1,696,514,337	3,257,324
Total Private Equity	1,610,468,541	6,693,009
Total Real Assets	1,433,336,454	7,949,312
Total Investment Management		23,878,383
Custodian		
State Street Bank		474,308
Investment Advisory and Performance		
Callan Associates		245,970
Investment Advisory Council		32,055
Total Investment Advisory and Performance		278,025
Participant Directed		
Custodian - State Street Bank		81,668
Investment Management		767,487
Synthentic Investment Contract Wrap Fees		72,093
Total Participant Directed		921,248
	$ 10,250,225,368	25,551,964

Teachers' Retirement System
Investment Summary Schedule
June 30, 2024

	Defined Benefit - Pension			
	Asset Allocation			
Investments (at Fair Value)	**Policy**	**Range**	**Fair Value**	**% of Total Assets**
Fixed Income Securities				
Short-term Fixed Income Pool			$ 75,415,310	
Opportunistic Fixed Income			247,397,508	
Barclays Aggregate Bond Fund			996,420,617	
Total Fixed Income Securities	21.00%	± 10%	1,319,233,435	21.24%
Multi-Asset				
Alternative Equity Strategies Pool			40,448,485	
Tactical Allocation Strategies Pool			179,756,208	
Alternative Beta Pool			64,546,626	
Alternative Fixed Income			161,843,943	
Total Multi-Asset	8.00%	± 4%	446,595,262	7.19%
Broad Domestic Equity				
Large Cap Pool			1,440,084,082	
Small Cap Pool			133,025,079	
Total Broad Domestic Equity	26.00%	± 6%	1,573,109,161	25.32%
Global Equity Ex-U.S.				
International Equity Pool			827,801,618	
Emerging Markets Equity Pool			200,043,269	
Total Global Equity Ex-U.S.	17.00%	± 4%	1,027,844,887	16.55%
Private Equity				
Private Equity Pool			975,713,319	
Total Private Equity	14.00%	± 7%	975,713,319	15.71%
Real Assets				
Real Estate Pool			310,536,221	
Real Estate Investment Trust Pool			96,653,273	
Infrastructure Private Pool			167,214,226	
Energy Pool			8,166,045	
Farmland Pool			207,858,363	
Timber Pool			78,351,001	
Total Real Assets	14.00%	± 7%	868,779,129	13.99%
Total Invested Assets	**100.00%**		**$ 6,211,275,193**	**100.00%**

Teachers' Retirement System
Investment Summary Schedule
June 30, 2024

	Defined Benefit - Alaska Retiree Healthcare Trust			
	Asset Allocation			% of Total
Investments (at Fair Value)	**Policy**	**Range**	**Fair Value**	**Assets**
Fixed Income Securities				
Short-term Fixed Income Pool			$ 43,772,302	
Opportunistic Fixed Income Pool			146,535,567	
Barclays Aggregate Bond Fund			590,188,165	
Total Fixed Income Securities	21.00%	± 10%	780,496,034	21.21%
Multi-Asset				
Alternative Equity Strategies Pool			23,958,000	
Tactical Allocation Strategies Pool			106,427,190	
Alternative Beta Pool			38,231,538	
Alternative Fixed Income			95,861,448	
Total Multi-Asset	8.00%	± 4%	264,478,176	7.19%
Broad Domestic Equity				
Large Cap Pool			852,973,690	
Small Cap Pool			78,791,843	
Total Broad Domestic Equity	26.00%	± 6%	931,765,533	25.35%
Global Equity Ex-U.S.				
International Equity Pool			490,313,692	
Emerging Markets Equity Pool			118,487,290	
Total Global Equity Ex-U.S.	17.00%	± 4%	608,800,982	16.55%
Private Equity				
Private Equity Pool			577,923,035	
Total Private Equity	14.00%	± 7%	577,923,035	15.72%
Real Assets				
Real Estate Pool			183,358,300	
Real Estate Investment Trust Pool			57,248,598	
Infrastructure Private Pool			99,042,373	
Energy Pool			4,836,828	
Farmland Pool			123,116,249	
Timber Pool			46,407,937	
Total Real Assets	14.00%	± 7%	514,010,285	13.98%
Total Invested Assets	**100.00%**		**$ 3,677,474,045**	**100.00%**

Teachers' Retirement System
Investment Summary Schedule
June 30, 2024

	Occupational Death and Disability			
	Asset Allocation			% of Total
Investments (at Fair Value)	**Policy**	**Range**	**Fair Value**	**Assets**
Fixed Income Securities				
Short-term Fixed Income Pool			$ 120,772	
Opportunistic Fixed Income Pool			336,870	
Barclays Aggregate Bond Fund			1,356,743	
Total Fixed Income Securities	21.00%	± 10%	1,814,385	21.41%
Multi-Asset				
Alternative Equity Strategies Pool			55,076	
Tactical Allocation Strategies Pool			244,544	
Alternative Beta Pool			87,933	
Alternative Fixed Income			220,360	
Total Multi-Asset	8.00%	± 4%	607,913	7.17%
Broad Domestic Equity				
Large Cap Pool			1,960,870	
Small Cap Pool			181,096	
Total Broad Domestic Equity	26.00%	± 6%	2,141,966	25.28%
Global Equity Ex-U.S.				
International Equity Pool			1,127,130	
Emerging Markets Equity Pool			272,391	
Total Global Equity Ex-U.S.	17.00%	± 4%	1,399,521	16.52%
Private Equity				
Private Equity Pool			1,328,595	
Total Private Equity	14.00%	± 7%	1,328,595	15.68%
Real Assets				
Real Estate Pool			421,471	
Real Estate Investment Trust Pool			131,591	
Infrastructure Private Pool			227,713	
Energy Pool			11,084	
Farmland Pool			283,017	
Timber Pool			106,709	
Total Real Assets	14.00%	± 7%	1,181,585	13.94%
Total Invested Assets	**100.00%**		**$ 8,473,965**	**100.00%**

Teachers' Retirement System
Investment Summary Schedule
June 30, 2024

	Retiree Medical Plan			
	Asset Allocation			% of Total
Investments (at Fair Value)	**Policy**	**Range**	**Fair Value**	**Assets**
Fixed Income Securities				
Short-term Fixed Income Pool			$ 1,021,172	
Opportunistic Fixed Income Pool			3,473,245	
Barclays Aggregate Bond Fund			13,988,724	
Total Fixed Income Securities	21.00%	±10%	18,483,141	21.21%
Multi-Asset				
Alternative Equity Strategies Pool			567,887	
Tactical Allocation Strategies Pool			2,521,113	
Alternative Beta Pool			906,145	
Alternative Fixed Income			2,272,135	
Total Multi-Asset	8.00%	±4%	6,267,280	7.19%
Broad Domestic Equity				
Large Cap Pool			20,217,264	
Small Cap Pool			1,867,582	
Total Broad Domestic Equity	26.00%	±6%	22,084,846	25.34%
Global Equity Ex-U.S.				
International Equity Pool			11,621,438	
Emerging Markets Equity Pool			2,808,421	
Total Global Equity Ex-U.S.	17.00%	±4%	14,429,859	16.56%
Private Equity				
Private Equity Pool			13,698,059	
Total Private Equity	14.00%	±7%	13,698,059	15.72%
Real Assets				
Real Estate Pool			4,345,975	
Real Estate Investment Trust Pool			1,356,961	
Infrastructure Private Pool			2,347,528	
Energy Pool			114,616	
Farmland Pool			2,918,116	
Timber Pool			1,100,014	
Total Real Assets	14.00%	±7%	12,183,210	13.98%
Total Invested Assets	**100.00%**		**$ 87,146,395**	**100.00%**

Teachers' Retirement System
Investment Summary Schedule
June 30, 2024

Investments (at Fair Value)	Health Reimbursement Arrangement Asset Allocation Policy	Range	Fair Value	% of Total Assets
Fixed Income Securities				
Short-term Fixed Income Pool			$ 3,006,817	
Opportunistic Fixed Income Pool			10,600,035	
Barclays Aggregate Bond Fund			42,692,755	
Total Fixed Income Securities	21.00%	± 10%	56,299,607	21.18%
Multi-Asset				
Alternative Equity Strategies Pool			1,733,022	
Tactical Allocation Strategies Pool			7,694,745	
Alternative Beta Pool			2,765,522	
Alternate Fixed Income			6,934,374	
Total Multi-Asset	8.00%	± 4%	19,127,663	7.19%
Broad Domestic Equity				
Large Cap Pool			61,702,000	
Small Cap Pool			5,699,641	
Total Broad Domestic Equity	26.00%	± 6%	67,401,641	25.35%
Global Equity Ex-U.S.				
International Equity Pool			35,468,023	
Emerging Markets Equity Pool			8,571,065	
Total Global Equity Ex-U.S.	17.00%	± 4%	44,039,088	16.57%
Private Equity				
Private Equity Pool			41,805,534	
Total Private Equity	14.00%	± 7%	41,805,534	15.72%
Real Assets				
Real Estate Pool			13,263,647	
Real Estate Investment Trust Pool			4,141,175	
Infrastructure Private Pool			7,164,514	
Energy Pool			349,908	
Farmland Pool			8,905,946	
Timber Pool			3,357,057	
Total Real Assets	14.00%	± 7%	37,182,247	13.99%
Total Invested Assets	**100.00%**		**$ 265,855,780**	**100.00%**

Teachers' Retirement System
Recaptured Commission Fees
Year Ended June 30, 2024

Fund	Global Equity Ex-U.S.	Multi-Asset	Total
Defined Benefit Plan – Pension	$ 268	4,002	4,270
Postemployment Benefit – Alaska Retiree Healthcare Trust	158	2,293	2,451
Postemployment Benefit – Occupational Death and Disability	-	5	5
Postemployment Benefit – Retiree Medical Plan	3	51	54
Postemployment Benefit – Health Reimbursement Arrangement	11	154	165
Total Recapture Commission Fees	$ 440	6,505	6,945

The ARMB's Commission Recapture program has been in place since 1995, first working with various brokers then switching to the State Street program in 2005. Under a commission recapture program, a portion of the commissions and mark-ups on trades (placed through the State Street broker network) flow directly back to the fund.

The program allows managers to place trades for commission recapture purposes. The ARMB has established direction percentages for the managers to strive for but is only requiring best efforts to meet them given their fiduciary obligation to achieve best execution of transactions.

The current rebate arrangement with State Street Global Markets (SSGM) is: 90% of the commissions received in excess of executing the brokers' execution-only rates; 100% of commissions in excess of its execution-only rates for all trading directed through SSGM.

ALASKA DIVISION OF
Retirement
and Benefits

ACTUARIAL SECTION

TRS
TEACHERS' RETIREMENT SYSTEM
ALASKA DIVISION OF
Retirement
and Benefits

BUCK

May 3, 2024

State of Alaska
The Alaska Retirement Management Board
The Department of Revenue, Treasury Division
The Department of Administration, Division of Retirement and Benefits
P.O. Box 110203
Juneau, AK 99811-0203

Certification of Actuarial Valuation

Dear Members of The Alaska Retirement Management Board, The Department of Revenue and The Department of Administration:

This report summarizes the annual actuarial valuation results of the State of Alaska Teachers' Retirement System (TRS) as of June 30, 2023 performed by Buck Global, LLC (Buck).

The actuarial valuation is based on financial information provided in the financial statements audited by KPMG LLP, member data provided by the Division of Retirement and Benefits, and medical enrollment data provided by the healthcare claims administrator (Aetna), as summarized in this report. The benefits considered are those delineated in Alaska statutes effective June 30, 2023. The actuary did not verify the data submitted, but did perform tests for consistency and reasonableness.

All costs, liabilities, and other factors under TRS were determined in accordance with generally accepted actuarial principles and procedures. An actuarial cost method is used to measure the actuarial liabilities which we believe is reasonable. Buck is solely responsible for the actuarial data and actuarial results presented in this report. This report fully and fairly discloses the actuarial position of TRS as of June 30, 2023.

TRS is funded by Employer, State, and Member Contributions in accordance with the funding policy adopted by the Alaska Retirement Management Board (Board) and as required by Alaska state statutes. The calculations of the Employer and State Contributions are reasonable actuarially determined contributions as defined in Actuarial Standard of Practice No. 4 (ASOP 4), and are consistent with the requirements set out in Alaska Statute (AS) 37.10.220(a)(8). The funding objective for TRS is to pay required contributions that remain level as a percent of total TRS compensation. The Board has also established a funding policy objective that the required contributions be sufficient to pay the Normal Costs of active plan members, plan expenses, and amortize the Unfunded Actuarial Accrued Liability (UAAL) as a level percentage of total TRS compensation over a closed 25-year period as required by Alaska state statutes. The closed 25-year period was originally established effective June 30, 2014. Effective June 30, 2018, the Board adopted a 25-year layered UAAL amortization method as described in Section 5.2. The UAAL amortization continues to be on a level percent of pay basis. The compensation used to determine required contributions is the total compensation of all active members in TRS, including those hired after July 1, 2006 who are members of the Defined Contribution Retirement (DCR) Plan. This objective is currently being met and is projected to continue to be met. Absent future gains/losses, actuarially determined contributions are expected to remain level as a percent of pay and the funded status of the pension trust is expected to increase to 100% in FY51 (based on the projections in Section 3.6B of this report). The funded status of the healthcare trust is expected to remain at or above 100%.

The Board and staff of the State of Alaska may use this report for the review of the operations of TRS. Use of this report for any other purpose or by anyone other than the Board or staff of the State of Alaska may not be appropriate and may result in mistaken conclusions due to failure to understand applicable assumptions, methodologies, or inapplicability of the report for that purpose. Because of the risk of misinterpretation of actuarial results, Buck recommends requesting its advanced review of any statement to be based on information contained in this report. Buck will accept no liability for any such statement made without its prior review.

Future actuarial measurements may differ significantly from current measurements due to plan experience differing from that anticipated by the actuarial assumptions, changes in assumptions, changes expected as part of the natural operation of the methodology used for these measurements, and changes in plan provisions or applicable law. In particular, retiree group benefits models necessarily rely on the use of approximations and estimates and are sensitive to changes in these approximations and estimates. Small variations in these approximations and estimates may lead to significant changes in actuarial measurements. An analysis of the potential range of such future differences is beyond the scope of this valuation.

In our opinion, the actuarial assumptions used are reasonable, taking into account the experience of the plan and reasonable long-term expectations, and represent our best estimate of the anticipated long-term experience under the plan. In our professional judgment, the combined effect of the assumptions is expected to have no significant bias. The actuary performs an analysis of plan experience periodically and recommends changes if, in the opinion of the actuary, assumption changes are needed to more accurately reflect expected future experience. The last full experience analysis was performed for the period July 1, 2017 to June 30, 2021. Based on that experience study, the Board adopted new assumptions effective beginning with the June 30, 2022 valuation to better reflect expected future experience. Based on our annual analysis of recent claims experience, changes were made to the healthcare per capita claims cost rates effective June 30, 2023 to better reflect expected future healthcare experience. A summary of the actuarial assumptions and methods used in this actuarial valuation is shown in Sections 5.2 and 5.3. We certify that the assumptions and methods used for funding purposes, as described in Sections 5.2 and 5.3 of this report, meet the requirements of all applicable Actuarial Standards of Practice.

Actuarial Standards of Practice No. 27 (ASOP 27) and No. 35 (ASOP 35) require the actuary to disclose the information and analysis used to support the actuary's determination that the assumptions selected by the plan sponsor do not significantly conflict with those that, in the actuary's professional judgment, are reasonable for the purpose of the measurement. Buck provides advice on reasonable assumptions when performing periodic experience studies. The Board selects the assumptions used, and the signing actuaries review the assumptions annually through discussions with the Board staff and analysis of actuarial experience.

In the case of the Board's selected expected return on assets, the signing actuaries have used economic information provided by Buck's Investment Consulting and Financial Risk Management practices. Buck's Capital Market Assumptions provide relevant expected returns, standard deviations, and correlations. Projected returns are then developed for the portfolio using the GEMS® Economic Scenario Generator from Conning. This sophisticated model uses a multifactor approach to create internally consistent, realistic economic scenarios for all asset classes that reflect the current economic environment as a starting point. Equity returns include stochastic volatility with jumps to reflect extreme, infrequent events. However, such scenarios do not typically impact the 5th through 95th percentiles of projected returns. Corporate bond yields are generated by adding credit spreads to the corresponding zero-coupon Treasury yields. The credit spreads are driven by several factors, including equity returns, and also contain a shock process to allow the model to generate such scenarios as the 2008 Financial Crisis. GEMS® does not, however, model specific risks such as war, pandemics, political risks, severe economic dislocations occurring with greater frequency or severity than predicted by the model, or the risk that relationships among macroeconomic variables may differ from May 3, 2024 those of the past. From these scenarios, a probabilistic model of expected returns is created, reflecting the duration of investment and the approximate allocation of assets in the portfolio to various asset classes. Under current calibrations, GEMS® will tend to show higher expected returns for longer durations and a greater divergence between arithmetic and geometric average returns at higher standard deviations of portfolio return.

Based on their analysis, including consistency with other assumptions used in the valuation, the percentiles generated by the GEMS® model described above, and review of actuarial gain/loss analysis, the signing actuaries believe the assumptions, in their professional judgment, do not significantly conflict with what are reasonable for the purpose of the measurement.

Annual Comprehensive Financial Report (ACFR) Information

We have prepared the following information in this report for the Actuarial Section and Statistical Section of the ACFR: (i) member data tables in Section 4; (ii) analysis of financial experience in Section 1.6; (iii) summary of actuarial assumptions in Section 5.3; and (iv) historical information in Section 7.

Governmental Accounting Standards Board (GASB) Statement No. 67 (GASB 67) was effective for TRS beginning with fiscal year ending June 30, 2014, and Statement No. 74 (GASB 74) was effective for TRS beginning with fiscal year ending June 30, 2017. Please see our separate GASB 67 and GASB 74 reports for other information needed for the ACFR.

The following schedules provide further related information. Buck is responsible for the following schedules:

- Funding Excess / (Unfunded Liability)
- Employer Contribution Rates
- Schedule of Active Member Data
- Schedule of Pension Benefit Recipients Added to and Removed from Rolls
- Pension and Healthcare Solvency Test
- Analysis of Financial Experience
- Schedule of Funding Progress

Risk Information

Actuarial Standard of Practice No. 51 (ASOP 51) applies to actuaries performing funding calculations related to a pension plan. ASOP 51 does not apply to actuaries performing services in connection with other postemployment benefits, such as medical benefits. Accordingly, ASOP 51 does not apply to the healthcare portion of TRS. See Section 6 of this report for further details regarding ASOP 51. Section 6 also contains information on the Low-Default-Risk Obligation Measure (LDROM) now required to be disclosed under Actuarial Standard of Practice No. 4 (ASOP 4).

Use of Models

Actuarial Standard of Practice No. 56 (ASOP 56) provides guidance to actuaries performing actuarial services that involve designing, developing, selecting, modifying, using, reviewing, or evaluating models. In addition to the GEMS® model disclosed above, Buck uses third-party software to perform annual actuarial valuations and projections. The model is intended to calculate the liabilities associated with the provisions of the plan using data and assumptions as of the measurement date under the funding methods specified in this report. The output from the third-party vendor software is used as input to internally developed models that apply applicable funding methods and policies to the derived liabilities and other inputs, such as plan assets and contributions, to generate many of the exhibits found in this report.

Buck maintains an extensive review process in which the results of the liability calculations are checked using detailed sample life output, changes from year to year are summarized by source, and significant deviations from expectations are investigated. Other funding outputs and the internal models are similarly reviewed in detail and at a higher level for accuracy, reasonability, and consistency with prior results. Buck also reviews the third-party model when significant changes are made to the software. This review is performed by experts within Buck who are familiar with applicable funding methods, as well as the manner in which the model generates its output. If significant changes are made to the internal models, extra checking and review are completed. Significant changes to the internal models that are applicable to multiple clients are generally developed, checked, and reviewed by multiple experts within Buck who are familiar with the details of the required changes.

Additional models used in valuing health benefits are described later in the report.

COVID-19

The potential impact of the ongoing COVID-19 pandemic on costs and liabilities was considered and no adjustments were made in setting the FY24 per capita claims cost assumption. Please see Section 5.2 for further details.

This report was prepared under the overall direction of David Kershner, who meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. He is a Fellow of the Society of Actuaries, an Enrolled Actuary, a Member of the American Academy of Actuaries, and a Fellow of the Conference of Consulting Actuaries.

Respectfully submitted,

David J. Kershner, FSA, EA, MAAA, FCA
Principal
Buck, A Gallagher Company

Brett Hunter, ASA, EA, MAAA
Senior Consultant
Buck, A Gallagher Company

The undersigned actuary is responsible for all assumptions related to the average annual per capita health claims cost and the health care cost trend rates, and hereby affirms his qualification to render opinions in such matters in accordance with the Qualification Standards of the American Academy of Actuaries.

Robert Besenhofer, ASA, MAAA, FCA
Director
Buck, A Gallagher Company

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The funding method used in this valuation was adopted by the Board in October 2006. Changes in methods were adopted by the Board in January 2019 based on the experience study for the period July 1, 2013 to June 30, 2017. The asset smoothing method used to determine valuation assets was changed effective June 30, 2014.

Benefits valued are those delineated in Alaska State statutes as of the valuation date. Changes in State statutes effective after the valuation date are not taken into consideration in setting the assumptions and methods.

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.

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[1]. 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 (UAAL) 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.

[1] Layer #1 is referred to as "initial amount" in Section 1.2 and 1.3 of the TRS June 30, 2023 Actuarial Valuation Report.

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B. Valuation of Assets

The actuarial asset value was reinitialized to equal Fair Value of Assets as of June 30, 2014. Beginning in FY15, the asset valuation 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 financial statements audited by KPMG LLP.

C. Valuation of Retiree Medical and Prescription Drug Benefits

This section outlines the detailed methodology used in the internal model developed by Buck to calculate the initial per capita claims cost rates for the TRS postemployment healthcare plan. Note that the methodology reflects the results of our annual experience rate update for the period from July 1, 2022 to June 30, 2023.

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.

Benefits

Medical, prescription drug, dental, vision and audio coverage is provided through the AlaskaCare Retiree Health Plan and is available to employees of the State and subdivisions who meet retirement criteria based on the retirement plan tier in effect at their date of hire. Health plan provisions do not vary by retirement tier or age, except for Medicare coordination for those Medicare-eligible. Dental, vision and audio claims (DVA) are excluded from data analyzed for this valuation because those are retiree-pay all benefits where rates are assumed to be self-supporting. Buck relies upon rates set by a third-party for the DVA benefits. Buck reviewed historical rate-setting information and views contribution rate adjustments made are not unreasonable.

Administration and Data Sources

The plan was administered by Wells Fargo Insurance Services (acquired by HealthSmart, in January 2012) from July 1, 2009 through December 31, 2013 and by Aetna effective January 1, 2014.

Claims incurred for the period from July 2021 through June 2023 (FY22 through FY23) were provided by the State of Alaska from reports extracted from their data warehouse, which separated claims by Medicare status. Monthly enrollment data for the same period was provided by Aetna.

Aetna also provided census information identifying Medicare Part B only participants. These participants are identified when hospital claims are denied by Medicare; Aetna then flags that participant as a Part B only participant. Buck added newly identified participants to our list of Medicare Part B only participants. Buck assumes that once identified as Part B only, that participant remains in that status until we are notified otherwise.

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Aetna provided a snapshot file as of July 1, 2023 of retirees and dependents that included a coverage level indicator. The monthly enrollment data includes double coverage participants. These are participants whereby both the retiree and spouse are retirees from the State and both are reflected with Couple coverage in the enrollment. In this case, such a couple would show up as four members in the monthly enrollment (each would be both a retiree and a spouse). As a result, the snapshot census file was used to adjust the total member counts in the monthly enrollment reports to estimate the number of unique participants enrolled in coverage. Based on the snapshot files from the last two valuations, the total member count in the monthly enrollment reports needs to be reduced by approximately 13% to account for the number of participants with double coverage.

Aetna does not provide separate experience by Medicare status in standard reporting, so the special reports mentioned above from the data warehouse were used this year to obtain that information and incorporate it into the per capita rate development for each year of experience (with corresponding weights applied in the final per capita cost).

<u>Methodology</u>

Buck projected historical claim data to FY24 for retirees using the following summarized steps:

1. Develop historical annual incurred claim cost rates – an analysis of medical costs was completed based on claims information and enrollment data provided by the State of Alaska and Aetna for each year in the experience period of FY22 through FY23.
    - Costs for medical services and prescriptions were analyzed separately, and separate trend rates were developed to project expected future medical and prescription costs for the valuation year (e.g., from the experience period up through FY24).
    - Because the reports provided reflected incurred claims, no additional adjustment was needed to determine incurred claims to be used in the valuation.
    - An offset for costs expected to be reimbursed by Medicare was incorporated beginning at age 65. Alaska retirees who do not have 40 quarters of Medicare-covered compensation do not qualify for Medicare Part A coverage free of charge. This is a relatively small and closed group. Medicare was applied to State employment for all employees hired after March 31, 1986. For the "no-Part A" individuals who are required to enroll in Medicare Part B, the State is the primary payer for hospital bills and other Part A services. Claims experience is not available separately for participants with both Medicare Parts A and B and those with Part B only. For Medicare Part B only participants, a lower average claims cost was applied to retirees covered by both Medicare Part A and B vs. retirees covered only by Medicare Part B based upon manual rate models that estimate the Medicare covered proportion of medical costs. To the extent that no-Part A claims can be isolated and applied strictly to the appropriate closed group, actuarial accrued liability will be more accurate.
    - Based on census data received from Aetna, less than 1% of the current retiree population was identified as having coverage only under Medicare Part B. We assume 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.
    - Based upon a reconciliation of valuation census data to the snapshot eligibility files provided by Aetna as of July 1, 2022, and July 1, 2023, Buck adjusted member counts used for duplicate records where participants have double coverage; i.e. primary coverage as a retiree and secondary coverage as the covered spouse of another

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retiree. This is to reflect the total cost per distinct individual/member which is then applied to distinct members in the valuation census.

- Buck understands that pharmacy claims reported do not reflect rebates. Based on actual pharmacy rebate information provided by Optum, rebates were assumed to be 20.1% of pre-Medicare, and 13.5% of Medicare prescription drug claims for FY22; and 31.8% of pre-Medicare, and 16.4% of Medicare prescription drug claims for FY23.

2. Develop estimated EGWP reimbursements – Segal provided estimated 2024 EGWP subsidies, developed with the assistance of OptumRx. These amounts are applicable only to Medicare-eligible participants.

3. Adjust for claim fluctuation, anomalous experience, etc. – explicit adjustments are often made for anticipated large claims or other anomalous experience. FY22 and FY23 experience was thoroughly reviewed to assess the impact of COVID-19 and whether an adjustment to FY22 and FY23 claims was appropriate for use in the June 30, 2023 valuation. Total medical and prescription drug claims experience for FY22 and FY23 was reasonable when compared to pre-COVID levels, so no adjustments were used in the per capita claims cost development. In addition, we did not make any large claim adjustments due to group size and demographics. We do blend both Alaska plan-specific and national trend factors as described below. Buck compared data utilized to lag reports and quarterly plan experience presentations provided by the State and Aetna to assess accuracy and reasonableness of data.

4. Trend all data points to the projection period – project prior years' experience forward to FY24 for retiree benefits on an incurred claim basis. Trend factors derived from historical Alaska-specific experience and national trend factors are shown in the table in item 5 below.

5. Apply credibility to prior experience – adjust prior year's data by assigning weight to recent periods, as shown at the right of the table below. The Board approved a change in the weighting of experience periods beginning with the June 30, 2017 valuation as outlined below. Note also that for FY23 to FY24 medical and both years of prescription drugs, we averaged projected plan costs using Alaska specific trend factors and national trend factors, assigning 75% weight to Alaska-specific trends and 25% to national trends. For FY22 to FY23 medical, we applied 100% weight to national trends because the Alaska-specific trends were impacted by COVID-19:

Alaska-Specific and National Average Weighted Trend
from Experience Period to Valuation Year

Experience Period	Medical	Prescription	Weighting Factors
FY22 to FY23	7.4% Pre-Medicare / 5.6% Medicare	9.5%	50%
FY23 to FY24	11.1% Pre-Medicare / 7.4% Medicare	10.4%	50%

Trend assumptions used for rate development are assessed annually and as additional/improved reporting becomes available, we will incorporate into rate development as appropriate.

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6. Starting in 2022, prior authorization is required for certain specialty medications. There is no change to the medications that are covered by the plan. Segal provided an estimate of the impact of this change to the DB retiree health plan cost for calendar year 2022. The resulting adjustment factors for pre-Medicare prescription drug, Medicare prescription drug, and EGWP costs were applied to claims experience incurred before January 1, 2022. Additionally, starting in 2022, certain preventive benefits for pre-Medicare participants are covered by the plan. Segal provided an estimate of the impact of this change to the DB retiree health plan cost for calendar year 2022. The resulting adjustment factor for pre-Medicare medical costs was applied to claims experience incurred before January 1, 2022.
7. Develop separate administration costs – no adjustments were made for internal administrative costs. Third party retiree plan administration fees for FY24 are based upon total fees projected to 2024 by Segal based on actual FY23 fees. The annual per participant per year administrative cost rate for medical and prescription benefits is $497.

D. Healthcare Reform

Healthcare Reform legislation passed on March 23, 2010 included several provisions with potential implications for the State of Alaska Retiree Health Plan liability. Buck evaluated the impact due to these provisions.

Because the State plan is retiree-only, and was in effect at the time the legislation was enacted, not all provisions of the health reform legislation apply to the State plan. Unlimited lifetime benefits and dependent coverage to age 26 are two of these provisions. We reviewed the impact of including these provisions, but there was no decision made to adopt them, and no requirement to do so.

Because Transitional Reinsurance fees are only in effect until 2016, we excluded these for valuation purposes.

The Further Consolidated Appropriations Act, 2020 passed in December 2019 repealed several healthcare-related taxes, including the Cadillac Tax.

The Tax Cuts and Jobs Act passed in December 2017 included the elimination of the individual mandate penalty and changed the inflation measure for purposes of determining the limits for the High Cost Excise Tax to use chained CPI. It is our understanding the law does not directly impact other provisions of the ACA. While the nullification of the ACA's individual mandate penalty does not directly impact employer group health plans, it could contribute to the destabilization of the individual market and increase the number of uninsured. Such destabilization could translate to increased costs for employers. We have considered this when setting our healthcare cost trend assumptions and will continue to monitor this issue.

The Inflation Reduction Act was signed into law on August 16, 2022. The law contains several provisions that are expected to impact Alaska's Medicare prescription drug plan (EGWP), which will be considered at the next measurement date.

We have not identified any other specific provisions of healthcare reform or its potential repeal that would be expected to have a significant impact on the measured obligation. We will continue to monitor legislative activity.

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E. Data

In accordance with actuarial standards, we note the following specific data sources and steps taken to value retiree medical benefits:

The Division of Retirement and Benefits provided pension valuation census data, which for people currently in receipt of healthcare benefits was supplemented by coverage data from the healthcare claims administrator (Aetna).

Certain adjustments and assumptions were made to prepare the data for valuation:

- All records provided with retiree medical coverage on the Aetna data were included in this valuation and we relied on the Aetna data as the source of medical coverage for current retirees and their dependents.
- Some records in the Aetna data were duplicates due to the double coverage (i.e. coverage as a retiree and as a spouse of another retiree) allowed under the plan. Records were adjusted for these members so that each member was only valued once. Any additional value of the double coverage (due to coordination of benefits) is small and reflected in the per capita costs.
- Covered children included in the Aetna data were valued until age 23, unless disabled. We assumed that those dependents over 23 were only eligible and valued due to being disabled.
- For individuals included in the pension data expecting a future pension, we valued health benefits starting at the same point that the pension benefit is assumed to start.
- Some records in the pension data were duplicates due to being a covered spouse in the Aetna data. Records were adjusted for these members so that each inactive member was only valued once, removing the record that came in through the pension data.

We are not aware of any other data issues that would be expected to have a material impact on the results and there are no unresolved matters related to the data.

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The chart below shows the basis of setting the per capita claims cost assumption, which includes both PERS and TRS.

	Medical		Prescription Drugs (Rx)	
	Pre-Medicare	Medicare	Pre-Medicare	Medicare
A. Fiscal 2022				
1. Incurred Claims	$ 197,733,173	$ 98,249,082	$ 64,076,270	$ 230,832,315
2. Adjustments for Rx Rebates	-	-	(12,879,330)	(31,162,363)
3. Net incurred claims	$ 197,733,173	$ 98,249,082	$ 51,196,940	$ 199,669,953
4. Average Enrollment	17,072	48,698	17,072	48,698
5. Claim Cost Rate (3) / (4)	11,582	2,018	2,999	4,100
6. Trend to Fiscal 2024	1.193	1.134	1.207	1.207
7. Fiscal 2024 Incurred Cost Rate (5) x (6)	$ 13,820	$ 2,288	$ 3,619	$ 4,948
8. Adjustment Factor for 2022 Plan Changes	1.007	1.000	0.957	0.988
9. Adjusted Fiscal 2024 Incurred Cost Rate (7) x (8)	$ 13,916	$ 2,288	$ 3,462	$ 4,888
B. Fiscal 2023				
1. Incurred Claims	$ 211,125,808	$ 110,136,448	$ 66,184,443	$ 264,456,476
2. Adjustments for Rx Rebates	-	-	(21,046,653)	(43,370,862)
3. Net incurred claims	$ 211,125,808	$ 110,136,448	$ 45,137,790	$ 221,085,614
4. Average Enrollment	16,250	50,465	16,250	50,465
5. Claim Cost Rate (3) / (4)	12,992	2,182	2,778	4,381
6. Trend to Fiscal 2024	1.111	1.074	1.102	1.102
7. Fiscal 2024 Incurred Cost Rate (5) x (6)	$ 14,434	$ 2,344	$ 3,061	$ 4,828
8. Adjustment Factor for 2022 Plan Changes	1.000	1.000	1.000	1.000
9. Adjusted Fiscal 2024 Incurred Cost Rate (7) x (8)	$ 14,434	$ 2,344	$ 3,061	$ 4,828
	Medical		**Prescription Drugs (Rx)**	
	Pre-Medicare	**Medicare**	**Pre-Medicare**	**Medicare**
C. Incurred Cost Rate by Fiscal Year				
1. Fiscal 2022 A. (9)	13,916	2,288	3,462	4,888
2. Fiscal 2023 B. (9)	14,434	2,344	3,061	4,828
D. Weighting by Fiscal Year				
1. Fiscal 2022	50%	50%	50%	50%
2. Fiscal 2023	50%	50%	50%	50%
E. Fiscal 2024 Incurred Cost Rate				
1. Rate at Average Age C x D	$ 14,175	$ 2,316	$ 3,261	$ 4,858
2. Average Aging Factor	0.818	1.288	0.826	1.130
3. Rate at Age 65 (1) / (2)	$ 17,338	$ 1,798	$ 3,947	$ 4,300
F. Development of Part A&B and Part B Only Cost from Pooled Rate Above				
1. Part A&B Average Enrollment		50,007		
2. Part B Only Average Enrollment		459		
3. Total Medicare Average Enrollment B(4)		50,465		
4. Cost ratio for those with Part B only to those with Parts A&B		3.300		
5. Factor to determine cost for those with Parts A&B (2) / (3) x (4) + (1) / (3) x 1.00		1.021		
6. Medicare per capita cost for all participants: E(3)		$ 1,798		
7. Cost for those eligible for Parts A&B: (6) / (5)		$ 1,761		
8. Cost for those eligible for Part B only: (7) x (4)		$ 5,812		

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Following the development of total projected costs, a distribution of per capita claims cost was developed. This was accomplished by allocating total projected costs to the population census used in the valuation. The allocation was done separately for each of prescription drugs and medical costs for the Medicare eligible and pre-Medicare populations. The allocation weights were developed using participant counts by age and assumed morbidity and aging factors. Results were tested for reasonableness based on historical trend and external benchmarks for costs paid by Medicare.

Below are the results of this analysis:

Distribution of Per Capita Claims Cost by Age
for the Period July 1, 2023 through June 30, 2024

Age	Medical and Medicare Parts A & B	Medical and Medicare Part B Only	Prescription Drug	Medicare EGWP Subsidy
45	$ 10,581	$ 10,581	$ 2,533	$ —
50	11,971	11,971	3,009	—
55	13,544	13,544	3,573	—
60	15,324	15,324	3,755	—
65	1,761	5,812	4,300	1,267
70	1,944	6,417	4,771	1,406
75	2,147	7,085	5,293	1,560
80	2,393	7,899	5,214	1,536

F. Changes in Methods Since the Prior Valuation

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

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Summary of Actuarial Assumptions and Changes in Assumptions

The demographic and economic assumptions used in the June 30, 2023 valuation are described below. Unless noted otherwise, these assumptions were adopted by the Board at the June 2022 meeting based on the experience study for the period July 1, 2017 to June 30, 2021.

1. Investment Return — 7.25% per year, net of investment expenses.

2. Salary Scale — Salary scale rates based on the 2017-2021 actual experience (see Table 1).

   Inflation – 2.50% per year. Productivity – 0.25% per year.

3. Payroll Growth — 2.75% per year (2.50% inflation + 0.25% productivity).

4. 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.

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

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

   Deaths are assumed to result from occupational causes 15% of the time.

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

   Retiree mortality in accordance with the following tables:

   - Pension: 97% of male and 97% of female rates of the Pub-2010 Teachers Retiree table, amount-weighted, and projected with MP-2021 generational improvement.
   - Healthcare: 98% of male and 100% of female rates of the Pub-2010 Teachers Retiree table, headcount-weighted, and projected with MP-2021 generational improvement.

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

   - Pension: 100% of male and 95% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement.
   - Healthcare: 100% of male and 94% of female rates of the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement.

7. Turnover — Select and ultimate rates based on the 2017–2021 actual experience (see Table 2a and 2b).

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Summary of Actuarial Assumptions and Changes in Assumptions

8. 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. Post-disability mortality in accordance with the following tables: • Pension: 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.
9. Retirement	Retirement rates based on the 2017–2021 actual experience (see Table 4). 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.
10. Spouse Age Difference	Males are assumed to be three years older than their wives. Females are assumed to be two years younger than husbands.
11. Percent Married for Pension	85% of male members and 75% female members are assumed to be married at termination from active service.
12. Dependent Spouse Medical Coverage Election	Applies to members who do not have double medical coverage. 60% of male members and 50% of female members are assumed to be married and cover a dependent spouse.
13. Dependent Children	• Pension: For the participants who are assumed to be married, those between ages 25 and 45 are assumed to have two dependent children. • 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).
14. 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.
15. 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.

State of Alaska
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Summary of Actuarial Assumptions and Changes in Assumptions

16. Administrative Expenses	The Normal Cost as of June 30, 2023 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 – $3,558,000 • Healthcare – $1,956,000
17. 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. • Pension – 12.00% • Healthcare – 0.20%
18. Re-Employment Option	All re-employed retirees are assumed to return to work under the standard option.
19. 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.
20. Part-Time Service	Part-time employees are assumed to earn 0.75 years of credited service per year.
21. Unused Sick Leave	5.25 days of unused sick leave for each year of service are assumed to be available to be credited once the member is retired, terminates, or dies.
22. 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.
23. Contribution Refunds	0% 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.
24. Early Retirement Factors	Division staff provided the early retirement factors, which reflect grandfathered factors.
25. Alaska Cost-of-Living Adjustments (COLA)	Of those benefit recipients who are eligible for the Alaska COLA, 60% are assumed to remain in Alaska and receive the COLA.
26. Post-Retirement 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.

State of Alaska
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Summary of Actuarial Assumptions and Changes in Assumptions

27. Healthcare Participation

100% of system paid members and their spouses are assumed to elect healthcare benefits as soon as they are eligible. 20% of non-system paid members and their spouses are assumed to elect healthcare benefits as soon as they are eligible.

28. Medicare Part B Only

It's 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.

29. Healthcare Per Capita Claims Cost

Sample claims cost rates adjusted to age 65 for FY24 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	Drugs
Pre-Medicare	$	17,338	3,947
Medicare Parts A & B		1,761	4,300
Medicare Part B Only		5,812	4,300
Medicare Part D - EGWP		N/A	1,267

Members are assumed to attain Medicare eligibility at age 65. All costs are for the 2024 fiscal year (July 1, 2023 – June 30, 2024).

The EGWP subsidy is assumed to 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.

30. 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+	—	—

31. Healthcare Third Party Administrator Fees

$497 per person per year; assumed to increase at 4.50% per year.

State of Alaska
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Summary of Actuarial Assumptions and Changes in Assumptions

32. 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, 6.70% is applied to the FY24 pre-Medicare medical claims cost to get the FY25 medical claims cost.

Fiscal year	Medical pre-65	Medical post-65	Prescription Drugs / EGWP
2024	6.70%	5.50%	7.20%
2025	6.40	5.40	6.90
2026	6.20	5.40	6.65
2027	6.05	5.35	6.35
2028	5.85	5.35	6.10
2029	5.65	5.30	5.80
2030	5.45	5.30	5.55
2031-2038	5.30	5.30	5.30
2039	5.25	5.25	5.25
2040	5.20	5.20	5.20
2041	5.10	5.10	5.10
2042	5.05	5.05	5.05
2043	4.95	4.95	4.95
2044	4.90	4.90	4.90
2045	4.80	4.80	4.80
2046	4.75	4.75	4.75
2047	4.70	4.70	4.70
2048	4.60	4.60	4.60
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.

State of Alaska
Teachers' Retirement System
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Summary of Actuarial Assumptions and Changes in Assumptions

33. Retired Member Contributions for Medical Benefits

Currently, contributions are required for System members who are under age 60 and have less than 25 years of service. Eligible tier 1 members are exempt from contribution requirements. Annual FY24 contributions based on monthly rates shown below for calendar 2024 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 who are assumed to retire prior to age 60 with less than 25 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 2024		Calendar 2023
Coverage category	**Annual contribution**	**Monthly contribution**	**Monthly contribution**
Retiree only	$ 8,448	704	704
Retiree and spouse	16,896	1,408	1,408
Retiree and child(ren)	11,940	995	995
Retiree and family	20,388	1,699	1,699
Composite	12,552	1,046	1,046

34. Trend Rate for Retired Member Medical Contribution

The table below shows the rate used to project the retired member medical contributions from the shown fiscal year to the next fiscal year. For example, 4.0% is applied to the FY24 retired member medical contributions to get the FY25 retired member medical contributions.

Trend Assumptions	
Fiscal year:	
2024 +	4.0%

Graded trend rates for retired member medical contributions are consistent with the rates used for the June 30, 2022 valuation. Actual FY24 retired member medical contributions are reflected in the valuation.

35. Changes in Assumptions Since the Prior Valuation

The healthcare per capita claims cost assumption is updated annually as described in Section 5.2. The amounts included in the Normal Cost for administrative expenses were changed from $3,626,000 to $3,558,000 for pension, and from $1,940,000 to $1,956,000 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.

State of Alaska
Teachers' Retirement System
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Summary of Actuarial Assumptions and Changes in Assumptions

Table 1
Salary Scale

Years of Service	Percent Increase
< 1	7.00%
1	6.50
2	6.00
3	5.75
4	5.50
5	5.25
6	5.00
7	4.75
8	4.50
9	4.25
10	4.00
11	3.75
12	3.50
13	3.45
14	3.35
15	3.25
16	3.15
17	3.05
18	3.00
19	2.95
20+	2.85

State of Alaska
Teachers' Retirement System
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Summary of Actuarial Assumptions and Changes in Assumptions

Table 2
Turnover Rates

Select Rates During the First 8 Years of Employment

Years of Service	Male	Female
<1	20.40%	17.00%
1	20.40	17.00
2	16.80	14.00
3	14.40	12.00
4	12.00	10.00
5	10.80	9.00
6	9.00	7.50
7	7.20	6.00

Ultimate Rates After the First 8 Years of Employment

Age	Male	Female
< 30	3.60%	4.60%
30 - 34	3.60	5.40
35 - 39	3.60	3.90
40 - 44	3.10	2.60
45 - 49	3.10	2.60
50 - 54	4.60	4.80
55+	2.80	4.80

State of Alaska
Teachers' Retirement System
Defined Benefit Retirement Plan
Summary of Actuarial Assumptions and Changes in Assumptions

Table 3
Disability Rates

Age	Male	Female	Age	Male	Female
<31	0.0337%	0.0612%	50	0.0601%	0.1093%
31	0.0337	0.0613	51	0.0634	0.1152
32	0.0337	0.0613	52	0.0666	0.1211
33	0.0342	0.0622	53	0.0746	0.1356
34	0.0347	0.0631	54	0.0826	0.1501
35	0.0353	0.0641	55	0.0905	0.1645
36	0.0357	0.0650	56	0.0985	0.1790
37	0.0362	0.0659	57	0.1064	0.1935
38	0.0371	0.0674	58	0.1245	0.2263
39	0.0379	0.0689	59	0.1426	0.2592
40	0.0387	0.0703	60	0.1606	0.2920
41	0.0395	0.0718	61	0.1787	0.3249
42	0.0403	0.0733	62	0.1967	0.3577
43	0.0423	0.0770	63	0.2253	0.4096
44	0.0443	0.0806	64	0.2572	0.4677
45	0.0464	0.0843	65	0.2933	0.5332
46	0.0483	0.0879	66	0.3343	0.6079
47	0.0504	0.0916	67	0.3812	0.6930
48	0.0536	0.0975	68	0.4345	0.7900
49	0.0569	0.1034	69	0.4953	0.9006
			70+	0.5647	1.0267

State of Alaska
Teachers' Retirement System
Defined Benefit Retirement Plan
Summary of Actuarial Assumptions and Changes in Assumptions

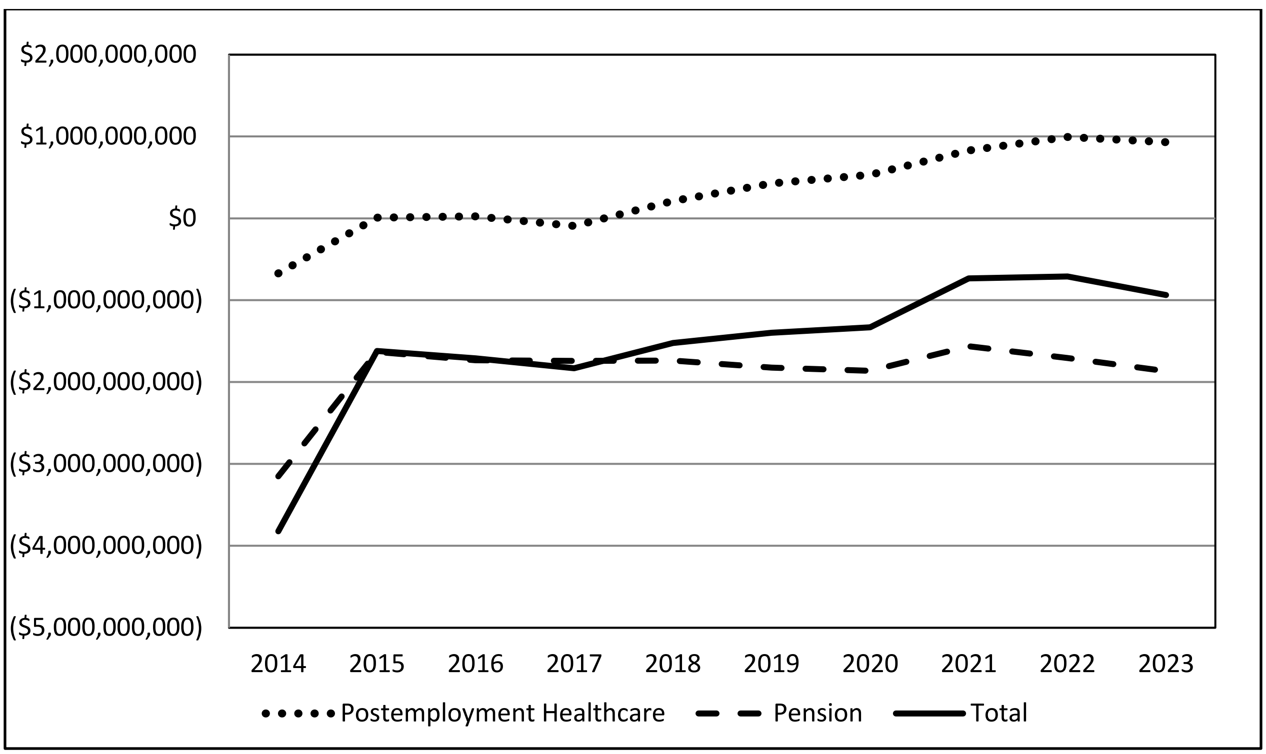
Table 4
Retirement Rates

Age at Retirement	Reduced Male	Reduced Female	Unreduced Male	Unreduced Female
< 45	N/A	N/A	3.00%	3.00%
45	N/A	N/A	5.50	7.00
46	N/A	N/A	5.50	7.00
47	N/A	N/A	5.50	7.00
48	N/A	N/A	5.50	7.00
49	N/A	N/A	5.50	7.00
50	5.00%	5.00%	12.50	13.00
51	5.00	5.00	12.50	13.00
52	5.00	10.00	12.50	13.00
53	5.00	5.00	12.50	13.00
54	10.00	5.00	12.50	13.00
55	14.50	11.00	20.00	17.50
56	9.50	11.00	20.00	17.50
57	9.50	11.00	20.00	17.50
58	9.50	11.00	20.00	17.50
59	9.50	11.00	20.00	17.50
60 - 64	N/A	N/A	19.50	23.50
65 - 69	N/A	N/A	28.00	23.50
70 - 74	N/A	N/A	30.00	36.00
75 - 79	N/A	N/A	50.00	50.00
80 +	N/A	N/A	100.00	100.00

Teachers' Retirement System Defined Benefit Retirement Plan Funding Excess / (Unfunded Liability) (In thousands)				
Actuarial Valuation Year Ended June 30	**Postemployment Healthcare**	**Pension**	**Total Funding Excess/ (Unfunded Liability)**	**Funded Ratio**
2023	$ 930,152	$ (1,865,225)	$ (935,073)	91.2%
2022	994,639	(1,703,842)	(709,203)	93.1
2021	828,134	(1,561,518)	(733,384)	92.6
2020	531,608	(1,859,972)	(1,328,364)	86.6
2019	428,918	(1,824,089)	(1,395,171)	85.9
2018	214,559	(1,734,690)	(1,520,131)	84.7
2017	(90,291)	(1,740,690)	(1,830.981)	82.0
2016	23,868	(1,731,101)	(1,707,233)	82.8
2015	8,879	(1,629,073)	(1,620,194)	83.3
2014	(671,535)	(3,150,223)	(3,821,758)	61.2

10-YEAR TREND OF FUNDING EXCESS/(UNFUNDED) LIABLITY

(In thousands)

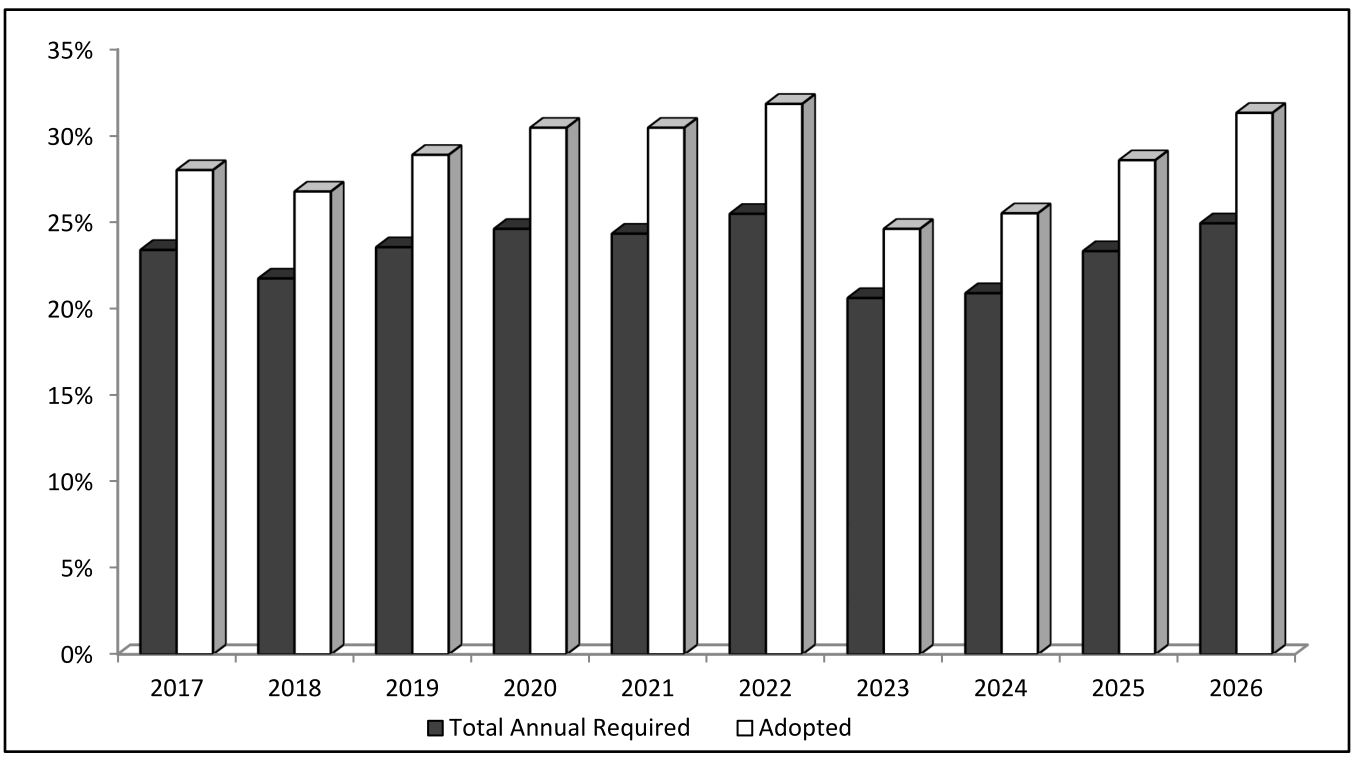


Teachers' Retirement System Defined Benefit Retirement Plan Employer Contribution Rates						
	Actuarially Determined					
Year Ended June 30	Actuarial Valuation Year Ended June 30	Normal Cost	Past Service	Defined Contribution Retirement	Total Annual Required	Adopted
2026	2023	4.36%	21.12%	7.65%	33.13%	31.33%
2025	2022	4.31	19.02	7.29	30.62	28.59
2024	2021	4.46	16.44	7.03	27.93	25.52
2023	2020	4.96	15.66	6.72	27.34	24.62
2022	2019	5.38	20.11	6.36	31.85	31.85
2021	2018	5.93	18.41	6.13	30.47	30.47
2020	2017	5.14	19.48	5.85	30.47	30.47
2019	2016	5.29	18.27	5.34	28.90	28.90
2018	2015	3.99	17.76	5.03	26.78	26.78
2017	2014	4.63	18.77	4.62	28.02	28.02

Beginning with the June 30, 2014 valuation, contribution rates for FY17 and beyond are determined using new methodology in accordance with 2014 legislation under HB 385 and SB 119, 2014 Alaska Laws, which changed the amortization methodology to a closed 25-year period as a level percentage of pay, and eliminated the time lag on the contribution rate calculation by using a 2-year year "roll-forward" approach and assuming 0% population growth. Investment gains and losses are recognized over a 5-year period beginning in FY15. Beginning with the June 30, 2018 valuation, the UAAL amortization was changed as described in Section 5.2.

Valuations are used to set contribution rates in future years.

10-YEAR COMPARISON OF EMPLOYER CONTRIBUTION RATES



Teachers' Retirement System Defined Benefit Retirement Plan Schedule of Active Member Data					
Valuation Date	Number	Annual Earnings (In thousands)	Annual Average Earnings	Percent Increase in Average Earnings	Number of Participating Employers
June 30, 2023	2,734	$ 270,174	$ 98,820	1.1%	57
June 30, 2022	3,023	295,354	97,702	3.8	57
June 30, 2021	3,396	319,711	94,143	4.0	56
June 30, 2020	3,789	343,146	90,564	1.9	56
June 30, 2019	4,044	359,426	88,879	1.7	56
June 30, 2018	4,418	386,016	87,374	1.2	56
June 30, 2017	4,772	411,951	86,327	1.6	57
June 30, 2016	5,123	435,222	84,954	2.4	57
June 30, 2015	5,502	456,636	82,995	2.4	58
June 30, 2014	5,861	474,873	81,023	2.1	58

Total and average annual earnings ("valuation pay") are the annualized earnings for the fiscal year ending of the valuation date.

Teachers' Retirement System Defined Benefit Retirement Plan Schedule of Pension Benefit Recipients Added to and Removed from Rolls								
	Added to Rolls		Removed from Rolls		Rolls – End of Year		Percent Increase/ (Decrease) in Annual Pension Benefits	Average Annual Pension Benefit
Year Ended	No.*	Annual Pension Benefits*	No.*	Annual Pension Benefits*	No.	Annual Pension Benefits		
June 30, 2023	478	$19,944,072	349	$(13,224,262)	14,255	$570,068,874	6.2%	$39,991
June 30, 2022	529	22,643,316	375	(3,174,745)	14,126	536,900,540	5.1	38,008
June 30, 2021	593	22,728,504	310	11,391,465	13,972	511,082,479	2.3	36,579
June 30, 2020	460	17,641,920	262	5,527,983	13,689	499,745,440	2.5	36,507
June 30, 2019	468	18,004,896	254	871,684	13,491	487,631,503	3.6	36,145
June 30, 2018	555	21,924,986	261	6,926,129	13,277	470,498,291	3.3	35,437
June 30, 2017	487	17,151,684	230	7,736,025	12,983	455,499,434	2.1	35,084
June 30, 2016	530	18,364,581	222	6,144,109	12,726	446,083,775	2.8	35,053
June 30, 2015	888	34,120,658	220	3,531,501	12,418	433,863,303	7.6	34,938
June 30, 2014	226	5,964,256	181	(1,150,187)	11,750	403,274,146	1.8	34,321

*Numbers are estimated and include other internal transfers.

Teachers' Retirement System
Defined Benefit Retirement Plan
Pension Solvency Test
(In thousands)

	Pension Actuarial Accrued Liability For:				Portion of Actuarial Accrued Liabilities Covered by Assets:		
Valuation Date	(1) Active Member Contributions	(2) Inactive Members	(3) Active Members (Employer-Financed Portion)	Pension Valuation Assets	(1)	(2)	(3)
June 30, 2023	$ 557,567	$ 6,511,368	$ 967,750	$ 6,171,460	100.0%	86.2%	—%
June 30, 2022	594,033	6,169,712	1,040,301	6,100,204	100.0	89.2	—
June 30, 2021	634,029	5,833,812	1,004,046	5,910,369	100.0	90.4	—
June 30, 2020	668,105	5,749,353	1,029,578	5,587,064	100.0	85.6	—
June 30, 2019	673,540	5,672,003	1,042,477	5,563,931	100.0	86.2	—
June 30, 2018	690,775	5,502,418	1,083,097	5,541,600	100.0	88.2	—
June 30, 2017	706,772	5,418,948	1,091,805	5,476,835	100.0	88.0	—
June 30, 2016	709,903	5,329,673	1,120,212	5,428,687	100.0	88.5	—
June 30, 2015	714,422	5,192,935	1,144,367	5,422,651	100.0	90.7	—
June 30, 2014	718,694	5,042,250	1,160,418	3,771,139	100.0	60.5	—

Change in assumptions reflected in 2022, 2018, and 2014 valuation reports.
Change in methods reflected in 2014 valuation reports.

Teachers' Retirement System Defined Benefit Retirement Plan Healthcare Solvency Test (In thousands)							
	Healthcare Actuarial Accrued Liability For:				Portion of Actuarial Accrued Liabilities Covered by Assets:		
Valuation Date	(1) Active Member Contributions	(2) Inactive Members	(3) Active Members (Employer-Financed Portion)	Healthcare Valuation Assets	(1)	(2)	(3)
June 30, 2023	$ —	$ 2,015,723	$ 602,098	$ 3,547,973	100.0%	100.0%	100.0%
June 30, 2022	—	1,841,588	600,989	3,437,216	100.0	100.0	100.0
June 30, 2021	—	1,778,645	660,958	3,267,737	100.0	100.0	100.0
June 30, 2020	—	1,776,704	712,971	3,021,283	100.0	100.0	100.0
June 30, 2019	—	1,788,124	730,520	2,947,562	100.0	100.0	100.0
June 30, 2018	—	1,874,333	809,817	2,898,709	100.0	100.0	100.0
June 30, 2017	—	1,980,148	946,945	2,836,802	100.0	100.0	90.5
June 30, 2016	—	1,853,084	894,752	2,771,704	100.0	100.0	100.0
June 30, 2015	—	1,870,987	806,406	2,686,272	100.0	100.0	100.0
June 30, 2014	—	2,008,223	911,447	2,248,135	100.0	100.0	26.3

Change in assumptions reflected in 2022, 2018, 2016, and 2014 valuation reports.
Change in methods reflected in 2018 and 2014 valuation reports.

Teachers' Retirement System Defined Benefit Retirement Plan Analysis of Financial Experience					
Change in Employer Contribution Rate Due to (Gains) and Losses in Actuarial Accrued Liabilities During the Last Five Fiscal Years Resulting from Differences Between Assumed Experience and Actual Experience					
Type of (Gain) or Loss	**Change in Employer / State Contribution Rate During Fiscal Year**				
	2023	**2022**	**2021**	**2020**	**2019**
Health Claims	0.11%	(0.11)%	(0.11)%	(0.95)%	(2.51)%
Salary Experience	(0.15)	0.26	0.25	(0.06)	(0.06)
Investment Experience	(0.08)	(0.63)	(1.95)	1.21	1.38
Demographic Experience and Miscellaneous	1.98	0.70	(0.91)	0.21	2.35
Actual vs Expected Contributions	0.14	(0.25)	(0.03)	(0.36)	(0.17)
(Gain) or Loss During Year From Experience	2.00	(0.03)	(2.75)	0.05	0.99
Assumption / Method Changes	—	1.33	—	—	—
System Benefit Changes	—	—	(0.02)	—	—
Composite (Gain) or Loss During Year	2.00	1.30	(2.77)	0.05	0.99
Beginning Total Employer Contribution Rate	23.56	22.26	25.03	24.98	23.99
Ending Valuation Year Employer Contribution Rate	25.56	23.56	22.26	25.03	24.98
Defined Contribution Retirement Rate	7.65	7.29	7.03	6.72	6.36
Ending Valuation Year Total Employer Contribution Rate (Defined Benefit / Defined Contribution Retirement)	33.21	30.85	29.29	31.75	31.34
Fiscal Year Employer Contribution Rate	31.33%	28.59%	25.52%	24.62%	31.85%
Fiscal Year for which Rate Applies	FY26	FY25	FY24	FY23	FY22

NOTE: The methodology adopted by the ARMB to set contribution rates includes a 2-year roll-forward of assets and liabilities, whereas the valuation-based contribution rates shown in this table are as of the valuation date without roll-forward. In addition, the ARMB-adopted contribution rates in some years are based on an amortization methodology that is different than the amortization methodology that is reflected in the valuation-based contribution rates.

Teachers' Retirement System
Defined Benefit Retirement Plan
Analysis of Financial Experience

Change in Employer / State Contribution Rate Due to (Gains) and Losses in Actuarial Accrued Liabilities During the Last Three Fiscal Years Resulting from Differences Between Assumed Experience and Actual Experience

Type of (Gain) or Loss	Change in Employer / State Contribution Rate During Fiscal Year					
	Pension			Healthcare		
	2023	2022	2021	2023	2022	2021
Health Claims	N/A	N/A	N/A	0.11%	(0.11)%	(0.11)%
Salary Experience	(0.15)%	0.26%	0.25%	N/A	N/A	N/A
Investment Experience	(0.08)	(0.63)	(1.95)	—	—	—
Demographic Experience and Miscellaneous	2.09	0.91	(0.68)	(0.11)	(0.21)	(0.23)
Actual vs Expected Contributions	0.14	(0.25)	(0.03)	—	—	—
(Gain) or Loss During Year From Experience	2.00	0.29	(2.41)	0.00	(0.32)	(0.34)
Assumption and Method Changes	—	1.39	—	—	(0.06)	—
System Benefit Changes	—	—	—	—	—	(0.02)
Composite (Gain) or Loss During Year	2.00	1.68	(2.41)	0.00	(0.38)	(0.36)
Beginning Employer / State Contribution Rate	21.00	19.32	21.73	2.56	2.94	3.30
Ending Valuation year Employer / State Contribution Rate	23.00%	21.00%	19.32%	2.56%	2.56%	2.94%

Teachers' Retirement System Defined Benefit Retirement Plan Defined Benefit Pension Schedule of Funding Progress (In thousands)						
Valuation Date June 30*	Total Actuarial Accrued Liability	Valuation Assets	Assets as a Percent of Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Annual Active Member Payroll	UAAL as a Percent of Annual Active Member Payroll
2023	$ 8,036,685	$ 6,171,460	76.8%	$ 1,865,225	$ 276,417	674.8%
2022	7,804,046	6,100,204	78.2	1,703,842	303,011	562.3
2021	7,471,887	5,910,369	79.1	1,561,518	326,551	478.2
2020	7,447,036	5,587,064	75.0	1,859,972	349,236	532.6
2019	7,388,020	5,563,931	75.3	1,824,089	366,037	498.3
2018	7,276,290	5,541,600	76.2	1,734,690	392,609	441.8
2017	7,217,525	5,476,835	75.9	1,740,690	425,841	408.8
2016	7,159,788	5,428,687	75.8	1,731,101	449,629	385.0
2015	7,051,724	5,422,651	76.9	1,629,073	473,734	343.9
2014	6,921,362	3,771,139	54.5	3,150,223	490,667	642.0

Teachers' Retirement System Defined Benefit Retirement Plan Alaska Retiree Healthcare Trust Schedule of Funding Progress (In thousands)						
Valuation Date June 30*	Total Actuarial Accrued Liability	Valuation Assets	Assets as a Percent of Actuarial Accrued Liability	Unfunded / (Excess funded) Actuarial Accrued Liability (UAAL)	Annual Active Member Payroll	UAAL as a Percent of Annual Active Member Payroll
2023	$ 2,617,821	$ 3,547,973	135.5%	$ (930,152)	$ 276,417	(336.5)%
2022	2,442,577	3,437,216	140.7	(994,639)	303,011	(328.3)
2021	2,439,603	3,267,737	133.9	(828,134)	326,551	(253.6)
2020	2,489,675	3,021,283	121.4	(531,608)	349,236	(152.2)
2019	2,518,644	2,947,562	117.0	(428,918)	366,037	(117.2)
2018	2,684,150	2,898,709	108.0	(214,559)	392,609	(54.6)
2017	2,927,093	2,836,802	96.9	90,291	425,841	21.2
2016	2,747,836	2,771,704	100.9	(23,868)	449,629	(5.3)
2015	2,677,393	2,686,272	100.3	(8,879)	473,734	(1.9)
2014	2,919,670	2,248,135	77.0	671,535	490,667	136.9

State of Alaska
Teachers' Retirement System
Defined Benefit Retirement Plan
Summary of Plan Provisions and Changes in Plan Provisions

1. Effective Date

July 1, 1955, with amendments through June 30, 2021. Chapter 97, 1990 Session Laws of Alaska, created a two-tier retirement system. Members who were first hired under TRS before July 1, 1990 (Tier 1) are eligible for different benefits than members hired after June 30, 1990 (Tier 2). Chapter 9, 2005 Session Laws of Alaska, closed the plan to new members hired after June 30, 2006. The 2021 Alaska Supreme Court Metcalfe decision allows certain members the option of transferring from the DCR plan to the DB plan.

2. Administration of Plan

The Commissioner of Administration or the Commissioner's designee is the administrator of the system. The Attorney General of the state is the legal counsel for the system and shall advise the administrator and represent the system in legal proceedings.

Prior to June 30, 2005, the Teachers' Retirement Board prescribed policies and adopted regulations and performed other activities necessary to carry out the provisions of the system. The Alaska State Pension Investment Board, Department of Revenue, Treasury Division was responsible for investing TRS funds.

On July 27, 2005, Senate Bill 141, enacted as Chapter 9, 2005 Session laws of Alaska, replaced the Teachers' Retirement Board and the Alaska State Pension Investment Board with the Alaska Retirement Management Board.

3. Employers Included

Currently, there are 57 employers participating in TRS, including the State of Alaska, 53 school districts, and three other eligible organizations.

4. Membership

Membership in TRS is mandatory for the following employees hired before July 1, 2006:

- certificated full-time and part-time elementary and secondary teachers, certificated school nurses, and certificated employees in positions requiring teaching certificates;
- positions requiring a teaching certificate as a condition of employment in the Department of Education and Early Development and the Department of Labor and Workforce Development;
- University of Alaska full-time and part-time teachers, and full-time administrative employees in positions requiring academic standing if approved by the TRS administrator;
- certain full-time or part-time teachers of Alaska Native language or culture who have elected to be covered under TRS;
- members on approved sabbatical leave under AS 14.20.310;
- certain State legislators who have elected to be covered under TRS; and
- a teacher who has filed for worker's compensation benefits due to an on-the-job assault and who, as a result of the physical injury, is placed on leave without pay.

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Employees participating in the University of Alaska's Optional Retirement Plan or other retirement plans funded by the State are not covered by TRS.

Employees who work half-time in TRS and Public Employees' Retirement System (PERS) simultaneously are eligible for half-time TRS and PERS credit.

Senate Bill 141, signed into law on July 27, 2005, closes the plan effective July 1, 2006 to new members first hired on or after July 1, 2006.

The 2021 Alaska Supreme Court Metcalfe decision allows certain members the option of transferring from the DCR plan to the DB plan.

5. Credited Service

TRS members receive a year of membership credit if they work a minimum of 172 days during the school year (July 1 through June 30 of the following year). Fractional credit is determined based on the number of days worked. Part-time members who work at least 50% of full-time receive membership credit for each day in proportion to full-time service. Credit is granted for all Alaskan public school service.

Members may claim other types of service, including:

- Outside teaching service in out-of-state schools or Alaska private schools (not more than ten years may be claimed);
- Military service (not more than five years of military service or ten years of combined outside and military service may be claimed);
- Alaska Bureau of Indian Affairs (BIA) service;
- Retroactive Alaskan service that was not creditable at the time it occurred, but later became creditable because of legislative change;
- Unused sick leave credit after members retire; and
- Leave of absence without pay.

Except for retroactive Alaska service that occurred before July 1, 1955, and unused sick leave, contributions are required for all claimed service.

Members receiving TRS disability benefits continue to earn TRS credit while disabled.

Survivors who are receiving occupational death benefits continue to earn TRS service credit while occupational survivor benefits are being paid.

6. Employer Contributions

TRS employers contribute the amounts required, in addition to employees' contributions, to fund the benefits of the system.

The normal cost rate is a uniform rate for all participating employers (less the value of members' contributions).

The past service rate is a uniform rate for all participating employers to amortize the unfunded past service liability with payments that are a level percentage of payroll amount over a closed 25-year period starting June 30, 2014. Effective

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June 30, 2018, each future year's unfunded service liability is separately amortized on a level percent of pay basis over 25 years.

Employer rates cannot be less than the normal cost rate.

Pursuant to AS 14.25.070 effective July 1, 2008, each TRS employer will pay a simple uniform contribution rate of 12.56% of member payroll.

7. Additional State Contributions

Pursuant to AS 14.25.085 effective July 1, 2008, the State shall contribute an amount (in addition to the State contribution as an employer) that, when combined with the employer contribution of 12.56%, will be sufficient to pay the total contribution rate adopted by the Board.

8. Member Contributions

Mandatory Contributions: Members are required to contribute 8.65% of their base salaries. Members' contributions are deducted from gross salaries before federal income taxes are withheld.

Contributions for Claimed Service: Member contributions are also required for most of the claimed service described above.

1% Supplemental Contributions: Members who joined the system before July 1, 1982 and elected to participate in the supplemental contributions provision are required to contribute an additional 1% of their salaries. Supplemental contributions are deducted from gross salaries after federal income taxes are withheld. Under the supplemental provision, an eligible spouse or dependent child will receive a survivor's allowance or spouse's pension if the member dies (see below). Supplemental contributions are only refundable upon death (see below).

Interest: Members' contributions earn 4.5% interest, compounded annually on June 30.

Refund of Contributions: Terminated members may receive refunds of their member contribution accounts which includes their mandatory contributions, indebtedness payments, and interest earned. Terminated members' accounts may be attached to satisfy claims under Alaska Statute 09.38.065, federal income tax levies, and valid Qualified Domestic Relations Orders.

Reinstatement of Contributions: Refunded accounts and the corresponding TRS service may be reinstated upon reemployment in TRS prior to July 1, 2010. Interest accrues on refunds until paid in full or members retire.

9. Retirement Benefits

Eligibility:

a. Members, including deferred vested members, are eligible for normal retirement at age 55 or early retirement at age 50 if they were hired before July 1, 1990 (Tier 1), and age 60 or early retirement at age 55 if they were hired on or after July 1, 1990 (Tier 2). Additionally, they must have at least:

   i. eight years of paid-up membership service;

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ii. 15 years of paid-up creditable service, the last five years of which are membership service, and they were first hired under TRS before July 1, 1975;

iii. five years of paid-up membership service and three years of paid-up Alaska Bureau of Indian Affairs service;

iv. 12 years of combined part-time and full-time paid-up membership service;

v. two years of paid-up membership service if they are vested in the Public Employees' Retirement System (PERS); or

vi. one year of paid-up membership service if they are retired from the PERS.

b. Members may retire at any age when they have:

i. 25 years of paid-up creditable service, the last five years of which are membership service;

ii. 20 years of paid-up membership service;

iii. 20 years of combined paid-up membership and Alaska Bureau of Indian Affairs service, the last five years of which are membership service; or

iv. 20 years of combined paid-up part-time and full-time membership service.

Benefit Type: Lifetime benefits are paid to members. Eligible members may receive normal, unreduced benefits when they (1) reach normal retirement age and complete the service required; or (2) satisfy the minimum service requirements to retire at any age under (b) above. Members may receive early, actuarially reduced benefits when they reach early retirement age and complete the service required.

Members may select joint and survivor options and a last survivor option. Under these options and early retirement, benefits are actuarially adjusted so that members receive the actuarial equivalents of their normal benefit amounts.

Benefit Calculations: Retirement benefits are calculated by multiplying the average base salary (ABS) times the total TRS service times the percentage multiplier. The ABS is determined by averaging the salaries earned during the three highest school years. Members must earn at least 115 days of credit in a school year to include it in the ABS calculation. TRS pays a minimum benefit of $25.00 per month for each year of service when the calculated benefit is less.

The percentage multipliers are 2% for the first 20 years and 2.5% for all remaining service. Service before July 1, 1990 is calculated at 2%.

Salaries are subject to compensation limits under IRC 401(a)(17) for members first hired on or after July 1, 1996. Retirement benefit amounts are subject to IRC 415(b) limits regardless of hire date.

Indebtedness: Members who terminate and refund their TRS contributions are not eligible to retire unless they return to TRS employment and pay back their refunds plus interest or accrue additional service which qualifies them for retirement. TRS refunds must be paid in full if the corresponding service is to count toward the minimum service requirements for retirement. Refunded TRS service is included in total service for the purpose of calculating retirement benefits. However, when refunds are not completely paid before retirement, benefits are actuarially reduced for life. Indebtedness balances may also be created when a member purchases qualified claimed service.

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Reemployment of Retired Members: Retirees who return to work in a permanent full-time or part-time TRS position after a Normal Retirement are eligible to return under the Standard Option.

Under the Standard Option, retirement and retiree healthcare benefits are suspended while retired members are reemployed under TRS. During reemployment, members earn additional TRS service and contributions are withheld from their wages.

Members retired under the Retirement Incentive Programs (RIPs) who return to employment will:

a. forfeit the three years of incentive credits that they received;

b. owe TRS 110% of the benefits that they received under the RIP, which may include costs for health insurance, excluding amounts that they paid to participate; and

c. be charged 7% interest from the date that they are reemployed until their indebtedness is paid in full or they retire again. If the indebtedness is not completely paid, future benefits will be actuarially reduced for life.

Employers make contributions to the unfunded liability of the plan on behalf of rehired retired members at the rate the employer is making contributions to the unfunded liability of the plan for other members.

10. Postemployment Healthcare Benefits

When pension benefits begin, major medical benefits are provided by TRS to (1) all employees first hired before July 1, 1990 (Tier 1) and their surviving spouses and (2) members and their surviving spouses who have 25 years of membership service, are disabled or age 60 or older, regardless of their initial hire dates. Employees first hired after June 30, 1990 (Tier 2) and their surviving spouses may receive major medical benefits prior to age 60 by paying premiums.

Medical, prescription drug, dental, vision, and audio coverage is provided through the AlaskaCare Retiree Health Plan. Health plan provisions do not vary by retirement tier or age, except for Medicare coordination. Participants in dental, vision, and audio coverage pay a full self-supporting rate and those benefits are not included in this valuation.

Starting in 2022, prior authorization will be required for certain specialty medications for all participants. There is no change to the medications that are covered by the plan.

Starting in 2022, certain preventive benefits for pre-Medicare participants will now be covered by the plan.

Surviving spouses continue coverage only if a pension payment form that provided survivor benefits was elected. Alternate payees (i.e. individuals who are the subject of a domestic relations order or DRO) are allowed to participate in the plan, but must pay the full cost.

Where premiums are required prior to age 60 (Tier 2), the valuation bases this payment upon the age of the retiree.

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Participants in the defined benefit plan are covered under the following benefit design:

Plan Feature	Amount
Deductible (single/family)	$150 / $450
Coinsurance - most services	20%
Outpatient surgery/testing	0%
Maximum Out-of-Pocket (single/family, excl. deductible)	$800 / $2,400
Rx Copays (generic/brand/mail-order), does not apply to OOP max	$4 / $8 / $0
Lifetime Maximum	$2,000,000

The plan coordinates with Medicare on a traditional Coordination of Benefits Method. Starting in 2019, the prescription drug coverage is through a Medicare Part D EGWP arrangement.

11. Disability Benefits

Monthly disability benefits are paid to permanently disabled members until they die, recover, or become eligible for normal retirement. To be eligible, members must have at least five years of paid-up membership service.

Disability benefits are equal to 50% of the member's base salary at the time of disability. The benefit is increased by 10% of the base salary for each minor child, up to a maximum of 40%. Members continue to earn TRS service until eligible for normal retirement.

Members are appointed to normal retirement on the first of the month after they become eligible.

12. Death Benefits

Death benefits may be paid to a spouse, dependent children, or a designated beneficiary upon the death of a member.

Occupational Death: When an active member dies from occupational causes, a monthly survivor's pension may be paid to the spouse or to the member's dependent children if there is no spouse, unless benefits are payable under the supplemental contributions provision. The pension equals 40% of the member's base salary on the date of death or disability. On the member's normal retirement date, the benefit converts to a normal retirement benefit based on the member's average base salary on the date of death and TRS service, including service accumulated from the date of death to normal retirement date.

If there is no surviving spouse or dependent children, the designated beneficiary receives the member's contribution account, which includes mandatory contributions, supplemental contributions, indebtedness payments, and interest earned. The designated beneficiary also receives a lump sum payment equal to $1,000 plus $100 for each year of TRS service, up to a maximum of $3,000.

Nonoccupational Death: When a vested member dies from non-occupational causes, the surviving spouse may elect to receive a monthly 50% joint and survivor benefit or a lump sum benefit (see below), unless benefits are payable under the supplemental contributions provision. The monthly benefit is based on the member's average base salary and TRS service accrued on the date of death.

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Upon the death of an active member who has less than one year of service or an inactive member who is not vested, the designated beneficiary receives the member's contribution account, which includes mandatory contributions, supplemental contributions, indebtedness payments, and interest earned. If the member has more than one year of TRS service or is vested, the designated beneficiary also receives a lump sum payment equal to $1,000 plus $100 for each year of TRS service, up to a maximum of $3,000. An additional $500 may be payable if the member is survived by dependent children.

Supplemental Contributions Provision: Members are eligible for supplemental coverage if they joined TRS before July 1, 1982, elected to participate in the supplemental provision, and made the required contributions. A survivor's allowance or spouse's pension (see below) may be payable if the member made supplemental contributions for at least one year and dies while in membership service or while disabled under TRS. In addition, the allowance and pension may be payable if the member dies while retired or in deferred vested status if supplemental contributions were made for at least five years.

a. **Survivor's Allowance:** If the member is survived by dependent children, the surviving spouse and dependent children are entitled to a survivor's allowance. The allowance for the spouse is equal to 35% of the member's base salary at the time of death or disability, plus 10% for each dependent child up to a maximum of 40%. The allowance terminates and a spouse's pension becomes payable when there is no longer an eligible dependent child.

b. **Spouse's Pension:** A monthly spouse's pension is payable to the surviving spouse if there are no dependent children. The spouse's pension is equal to 50% of the retirement benefit that the deceased member was receiving or the unreduced retirement benefit that the deceased member would have received if retired at the time of death. The spouse's pension begins on the first of the month after the member's death or termination of the survivor's allowance.

Death After Retirement: If a joint and survivor option was selected at retirement, the eligible spouse receives continuing, lifetime monthly benefits after the member dies. A survivor's allowance or spouse's pension may be payable if the member participated in the supplemental contributions provision. If a joint and survivor option was not selected and benefits are not payable under the supplemental contributions provision, the designated beneficiary receives the member's contribution account, less any benefits already paid and the member's last benefit check.

13. Postretirement Pension Adjustments

Postretirement pension adjustments (PRPAs) are granted annually to eligible benefit recipients when the consumer price index (CPI) for urban wage earners and clerical workers for Anchorage increases during the preceding calendar year. PRPAs are calculated by multiplying the recipient's base benefit including past PRPAs, but excluding the Alaska COLA, times:

a. The lesser of 75% of the CPI increase in the preceding calendar year or 9% if the recipient is at least age 65 or on TRS disability; or

b. The lesser of 50% of the CPI increase in the preceding calendar year or 6% if the recipient is at least age 60, or under age 60 if the recipient has been receiving benefits for at least eight years.

Ad hoc PRPAs, up to a maximum of 4%, may be granted to eligible recipients who were first hired before July 1, 1990 (Tier 1) if the CPI increases and the funded ratio is at least 105%.

In a year where an ad hoc PRPA is granted, eligible recipients will receive the higher of the two calculations.

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14. Alaska Cost of Living Allowance

Eligible benefit recipients who reside in Alaska receive an Alaska COLA equal to 10% of their base benefits. The following benefit recipients are eligible:

a. members who were first hired under TRS before July 1, 1990 (Tier 1) and their survivors;

b. members who were first hired under TRS after June 30, 1990 (Tier 2) and their survivors if they are at least age 65; and

c. all disabled members.

15. Changes in Benefit Provisions Valued Since the Prior Valuation

There were no changes in benefit provisions since the prior valuation.

May 3, 2024

State of Alaska
The Alaska Retirement Management Board
The Department of Revenue, Treasury Division
The Department of Administration, Division of Retirement and Benefits
P.O. Box 110203
Juneau, AK 99811-0203

Certification of Actuarial Valuation

Dear Members of The Alaska Retirement Management Board, The Department of Revenue and The Department of Administration:

This report summarizes the annual actuarial valuation results of the State of Alaska Teachers' Retirement System Defined Contribution Retirement (TRS DCR) Plan as of June 30, 2022 performed by Buck Global, LLC (Buck).

The actuarial valuation is based on financial information provided in the financial statements audited by KPMG LLP, member data provided by the Division of Retirement and Benefits, and medical enrollment data provided by the healthcare claims administrator (Aetna), as summarized in this report. The benefits considered are those delineated in Alaska statutes effective June 30, 2022. The actuary did not verify the data submitted, but did perform tests for consistency and reasonableness.

All costs, liabilities and other factors under TRS DCR were determined in accordance with generally accepted actuarial principles and procedures. An actuarial cost method is used to measure the actuarial liabilities which we believe is reasonable. Buck is solely responsible for the actuarial data and actuarial results presented in this report. This report fully and fairly discloses the actuarial position of TRS DCR as of June 30, 2022.

TRS DCR is funded by Employer Contributions in accordance with the funding policy adopted by the Alaska Retirement Management Board (Board). The funding objective for TRS DCR is to pay required contributions that remain level as a percent of TRS DCR compensation. The Board has also established a funding policy objective that the required contributions be sufficient to pay the Normal Costs of active plan members, plan expenses, and amortize the Unfunded Actuarial Accrued Liability as a level percent of TRS DCR compensation over closed layered 25-year periods. This objective is currently being met and is projected to continue to be met as required by the Alaska State statutes. Absent future gains/losses, actuarially determined contributions are expected to remain level as a percent of pay and the funded status of the occupational death & disability trust and the retiree medical trust are expected to remain at or above 100%.

The Board and staff of the State of Alaska may use this report for the review of the operations of TRS DCR. Use of this report for any other purpose or by anyone other than the Board or staff of the State of Alaska may not be appropriate and may result in mistaken conclusions due to failure to understand applicable assumptions, methodologies, or inapplicability of the report for that purpose. Because of the risk of misinterpretation of actuarial results, Buck recommends requesting its advanced review of any statement to be based on information contained in this report. Buck will accept no liability for any such statement made without its prior review.

Future actuarial measurements may differ significantly from current measurements due to plan experience differing from that anticipated by the actuarial assumptions, changes expected as part of the natural operation of the methodology used for these measurements, and changes in plan provisions or applicable law. In particular, retiree group benefits models necessarily rely on the use of approximations and estimates and are sensitive to changes in these approximations and estimates. Small variations in these approximations and estimates may lead to significant changes in actuarial measurements. An analysis of the potential range of such future differences is beyond the scope of this valuation.

In our opinion, the actuarial assumptions used are reasonable, taking into account the experience of the plan and reasonable long-term expectations, and represent our best estimate of the anticipated long-term experience under the plan. In our professional judgment, the combined effect of the assumptions is expected to have no significant bias. The actuary performs an analysis of plan experience periodically and recommends changes if, in the opinion of the actuary, assumption changes are needed to more accurately reflect expected future experience. The last full experience analysis was performed for the period July 1, 2017 to June 30, 2021. Based on that experience study, the Board adopted new assumptions effective beginning with the June 30, 2022 valuation to better reflect expected future experience. Based on our annual analysis of recent claims experience, changes were made to the healthcare per capita claims cost rates effective June 30, 2023 to better reflect expected future healthcare experience. A summary of the actuarial assumptions and methods used in this actuarial valuation is shown in Sections 4.2 and 4.3. We certify that the assumptions and methods used for funding purposes, as described in Sections 4.2 and 4.3 of this report, meet the requirements of all applicable Actuarial Standards of Practice.

Actuarial Standards of Practice No. 27 (ASOP 27) and No. 35 (ASOP 35) require the actuary to disclose the information and analysis used to support the actuary's determination that the assumptions selected by the plan sponsor do not significantly conflict with those that, in the actuary's professional judgment, are reasonable for the purpose of the measurement. Buck provides advice on reasonable assumptions when performing periodic experience studies. The Board selects the assumptions used, and the signing actuaries review the assumptions annually through discussions with the Board staff and analysis of actuarial experience.

In the case of the Board's selected expected return on assets, the signing actuaries have used economic information provided by Buck's Investment Consulting and Financial Risk Management practices. Buck's Capital Market Assumptions provide relevant expected returns, standard deviations, and correlations. Projected returns are then developed for the portfolio using the GEMS® Economic Scenario Generator from Conning. This sophisticated model uses a multifactor approach to create internally consistent, realistic economic scenarios for all asset classes that reflect the current economic environment as a starting point. Equity returns include stochastic volatility with jumps to reflect extreme, infrequent events. However, such scenarios do not typically impact the 5th through 95th percentiles of projected returns. Corporate bond yields are generated by adding credit spreads to the corresponding zero-coupon Treasury yields. The credit spreads are driven by several factors, including equity returns, and also contain a shock process to allow the model to generate such scenarios as the 2008 Financial Crisis. GEMS® does not, however, model specific risks such as war, pandemics, political risks, severe economic dislocations occurring with greater frequency or severity than predicted by the model, or the risk that relationships among macroeconomic variables may differ from those of the past. From these scenarios, a probabilistic model of expected returns is created, reflecting the duration of investment and the approximate allocation of assets in the portfolio to various asset classes. Under current calibrations, GEMS® will tend to show higher expected returns for longer durations and a greater divergence between arithmetic and geometric average returns at higher standard deviations of portfolio return.

Annual Comprehensive Financial Report (ACFR) Information

We have prepared the following information in this report for the Actuarial Section and Statistical Section of the ACFR: (i) member data tables in Section 3; (ii) summary of actuarial assumptions in Section 4.3; and (iii) historical information in Section 5.

Governmental Accounting Standards Board (GASB) Statement No. 74 (GASB 74) was effective for TRS DCR beginning with fiscal year ending June 30, 2017. Please see our separate GASB 74 report for other information needed for the ACFR.

The following schedules provide further related information. Buck is responsible for the following schedules:

- Occupational Death and Disability and Retiree Medical Funding Excess / (Unfunded Liability)
- Occupational Death and Disability and Retiree Medical Benefits Employer Contribution Rates
- Occupational Death and Disability and Retiree Medical Benefits Schedule of Active Member Data
- Occupational Death and Disability and Retiree Medical Solvency Test
- Occupational Death and Disability and Retiree Medical Schedule of Funding Progress

Risk Information

Actuarial Standard of Practice No. 51 (ASOP 51) applies to actuaries performing funding calculations related to a pension plan. ASOP 51 does not apply to actuaries performing services in connection with other post-employment benefits, such as medical benefits. Accordingly, ASOP 51 does not apply to the retiree medical portion of TRS DCR. We also believe ASOP 51 does not apply to the occupational death & disability portion of TRS DCR. Therefore, information related to ASOP 51 is not included in this report. However, it may be beneficial to review the ASOP 51 information provided in the TRS valuation report for information on risks that may also relate to the occupational death & disability benefits provided by this plan.

Use of Models

Actuarial Standard of Practice No. 56 (ASOP 56) provides guidance to actuaries when performing actuarial services with respect to designing, developing, selecting, modifying, using, reviewing, or evaluating models. In addition to the EROA analysis spreadsheet model disclosed above, Buck uses third-party software in the performance of annual actuarial valuations and projections. The model is intended to calculate the liabilities associated with the provisions of the plan using data and assumptions as of the measurement date under the funding methods specified in this report. The output from the third-party vendor software is used as input to an internally developed model that applies applicable funding methods and policies to the derived liabilities and other inputs, such as plan assets and contributions, to generate many of the exhibits found in this report. Buck has an extensive review process in which the results of the liability calculations are checked using detailed sample life output, changes from year to year are summarized by source, and significant deviations from expectations are investigated. Other funding outputs and the internal model are similarly reviewed in detail and at a higher level for accuracy, reasonability, and consistency with prior results. Buck also reviews the third-party model when significant changes are made to the software. This review is performed by experts within Buck who are familiar with applicable funding methods, as well as the manner in which the model generates its output. If significant changes are made to the internal model, extra checking and review are completed. Significant changes to the internal model that are applicable to multiple clients are generally developed, checked, and reviewed by multiple experts within Buck who are familiar with the details of the required changes.

Buck used manual rate models to determine relative plan values for the defined benefit (DB) retiree medical plan and the DCR retiree medical plan, and to reflect the different Medicare coordination methods between the two plans. The manual rate models are intended to provide benchmark data and pricing capabilities, calculate per capita costs, and calculate actuarial values of different commercial health plans. Buck relied on the models, which were developed using industry data by actuaries and consultants at OptumInsight.

COVID-19

The potential impact of the ongoing COVID-19 pandemic on costs and liabilities was considered and an adjustment was made in setting the medical per capita claims cost assumption. FY21 medical claims were adjusted for a COVID-19 related decline in those claims during the fiscal year. FY22 medical claims were not adjusted. A more detailed explanation on these adjustments is shown in Sections 4.2 and 4.3 and in the valuation report for the DB plan.

This report was prepared under the overall direction of David Kershner, who meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. He is a Fellow of the Society of Actuaries, an Enrolled Actuary, a Member of the American Academy of Actuaries, and a Fellow of the Conference of Consulting Actuaries.

Respectfully submitted,

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Principal
Buck, A Gallagher Company

Brett Hunter, ASA, EA, MAAA
Senior Consultant
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The undersigned actuary is responsible for all assumptions related to the average annual per capita health claims cost and the health care cost trend rates, and hereby affirms his qualification to render opinions in such matters in accordance with the Qualification Standards of the American Academy of Actuaries.

Robert Besenhofer, ASA, MAAA, FCA
Director
Buck, A Gallagher Company

State of Alaska
Teachers' Retirement System
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Description of Actuarial Methods and Valuation Procedures

The funding method used in this valuation was adopted by the Board in October 2006, and was modified as part of the experience study for the period July 1, 2013 to June 30, 2017. The asset smoothing method used to determine valuation assets was implemented effective June 30, 2006.

Benefits valued are those delineated in Alaska State statutes as of the valuation date. Changes in State statutes effective after the valuation date are not taken into consideration in setting the assumptions and methods.

Valuation of Liabilities

A. Actuarial 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.

Cost factors designed to produce annual costs as a constant percentage of each member's expected compensation in each year for death & disability benefits and retiree medical benefits, from the assumed entry age to the last age with a future benefit 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 DCR Plan 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 beneficiaries and disabled members currently receiving benefits (if any) 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

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 financial statements audited by KPMG LLP. Valuation assets are constrained to a range of 80% to 120% of the fair value of assets.

State of Alaska
Teachers' Retirement System
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Description of Actuarial Methods and Valuation Procedures

C. Valuation of Retiree Medical and Prescription Drug Benefits

The methodology used for the valuation of the retiree medical benefits is described in Section 5.2 of the State of Alaska Teachers' Retirement System Defined Benefit Plan Actuarial Valuation Report as of June 30, 2022.

Starting in 2022, prior authorization is required for certain specialty medications. There is no change to the medications that are covered by the plan. Segal provided an estimate of the impact of this change to the DB retiree health plan cost for calendar year 2022. The resulting adjustment factors for pre-Medicare prescription drug, Medicare prescription drug, and EGWP costs were applied to claims experience incurred before January 1, 2022. Those base claims costs were used for the DCR valuation with further adjustments as noted below. Additionally, starting in 2022, certain common preventive benefits are covered for the DB plan. The resulting adjustment factor for pre-Medicare medical costs was applied to claims experience incurred before January 1, 2022. However, preventive benefits were already covered under the DCR plan so the pre-65 DCR medical adjustment factor referenced below was increased from 3.1% to 4.4%.

Due to the lack of experience for the DCR retiree medical plan, base claims costs are based on those described in the actuarial valuation as of June 30, 2022 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 FY23 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 FY23 medical claims costs for Medicare eligible retirees were further reduced 29.5%.

FY21 and FY22 experience was thoroughly reviewed to assess the impact of COVID-19 and whether an adjustment to FY21 and FY22 claims was appropriate for use in the June 30, 2022 valuation. FY21 medical per capita claims were noticeably lower than expected, so a 4% load was added to the FY21 medical claims used in the per capita claims cost development to better reflect future expected long-term costs of the plan. FY22 medical per capita claims were reasonable when compared to pre-COVID levels, so no adjustments were made to the FY22 medical 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 2023 reimbursements under EGWP were provided by Segal Consulting (who worked with the EGWP administrator, Optum, to develop those estimates).

State of Alaska
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Description of Actuarial Methods and Valuation Procedures

D. Healthcare Reform

Healthcare Reform legislation passed on March 23, 2010 included several provisions with potential implications for the State of Alaska Retiree Health Plan liability. Buck evaluated the impact due to these provisions.

Because the State plan is retiree-only, not all provisions are required. Unlimited lifetime benefits and dependent coverage to age 26 are two of these provisions. The adopted DCR plan does not place lifetime limits on benefits, but does restrict dependent child coverage.

The Further Consolidated Appropriations Act, 2020 passed in December 2019 repealed several healthcare-related taxes, including the Cadillac Tax.

The Tax Cuts and Jobs Act passed in December 2017 included the elimination of the individual mandate penalty and changed the inflation measure for purposes of determining the limits for the High Cost Excise Tax to use chained CPI. It is our understanding the law does not directly impact other provisions of the ACA. While the nullification of the ACA's individual mandate penalty does not directly impact employer group health plans, it could contribute to the destabilization of the individual market and increase the number of uninsured. Such destabilization could translate to increased costs for employers. We have considered this when setting our healthcare cost trend assumptions and will continue to monitor this issue.

The Inflation Reduction Act was signed into law on August 16, 2022. The law contains several provisions that are expected to impact Alaska's Medicare prescription drug plan (EGWP), which will be considered at the next measurement date.

We have not identified any other specific provisions of healthcare reform or its potential repeal that would be expected to have a significant impact on the measured obligation. We will continue to monitor legislative activity.

E. Changes in Methods Since the Prior Valuation

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

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Summary of Actuarial Assumptions and Changes in Assumptions

The demographic and economic assumptions used in the June 30, 2022 valuation are described below. Unless noted otherwise, these assumptions were adopted by the Board at the June 2022 meeting based on the experience study for the period July 1, 2017 to June 30, 2021.

1.	Investment Return	7.25% per year, net of investment expenses.
2.	Salary Scale	Salary scale rates based on the 2017–2021 actual experience (see Table 1). Inflation – 2.50% per year. Productivity – 0.25% per year.
3.	Payroll Growth	2.75% per year (2.50% inflation + 0.25% productivity).
4.	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.
5.	Mortality (Pre-commencement)	Mortality rates based on the 2017–2021 actual experience, to the extent the experience was statistically credible. • Occupational Death & Disability: Pub-2010 Teachers Employee table, amount-weighted, and projected with MP-2021 generational improvement. • Healthcare: Pub-2010 Teachers Employee table, headcount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 15% of the time.
6.	Mortality (Post-commencement)	Mortality rates based on the 2017–2021 actual experience, to the extent the experience was statistically credible. Retiree mortality in accordance with the following tables: • Occupational Death & Disability: 97% of male and 97% of female rates of the Pub-2010 Teachers Retiree table, amount-weighted, and projected with MP-2021 generational improvement. • Healthcare: 98% of male and 100% of female rates of the Pub-2010 Teachers Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Beneficiary mortality in accordance with the following tables. These tables are applied only after the death of the original member: • Occupational Death & Disability: 100% of male and 95% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. • Healthcare: 100% of male and 94% of female rates of the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement.
7.	Turnover	Select and ultimate rates based on the 2017–2021 actual experience (see Table 2).

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Summary of Actuarial Assumptions and Changes in Assumptions

8. 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 15% of the time. Post-disability mortality 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.
9. Retirement	Retirement rates based on the 2017–2021 actual experience.
10. Spouse Age Difference	Male members are assumed to be three years older than their wives. Female members are assumed to be two years younger than husbands.
11. Percent Married for Occupational Death & Disability	85% of male members and 75% of female members are assumed to be married at termination from active service.
12. Dependent Spouse Medical Coverage Election	Applies to members who do not have double medical coverage. 60% of male members and 50% of female members are assumed to be married and cover a dependent spouse.
13. Part-Time Service	Part-time employees are assumed to earn 0.75 years of service per year.
14. 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.

State of Alaska
Teachers' Retirement System
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Summary of Actuarial Assumptions and Changes in Assumptions

15. Administrative Expenses

The Normal Cost as of June 30, 2023 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 - $10,000
- Healthcare - $36,000

16. 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.

State of Alaska
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Summary of Actuarial Assumptions and Changes in Assumptions

17. Healthcare Per Capita Claims Cost

Sample claims cost rates (before base claims cost adjustments described below) adjusted to age 65 for FY24 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	$ 17,338	$ 3,947
Medicare Parts A & B	1,761	4,300
Medicare Part D - EGWP	N/A	1,267

Members are assumed to attain Medicare eligibility at age 65. All costs are for the 2024 fiscal year (July 1, 2023 – June 30, 2024).

The EGWP subsidy is assumed to 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 at the next measurement date.

18. 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 coordination method)
- 0.911 for the prescription drug plan

19. 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+	—	—

20. Healthcare Third Party Administrator Fees

$497 per person per year; assumed to increase at 4.50% per year.

State of Alaska
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Summary of Actuarial Assumptions and Changes in Assumptions

21. 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, 6.70% is applied to the FY24 pre-Medicare medical claims costs to get the FY25 medical claims costs.

Fiscal year	Medical pre-65	Medical post-65	Prescription Drugs / EGWP
2024	6.70%	5.50%	7.20%
2025	6.40	5.40	6.90
2026	6.20	5.40	6.65
2027	6.05	5.35	6.35
2028	5.85	5.35	6.10
2029	5.65	5.30	5.80
2030	5.45	5.30	5.55
2031-2038	5.30	5.30	5.30
2039	5.25	5.25	5.25
2040	5.20	5.20	5.20
2041	5.10	5.10	5.10
2042	5.05	5.05	5.05
2043	4.95	4.95	4.95
2044	4.90	4.90	4.90
2045	4.80	4.80	4.80
2046	4.75	4.75	4.75
2047	4.70	4.70	4.70
2048	4.60	4.60	4.60
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.

22. Changes in Assumptions Since the Prior Valuation

The healthcare per capita claims cost assumption is updated annually as described in Section 4.2. The amounts included in the Normal Cost for administrative expenses were changed from $9,000 to $10,000 for occupational death & disability, and from $35,000 to $36,000 for retiree medical (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.

State of Alaska
Teachers' Retirement System
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Summary of Actuarial Assumptions and Changes in Assumptions

Table 1
Salary Scale

Years of Service	Percent Increase
< 1	7.25%
1	6.75
2	6.25
3	5.75
4	5.25
5	5.00
6	4.75
7	4.50
8	4.25
9	4.00
10	3.75
11	3.50
12	3.25
13	3.05
14	3.00
15	2.95
16	2.90
17 +	2.85

State of Alaska
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Summary of Actuarial Assumptions and Changes in Assumptions

Table 2
Turnover Rates

Select Rates during the First 6 Years of Employment

Years of Service	Male	Female
< 1	28.00%	31.00%
1	28.00	21.00
2	19.00	18.00
3	17.00	13.00
4	13.00	13.00
5	13.00	10.00

Ultimate Rates After the First 6 Years of Employment

Age	Male	Female
< 30	10.50%	8.70%
30 - 34	10.50	8.70
35 - 39	10.40	8.60
40 - 44	10.30	8.60
45 - 49	10.00	8.40
50 - 54	9.50	8.10
55 - 59	8.80	7.90
60 - 64	9.30	8.70
65 +	10.90	7.40

State of Alaska
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Summary of Actuarial Assumptions and Changes in Assumptions

Table 3
Disability Rates

Age	Male	Female	Age	Male	Female
<31	0.0337%	0.0612%	50	0.0601%	0.1093%
31	0.0337	0.0613	51	0.0634	0.1152
32	0.0337	0.0613	52	0.0666	0.1211
33	0.0342	0.0622	53	0.0746	0.1356
34	0.0347	0.0631	54	0.0826	0.1501
35	0.0353	0.0641	55	0.0905	0.1645
36	0.0357	0.0650	56	0.0985	0.1790
37	0.0362	0.0659	57	0.1064	0.1935
38	0.0371	0.0674	58	0.1245	0.2263
39	0.0379	0.0689	59	0.1426	0.2592
40	0.0387	0.0703	60	0.1606	0.2920
41	0.0395	0.0718	61	0.1787	0.3249
42	0.0403	0.0733	62	0.1967	0.3577
43	0.0423	0.0770	63	0.2253	0.4096
44	0.0443	0.0806	64	0.2572	0.4677
45	0.0464	0.0843	65	0.2933	0.5332
46	0.0483	0.0879	66	0.3343	0.6079
47	0.0504	0.0916	67	0.3812	0.6930
48	0.0536	0.0975	68	0.4345	0.7900
49	0.0569	0.1034	69	0.4953	0.9006
			70+	0.5647	1.0267

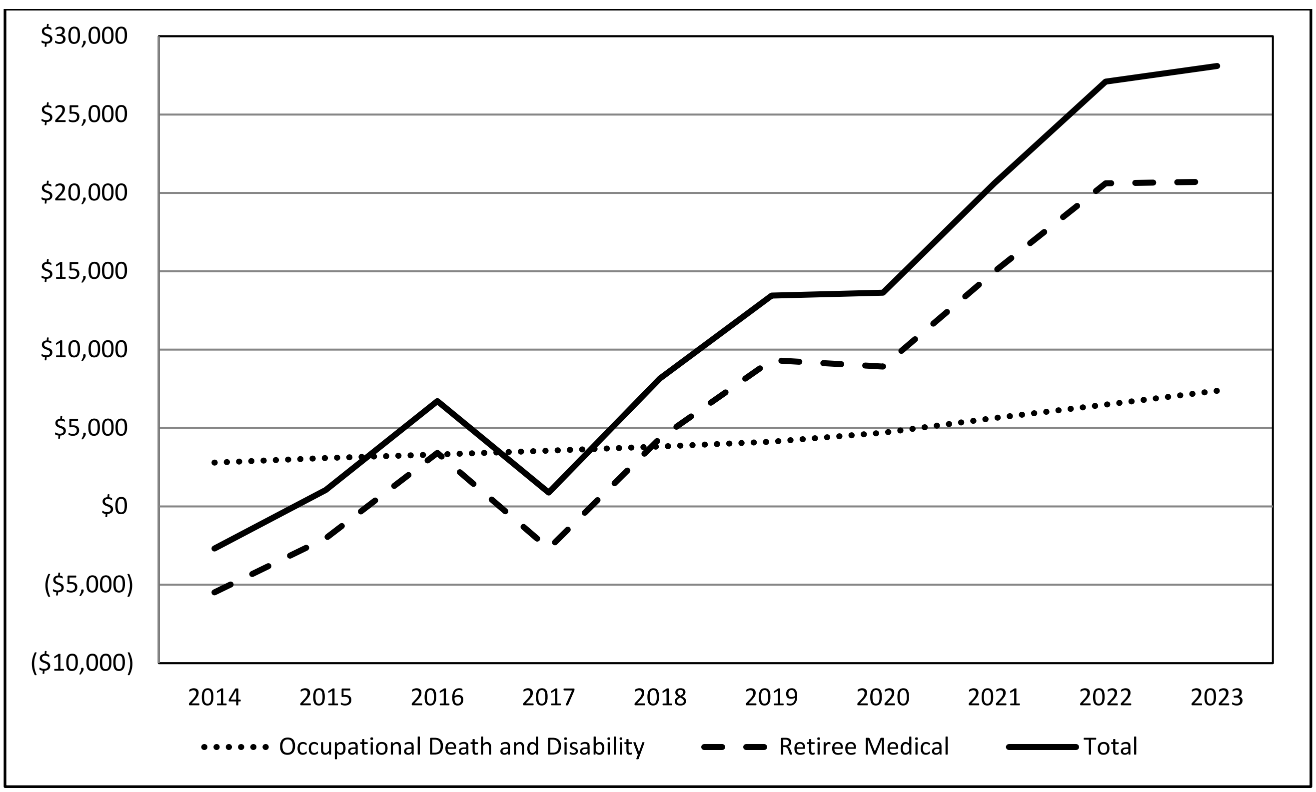
State of Alaska
Teachers' Retirement System
Defined Contribution Retirement Plan
Summary of Actuarial Assumptions and Changes in Assumptions

Table 4
Retirement Rates

Age	Rate
< 55	2.00%
55	3.00
56	3.00
57	3.00
58	3.00
59	3.00
60	5.00
61	5.00
62	10.00
63	5.00
64	5.00
65	25.00
66	25.00
67	25.00
68	20.00
69	20.00
70+	100.00

Teachers' Retirement System Defined Contribution Retirement Plan Occupational Death and Disability and Retiree Medical Benefits Funding Excess/(Unfunded Liability) (In thousands)				
Actuarial Valuation Year Ended June 30	**Occupational Death and Disability**	**Retiree Medical**	**Total Funding Excess/ (Unfunded Liability)**	**Funded Ratio**
2023	$ 7,378	$ 20,722	$ 28,100	149.1%
2022	6,501	20,606	27,107	156.5
2021	5,638	14,984	20,622	146.2
2020	4,710	8,920	13,630	133.4
2019	4,119	9,326	13,445	140.5
2018	3,815	4,347	8,162	125.1
2017	3,562	(2,683)	879	102.6
2016	3,304	3,422	6,726	130.6
2015	3,085	(2,035)	1,050	105.3
2014	2,797	(5,482)	(2,685)	83.5

10-YEAR TREND OF FUNDING EXCESS/(UNFUNDED) LIABILITY
(In thousands)



Teachers' Retirement System Defined Contribution Retirement Plan Occupational Death and Disability and Retiree Medical Benefit Employer Contribution Rates					
		Actuarially Determined			
Fiscal Year	Actuarial Valuation Year Ended June 30	Occupational Death and Disability	Retiree Medical	Total Required	Adopted
2026	2023	0.08	0.74	0.82	0.82
2025	2022	0.08	0.68	0.76	0.76
2024	2021	0.08	0.82	0.90	0.90
2023	2020	0.08	0.87	0.95	0.95
2022	2019	0.08	0.83	0.91	0.91
2021	2018	0.08	0.93	1.01	1.01
2020	2017	0.08	1.09	1.17	1.17
2019	2016	0.08	0.79	0.87	0.87
2018	2015	—	0.91	0.91	0.91
2017	2014	—	1.05	1.05	1.05
Valuations are used to set contribution rates in future years.					

Teachers' Retirement System Defined Contribution Retirement Plan Occupational Death and Disability and Retiree Medical Benefits Schedule of Active Member Data					
Valuation Date	**Number**	**Annual Earnings (In thousands)**	**Annual Average Earnings**	**Percent Increase / (Decrease) in Average Earnings**	**Number of Participating Employers**
June 30, 2023	5,877	$459,105	$78,119	1.5%	57
June 30, 2022	5,688	437,728	76,956	3.9	57
June 30, 2021	5,521	408,805	74,045	4.1	57
June 30, 2020	5,332	379,201	71,118	2.2	57
June 30, 2019	4,998	347,957	69,619	2.2	57
June 30, 2018	4,915	334,803	68,119	2.4	57
June 30, 2017	4,694	312,347	66,542	2.0	57
June 30, 2016	4,383	285,854	65,219	2.5	58
June 30, 2015	4,095	260,584	63,635	2.7	58
June 30, 2014	3,547	219,701	61,940	2.4	58

Total and average annual earnings ("valuation pay") are the annualized earnings for the fiscal year ending on the valuation date.

Teachers' Retirement System
Defined Contribution Retirement Plan
Occupational Death and Disability Plan
Solvency Test
(In thousands)

	Occupational Death & Disability Actuarial Accrued Liability For:				Portion of Actuarial Accrued Liabilities Covered by Assets:		
Valuation Date	(1) Active Member Contributions	(2) Inactive Members	(3) Active Members (Employer-Financed Portion)	Pension Valuation Assets	(1)	(2)	(3)
June 30, 2023	$ —	$ 167	$ 23	$ 7,568	100.0%	100.0%	100.0%
June 30, 2022	—	174	25	6,700	100.0	100.0	100.0
June 30, 2021	—	177	28	5,843	100.0	100.0	100.0
June 30, 2020	—	196	27	4,933	100.0	100.0	100.0
June 30, 2019	—	209	31	4,359	100.0	100.0	100.0
June 30, 2018	—	—	30	3,845	100.0	100.0	100.0
June 30, 2017	—	—	26	3,588	100.0	100.0	100.0
June 30, 2016	—	—	19	3,323	100.0	100.0	100.0
June 30, 2015	—	—	29	3,114	100.0	100.0	100.0
June 30, 2014	—	—	23	2,820	100.0	100.0	100.0

Change in assumptions reflected in 2022, 2018, and 2014 valuation reports.

Teachers' Retirement System Defined Contribution Retirement Plan Retiree Medical Plan Solvency Test (In thousands)							
	Retiree Medical Actuarial Accrued Liability For:				Portion of Actuarial Accrued Liabilities Covered by Assets:		
Valuation Date	(1) Active Member Contributions	(2) Inactive Members	(3) Active Members (Employer-Financed Portion)	Healthcare Valuation Assets	(1)	(2)	(3)
June 30, 2023	$ —	$ 3,024	$ 54,069	$ 77,815	100.0%	100.0%	100.0%
June 30, 2022	—	1,913	45,884	68,103	100.0	100.0	100.0
June 30, 2021	—	1,265	43,131	59,380	100.0	100.0	100.0
June 30, 2020	—	925	39,709	49,554	100.0	100.0	100.0
June 30, 2019	—	647	32,334	42,307	100.0	100.0	100.0
June 30, 2018	—	534	31,895	36,776	100.0	100.0	100.0
June 30, 2017	—	199	33,482	30,998	100.0	100.0	92.0
June 30, 2016	—	—	21,988	25,410	100.0	100.0	100.0
June 30, 2015	—	—	19,768	17,733	100.0	100.0	89.7
June 30, 2014	—	—	16,273	10,791	100.0	100.0	66.3

Change in assumptions reflected in 2022, 2020, 2018, 2017 and 2014 valuation reports.
Change in methods reflected in 2018 valuation report.
Change in plan provisions reflected in 2021 and 2016 valuation reports.

Teachers' Retirement System
Defined Contribution Retirement Plan
Occupational Death and Disability Plan
Schedule of Funding Progress
(In thousands)

Valuation Date June 30*	Total Actuarial Accrued Liability	Valuation Assets	Assets as a Percent of Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Annual Active Member Payroll	UAAL as a Percent of Annual Active Member Payroll
2023	$ 190	$ 7,568	3,983.2%	$ (7,378)	$ 477,857	(1.5)%
2022	199	6,700	3,366.8	(6,501)	455,927	(1.4)
2021	205	5,843	2,850.2	(5,638)	423,783	(1.3)
2020	223	4,933	2,212.1	(4,710)	391,854	(1.2)
2019	240	4,359	1,816.3	(4,119)	359,622	(1.1)
2018	30	3,845	12,816.7	(3,815)	346,044	(1.1)
2017	26	3,588	13,800.0	(3,562)	327,765	(1.1)
2016	19	3,323	17,489.5	(3,304)	300,750	(1.1)
2015	29	3,114	10,737.9	(3,085)	274,892	(1.1)
2014	23	2,820	12,260.9	(2,797)	232,051	(1.2)

Change in assumptions reflected in 2022, 2020, 2018, 2017 and 2014 valuation reports.

Teachers' Retirement System Defined Contribution Retirement Plan Retiree Medical Plan Schedule of Funding Progress (In thousands)						
Valuation Date June 30*	Total Actuarial Accrued Liability	Valuation Assets	Assets as a Percent of Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Annual Active Member Payroll	UAAL as a Percent of Annual Active Member Payroll
2023	$ 57,093	$ 77,815	136.3%	$ (20,722)	$ 477,857	(4.3)%
2022	47,797	68,403	143.1	(20,606)	455,927	(4.5)
2021	44,396	59,380	133.8	(14,984)	423,783	(3.5)
2020	40,634	49,554	122.0	(8,920)	391,854	(2.3)
2019	32,981	42,307	128.3	(9,326)	359,622	(2.6)
2018	32,429	36,776	113.4	(4,347)	346,044	(1.3)
2017	33,681	30,998	92.0	2,683	327,765	0.8
2016	21,988	25,410	115.6	(3,422)	300,750	(1.1)
2015	19,768	17,733	89.7	2,035	274,892	0.7
2014	16,273	10,791	66.3	5,482	232,051	2.4

Change in assumptions reflected in 2022, 2020, 2018, 2017 and 2014 valuation reports.
Change in methods reflected in 2018 valuation report.
Change in plan provisions reflected in 2021 and 2016 valuation reports.

State of Alaska
Teachers' Retirement System
Defined Contribution Retirement Plan
Summary of Plan Provisions and Changes in Plan Provisions

1. Effective Date

July 1, 2006, with amendments through June 30, 2022.

2. Administration of Plan

The Commissioner of Administration or the Commissioner's designee is the administrator of the Plan. The Attorney General of the state is the legal counsel for the Plan and shall advise the administrator and represent the Plan in legal proceedings.

The Alaska Retirement Management Board prescribes policies, adopts regulations, invests the funds, and performs other activities necessary to carry out the provisions of the Plan.

3. Employers Included

Currently there are 57 employers participating in TRS DCR, including the State of Alaska, 53 school districts, and three other eligible organizations.

4. Membership

An employee of a participating employer who first enters service on or after July 1, 2006, or a member of the defined benefit plan who works for an employer who began participation on or after July 1, 2006, and meets the following criteria is a member in the Plan:

- Permanent full-time or part-time elementary or secondary teachers, school nurses, or a person in a position requiring a teaching certificate as a condition of hire in a public school of the State of Alaska, the Department of Education and Early Development, or in the Department of Labor and Workforce Development.
- Full-time or part-time teachers at the University of Alaska or persons occupying full-time administrative positions requiring academic standing who are not in the University's Optional Retirement Plan.

Members can convert to TRS DCR if they are an eligible non-vested member of the TRS defined benefit plan whose employer consents to transfers to the defined contribution plan and they elect to transfer his or her account balance to TRS DCR.

5. Member Contributions

Other than the member-paid premiums discussed later in this section, there are no member contributions for the occupational death & disability and retiree medical benefits.

State of Alaska
Teachers' Retirement System
Defined Contribution Retirement Plan
Summary of Plan Provisions and Changes in Plan Provisions

6. Retiree Medical Benefits

- Member must retire directly from the plan to be eligible for retiree medical coverage. Normal retirement eligibility is the earlier of a) 30 years of service or b) Medicare eligible and 10 years of service.
- No subsidized retiree medical benefits are provided until normal retirement eligibility. The member's and any covered dependent's premium is 100% until the member is Medicare eligible. Upon the member's Medicare-eligibility, the required contribution will follow the service-based schedule shown below.
- Coverage cannot be denied except for failure to pay premium.
- Members who are receiving disability benefits or survivors who are receiving monthly survivor benefits are not eligible until the member meets, or would have met if he/she had lived, the normal retirement eligibility requirements.
- The following is a summary of the medical benefit design adopted in July 2016. The plan description below is used for valuation purposes and indicates participant cost-sharing. Please refer to the benefit handbook for more details.

Plan Design Feature	In-Network[1]	Out-of-Network [1][2]
Deductible (single/family)	$300 / $600	$300 / $600
Medical services (participant share)	20%	40%
Emergency Room Copay (non-emergent use)	$100	$100
Medical Out-of-Pocket Maximum (single / family, after deductible)	$1,500 / $3,000	$3,000 / $6,000
Medicare Coordination	Exclusion	Exclusion
Pharmacy	No Deductible	No Deductible
Retail Generic (per 30-day fill)	20% $10 min / $50 max	
Retail Non-Formulary Brand (per 30-day fill)	25% $25 min / $75 max	40%
Retail Formulary Brand (per 30-day fill)	35% $80 min / $150 max	
Mail-Order Generic	$20 copay	
Mail-Order Non-Formulary Brand	$50 copay	40%
Mail-Order Formulary Brand	$100 copay	
Pharmacy Out-of-Pocket Max (single / family)	$1,000 / $2,000	$1,000 / $2,000
Medicare Pharmacy Arrangement	Retiree Drug Subsidy / Employer Group Waiver Plan Effective 1/1/2019	
Wellness / Preventative	100% covered, not subject to deductible	20%, after deductible

[1] Section 1.1 of the AlaskaCare Defined Contribution Retiree Benefit Plan states that this health plan shall be updated from time to time to reflect changes in benefits, including annual adjustments to the premium, deductible, coinsurance, medical out-of-pocket limit, and prescription drug out-of-pocket limit.

[2] OON applies only to non-Medicare eligible participants.

State of Alaska
Teachers' Retirement System
Defined Contribution Retirement Plan
Summary of Plan Provisions and Changes in Plan Provisions

- Buck used manual rate models to determine relative plan values for the defined benefit (DB) retiree medical plan and the DCR retiree medical plan outlined above. We applied the ratio of the DCR retiree medical plan value to the DB retiree medical plan value to the per capita costs determined for each of pre/post-Medicare medical and pharmacy benefits to estimate corresponding values for the DCR retiree medical plan design. These factors are noted in Section 4.3. We further adjusted the Medicare medical manual rate to reflect the Medicare coordination method adopted. The estimated 2023 reimbursements under EGWP were provided by Segal Consulting (who worked with the EGWP administrator, Optum, to develop those estimates). We reflect estimated discounts and pharmacy rebates in the defined benefit medical cost so no further adjustment was needed for the DCR retiree medical plan. The medical network differential is reflected in the relative plan value adjustments.
- Starting in 2022, prior authorization is required for certain specialty medications. There is no change to the medications that are covered by the plan.
- The retiree medical plan's coverage is supplemental to Medicare. Medicare coordination is described in the DCR Plan Handbook, referred to in the industry as exclusion coordination: Medicare payment is deducted from the Medicare allowable expense and plan parameters are applied to the remaining amount. Starting in 2019, the prescription drug coverage is through a Medicare Part D EGWP arrangement.
- The premium for Medicare-eligible retirees will be based on the member's years of service. The percentage of premium paid by the member is as follows:

Years of Service	Percent of Premium Paid by Member
< 15	30%
15 – 19	25
20 – 24	20
25 – 29	15
30+	10

- The premium for dependents who are not eligible for Medicare aligns with the member's subsidy. While a member is not Medicare-eligible, premiums are 100% of the estimated cost.
- Members have a separate defined contribution Health Reimbursement Arrangement account, which is not reflected in this valuation, that can be used to pay for premiums or other medical expenses.
- For valuation purposes, retiree premiums were assumed to equal the percentages outlined in the table above times the age-related plan costs. Future premiums calculated and charged to DCR participants will need to be determined reflecting any appropriate adjustments to the defined benefit (DB) plan data because current DB premiums were determined using information based upon enrollment with members who have double coverage.
- Coverage will continue for surviving spouses of covered retired members.

State of Alaska
Teachers' Retirement System
Defined Contribution Retirement Plan
Summary of Plan Provisions and Changes in Plan Provisions

7. Occupational Disability Benefits

- Benefit is 40% of salary at date of disability.
- Disability Benefit Adjustment: The disability benefit is increased by 75% of the cost-of-living increase in the preceding calendar year or 9%, whichever is less.
- Member earns service while on occupational disability.
- Benefits cease when the member becomes eligible for normal retirement at Medicare-eligible age and 10 years of service, or at any age with 30 years of service.
- No subsidized retiree medical benefits are provided until normal retirement eligibility. The member's premium is 100% of the estimated cost until they are Medicare eligible. Medicare-eligible premiums follow the service-based schedule above.

8. Occupational Death Benefits

- Benefit is 40% of salary.
- Survivor's Pension Adjustment: A survivor's pension is increased by 50% of the cost of living increase in the preceding calendar year or 6%, whichever is less, if the recipient is at least age 60 on July 1, or under age 60 if the recipient has been receiving TRS benefits for at least 8 years as of July 1.
- Benefits cease when the member would have become eligible for normal retirement.
- The period during which the survivor is receiving benefits is counted as service credit toward retiree medical benefits.
- No subsidized retiree medical benefits are provided until the member would have been eligible for normal retirement. The surviving spouse's premium is 100% of the estimated cost until the member would have been Medicare eligible. Medicare-eligible premiums follow the service-based schedule above.

9. Changes Since the Prior Valuation

There were no changes in benefit provisions since the prior valuation.

ALASKA DIVISION OF
Retirement and Benefits

STATISTICAL SECTION

ALASKA DIVISION OF
Retirement
and Benefits

ALASKA DIVISION OF
Retirement
and Benefits

Statistical Section Overview

The statistical section of the Teachers' Retirement System (System) annual comprehensive financial report provides additional detail in the form of financial trends, operating information, and demographic information. This data is provided to enhance the reader's understanding of the System.

These schedules contain financial trend information utilizing a multi-year presentation so the reader can better understand how the System's financial performance has changed over time. Financial information is presented on an accrual basis.

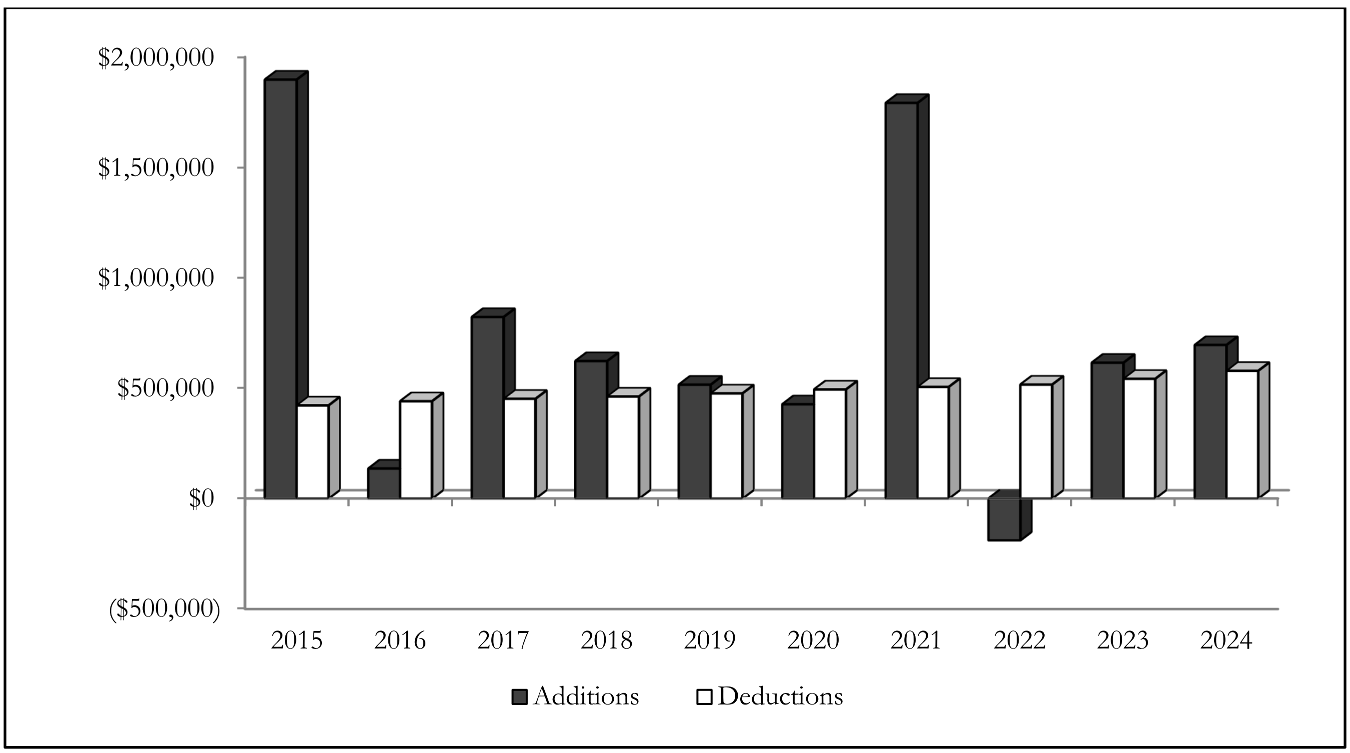
These schedules contain detailed benefit payment information to provide the reader a better understanding of the pension benefits provided by the Division.

These schedules contain detailed demographic data to provide the reader a better understanding of the membership and employer participation in the System.

Teachers' Retirement System
Defined Benefit Pension
Changes in Fiduciary Net Position
(In thousands)

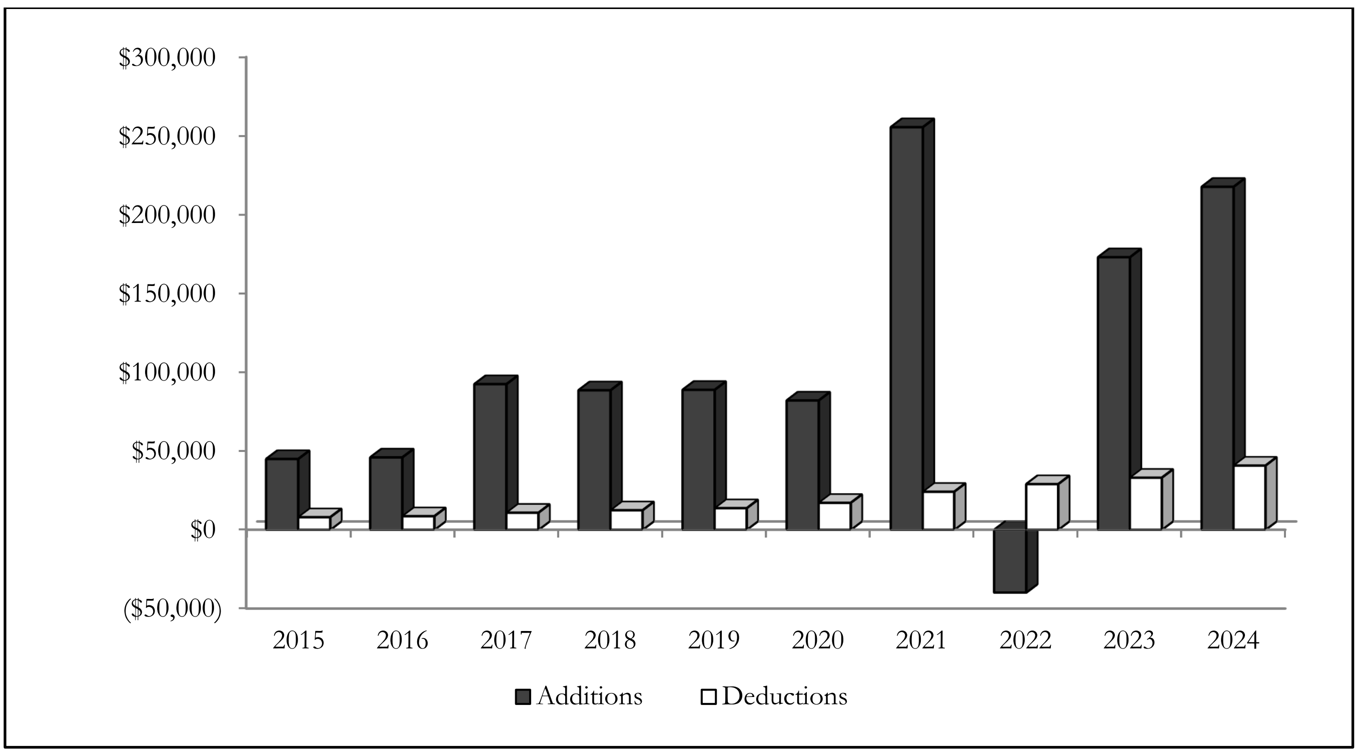
Year Ended June 30	Fiduciary Net Position, Beginning of Year	Additions	Deductions	Increase / (Decrease) in Fiduciary Net Position	Fiduciary Net Position, End of Year
2015	$ 3,771,139	$ 1,897,150	$ 421,334	$ 1,475,816	$ 5,246,955
2016	5,246,955	135,476	440,230	(304,754)	4,942,201
2017	4,942,201	821,406	451,312	370,094	5,312,295
2018	5,312,295	621,993	461,561	160,432	5,472,727
2019	5,472,727	514,937	475,735	39,202	5,511,929
2020	5,511,929	426,305	493,435	(67,130)	5,444,799
2021	5,444,799	1,791,557	504,875	1,286,682	6,731,481
2022	6,731,481	(189,263)	515,567	(704,830)	6,026,651
2023	6,026,651	614,449	541,580	72,869	6,099,520
2024	6,099,520	694,668	577,663	117,005	6,216,525

10-YEAR COMPARISON OF ADDITIONS AND DEDUCTIONS
(In thousands)



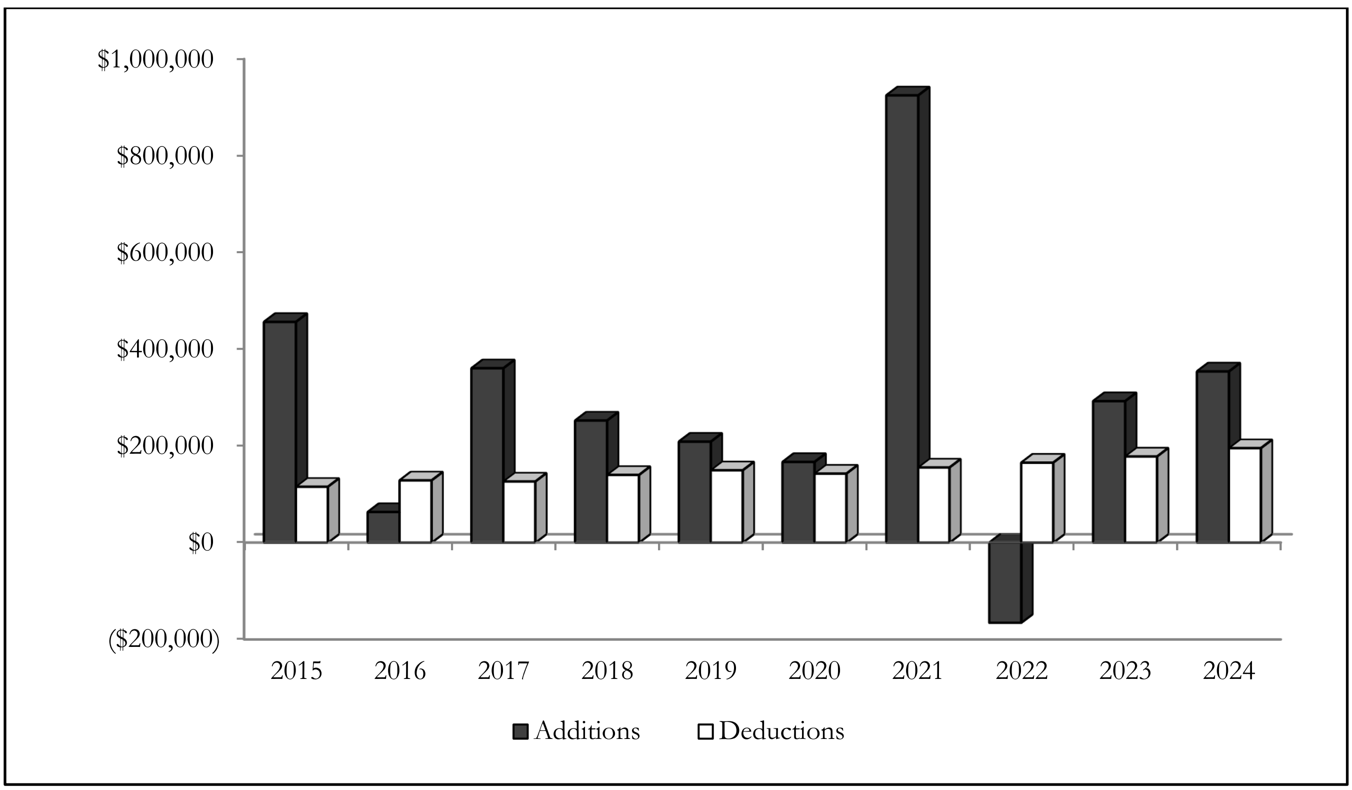
Teachers' Retirement System Defined Contribution Retirement Plan Participant Directed Fund Changes in Fiduciary Net Position (In thousands)					
Year Ended June 30	**Fiduciary Net Position, Beginning of Year**	**Additions**	**Deductions**	**Increase / (Decrease) in Fiduciary Net Position**	**Fiduciary Net Position, End of Year**
2015	$ 215,268	$ 44,952	$ 7,972	$ 36,980	$ 252,248
2016	252,248	45,965	8,615	37,350	289,598
2017	289,598	92,527	10,833	81,694	371,292
2018	371,292	88,621	12,383	76,238	447,530
2019	447,530	88,893	13,701	75,192	522,722
2020	522,722	82,149	17,137	65,012	587,734
2021	587,734	255,496	24,140	231,356	819,090
2022	819,090	(39,885)	29,000	(68,885)	750,205
2023	750,205	173,053	33,075	139,978	890,183
2024	890,183	217,681	40,756	176,925	1,067,108

10-YEAR COMPARISON OF ADDITIONS AND DEDUCTIONS
(In thousands)



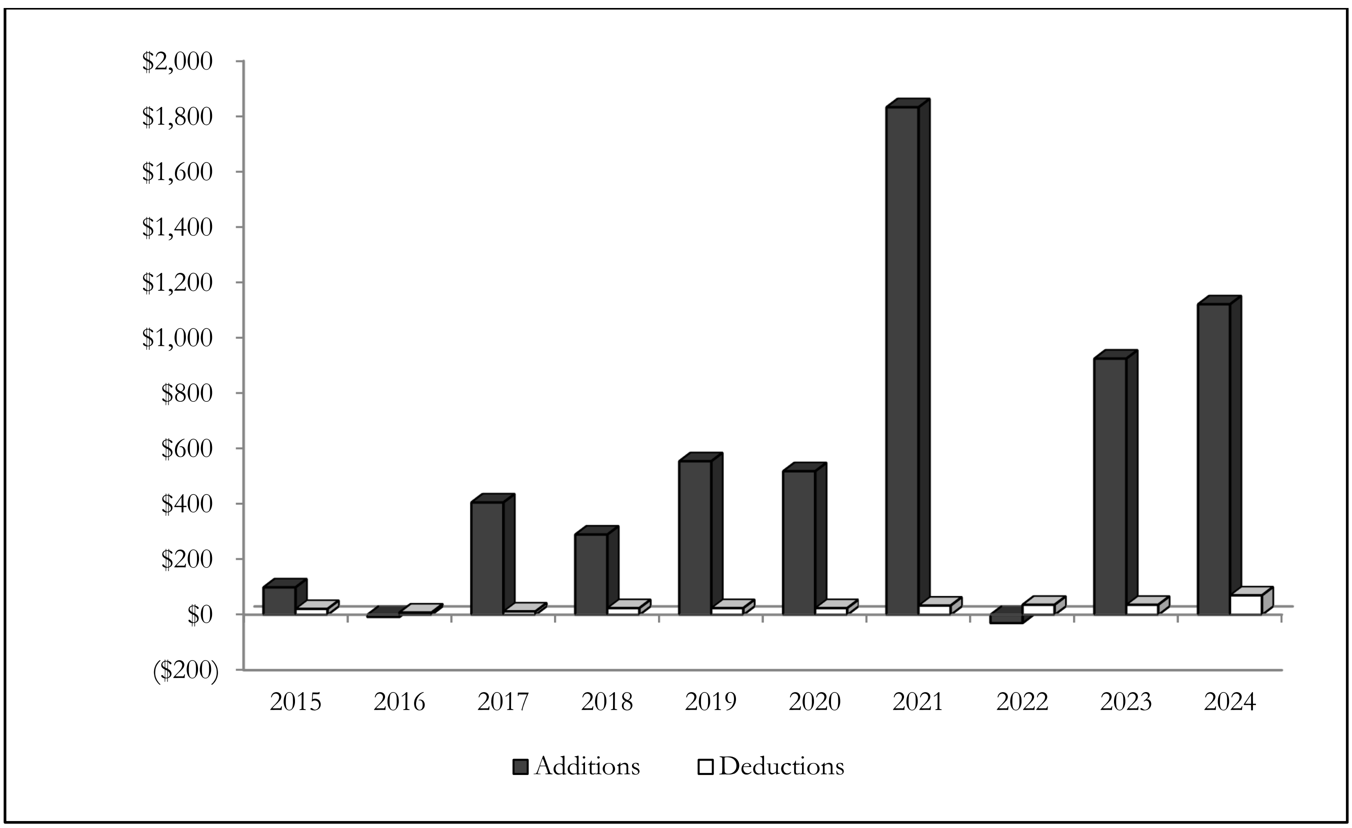
Teachers' Retirement System Defined Benefit Alaska Retiree Healthcare Trust Changes in Fiduciary Net Position (In thousands)					
Year Ended June 30	Fiduciary Net Position, Beginning of Year	Additions	Deductions	Increase / (Decrease) in Fiduciary Net Position	Fiduciary Net Position, End of Year
2015	$ 2,248,135	$ 456,055	$ 115,224	$ 340,831	$ 2,588,966
2016	2,588,966	63,079	128,465	(65,386)	2,523,580
2017	2,523,580	360,197	126,145	234,052	2,757,632
2018	2,757,632	252,219	139,716	112,503	2,870,135
2019	2,870,135	208,551	149,367	59,184	2,929,319
2020	2,929,319	166,653	142,511	24,142	2,953,461
2021	2,953,461	924,728	155,158	769,570	3,723,031
2022	3,723,031	(165,636)	165,184	(330,820)	3,392,211
2023	3,392,211	292,290	177,906	114,384	3,506,595
2024	3,506,595	353,692	195,098	158,594	3,665,189

10-YEAR COMPARISON OF ADDITIONS AND DEDUCTIONS
(In thousands)



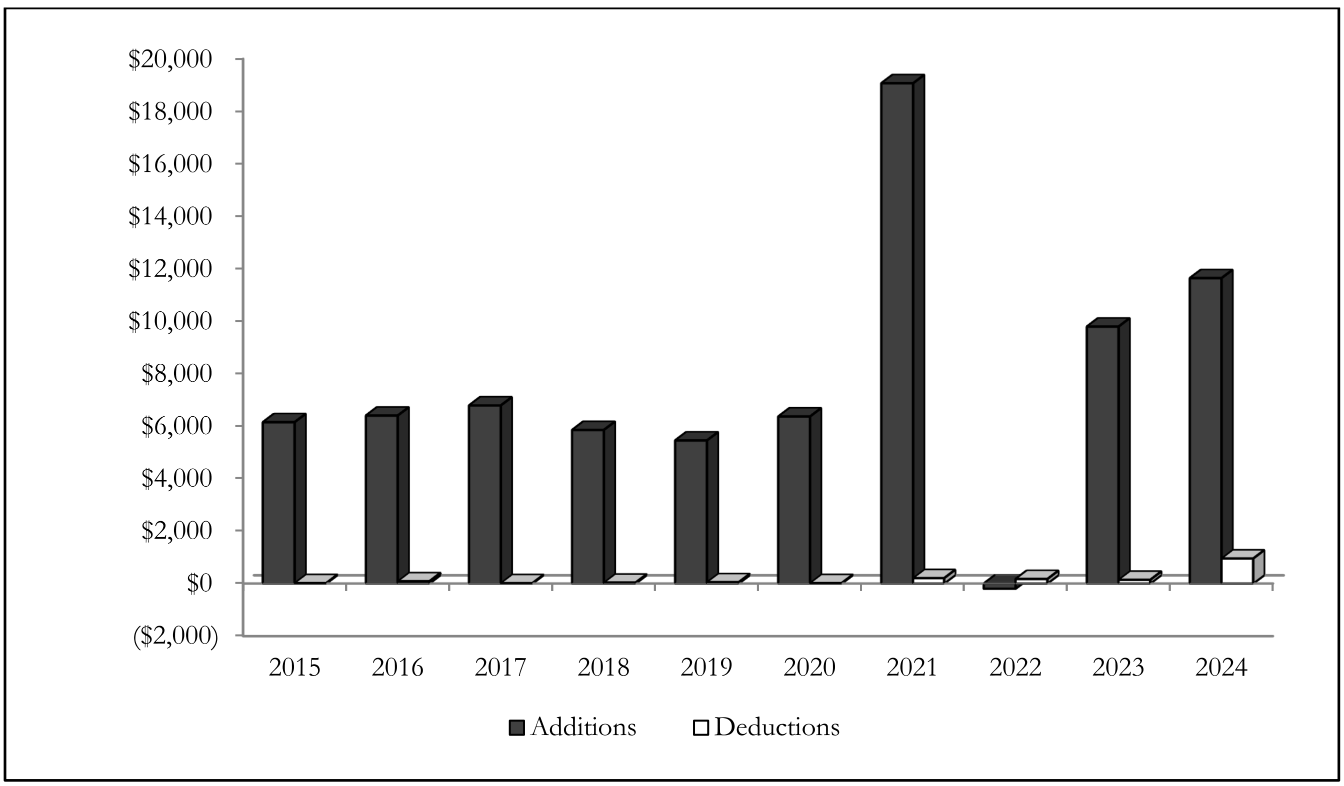
Teachers' Retirement System Defined Contribution Retirement Plan Defined Benefit Occupational Death and Disability Changes in Fiduciary Net Position (In thousands)					
Year Ended June 30	Fiduciary Net Position, Beginning of Year	Additions	Deductions	Increase / (Decrease) in Fiduciary Net Position	Fiduciary Net Position, End of Year
2015	$ 3,075	$ 99	$ 21	$ 78	$ 3,153
2016	3,153	(8)	8	(16)	3,137
2017	3,137	406	12	394	3,531
2018	3,531	290	24	266	3,797
2019	3,797	555	24	531	4,328
2020	4,328	519	24	495	4,823
2021	4,823	1,833	33	1,800	6,623
2022	6,623	(30)	36	(66)	6,557
2023	6,557	926	36	890	7,447
2024	7,447	1,122	70	1,052	8,499

10-YEAR COMPARISON OF ADDITIONS AND DEDUCTIONS
(In thousands)



Teachers' Retirement System Defined Contribution Retirement Plan Defined Benefit Retiree Medical Plan Changes in Fiduciary Net Position (In thousands)					
Year Ended June 30	Fiduciary Net Position, Beginning of Year	Additions	Deductions	Increase / (Decrease) in Fiduciary Net Position	Fiduciary Net Position, End of Year
2015	$ 11,637	$ 6,147	$ 18	$ 6,129	$ 17,766
2016	17,766	6,399	86	6,313	24,079
2017	24,079	6,784	15	6,769	30,848
2018	30,848	5,851	34	5,817	36,665
2019	36,665	5,452	50	5,402	42,067
2020	42,067	6,364	18	6,346	48,413
2021	48,413	19,071	206	18,865	67,278
2022	67,278	(196)	173	(369)	66,909
2023	66,909	9,790	142	9,648	76,557
2024	76,557	11,637	953	10,684	87,241

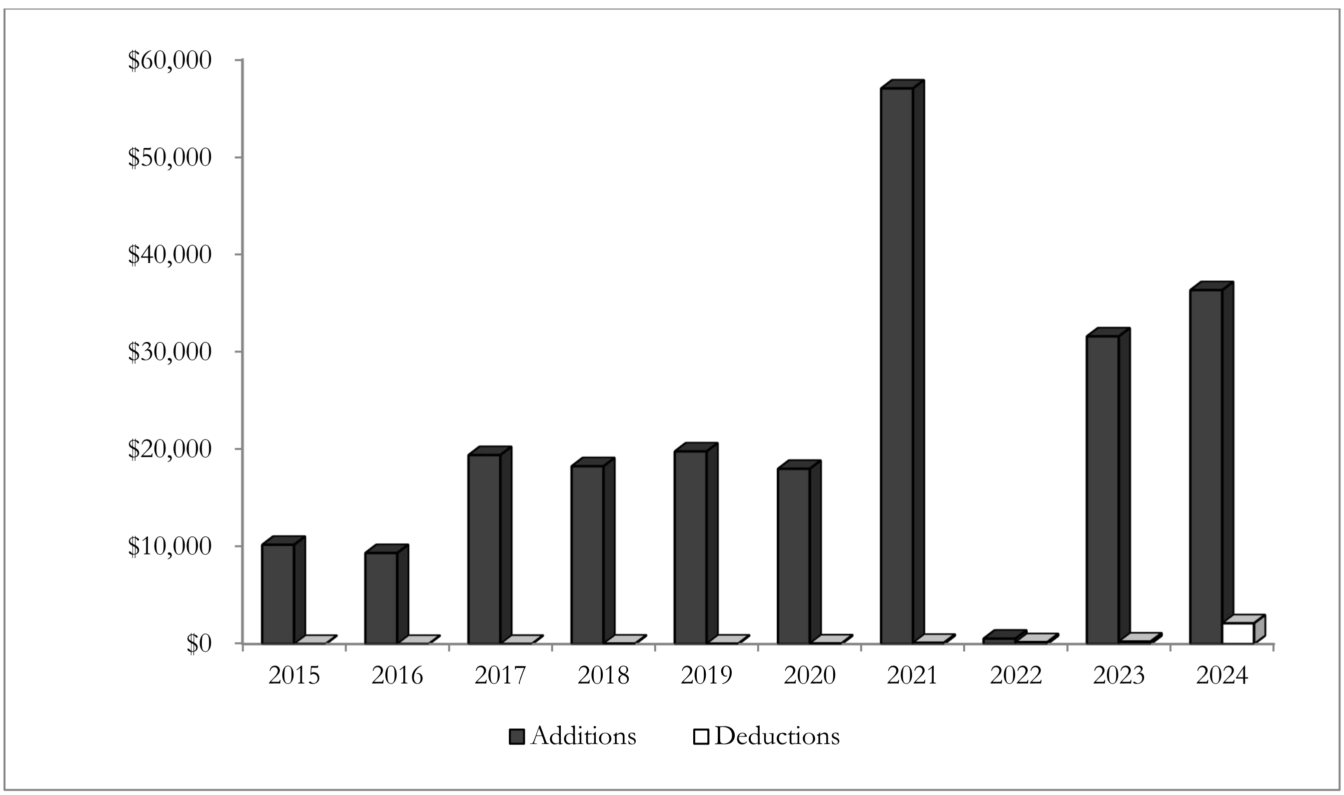
10-YEAR COMPARISON OF ADDITIONS AND DEDUCTIONS
(In thousands)



Teachers' Retirement System
Defined Contribution Retirement Plan
Health Reimbursement Arrangement
Changes in Fiduciary Net Position
(In thousands)

Year Ended June 30	Fiduciary Net Position, Beginning of Year	Additions	Deductions	Increase / (Decrease) in Fiduciary Net Position	Fiduciary Net Position, End of Year
2015	$ 49,472	$ 10,178	$ —	$ 10,178	$ 59,650
2016	59,650	9,332	—	9,332	68,982
2017	68,982	19,387	7	19,380	88,362
2018	88,362	18,243	37	18,206	106,568
2019	106,568	19,765	34	19,731	126,299
2020	126,299	17,978	56	17,922	144,221
2021	144,221	57,023	120	56,903	201,124
2022	201,124	543	179	364	201,488
2023	201,488	31,574	248	31,326	232,814
2024	232,814	36,319	2,121	34,198	267,012

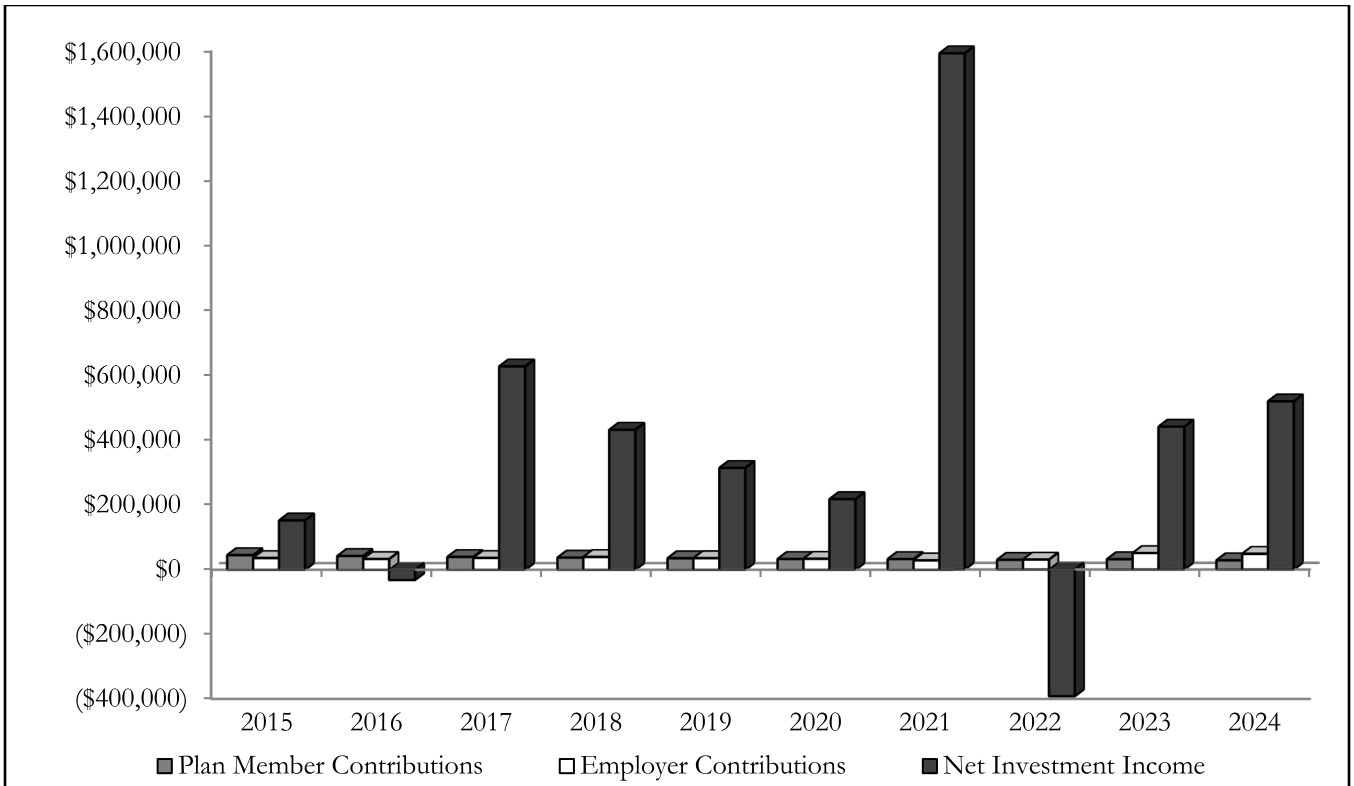
10-YEAR COMPARISON OF ADDITIONS AND DEDUCTIONS
(In thousands)



Teachers' Retirement System Defined Benefit Pension Additions by Source (In thousands)						
Year Ended June 30	Plan Member Contributions	Employer Contributions	State of Alaska – Additional State Contribution	Net Investment Income (Loss)	Other	Total
2015	$ 45,506	$ 36,374	$ 1,662,700	$ 152,561	$ 9	$ 1,897,150
2016	42,654	33,478	90,589	(31,340)	95	135,476
2017	39,878	36,634	116,700	628,184	10	821,406
2018	37,674	39,835	111,757	432,543	184	621,993
2019	35,763	35,996	128,174	314,972	32	514,937
2020	33,566	33,204	141,129	218,373	33	426,305
2021	33,342	29,336	134,976	1,594,536	273	1,792,463
2022	30,013	30,707	142,665	(391,758)	36	(188,337)
2023	31,835	50,746	91,029	441,425	31	615,066
2024	28,441	48,501	98,766	519,707	68	695,483

Note: This schedule shows the full appropriated amount of the additional state contribution as required by AS 14.25.085, a portion of which is included in "Employer Contributions" on the audited financial statements.

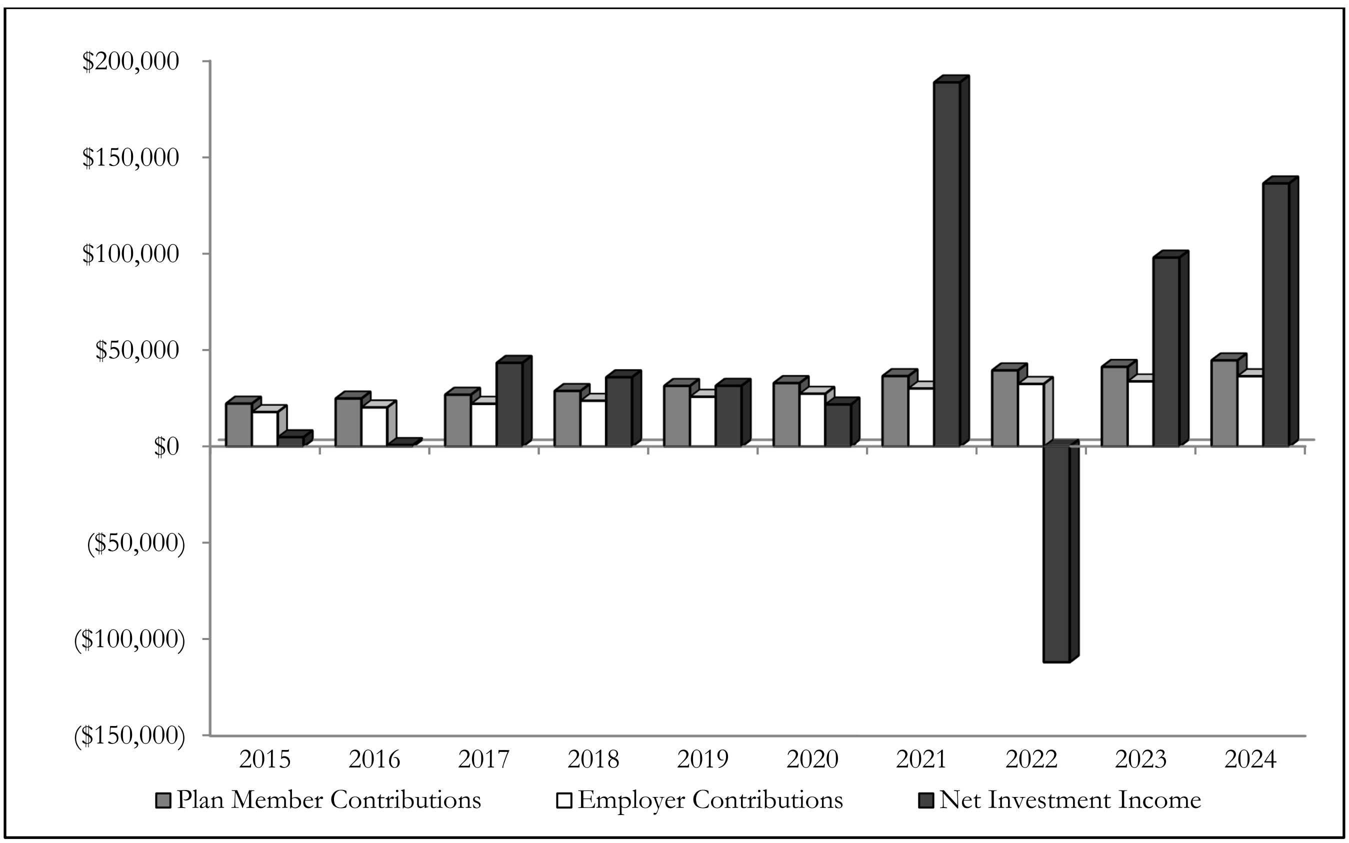
10-YEAR COMPARISON OF ADDITIONS BY SOURCE
(In thousands)



Teachers' Retirement System
Defined Contribution Retirement Plan
Participant Directed Fund
Additions by Source
(In thousands)

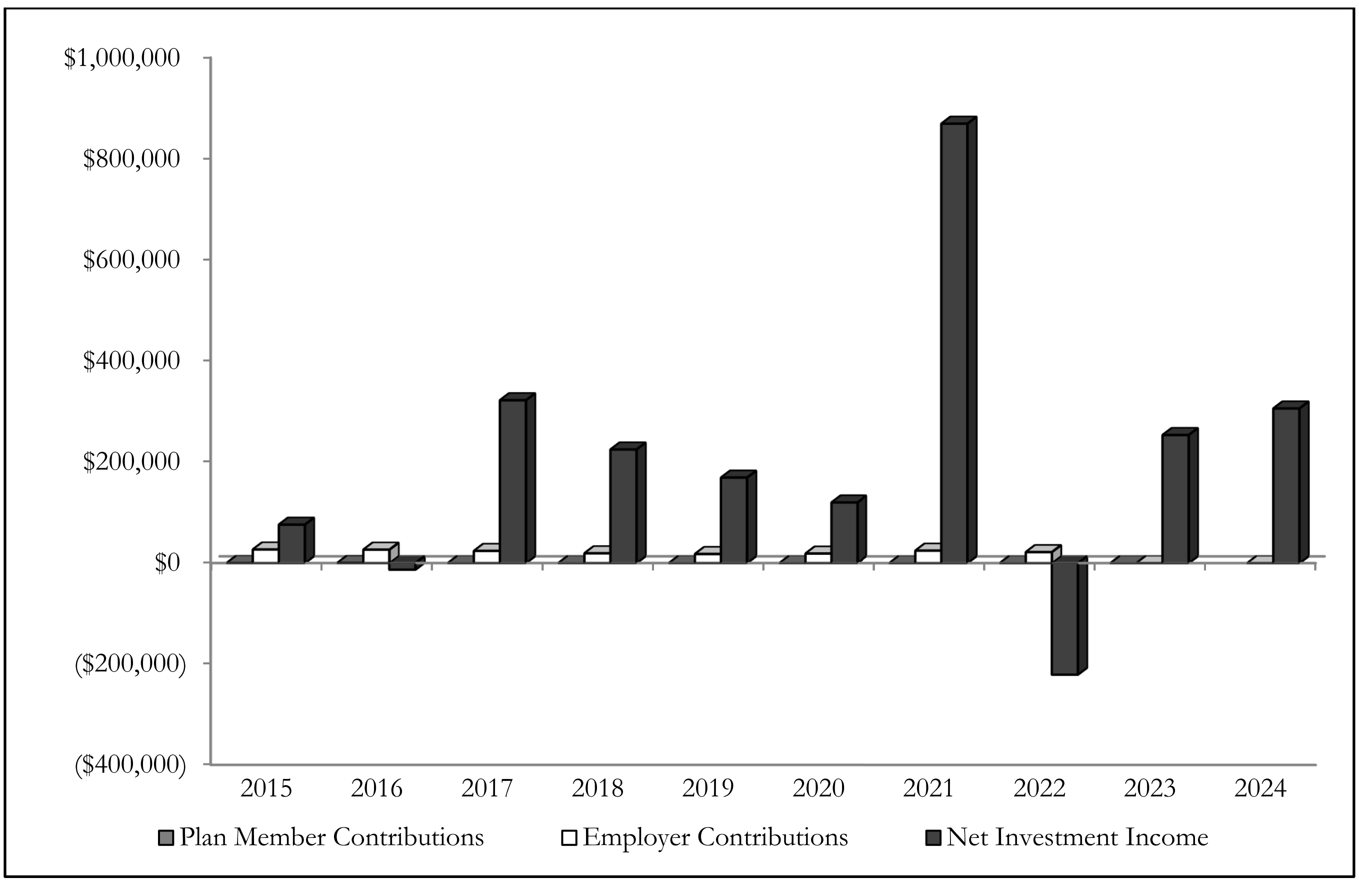
Year Ended June 30	Plan Member Contributions	Employer Contributions	Net Investment Income (Loss)	Other	Total
2015	$ 22,269	$ 17,863	$ 4,820	$ —	$ 44,952
2016	24,904	20,280	773	8	45,965
2017	26,888	22,165	43,417	57	92,527
2018	28,831	23,710	35,946	134	88,621
2019	31,438	25,814	31,509	132	88,893
2020	32,907	27,366	21,819	57	82,149
2021	36,513	30,070	188,892	21	255,496
2022	39,483	32,450	(111,813)	(5)	(39,885)
2023	41,278	33,768	97,982	25	173,053
2024	44,661	36,435	136,477	108	217,681

10-YEAR COMPARISON OF ADDITIONS BY SOURCE
(In thousands)



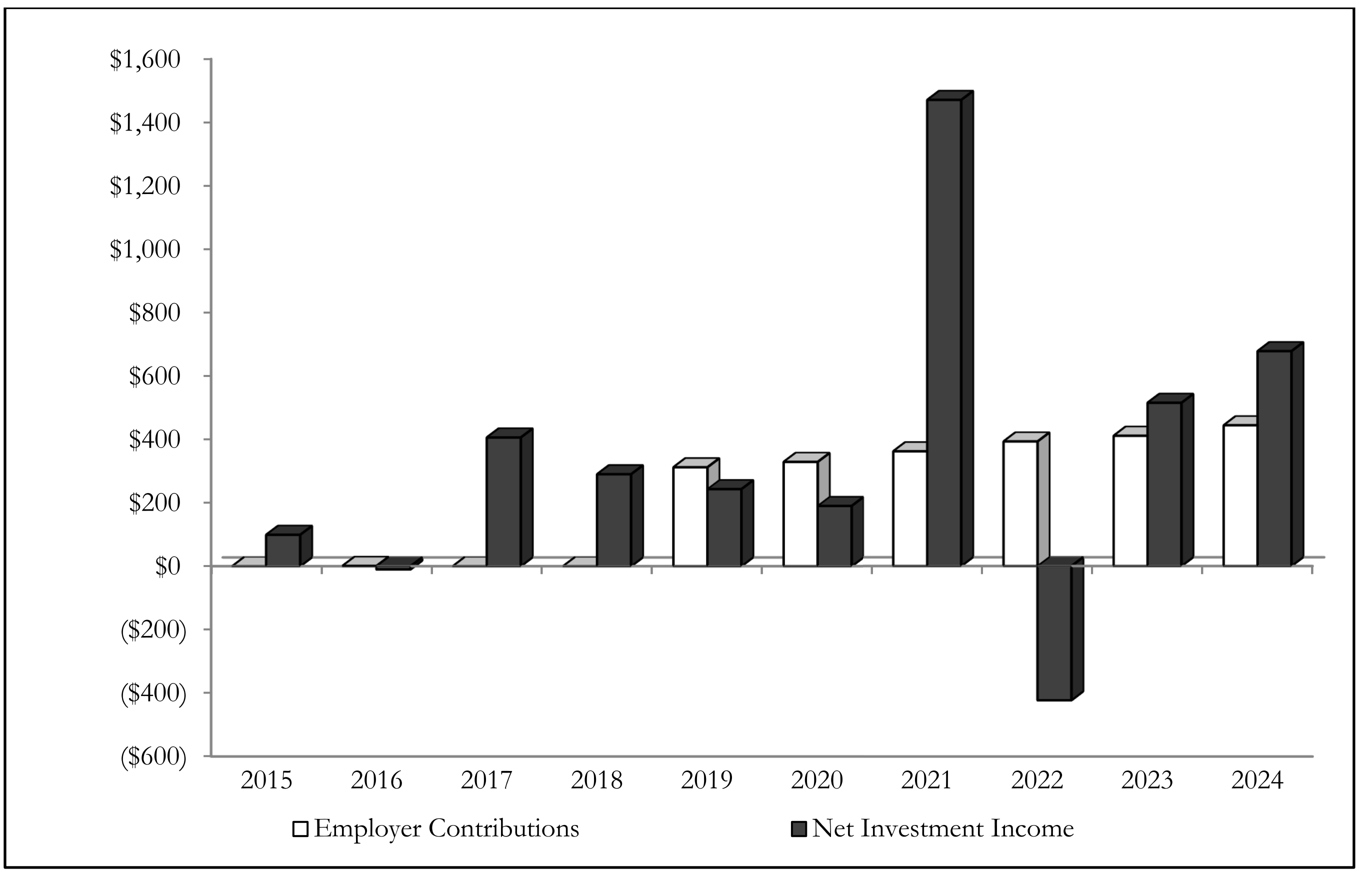
Teachers' Retirement System Defined Benefit Alaska Retiree Healthcare Trust Additions by Source (In thousands)						
Year Ended June 30	**Plan Member Premiums**	**Employer Contributions**	**State of Alaska – Additional State Contribution**	**Net Investment Income (Loss)**	**Other**	**Total**
2015	$ 227	$ 26,922	$ 337,300	$ 76,174	$ 15,432	$ 456,055
2016	306	26,580	39,519	(13,070)	9,744	63,079
2017	—	24,069	—	322,219	13,909	360,197
2018	—	19,305	—	224,820	8,094	252,219
2019	—	17,957	—	169,183	21,411	208,551
2020	—	18,788	—	120,073	27,792	166,653
2021	—	24,700	—	869,241	30,787	924,728
2022	—	21,806	—	(221,118)	33,676	(165,636)
2023	—	92	—	253,489	38,709	292,290
2024	—	31	—	306,007	47,654	353,692

10-YEAR COMPARISON OF ADDITIONS BY SOURCE
(In thousands)



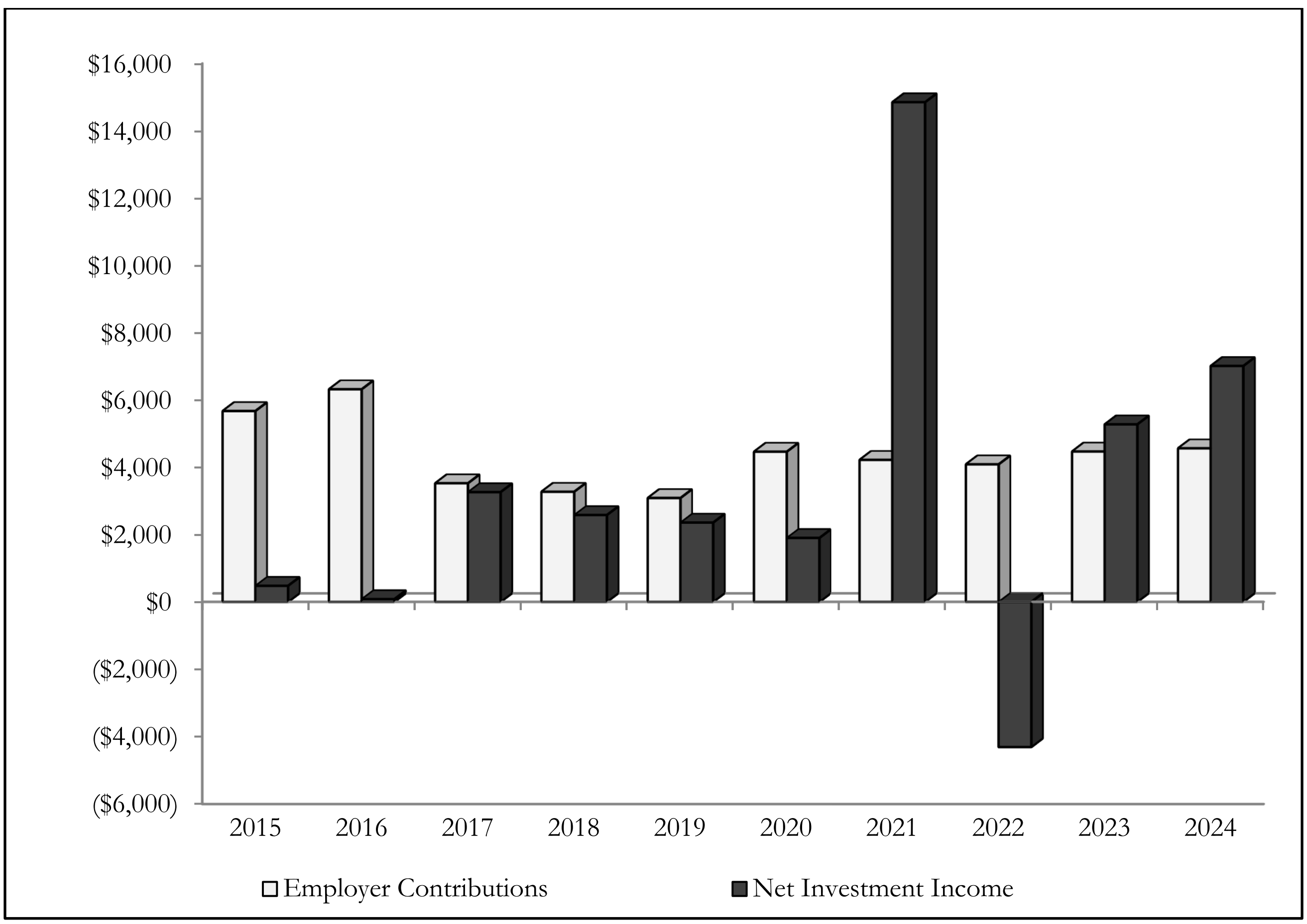
Teachers' Retirement System Defined Contribution Retirement Plan Defined Benefit Occupational Death and Disability Additions by Source (In thousands)				
Plan Ended June 30	**Employer Contributions**	**Net Investment Income (Loss)**	**Other**	**Total**
2015	$ —	$ 99	$ —	$ 99
2016	1	(10)	1	(8)
2017	—	406	—	406
2018	—	290	—	290
2019	312	243	—	555
2020	329	190	—	519
2021	362	1,471	—	1,833
2022	393	(423)	—	(30)
2023	411	515	—	926
2024	444	678	—	1,122

10-YEAR COMPARISON OF ADDITIONS BY SOURCE
(In thousands)



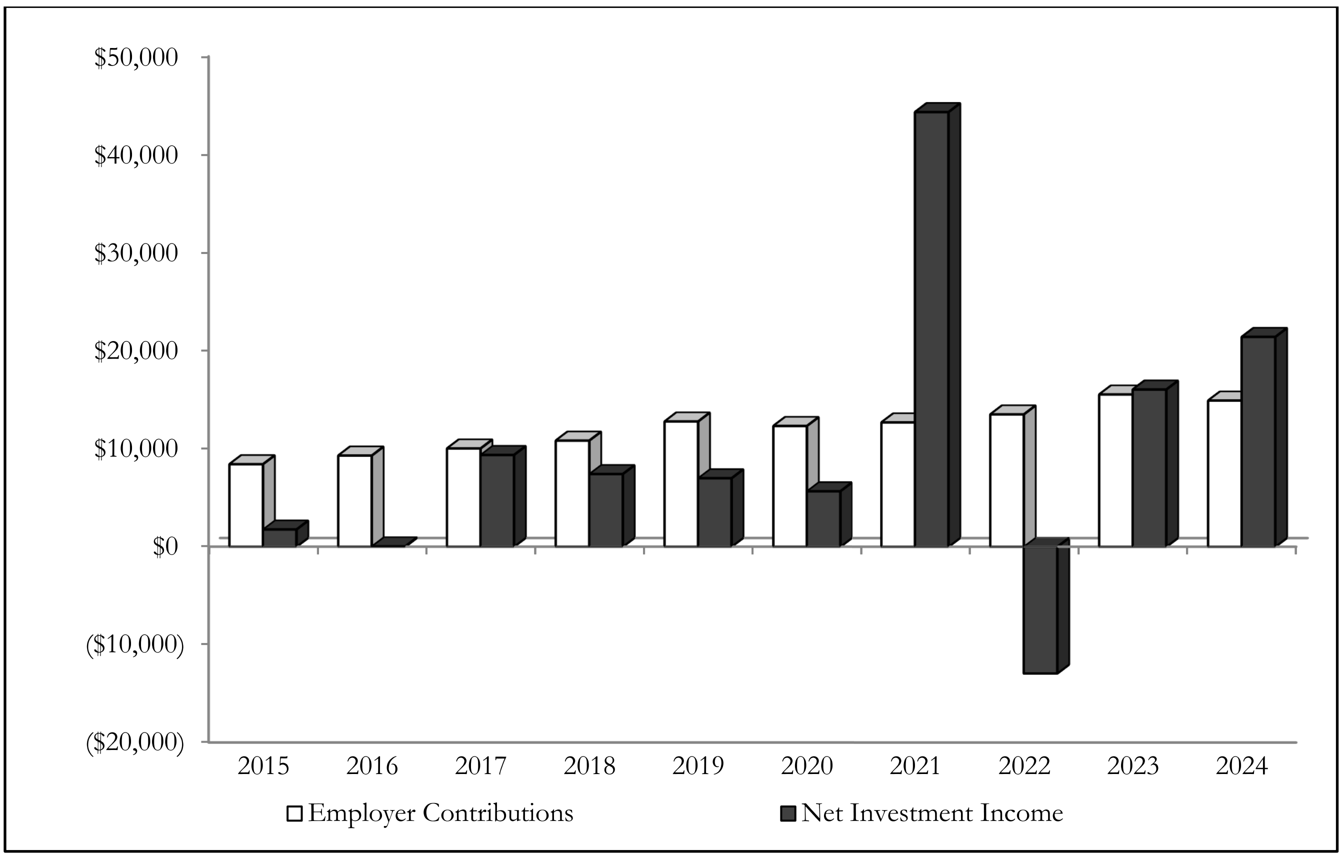
Teachers' Retirement System Defined Contribution Retirement Plan Defined Benefit Retiree Medical Plan Additions by Source (In thousands)					
Plan Ended June 30	**Plan Member Premiums**	**Employer Contributions**	**Net Investment Income (Loss)**	**Other**	**Total**
2015	$ —	$ 5,670	$ 477	$ —	$ 6,147
2016	—	6,317	82	—	6,399
2017	—	3,524	3,260	—	6,784
2018	—	3,271	2,580	—	5,851
2019	—	3,085	2,355	12	5,452
2020	—	4,461	1,899	4	6,364
2021	—	4,217	14,848	6	19,071
2022	—	4,086	(4,310)	28	(196)
2023	—	4,467	5,273	50	9,790
2024	—	4,561	7,008	68	11,637

10-YEAR COMPARISON OF ADDITIONS BY SOURCE
(In thousands)



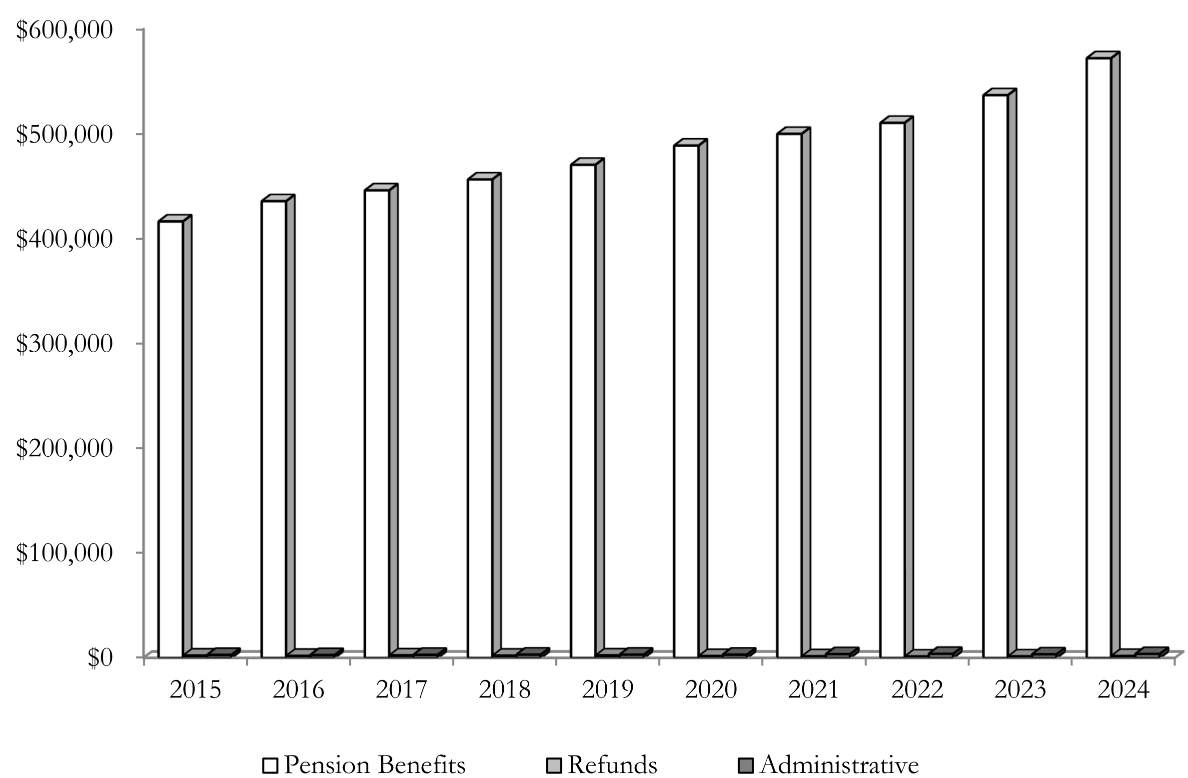
Teachers' Retirement System Defined Contribution Retirement Plan Health Reimbursement Arrangement Additions by Source (In thousands)				
Plan Ended June 30	Employer Contributions	Net Investment Income (Loss)	Other	Total
2015	$ 8,420	$ 1,758	$ —	$ 10,178
2016	9,301	31	—	9,332
2017	10,026	9,361	—	19,387
2018	10,829	7,414	—	18,243
2019	12,776	6,989	—	19,765
2020	12,317	5,661	—	17,978
2021	12,689	44,328	6	57,023
2022	13,504	(12,946)	(15)	543
2023	15,535	16,039	—	31,574
2024	14,915	21,404	—	36,319

10-YEAR COMPARISON OF ADDITIONS BY SOURCE
(In thousands)



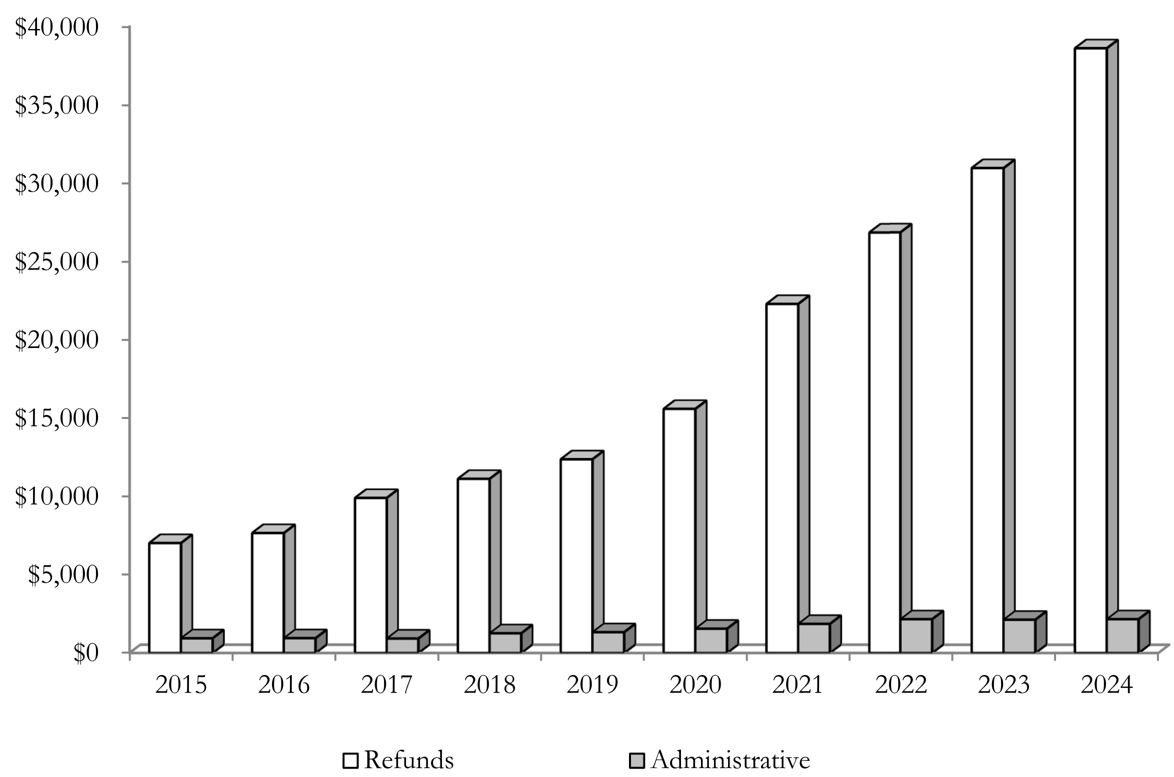
Teachers' Retirement System Defined Benefit Pension Deductions by Type (In thousands)				
Year Ended June 30	**Pension Benefits**	**Refunds of Contributions**	**Administrative**	**Total**
2015	$ 416,354	$ 2,191	$ 2,789	$ 421,334
2016	435,699	1,883	2,648	440,230
2017	446,044	2,378	2,890	451,312
2018	456,427	2,084	3,050	461,561
2019	470,414	2,303	3,018	475,735
2020	488,748	1,699	2,988	493,435
2021	499,942	1,487	3,446	504,875
2022	510,457	1,305	3,805	515,567
2023	536,866	1,404	3,310	541,580
2024	572,151	1,823	3,689	577,633

10-YEAR COMPARISON OF DEDUCTIONS BY TYPE
(In thousands)



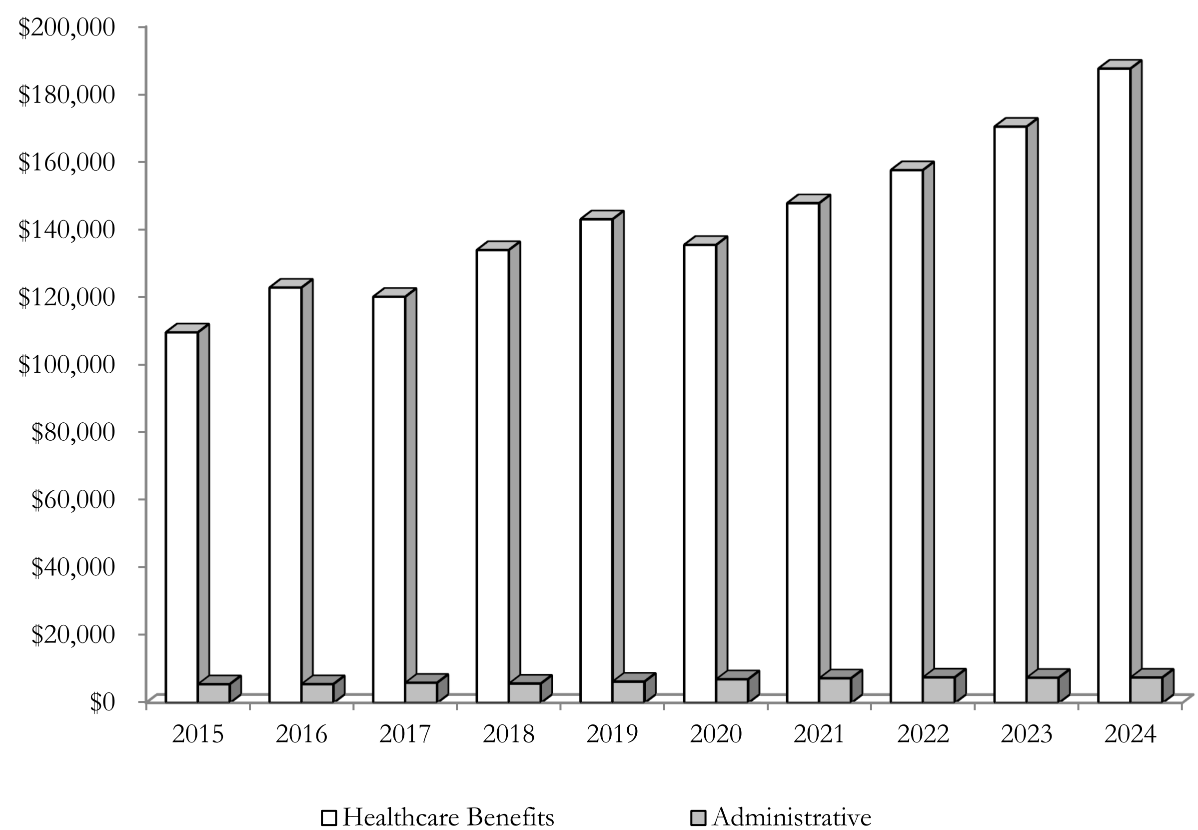
Teachers' Retirement System Defined Contribution Retirement Plan Participant Directed Fund Deductions by Type (In thousands)			
Plan Ended June 30	Refund of Contributions	Administrative	Total
2015	$ 7,041	$ 931	$ 7,972
2016	7,677	938	8,615
2017	9,918	915	10,833
2018	11,135	1,248	12,383
2019	12,384	1,317	13,701
2020	15,598	1,539	17,137
2021	22,294	1,846	24,140
2022	26,850	2,150	29,000
2023	30,954	2,121	33,075
2024	38,603	2,153	40,756

10-YEAR COMPARISON OF DEDUCTIONS BY TYPE
(In thousands)



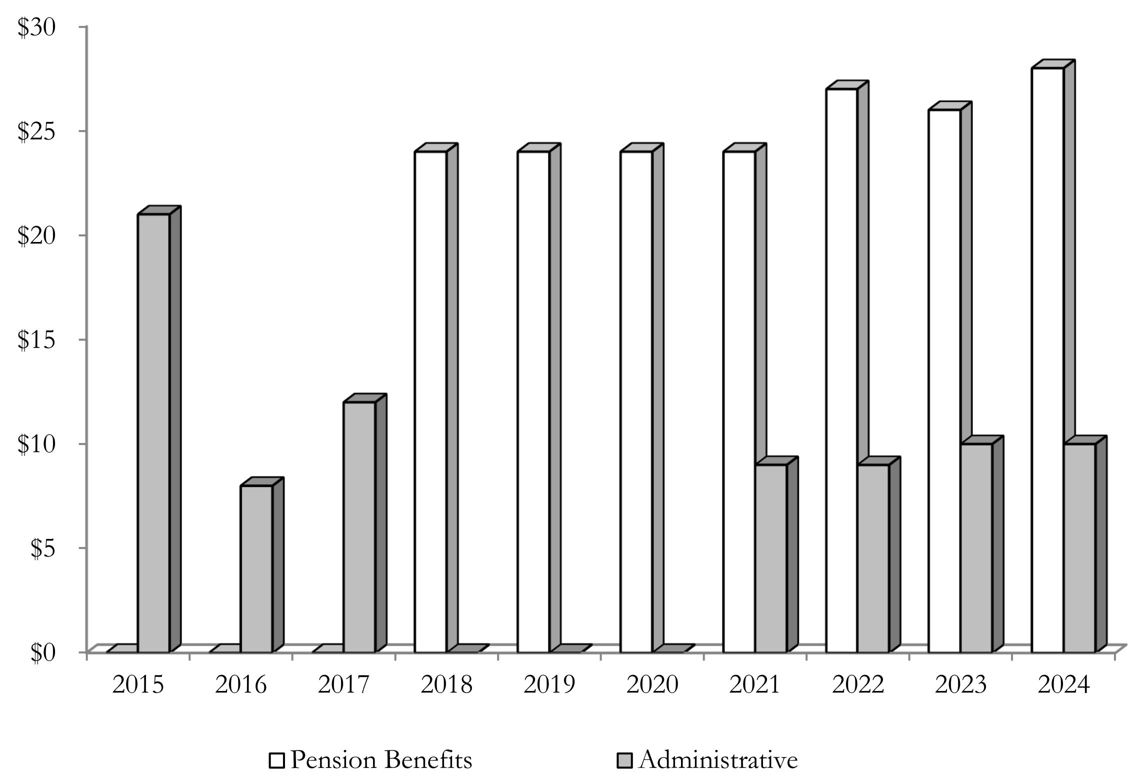
Teachers' Retirement System Defined Benefit Alaska Retiree Healthcare Trust Deductions by Type (In thousands)			
Plan Ended June 30	Healthcare	Administrative	Total
2015	$ 109,740	$ 5,484	$ 115,224
2016	122,954	5,511	128,465
2017	120,237	5,908	126,145
2018	134,051	5,665	139,716
2019	143,126	6,241	149,367
2020	135,566	6,945	142,511
2021	147,861	7,297	155,158
2022	157,616	7,568	165,184
2023	170,448	7,458	177,906
2024	187,579	7,519	195,098

10-YEAR COMPARISON OF DEDUCTIONS BY TYPE
(In thousands)



Teachers' Retirement System Defined Contribution Retirement Plan Defined Benefit Occupational Death and Disability Deductions by Type (In thousands)				
Year Ended June 30	**Pension Benefits**	**Administrative**	**Transfer out**	**Total**
2015	$ —	$ 21	$ —	$ 21
2016	—	8	—	8
2017	—	12	—	12
2018	24	—	—	24
2019	24	—	—	24
2020	24	—	—	24
2021	24	9	—	33
2022	27	9	—	36
2023	26	10	—	36
2024	28	10	32	70

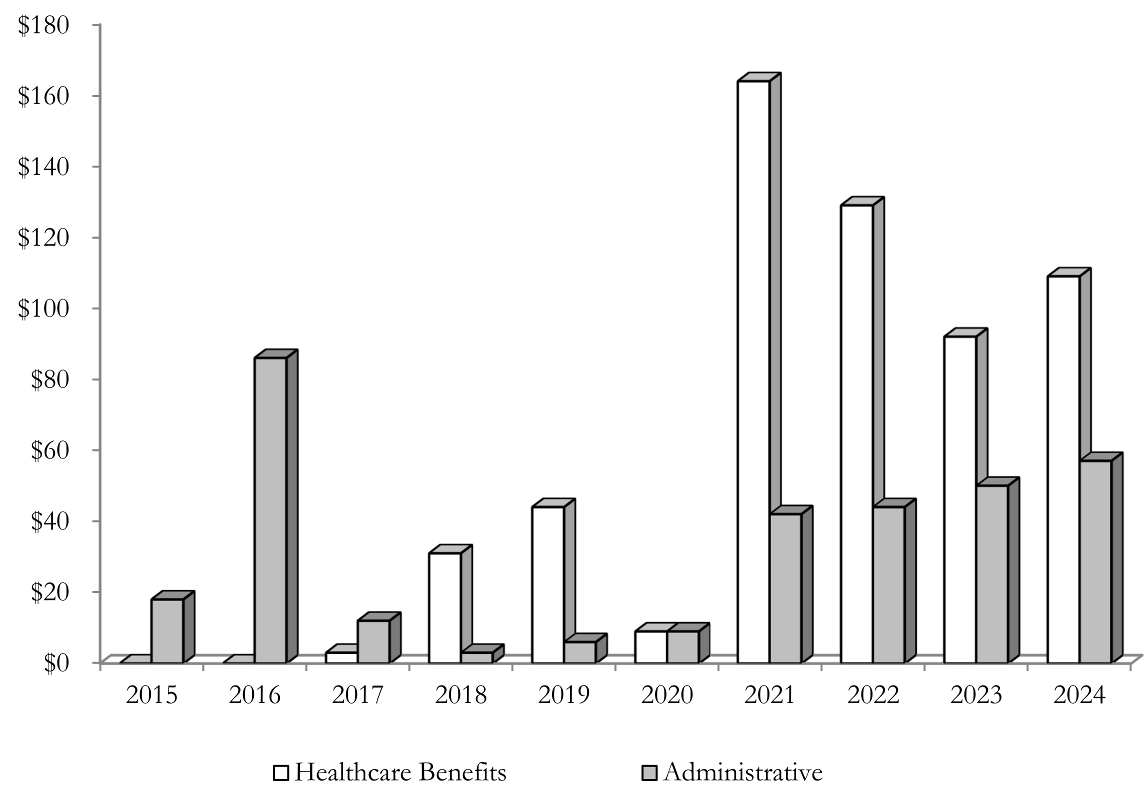
10-YEAR COMPARISON OF DEDUCTIONS BY TYPE
(In thousands)



Teachers' Retirement System
Defined Contribution Retirement Plan
Defined Benefit Retiree Medical Plan
Deductions by Type
(In thousands)

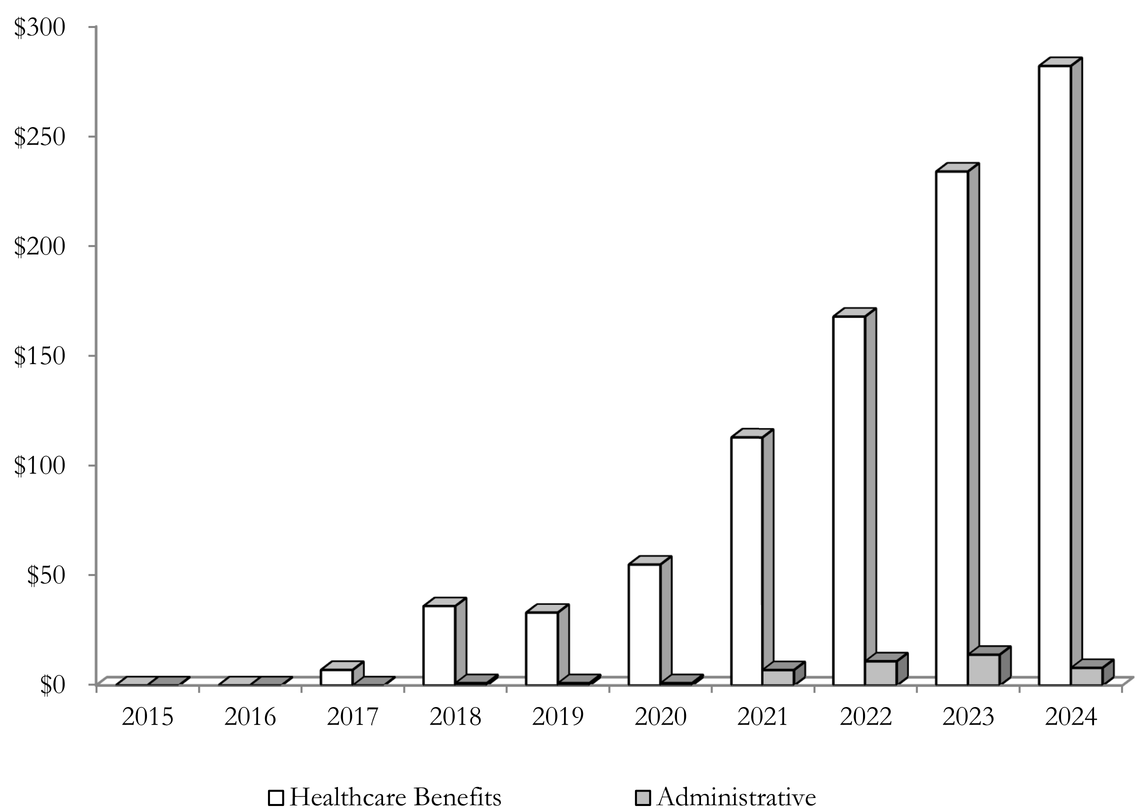
Year Ended June 30	Pension Benefits	Administrative	Transfer out	Total
2015	$ —	$ 18	$ —	$ 18
2016	—	86	—	86
2017	3	12	—	15
2018	31	3	—	34
2019	44	6	—	50
2020	9	9	—	18
2021	164	42	—	206
2022	129	44	—	173
2023	92	50	—	142
2024	109	57	787	953

10-YEAR COMPARISON OF DEDUCTIONS BY TYPE
(In thousands)



Teachers' Retirement System Defined Contribution Retirement Plan Healthcare Reimbursement Arrangement Deductions by Type (In thousands)				
Year Ended June 30	Healthcare	Administrative	Transfer out	Total
2015	$ —	$ —	$ —	$ —
2016	—	—	—	—
2017	7	—	—	7
2018	36	1	—	37
2019	33	1	—	34
2020	55	1	—	56
2021	113	7	—	120
2022	168	11	—	179
2023	234	14	—	248
2024	282	8	1,831	2,121

10-YEAR COMPARISON OF DEDUCTIONS BY TYPE
(In thousands)



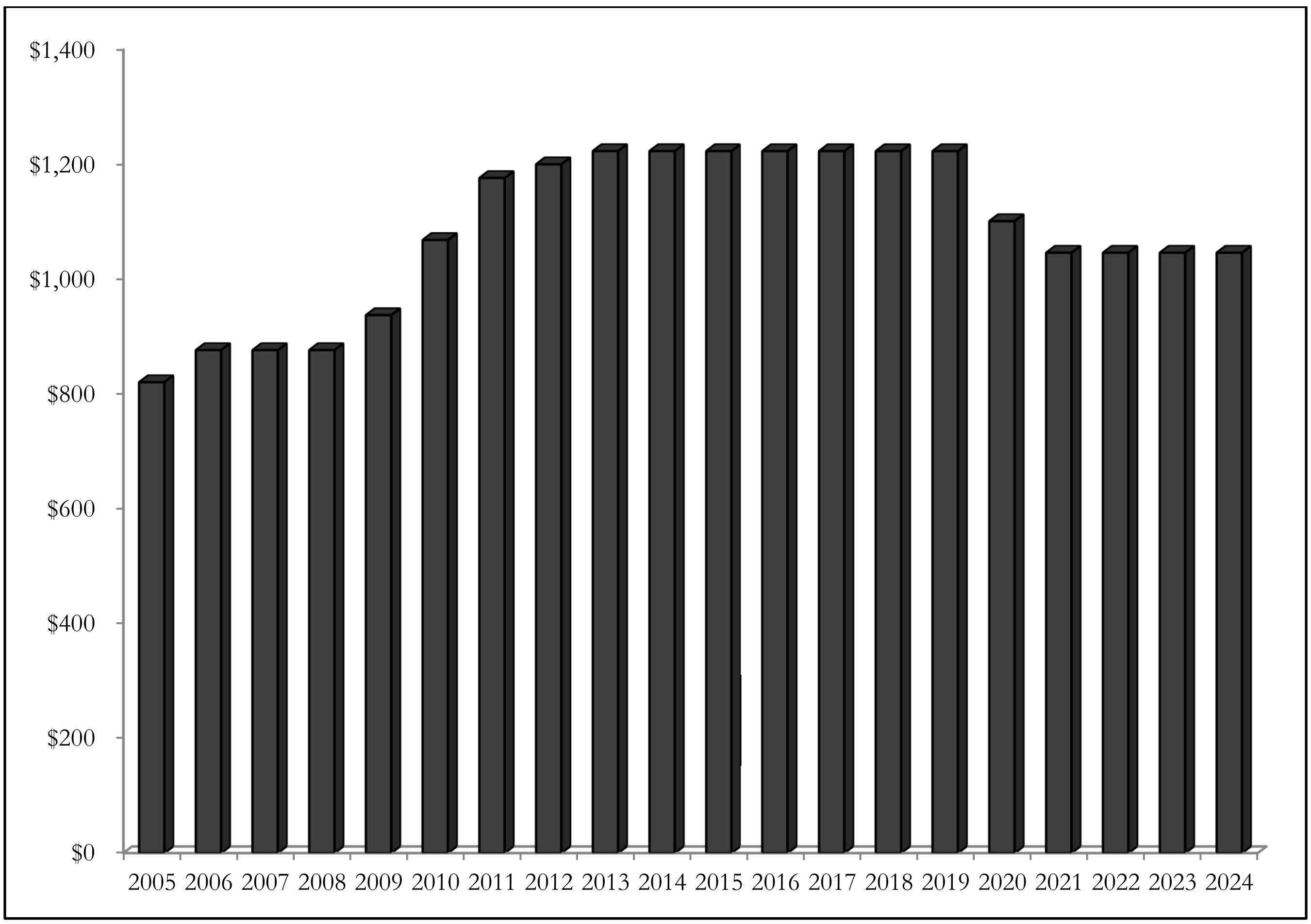
Teachers' Retirement System
Schedule of Average Pension Benefit Payments
New Benefit Recipients

	Years of Credited Service						
	0 – 4	5 – 9	10 – 14	15 – 19	20 – 24	25 – 29	30 +
Period 7/1/13 – 6/30/14:							
Average Monthly Pension	$235	$904	$1,435	$2,398	$3,016	$4,073	$7,485
Average Final Avg Salary	$32,410	$57,124	$63,001	$75,489	$84,962	$93,746	$111,694
Number of Recipients	8	31	31	28	22	18	12
Period 7/1/14 – 6/30/15:							
Average Monthly Pension	$349	$1,041	$1,342	$2,205	$3,267	$4,220	$5,900
Average Final Avg Salary	$30,580	$66,389	$66,444	$75,510	$88,520	$90,069	$96,693
Number of Recipients	11	33	70	67	137	125	94
Period 7/1/15 – 6/30/16:							
Average Monthly Pension	$245	$1,002	$1,535	$2,540	$3,445	$4,472	$6,168
Average Final Avg Salary	$33,030	$59,102	$74,725	$85,087	$89,590	$91,468	$98,446
Number of Recipients	11	31	82	69	105	74	54
Period 7/1/16 – 6/30/17:							
Average Monthly Pension	$426	$795	$1,626	$2,433	$3,549	$4,536	$6,351
Average Final Avg Salary	$37,851	$56,206	$75,706	$81,394	$91,313	$95,651	$101,423
Number of Recipients	10	22	60	75	100	64	48
Period 7/1/17 – 6/30/18:							
Average Monthly Pension	$204	$899	$1,583	$2,583	$3,422	$4,580	$6,083
Average Final Avg Salary	$34,164	$56,061	$75,433	$85,174	$90,449	$94,803	$102,076
Number of Recipients	5	21	61	85	109	130	57
Period 7/1/18 – 6/30/19:							
Average Monthly Pension	$334	$891	$1,540	$2,760	$3,567	$4,666	$6,777
Average Final Avg Salary	$21,317	$57,735	$72,728	$85,580	$92,422	$96,096	$104,880
Number of Recipients	4	23	39	87	93	85	41
Period 7/1/19 – 6/30/20:							
Average Monthly Pension	$243	$1,054	$1,647	$2,600	$3,616	$4,874	$6,772
Average Final Avg Salary	$35,203	$70,014	$76,621	$86,341	$91,619	$96,657	$107,454
Number of Recipients	8	19	26	72	90	78	40
Period 7/1/20 – 6/30/21:							
Average Monthly Pension	$451	$764	$1,509	$2,684	$3,625	$4,659	$6,090
Average Final Avg Salary	$43,545	$54,444	$71,764	$88,437	$94,909	$97,881	$98,847
Number of Recipients	8	24	33	83	142	112	46
Period 7/1/21 – 6/30/22:							
Average Monthly Pension	$1,073	$994	$1,828	$2,952	$3,984	$4,743	$6,936
Average Final Avg Salary	$56,500	$63,629	$79,736	$92,533	$98,208	$101,942	$112,372
Number of Recipients	5	19	15	69	139	101	46
Period 7/1/22 – 6/30/23:							
Average Monthly Pension	$191	$698	$1,431	$2,705	$4,018	$4,919	$6,375
Average Final Avg Salary	$32,298	$45,878	$69,642	$89,836	$99,759	$103,676	$107,194
Number of Recipients	1	9	26	46	118	89	45

"Average Monthly Benefit" includes post-retirement pension adjustments and cost-of-living increases.
Beneficiaries are not included in the table above.

Teachers' Retirement System Defined Benefit Plan Schedule of Pension and Healthcare Benefits Deductions by Type (In thousands)						
Year Ended June 30	Service	Disability	Survivor	Dependent	Healthcare	Total
2015	$ 398,280	$ 1,211	$ 16,781	$ 82	$ 109,740	$ 526,094
2016	415,963	1,279	18,360	97	122,954	558,653
2017	425,059	1,306	19,609	70	120,248	566,292
2018	434,783	1,226	20,372	70	134,118	590,569
2019	447,951	1,281	21,157	49	143,203	613,641
2020	464,483	1,026	23,244	19	135,630	624,402
2021	474,220	936	24,805	6	148,137	648,104
2022	482,962	737	26,785	—	157,913	668,397
2023	506,800	590	29,502	—	170,774	707,666
2024	538,917	491	32,771	—	187,970	760,149

20-YEAR COMPARISON OF RETIREE MONTHLY COMPOSITE MEDICAL PREMIUMS



Teachers' Retirement System
Defined Benefit Plan
Schedule of Pension Benefit Recipients by Type of Pension Benefit and Option Elected
Valuation as of June 30, 2023

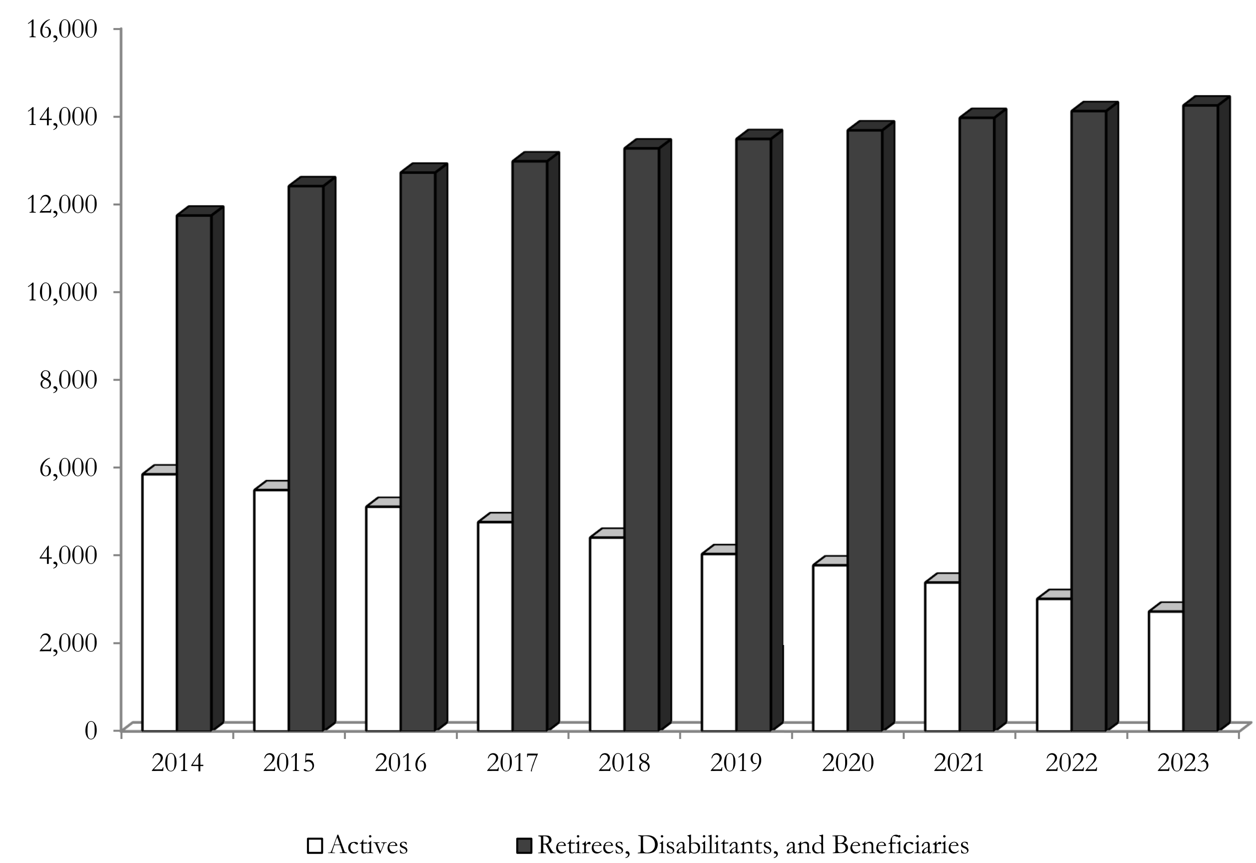
Amount of Monthly Pension Benefit	Number of Recipients	Type of Pension Benefit			Option Selected			
		1	2	3	1	2	3	4
$ 1 - 500	416	277	139	—	260	76	65	15
501 - 1,000	934	690	244	—	528	170	181	55
1,001 - 1,500	1,228	955	273	—	737	232	214	45
1,501 - 2,000	1,114	805	309	—	655	216	212	31
2,001 - 2,500	1,233	991	242	—	629	274	284	46
2,501 - 3,000	1,519	1,345	174	—	699	358	419	43
3,001 - 3,500	1,641	1,518	118	5	712	396	483	50
3,501 - 4,000	1,510	1,456	53	1	604	341	520	45
4,001 - 4,500	1,322	1,288	33	1	552	278	452	40
4,501 - 5,000	1,086	1,071	14	1	449	212	395	30
5,001 - 5,500	738	728	9	1	286	143	290	19
5,501 - 6,000	483	473	9	1	196	101	170	16
6,001 - 6,500	325	316	9	—	130	46	132	17
6,501 - 7,000	216	216	—	—	79	36	88	13
7,001 - 7,500	141	140	1	—	49	28	58	6
7,501 - 8,000	84	84	—	—	35	14	31	4
over $8,000	265	265	—	—	87	48	116	14
Totals	14,255	12,618	1,627	10	6,687	2,969	4,110	489

Type of Pension Benefit
1 - Regular Retirement
2 - Survivor Payment
3 - Disability

Option Selected
1 - Whole Life Annuity
2 - 75% Joint and Contingent Annuity
3 - 50% Joint and Contingent Annuity
4 - 66 2/3% Joint and Survivor Annuity

Teachers' Retirement System Defined Benefit Plan System Membership by Status					
Year Ended June 30	Active	Retirees Disabilitants & Beneficiaries	Vested Terminations	Nonvested Terminations w/Balance	Total
2014	5,861	11,750	1,274	2,328	21,213
2015	5,502	12,418	890	2,218	21,028
2016	5,123	12,726	875	2,103	20,827
2017	4,772	12,983	876	1,994	20,625
2018	4,418	13,277	797	1,900	20,392
2019	4,044	13,491	812	1,810	20,157
2020	3,789	13,689	764	1,744	19,986
2021	3,396	13,972	727	1,679	19,774
2022	3,023	14,126	729	1,616	19,494
2023	2,734	14,255	763	1,560	19,312

10-YEAR COMPARISON OF ACTIVE MEMBERS AND RETIREES, DISABILITANTS, AND BENEFICIARIES



Teachers' Retirement System Principal Participating Employers June 30, 2024			
Employer	**Non-retired Members**	**Rank**	**Percentage of Total Non-retired Members**
Anchorage School District	5,028	1	30.76%
Matanuska-Susitna Borough School District	1,836	2	11.23
Fairbanks North Star Borough School District	1,385	3	8.47
Total	**8,249**		**50.46%**

Teachers' Retirement System
Participating Employers
June 30, 2024

Alaska Department of Education
Alaska Gateway School District
Aleutian Region School District
Aleutians East Borough School District
Anchorage School District
Annette Island School District

Bering Strait School District
Bristol Bay Borough School District

Chatham School District
Chugach School District
Copper River School District
Cordova City School District
Craig City School District

Delta-Greely School District
Denali Borough School District
Dillingham City School District

Fairbanks North Star Borough School District

Galena City School District

Haines Borough School District
Hoonah City School District
Hydaburg City School District

Iditarod Area School District

Juneau School District, City and Borough of

Kake City School District
Kashunamiut School District
Kenai Peninsula Borough School District
Ketchikan Gateway Borough School District
Klawock City School District
Kodiak Island Borough School District
Kuspuk School District

Lake and Peninsula Borough School District
Lower Kuskokwim School District
Lower Yukon School District

Matanuska-Susitna Borough School District

Nenana City School District
Nome City School District
North Slope Borough School District
Northwest Arctic Borough School District

Pelican City School District
Petersburg City School District
Pribilof School District

Saint Mary's School District
Sitka Borough School District
Skagway City School District
Southeast Island School District
Southeast Regional Resource Center
Southwest Region School District
Special Education Service Agency

Tanana School District

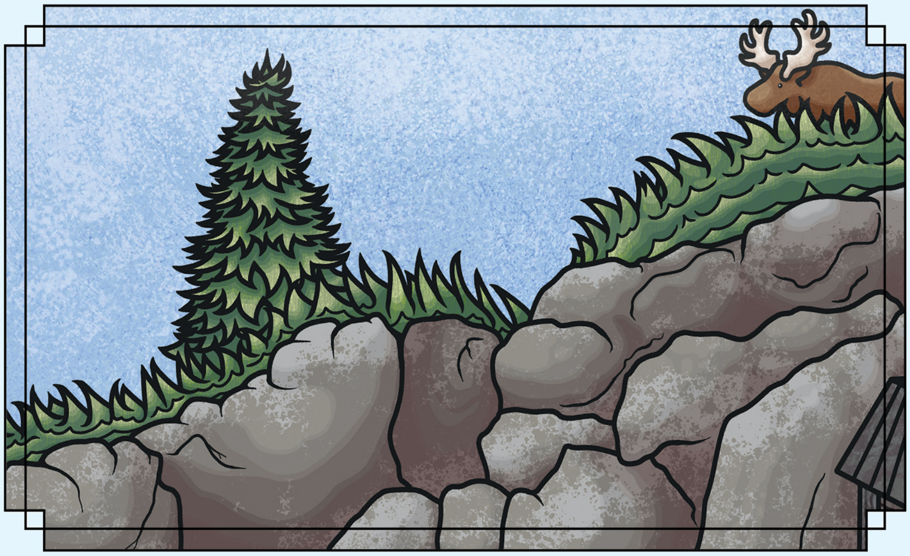
Unalaska City School District
University of Alaska

Valdez City School District

Wrangell Public School District

Yakutat School District
Yukon Flats School District
Yukon-Koyukuk School District
Yupiit School District

ALASKA DIVISION OF
Retirement
and Benefits



STATE OF ALASKA • DEPARTMENT OF ADMINISTRATION

- DIVISION OF RETIREMENT AND BENEFITS -

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