



May 24, 2021

Ms. Rhonda McLeod
Chief Financial Officer
Alaska Court System
820 W. 4th Avenue
Anchorage, AK 99501-2005

Re: FY23 Employer Contribution Rates for the State of Alaska Judicial Retirement System - Update

Dear Ms. McLeod:

Buck Global, LLC is engaged by the Alaska Retirement Management Board to determine the funded status and contribution requirements for the State of Alaska Judicial Retirement System (JRS). This letter is an update to our letter dated March 5, 2021, reflecting a change in the salary and pensioner benefit increase assumptions that were used in the updated June 30, 2020 JRS actuarial valuation¹.

Based on our updated June 30, 2020 JRS actuarial valuation, we determined the following employer contribution rates, expressed as a percentage of projected payroll, for the fiscal year ending June 30, 2023:

- Pension 38.85%
- Healthcare 6.49%
- Total 45.34%

We understand that you have requested the State of Alaska's Department of Administration to approve an alternative pattern of employer contribution rates to JRS for FY23. As such, we have determined an alternative employer contribution pattern that is equivalent, on a present value basis, to the FY23 employer contribution rates shown above. That is, employer contributions to JRS based on the contribution rates shown above or the contribution rates and lump sum amounts shown below would have no adverse financial effect on JRS (assuming the plan's assets earn the expected rate of return of 7.38% and payroll increases as expected based on the updated June 30, 2020 actuarial valuation).

¹ In the updated June 30, 2020 JRS actuarial valuation, the salary and pensioner benefit increase assumptions were changed to 0% for FY21-FY24 to better reflect expected short-term experience.

Below are the equivalent FY23 employer contribution rates plus the additional lump sum contributions payable as of June 30, 2021, or alternatively as of August 31, 2021:

1. Equivalent Employer Contribution Rates for FYE June 30, 2023¹

- Pension 36.32%
- Healthcare 4.40%
- Total 40.72%

2a. Lump Sum Contributions as of June 30, 2021

- Pension \$ 488,800
- Healthcare 59,200
- Total \$ 548,000

2b. Lump Sum Contributions as of August 31, 2021

- Pension \$ 494,600
- Healthcare 59,900
- Total \$ 554,500

The present values of the employer contributions based on the alternative contribution rates shown above were determined using a discount rate of 7.38%, which is the long-term expected rate of return used in the updated June 30, 2020 JRS actuarial valuation.

Please call me at 602-803-6174 if you have any questions.

Sincerely,



David J. Kershner, FSA, EA, MAAA, FCA
Principal

cc: Mr. Kevin Worley, State of Alaska

¹ These are the same as the alternative FY22 employer contribution rates outlined in our letter dated May 19, 2020.