KPMG

**STATE OF ALASKA**
**DEFERRED COMPENSATION PLAN**
(A Component Unit of the State of Alaska)

Financial Statements and Supplemental Schedules

June 30, 2015

(With Independent Auditors' Report Thereon)

**STATE OF ALASKA**
**DEFERRED COMPENSATION PLAN**
(A Component Unit of the State of Alaska)

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**KPMG LLP**
Suite 600
701 West Eighth Avenue
Anchorage, AK 99501

# Independent Auditors' Report

The Division of Retirement and Benefits and
Members of the Alaska Retirement Management Board
State of Alaska Deferred Compensation Plan:

We have audited the accompanying statement of fiduciary net position of the State of Alaska Deferred Compensation Plan (the Plan), a component unit of the State of Alaska, as of June 30, 2015, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

## *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes 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.

## *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the State of Alaska Deferred Compensation Plan as of June 30, 2015, and the changes in fiduciary net position for the year then ended, in accordance with U.S. generally accepted accounting principles.

KPMG LLP is a Delaware limited liability partnership, the U.S. member firm of KPMG International Cooperative ("KPMG International"), a Swiss entity.

***Other Matters***

*Required Supplementary Information*

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis, on pages 3–8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 auditing standards generally accepted in the United States of America, 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.

*Supplemental Schedules*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Plan's basic financial statements. The supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements 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 auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

KPMG LLP

December 4, 2015

**STATE OF ALASKA**
**DEFERRED COMPENSATION PLAN**
(A Component Unit of the State of Alaska)

Management's Discussion and Analysis (unaudited)

June 30, 2015

This section presents management's discussion and analysis (MD&A) of the State of Alaska Deferred Compensation Plan's (the Plan) financial position and performance for the fiscal year ended June 30, 2015 and the 18-month period ended June 30, 2014. This section is presented as a narrative overview and analysis. Please read the MD&A in conjunction with the financial statements and notes to financial statements to better understand the financial condition and performance of the Plan during the fiscal years ended June 30, 2015 and 2014.

## Financial Highlights

The Plan's financial highlights as of June 30, 2015 were as follows:

- The Plan's net position restricted for benefits as of June 30, 2015 increased by $19.2 million during fiscal year 2015.
- The Plan's participant contributions and transfers into the plan decreased by $20.8 million during fiscal year 2015.
- The Plan's net investment income decreased by $112.7 million to $25.2 million during fiscal year 2015.
- Benefits paid to participants and purchases of annuity contracts decreased by $16.3 million in fiscal year 2015.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Plan's financial statements. The Plan's financial statements are composed of three components: (1) statement of fiduciary net position, (2) statement of changes in fiduciary net position, and (3) notes to financial statements.

*Statement of Fiduciary Net Position* – This statement presents information regarding the Plan's assets, liabilities, and resulting net position restricted for individuals. This statement reflects the Plan's investments at fair market value and receivables less liabilities at June 30, 2015.

*Statement of Changes in Fiduciary Net Position* – This statement presents how the Plan's net position restricted for individuals changed during the period ended June 30, 2015. This statement presents contributions by participants along with net investment income during the period from individual participant-directed investing activities. Deductions for benefits paid, purchases of annuity contracts, and administrative expenses are also presented.

The above statements represent resources available for investment and payment of benefits and expenses as of June 30, 2015, and the sources and uses of those funds during the period ended June 30, 2015.

*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 Plan's financial statements.

## **Condensed Financial Information** (In thousands)

**Fiduciary net positon**

| Description | June 30, 2015 | June 30, 2014 | Increase (decrease) Amount | Increase (decrease) Percentage | December 31, 2012 |
|---|---|---|---|---|---|
| Assets: | | | | | |
| Cash and cash equivalents | $ 464 | 1,834 | (1,370) | (74.7)% | $ — |
| Participant contributions receivable | 2,002 | 1,898 | 104 | 5.5 | 3,020 |
| Due from State of Alaska general fund | 90 | — | 90 | 100.0 | — |
| Other receivables | 42 | 42 | — | — | — |
| Investments, at fair value: | 813,583 | 794,649 | 18,934 | 2.4 | 657,897 |
| Total assets | 816,181 | 798,423 | 17,758 | 2.2 | 660,917 |
| Liabilities: | | | | | |
| Due to State of Alaska general fund | 182 | 77 | 105 | 136.4 | — |
| Accrued expenses | 220 | 1,754 | (1,534) | (87.5) | 188 |
| Total liabilities | 402 | 1,831 | (1,429) | (78.0) | 188 |
| Fiduciary net position | $ 815,779 | 796,592 | 19,187 | 2.4% | $ 660,729 |

**Changes in fiduciary net position**

| Description | June 30, 2015 (12 months) | June 30, 2014 (18 months) | Increase (decrease) Amount | Increase (decrease) Percentage | December 31, 2012 (12 months) |
|---|---|---|---|---|---|
| Net position, beginning of year | $ 796,592 | 660,729 | 135,863 | 20.6% | $ 601,310 |
| Additions: | | | | | |
| Contributions and transfers in | 45,580 | 66,382 | (20,802) | (31.3) | 40,550 |
| Net investment income | 25,245 | 137,895 | (112,650) | (81.7) | 59,857 |
| Other | 1 | 42 | (41) | (97.6) | — |
| Total additions | 70,826 | 204,319 | (133,493) | (65.3) | 100,407 |
| Deductions: | | | | | |
| Benefits paid to participants and purchases of annuity contracts | 50,600 | 66,897 | (16,297) | (24.4) | 37,996 |
| Administrative expenses | 1,039 | 1,559 | (520) | (33.4) | 2,992 |
| Total deductions | 51,639 | 68,456 | (16,817) | (24.6) | 40,988 |
| Net increase (decrease) in net position | 19,187 | 135,863 | (116,676) | (85.9) | 59,419 |
| Net position, end of year | $ 815,779 | 796,592 | 19,187 | 2.4% | $ 660,729 |



(continued)

## Financial Analysis of the Plan

The statement of fiduciary net position as of June 30, 2015 shows net position restricted for individuals of $815,779,000. The entire amount is available to pay benefits to participants and their beneficiaries, as well as administrative costs.

These amounts represent an increase in plan net position restricted for individuals of $19,187,000 or 2.4% from fiscal year 2014 to fiscal year 2015, and an increase of $135,863,000 or 20.6% from fiscal year 2012 to the 18-month period ending June 30, 2014.

## Contributions and Investment Income

Additions to the Plan are accumulated through a combination of plan participant contributions and investment income as follows (in thousands):

| | Additions | | | | |
|---|---|---|---|---|---|
| | June 30, 2015 (12 months) | June 30, 2014 (18 months) | Decrease | | December 31, 2012 (12 months) |
| | | | Amount | Percentage | |
| Participant contributions | $ 45,552 | 66,311 | (20,759) | (31.3)% | $ 40,537 |
| Transfers in contributions | 28 | 71 | (43) | (60.6) | 13 |
| Net investment income | 25,245 | 137,895 | (112,650) | (81.7) | 59,857 |
| Other | 1 | 42 | (41) | (97.6) | — |
| Total | $ 70,826 | 204,319 | (133,493) | (65.3)% | $ 100,407 |

The Plan's participant contributions decreased from $66,311,000 in the 18-month fiscal period ending June 30, 2014 to $45,552,000 in fiscal year 2015, a decrease of $20,759,000 or 31.3%. The Plan's participant contributions increased from $40,537,000 in fiscal year 2012 to $66,311,000 in the 18-month fiscal period ended June 30, 2014, an increase of $25,774,000 or 63.6%. Changes in contributions are attributable to changes in elected deferrals per employee in the Plan as well as the additional six months in the fiscal period ended June 30, 2014.

The Plan's net investment income decreased from $137,895,000 in the 18-month fiscal period ending June 30, 2014 to $25,245,000 in fiscal year 2015, a decrease of $112,650,000 or 81.7% from amounts recorded in fiscal year 2014. The decrease relates to significant declines in rates of returns in fiscal year 2015 compared to similar investments in the 18-month fiscal period ending June 30, 2014. Net investment income increased in the 18-month fiscal period ended June 30, 2014 by $78,038,000 or 130.4% when compared to amounts recorded in fiscal year 2012. This increase in investment income relates to the healthy and positive financial climate that occurred during the 18-month period ended June 30, 2014.

The Plan's investment rates of return are as follows:

| | **June 30, 2015 trailing 12-month actual** | **June 30, 2014 trailing 12-month actual** |
|---|---|---|
| Alaska Balanced Trust | 2.33% | 11.32% |
| Alaska Long-Term Balanced Trust | 2.84 | 16.44 |
| Alaska Target Date Retirement 2010 Trust | 2.34 | 13.44 |
| Alaska Target Date Retirement 2015 Trust | 2.70 | 15.79 |
| Alaska Target Date Retirement 2020 Trust | 2.97 | 17.62 |
| Alaska Target Date Retirement 2025 Trust | 3.19 | 19.35 |
| Alaska Target Date Retirement 2030 Trust | 3.32 | 20.87 |
| Alaska Target Date Retirement 2035 Trust | 3.41 | 21.99 |
| Alaska Target Date Retirement 2040 Trust | 3.53 | 22.58 |
| Alaska Target Date Retirement 2045 Trust | 3.55 | 22.62 |
| Alaska Target Date Retirement 2050 Trust | 3.54 | 22.60 |
| Alaska Target Date Retirement 2055 Trust | 3.56 | 22.60 |
| Allianz/RCM Socially Responsible Investment Fund | 4.91 | 21.79 |
| Brandes International Equity Fund | N/A | 27.07 |
| Government/Credit Bond Index Fund | 1.52 | 4.15 |
| Interest Income Fund | 2.71 | 2.76 |
| Intermediate Bond Fund | 1.68 | 1.38 |
| Long U.S. Treasury Bond Index Fund | 6.29 | 6.22 |
| Russell 3000 Index Fund | 7.34 | 25.15 |
| S&P 500 Index Fund | 7.37 | 24.61 |
| SSgA Global Balanced Fund | (0.20) | 16.06 |
| T. Rowe Price U.S. Small Cap Trust | 6.27 | 25.13 |
| U.S. Real Estate Investment Trust Index Fund | 4.98 | 13.01 |
| U.S. TIPS Index Fund | (1.83) | 4.29 |
| World Equity Ex-U.S. Index Fund | (5.25) | 21.87 |
| World Government Bond Ex-U.S. Index Fund | (13.60) | 8.76 |

The MassMutual Equity Fund and MassMutual Bond Fund (both formerly known as Hartford) have both been closed to participant use since 1986. Because of the closed nature of the funds, a rate of return on a fully comparable basis is not provided. However, both funds closely mirror funds generally of the same asset composition description that are actively available.


(continued)

### Benefits and Other Deductions

The primary deductions to the Plan are the payment of benefits and purchases of annuity contracts. Benefit payments and administrative expenses were as follows (in thousands):

| | Deductions | | | | |
|---|---|---|---|---|---|
| | June 30, 2015 (12 months) | June 30, 2014 (18 months) | Decrease Amount | Decrease Percentage | December 31, 2012 (12 months) |
| Benefits paid to participants and purchases of annuity contracts | $ 50,600 | 66,897 | (16,297) | (24.4)% | $ 37,996 |
| Administrative expenses | 1,039 | 1,559 | (520) | (33.4) | 2,992 |
| Total | $ 51,639 | 68,456 | (16,817) | (24.6)% | $ 40,988 |

The Plan's benefits paid to participants and purchases of annuity contracts in fiscal year 2015 decreased by $16,297,000 or by 24.4% from the 18-month fiscal period ended June 30, 2014. This decrease in deductions is primarily attributable to the six-month decrease in length from the prior period. The Plan's benefits paid to participants and purchases of annuity contracts in the 18-month fiscal period ended June 30, 2014 increased by $28,901,000 or 76.1% from fiscal year 2012. This increase in deductions is primarily attributable to the six-month increase in the length of this fiscal period, but also due in part to the ongoing economic recovery and an increase in the number of retirements.

The Plan had administrative expenses of $1,039,000 in fiscal year 2015 compared to $1,559,000 in the 18-month fiscal period ended June 30, 2014, a decrease of $520,000 or 33.4%. Based on a monthly average, costs remained roughly the same from fiscal year 2015 compared to the 18-month fiscal period ended June 30, 2014. The Plan had administrative expenses of $1,559,000 in the 18-month fiscal period ended June 30, 2014 compared to $2,992,000 in 2012, a decrease of $1,433,000 or 47.9%. The Plan had incurred costs related to computer infrastructure enhancements in prior years that are not included in the past 18-month time frame, which reduced expenses for the Plan.

### Fiduciary Responsibilities

The Alaska Retirement Management Board, the plan administrator, and the Commissioner of Administration are co-fiduciaries of the Plan.

The Plan's assets can only be used for the exclusive benefit of the Plan's participants, beneficiaries, and alternate payees.


(continued)

**Request for Information**

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

State of Alaska Deferred Compensation Plan
Division of Retirement and Benefits, Finance Section
P.O. Box 110203
Juneau, Alaska 99811-0203

**STATE OF ALASKA**
**DEFERRED COMPENSATION PLAN**
(A Component Unit of the State of Alaska)

Statement of Fiduciary Net Position

June 30, 2015

(In thousands)

| | | June 30, 2015 |
|---|---|---|
| Assets: | | |
| Cash and cash equivalents: | | |
| Investment in State of Alaska General Fund and Other Nonsegregated Investments Pool | $ | 431 |
| Money market fund – nonparticipant directed | | 33 |
| Total cash and cash equivalents | | 464 |
| Receivables: | | |
| Participant contributions receivable | | 2,002 |
| Due from State of Alaska General Fund | | 90 |
| Other receivables | | 42 |
| Total receivables | | 2,134 |
| Investments, participant directed, at fair value: | | |
| Collective investment funds | | 500,303 |
| Synthetic investment contracts | | 185,430 |
| Pooled investment funds | | 127,850 |
| Total investments | | 813,583 |
| Total assets | | 816,181 |
| Liabilities: | | |
| Due to State of Alaska General Fund | | 182 |
| Accrued expenses | | 220 |
| Total liabilities | | 402 |
| Fiduciary net position | $ | 815,779 |

See accompanying notes to financial statements.

**STATE OF ALASKA**
**DEFERRED COMPENSATION PLAN**
(A Component Unit of the State of Alaska)

Statement of Changes in Fiduciary Net Position

Year ended June 30, 2015

(In thousands)

| | | **June 30, 2015** |
|---|---|---|
| Additions: | | |
| Participant contributions | $ | 45,552 |
| Transfers in | | 28 |
| Total contributions | | 45,580 |
| Investment income: | | |
| Net appreciation in fair value of investments | | 27,854 |
| Less investment expense | | 2,609 |
| Net investment income | | 25,245 |
| Other income | | 1 |
| Total additions | | 70,826 |
| Deductions: | | |
| Benefits paid to participants and purchases of annuity contracts | | 50,600 |
| Administrative expenses | | 1,039 |
| Total deductions | | 51,639 |
| Net increase in net position | | 19,187 |
| Net position, beginning of year | | 796,592 |
| Net position, end of year | $ | 815,779 |

See accompanying notes to financial statements.

## (1) Description

The following description of the State of Alaska Deferred Compensation Plan (the Plan), a defined contribution plan, is provided for general information purposes only. Participants should refer to the plan document for more complete information.

### *General*

The Plan was created by State of Alaska (the State) statutes issued May 31, 1974, and was most recently amended effective March 1, 2006. It is a deferred compensation plan under Section 457 of the Internal Revenue Code and is available to all permanent and long-term nonpermanent employees and elected officials of the State and, with the March 1, 2006 amendment, members of State boards and commissions. Participants in the Plan authorize the State to reduce their current salary or compensation so that they can receive the amount deferred at a later date. The deferred compensation is not available to participants until termination, retirement, death, or an unforeseeable emergency, within the definition allowed by the applicable Internal Revenue Code. There were 11,100 participants in the Plan as of June 30, 2015.

As a result of the passage of the Small Business Job Protection Act of 1996 (SBJPA), all amounts deferred, including amounts deferred before the effective date of the new law under an eligible 457 plan, must be held in a trust for the exclusive benefit of employees and beneficiaries. This law repealed the requirement that a Section 457 plan sponsored by a government be solely the property of the employer, subject only to the claims of the employer's general creditors. The trust requirement generally applies to assets and income held by a plan on and after the date of enactment of the SBJPA. For any plan in existence on the date of enactment of the SBJPA, a trust need not be established before January 1, 2000.

As to the Plan, the plan document was amended effective January 1, 1997 to recognize and establish the trust requirement for the Plan. The formal trust documents were completed by December 31, 1998.

The plan document was completely restated effective January 1, 2002 for compliance with the Economic Growth and Tax Relief Reconciliation Act of 2001 and most recently amended March 1, 2006.

The Division of Retirement and Benefits is responsible for plan administration and record-keeping. The Alaska Retirement Management Board (the Board) is responsible for the specific investment of monies in the Plan.

The fiscal year-end was changed from a fiscal year-end of December 31 to a fiscal year-end of June 30 effective June 30, 2014.

***Contributions***

During the fiscal year ended June 30, 2015, plan participants are required to contribute a minimum of $50 per month ($600 per year). At June 30, 2015, the maximum amount that could be deferred in a calendar year was $18,000 for participants under age 50 and $24,000 for participants who are age 50 and greater. However, for each of the participant's last three calendar years ending prior to normal retirement age, a "catch-up limitation" applies, which allows larger contributions (up to $36,000 in calendar year 2015). Participants vest automatically in all of their contributions and earnings on those contributions.

***Participant Accounts***

Participant accounts are self-directed with respect to investment options. Each participant designates how his or her contribution is 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.

A record-keeping/administrative fee is deducted monthly from each participant's account, applied pro rata to all the funds in which the member participates. This fee is for all costs incurred by the record-keeper and by the State. The investment management fees are netted out of the funds' performance.

At June 30, 2015, participants had the following investment options:

**Collective Investment Funds**

*Allianz/RCM Socially Responsible Investment Fund* – This fund is actively managed and only invests in companies contained within the MSCI USA environmental, social, and governance (ESG) Index (LMSI). The LMSI holds approximately 600 companies with the highest ESG rankings in each sector of the 1,000 largest U.S. stocks.

*Brandes International Equity Fund* – Investment in this fund ended during fiscal year 2015 and this fund was invested primarily in the equity securities of non-U.S. issuers whose equity market capitalizations exceed $5 billion at the time of purchase. The fund was managed using a value investment process based on Graham & Dodd fundamental analysis of individual securities to identify those that are priced below their intrinsic value.

*Government/Credit Bond Index Fund* – This fund invests in a highly diversified portfolio of high-quality U.S. fixed income securities. The fund buys and holds portfolios of the securities included in the Barclays Capital Government/Credit Bond Index. The fund seeks to closely match the Index's total rate of return.

*Intermediate Bond Fund* – This fund buys and holds representative securities included in the Barclays Capital Intermediate Bond Index. The fund seeks to closely match the Index's total rate of return.

*International Equity Fund* – Inception date for this fund was March 2015 and it is invested primarily in the equity securities of non-U.S. issuers. The fund is a multimanager fund comprised of two investment managers of differing investment strategies, style, and long-term market correlation.

*Long U.S. Treasury Bond Index Fund* – This fund invests in one or more commingled funds managed by SSgA, which, in combination, are designed to replicate the return of the Barclays Capital Long Treasury Bond Index while providing for daily liquidity for plan participants. The fund seeks to match the return of Barclays Capital Long Treasury Bond Index by investing in a well-diversified portfolio of Treasury securities with maturities longer than ten years.

*MassMutual Bond Fund* – This fund invests in investment-grade corporate and government bonds and other debt securities. This investment option is only available to participants whose contributions were originally invested with the MassMutual Life Insurance Company and have since remained with MassMutual.

*MassMutual Equity Fund* – This fund invests in diversified common stocks of high-quality growth companies for long-term capital growth with income a secondary consideration. This investment option is only available to participants whose contributions were originally invested with the MassMutual Life Insurance Company and have since remained with MassMutual Life Insurance Company.

*Russell 3000 Index Fund* – This fund invests in one or more commingled funds managed by SSgA, which, in combination, are designed to replicate the returns and characteristics of the Russell 3000 Index. The fund measures the performance of the largest 3,000 U.S. companies representing approximately 98.0% of the investable U.S. equity market.

*Standard & Poor's (S&P) 500 Stock Index Fund* – This fund offers diversified investment in the U.S. equity market and replicates the returns and characteristics of the Standard & Poor's 500 Composite Stock Price Index. The fund owns all 500 of the securities in the S&P 500 Index in proportion to each security's size as measured by its total market value.

*SSgA Global Balanced Fund* – This fund has a target asset allocation of 60% equities and 40% fixed income and is invested in a mix of passively managed index commingled funds, which, in combination, are designed to replicate the returns and characteristics of the fund benchmark.

*State Street Institutional Treasury Money Market Fund* – This money market fund seeks to achieve its investment objective by investing substantially all of its investable assets in the State Street Money Market Portfolio of State Street Master Funds, which has the same investment objective as, and investment policies that are substantially similar to, those of the fund. The fund attempts to achieve its investment objective by investing exclusively in direct obligations of the U.S. Treasury, such as U.S. Treasury bills, notes, and bonds. The fund may also invest in other mutual funds, subject to regulatory limitations, that invest exclusively in such obligations.

*U.S. Real Estate Investment Trust Index Fund* – This fund seeks to replicate the returns and characteristics of the Dow Jones U.S. Select REIT Index by purchasing each security in the same capitalization weight as it appears in the Index.

*U.S. Small Cap Trust* – This fund invests primarily in common stocks of small companies that appear undervalued or offer the potential for superior earnings growth. This fund invests at least 94% of its total assets in the stocks of U.S. companies.

*U.S. Treasury Inflation Protected Securities (TIPS) Index Fund* – This fund invests in the SSgA TIPS Index NL Series (Class A) and is intended to replicate the return of the index while providing for daily liquidity for the plan participants. The fund seeks to match the returns of the index by investing in a portfolio of U.S. Treasury inflation protected securities.

*World Equity Ex-U.S. Index Fund* – This fund invests in one or more commingled funds managed by SSgA, which, in combination, are designed to replicate the returns and characteristics of the MSCI ACWI Ex-U.S. Index and provide a broad-based, low-cost exposure to both the developed and emerging markets. The index consists of approximately 2,000 securities across 47 markets.

*World Government Bond Ex-U.S. Index Fund* – This fund seeks an investment return that approximates as closely as practicable, before expenses, the performance of the Citigroup World Government Ex-U.S. Index over the long term. The fund is managed using a passive or indexing investment approach, by which SSgA attempts to replicate, before expenses, the performance of the index.

*Money Market Fund* – This fund consists of nonparticipant-directed funds used to pay administrative costs of the Plan.

### Interest Income Fund

*Interest Income Fund* – The purpose of this fund is to maximize current income while maintaining principal stability by investing in a diversified portfolio of primarily synthetic investment contracts (SICs) issued by banks and insurance companies that meet specified credit standards. Supporting securities for SICs typically include U.S. Treasury/Agency obligations, mortgage and asset-backed securities, as well as investment-grade corporate bonds.

### Pooled Investment Funds

The Board contracts with an external investment manager who is given authority to invest in a wholly owned pooled environment to accommodate 13 participant-directed funds.

*Alaska Balanced Trust* – The purpose of this fund is to provide exposure to a diversified mix of stocks, bonds, and money market securities for investors with a higher tolerance for risk and a medium investment horizon. The trust invests in up to four underlying common trust funds, each one emphasizing a different market sector: U.S. stocks, non-U.S. stocks, U.S. investment-grade bonds, and money market securities.

*Alaska Long-Term Balanced Trust* – The purpose of this fund is to provide exposure to a diversified mix of stocks, bonds, and money market securities for investors with a higher tolerance for risk and a medium to long investment horizon. The trust invests in up to four underlying common trust funds, each one emphasizing a different market sector: U.S. stocks, non-U.S. stocks, U.S. investment-grade bonds, and money market securities.

*Alaska Target Date Retirement 2010–2055 Trusts* – The purpose of these funds is to provide a diverse mix of stocks, bonds, and money market securities for long-term investors with a higher tolerance for risk. The trusts are designed to gradually invest more conservatively as the target retirement date approaches. The trusts invest in four underlying common trust funds, each one emphasizing a different market sector: U.S. stocks, non-U.S. stocks, U.S. investment-grade bonds, and money market securities. Over time, the allocations become more conservative, systematically decreasing exposure to stocks and increasing exposure to bonds and money market securities on a quarterly basis. At the target date, the trusts maintain a substantial exposure to stocks (approximately 55%). The most conservative allocation to stocks (approximately 20%) occurs 30 years after the target date is reached.

### *Payment of Benefits*

Participants are eligible to withdraw their account balance upon termination in the form of a lump sum, one of various annuities, or a periodic payment option, unless the participant elects to defer commencement of benefits. Account balances of $1,000 or less are automatically paid in the form of a lump-sum distribution. The deferred benefit commencement date can be no later than April 1 of the year after the participant would have turned age 70½. Payment of benefits to a participant commences 60 days after termination or the deferred benefit commencement date, as applicable.

Participants may request a hardship withdrawal for an unforeseeable emergency, within the definition allowed by the Internal Revenue Code. Hardship withdrawals are received as lump-sum distributions and must be approved by the plan administrator.

The Plan purchases annuity contracts from an insurance company. The annuity contracts are excluded from the plan assets.

### *Income Taxes*

The Plan is exempt from federal income taxes under the provisions of Section 501(a) of the Internal Revenue Code.

### *Termination, Partial Termination, or Complete Discontinuance of Contributions*

Although the State has established the Plan with the bona fide intention and expectation that it will continue the Plan indefinitely, the State may in its sole and absolute discretion terminate the Plan in whole or in part at any time without liability whatsoever for such termination. If the Plan shall be terminated, the participants in the Plan will be deemed to have withdrawn from the Plan as of the date of such termination. Deferred compensation shall thereupon cease. Upon plan termination, each participant or beneficiary shall be given the opportunity to elect a benefit commencement date and form of payment.

## (2) Summary of Significant Accounting Policies

### *Basis of Accounting*

The Plan utilizes the economic resources measurement focus and the accrual method of accounting. In preparing the financial statements, the plan administrator is required to make estimates that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements, and additions and deductions for the reporting period. Actual results could differ from those estimates.

***Valuation of Collective Investment Funds***

The Plan's investments in collective investment funds (note 3) 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 Plan. The unit value is determined by the trustees based on the fair value of the underlying assets. Purchases and sales of securities are recorded on a trade-date basis.

***Valuation of Synthetic Investment Contracts***

The Plan's investments in fully benefit-responsive SICs (note 4) are stated at fair value as they are affected by the market factors and credit standing.

***Valuation of Ownership of Pooled Investment Funds***

The Plan's ownership of pooled investment funds held in trust are stated at fair value based on the unit values as reported by the trustees multiplied by the number of units held by the Plan. The unit value is determined by the trustees based on the fair value of the underlying assets. Purchases and sales of securities are recorded on a trade-date basis.

***Cash and Cash Equivalents***

Cash and cash equivalents at June 30, 2015 are composed of interest-bearing deposits.

***Contributions Receivable***

Contributions applicable to wages earned through June 30 are accrued. These contributions are considered fully collectible, and accordingly, no allowance for doubtful accounts is considered necessary.

***Due to State of Alaska General Fund***

Amounts due to State of Alaska General Fund represent the net difference between amounts paid by the Plan on behalf of others and amounts paid by others on behalf of the Plan.

## (3) Investments

The Plan is participant directed, which means that the Plan's participants decide in which options to invest. Of total plan net position of $815,779,000 at June 30, 2015, 99.7% or $813,583,000 are specifically allocated to individual participant accounts.

Each participant designates how their contribution is to be allocated among the investment options. Each participant's account is credited with the participant's contributions, adjusted for the appreciation or depreciation in unit value for the investment funds, and reduced for administrative fees.

The market values of participant-directed investments at June 30, 2015 year-end are as follows (in thousands):

| | | 2015 |
|---|---|---|
| Interest Income Fund | $ | 185,431 |
| S&P 500 Index Fund | | 180,152 |
| U.S. Small Cap Trust | | 96,381 |
| Alaska Long-Term Balanced Trust | | 50,430 |
| International Equity Fund | | 45,489 |
| SSgA Global Balanced Fund | | 40,994 |
| Government/Credit Bond Index Fund | | 30,290 |
| Russell 3000 Index Fund | | 23,586 |
| Allianz/RCM Socially Responsible Investment Fund | | 17,052 |
| Alaska Balanced Trust | | 16,770 |
| Alaska Target Date Retirement 2020 Trust | | 16,727 |
| Intermediate Bond Fund | | 14,607 |
| U.S. Real Estate Investment Trust Index Fund | | 11,965 |
| State Street Institutional Treasury Money Market Fund | | 11,911 |
| Alaska Target Date Retirement 2015 Trust | | 10,907 |
| World Equity Ex-U.S. Index Fund | | 10,488 |
| Alaska Target Date Retirement 2025 Trust | | 8,609 |
| U.S. TIPS Index Fund | | 7,361 |
| Alaska Target Date Retirement 2030 Trust | | 5,854 |
| Long U.S. Treasury Bond Index Fund | | 4,034 |
| Alaska Target Date Retirement 2040 Trust | | 3,798 |
| World Government Bond Ex-U.S. Index Fund | | 3,739 |
| Alaska Target Date Retirement 2035 Trust | | 3,711 |
| Alaska Target Date Retirement 2010 Trust | | 3,231 |
| Alaska Target Date Retirement 2055 Trust | | 3,183 |
| Alaska Target Date Retirement 2045 Trust | | 2,441 |
| MassMutual Stock – Equity Fund | | 2,192 |
| Alaska Target Date Retirement 2050 Trust | | 2,188 |
| MassMutual Bond Fund | | 62 |
| Brandes International Equity Fund | | — |
| Total | $ | 813,583 |



(Continued)

The Plan's investments at June 30, 2015 include the following collective investment funds:

| | | Balance (in thousands) |
|---|---|---|
| Equity funds: | | |
| S&P 500 Index Fund | $ | 180,152 |
| U.S. Small Cap Trust | | 96,381 |
| International Equity Fund | | 45,489 |
| Allianz/RCM Socially Responsible Investment Fund | | 17,052 |
| U.S. Real Estate Investment Trust Index Fund | | 11,965 |
| Russell 3000 Index Fund | | 23,586 |
| World Equity Ex-U.S. Index Fund | | 10,488 |
| MassMutual Stock-Equity Fund | | 2,192 |
| | | 387,305 |
| Bond and debt securities funds: | | |
| Government/Credit Bond Index Fund | | 30,290 |
| Intermediate Bond Fund | | 14,607 |
| U.S. TIPS Index Fund | | 7,361 |
| Long U.S. Treasury Bond Index Fund | | 4,034 |
| World Government Bond Ex-U.S. Index Fund | | 3,739 |
| MassMutual Bond Fund | | 62 |
| | | 60,093 |
| Bond and equity fund: | | |
| SSgA Global Balanced Fund | | 40,994 |
| Money market funds: | | |
| Participant directed – State Street Institutional Treasury Money Market Fund | | 11,911 |
| Total collective investment funds | $ | 500,303 |

**(4) Synthetic Investment Contracts**

Accounts and terms of SICs in effect at June 30, 2015 are as follows:

***Prudential Insurance Company of America***

In September 2013, the Plan's investment manager entered into an investment contract, on behalf of the Plan, with Prudential Insurance Company of America. This financial institution provides a wrap contract that covers a separately managed structured payout synthetic investment portfolio. The account is credited with earnings and investment deposits, less administrative expenses charged by the financial institution and investment withdrawals. The contract is included in the Plan's financial statements at market value. It is fully benefit responsive. There are no reserves against contract value for the credit risk of the contract issuer or otherwise. The contract value of the investment contract at June 30, 2015 was $50,443,000, as reported by Prudential Insurance Company of America and the market value of the portfolio at June 30, 2015 was $51,935,000. The 12-month average crediting rate for the fiscal year ending June 30, 2015 was approximately 2.83%. The crediting interest rate is based on the approximate rate of interest that will amortize differences between book and market value over the portfolio's average duration.

***Royal Bank of Canada***

In February 2013, the Plan's investment manager entered into an investment contract, on behalf of the Plan, with Royal Bank of Canada. This financial institution provides a wrap contract that covers a separately managed structured payout synthetic investment portfolio. The account is credited with earnings and investment deposits, less administrative expenses charged by the financial institution and investment withdrawals. The contract is included in the Plan's financial statements at market value. It is fully benefit responsive. There are no reserves against contract value for the credit risk of the contract issuer or otherwise. The contract value of the investment contract at June 30, 2015 was $35,787,000, as reported by Royal Bank of Canada and the market value of the portfolio at June 30, 2015 was $36,625,000. The 12-month average crediting rate for the fiscal year ending June 30, 2015 was approximately 2.62%. The crediting interest rate is based on the approximate rate of interest that will amortize differences between book and market value over the portfolio's average duration.



(Continued)

***State Street Bank***

In 2004, the Plan's investment manager entered into an investment contract, on behalf of the Plan, with State Street Bank. This financial institution provides a wrap contract that covers a separately managed constant duration synthetic investment portfolio. The account is credited with earnings and investment deposits, less administrative expenses charged by the financial institution and investment withdrawals. The contract is included in the Plan's financial statements at market value. It is fully benefit responsive. There are no reserves against contract value for the credit risk of the contract issuer or otherwise. The contract value of the investment contract at June 30, 2015 was $49,095,000, as reported by State Street Bank, and the market value of the portfolio at June 30, 2015 was $50,667,000. The average crediting rate for the fiscal year ending June 30, 2015 was approximately 2.90%. The crediting interest rate is based on the approximate rate of interest that will amortize differences between book and market value over the portfolio's average duration.

***Pacific Life Insurance Co.***

In 2004, the Plan's investment manager entered into an investment contract, on behalf of the Plan, with Pacific Life Insurance Co. This financial institution provides a wrap contract that covers a separately managed structured payout synthetic investment portfolio. The account is credited with earnings and investment deposits, less administrative expenses charged by the financial institution and investment withdrawals. The contract is included in the Plan's financial statements at market value. It is fully benefit responsive. There are no reserves against contract value for the credit risk of the contract issuer or otherwise. The contract value of the investment contract at June 30, 2015 was $35,905,000, as reported by Pacific Life Insurance Co., and the market value of the portfolio at June 30, 2015 was $37,055,000. The average crediting rate for the fiscal year ending June 30, 2015 was approximately 2.90%. The crediting interest rate is based on the approximate rate of interest that will amortize differences between book and market value over the portfolio's average duration.

## (5) Deposit and Investment Risk

***Interest Rate Risk***

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

**Collective Investment and Money Market Funds**

The Board contracts with external investment managers who maintain collective investment funds. Managers selected to manage investments for the Plan are subject to the provisions of the collective investment funds the Board has selected. In addition, the Plan maintains a balance in a commingled money market portfolio.

The Board does not have a policy to limit interest rate risk for the Collective Investment Funds or the Institutional Treasury Money Market Fund portfolio. These investments with their related weighted average maturities at June 30, 2015 are as follows:

| | | Fair value (in thousands) | Weighted average maturity |
|---|---|---|---|
| Government/Credit Bond Index Fund | $ | 30,290 | 8.24 years |
| Intermediate Bond Fund | | 14,607 | 3.92 years |
| Institutional Treasury Money Market Fund | | 11,911 | 27 days |
| U.S. TIPS Index Fund | | 7,361 | 8.54 years |
| Long U.S. Treasury Bond Index Fund | | 4,034 | 24.86 years |
| World Government Bond ex-U.S. Index Fund | | 3,739 | 9.55 years |
| Mass Mutual Bond Fund | | 62 | 5.14 years |

### Interest Income Fund

The Board contracts with an external investment manager who is given the authority to invest in SICs and a reserve. This external manager also manages the securities underlying the SICs.

Through the Board's investment policy, exposure to fair value losses arising from increasing interest rates is managed by limiting the duration on SICs as follows:

- For constant duration SICs, duration cannot exceed the longer of six years or the duration of the Barclays Capital Intermediate Aggregate Index plus one-half year. The aggregate duration of the constant duration SICs was 3.82 years at June 30, 2015. The duration of the Barclays Capital Intermediate Aggregate Index was 4.07 years at June 30, 2015.

- Duration is a measure of interest rate risk. In the case of the Plan's constant duration SICs, duration is the fair value weighted average term to maturity using all fixed income securities underlying the contracts and their related cash flows.

### Pooled Investment Funds

Duration is a measure of a security's sensitivity to a 100-basis point change in interest rates. Duration for the securities in the pooled investment funds is the fair value weighted average term to maturity for each security, taking into account all related cash flows.

The Board contracts with an external investment manager who is given the authority to invest funds in a wholly owned pooled environment to accommodate 13 participant-directed funds. Through the Board's investment policy, exposure to fair value losses arising from increasing interest rates is managed by limiting the duration as follows:

- For government and corporate debt securities, duration is limited to ± 0.2 years of the blended benchmark of 70% Barclays U.S. Intermediate Aggregate Bond Index, 15% Barclays U.S. Floating Rate Note Index, 10% Barclays TIPS Index and 5% Barclays Long U.S. Treasury Bond Index. At June 30, 2015, the blended Barclays Bond Index duration was 3.98 years, and the duration of the Aggregate Bond Trust was 3.93 years, respectively.

The weighted average maturity of the money market portfolio was 35.92 days at June 30, 2015.

The Board does not have a policy to limit interest rate risk for funds held in foreign currency, the custodian's short-term investment fund, or commercial paper.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The Board does not have a policy to limit credit risk for the Plan's collective investment funds and the commingled money market portfolio. These investments are not rated.

The Board's investment policy has the following limitations with regard to credit risk for SICs, investments underlying the synthetic investment contracts and the reserve:

- SIC issuers must have an investment grade rating
- Supranational Agency and foreign government entity investments must have a minimum rating of A- or equivalent
- Corporate debt securities must have a minimum rating of BBB- or equivalent
- Asset-backed securities must have a minimum rating of AAA or equivalent
- The ratings assigned to issuers of money market instruments must have the highest rating of any nationally recognized statistical rating organization. This limitation does not apply to the investment funds maintained by the custodian.

The Board's investment policy has the following limitations with regard to credit risk for wholly owned pooled investments:

- All government and corporate fixed income securities must be rated BBB- or better at time of purchase
- GNMA, FNMA, and FHLMC mortgage-backed securities may be purchased even if they are not rated by all or any of these rating agencies as long as they are rated investment grade by T.Rowe's internal credit evaluation
- Commercial paper and other short-term debt obligations must be rated A1 or equivalent.

At June 30, 2015, Plan investments consisted of securities with credit quality ratings issued by a nationally recognized statistical rating organization as follows (using the Standard and Poor's rating scale):

| | | **Fair market value** (in thousands) | | |
|---|---|---|---|---|
| **Investment type** | **Rating** | **Underlying SICs** | **Other** | **Total** |
| Investments with credit exposure: | | | | |
| Money market fund | Not Rated | $ 9,149 | 33 | 9,182 |
| Short-term investment fund | Not Rated | 1,407 | — | 1,407 |
| U.S. government agency | AA | 7,850 | — | 7,850 |
| Mortgage-backed | AAA | 1,810 | — | 1,810 |
| Mortgage-backed | A | 1,237 | — | 1,237 |
| Mortgage-backed | Not Rated | 52,479 | — | 52,479 |
| Other asset-backed | AAA | 5,066 | — | 5,066 |
| Other asset-backed | AA | 3,402 | — | 3,402 |
| Corporate bonds | AAA | 172 | — | 172 |
| Corporate bonds | AA | 4,869 | — | 4,869 |
| Corporate bonds | A | 17,072 | — | 17,072 |
| Corporate bonds | BBB | 14,851 | — | 14,851 |
| Corporate bonds | Not Rated | 473 | — | 473 |
| Yankees: | | | | |
| Corporate | AA | 2,096 | — | 2,096 |
| Corporate | A | 7,160 | — | 7,160 |
| Corporate | BBB | 1,998 | — | 1,998 |
| Government | AAA | 2,254 | — | 2,254 |
| Government | AA | 1,174 | — | 1,174 |
| Government | A | 1,187 | — | 1,187 |
| Deposits and investments with no credit exposure: | | | | |
| Deposits | Not Rated | (858) | — | (858) |
| U.S. Treasury notes | AA | 34,545 | — | 34,545 |
| U.S. Treasury notes | Not Rated | 16,037 | — | 16,037 |
| Collective investment funds | Not Rated | — | 384,616 | 384,616 |
| Wholly owned pooled | Not Rated | — | 127,850 | 127,850 |
| Wholly owned domestic equity | Not Rated | — | 113,433 | 113,433 |
| MassMutual stock fund | Not Rated | — | 2,192 | 2,192 |
| MassMutual bond fund | Not Rated | — | 62 | 62 |
| Total invested assets | | $ 185,430 | 628,186 | 813,616 |

***Concentration of Credit Risk***

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

The Board does not have a policy to limit concentration of credit risk in the collective investment and money market funds.

The Board's policy with regard to concentration of credit risk for SICs, investments underlying the SICs and the reserve is as follows:

- No investment will be made if, at the time of purchase, total investment in any single issuer of investment contracts would exceed 35% of the Interest Income Fund's total value

- No investment will be made if, at the time of purchase, total investment in any single issuer or in all issuers of the securities held as supporting investments under SICs in the table below would exceed the respective percentages of all investments underlying the SICs.

| Investment type | Issuer | All issuers |
|---|---|---|
| U.S. Treasury and Agencies | 100.0% | 100.0% |
| U.S. Agency Securities | 100.0 | 100.0 |
| Agency Mortgage-backed Securities | 50.0 | 50.0 |
| Non-Agency Mortgage-backed Securities | 5.0 | 50.0 |
| Asset-backed Securities | 5.0 | 50.0 |
| Domestic and Foreign Corporate Debt Securities | 5.0 | 50.0 |
| Supranational Agency and Foreign Government Entity Securities | 5.0 | 50.0 |
| Money Market Instruments – Nongovernmental/Agency | 5.0 | 100.0 |
| Custodian Short-term Investment Fund | 100.0 | 100.0 |

- The maximum exposure to securities rated BBB is limited to 20% of the total value underlying synthetic investment contracts

- For the reserve, the total investment of any single issuer of money market instruments may not exceed 5% of the total value underlying synthetic investment contracts. This limitation does not apply to the investment funds maintained by the custodian.

The Board's policy with regard to concentration of credit risk for wholly owned pooled investments is as follows:

- Equity holdings will be limited to 5% per issuer of the equity portfolio at the time of purchase

- With the exception of the U.S. government or its agencies, fixed income holdings of any single issuer is limited to 2% of the total portfolio at the time of purchase

- With the exception of the U.S. Government or its agencies, money market holdings of any single issuer are limited to no more than 5% of the portfolio at the time of purchase. This limitation does not apply to the investment funds maintained by the custodian.

At June 30, 2015, the Plan had no exposure to a single issuer in excess of 5% of total invested assets.

***Foreign Currency Risk***

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit.

The Board does not have a policy to limit foreign currency risk associated with collective investment funds. The Plan has exposure to foreign currency risk in the International Equity and Global Balanced collective investment funds.

The Board’s policy with regard to the Interest Income Fund is to require that all investments underlying a SIC be denominated in U.S. dollars.

The Board’s policy with regard to pooled investments requires that all money market holdings be made in entities domiciled in the United States. The Board has no policy with regard to other pooled investments.

***Custodial Credit Risk***

Custodial credit risk is the risk that, in the event of a bank failure, the deposits may not be returned. The Board does not have a policy for custodial credit risk. At June 30, 2015, the Plan’s deposits were uncollateralized and uninsured.

## (6) Risk and Uncertainty

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of fiduciary net assets.

The Plan may invest in pooled separate accounts that include securities with contractual cash flows, which may include asset-backed securities, collateralized mortgage obligations, and commercial mortgage-backed securities. The value, liquidity, and related income of these securities are sensitive to changes in economic conditions, including real estate value, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates.

# SUPPLEMENTAL SCHEDULES

**Schedule 1**

**STATE OF ALASKA**
**DEFERRED COMPENSATION PLAN**
(A Component Unit of the State of Alaska)

Schedule of Administrative and Investment Deductions

Year ended June 30, 2015

(In thousands)

| | | Administrative | Investment | Totals |
|---|---|---|---|---|
| Personal services: | | | | |
| Wages | $ | 83 | 11 | 94 |
| Benefits | | 58 | 5 | 63 |
| Total personal services | | 141 | 16 | 157 |
| Travel: | | | | |
| Transportation | | 3 | 6 | 9 |
| Per diem | | 1 | 1 | 2 |
| Total travel | | 4 | 7 | 11 |
| Contractual services: | | | | |
| Management and consulting | | 792 | 2,543 | 3,335 |
| Accounting and auditing | | 34 | 2 | 36 |
| Data processing | | 43 | 26 | 69 |
| Communications | | 3 | 2 | 5 |
| Rentals/leases | | 7 | 3 | 10 |
| Legal | | 8 | 5 | 13 |
| Repairs and maintenance | | 1 | — | 1 |
| Other professional services | | 2 | 2 | 4 |
| Total contractual services | | 890 | 2,583 | 3,473 |
| Other: | | | | |
| Equipment | | 4 | 3 | 7 |
| Total other | | 4 | 3 | 7 |
| Total administrative and investment deductions | $ | 1,039 | 2,609 | 3,648 |

See accompanying independent auditors' report.

**Schedule 2**

**STATE OF ALASKA**
**DEFERRED COMPENSATION PLAN**
(A Component Unit of the State of Alaska)

Schedule of Payments to Consultants Other than Investment Advisors

Year ended June 30, 2015

(In thousands)

| Firm | Services | Total |
|---|---|---|
| KPMG LLP | Auditing services | $ 33 |
| State Street Bank Corporation | Custodian banking services | 3 |
| Applied Microsystems Inc. | Data processing consultants | 16 |
| Computer Task Group Inc. | Data processing consultants | 13 |
| Wostmann Group LLC | Data processing consultants | 2 |
| State of Alaska, Department of Law | Legal services | 12 |
| | | $ 79 |

See accompanying independent auditors' report.