

September 21, 2010

VIA EMAIL

Mr. Pat Shier
 Director
 Division of Retirement and Benefits
 Department of Administration
 State of Alaska
 333 Willoughby Avenue
 6th Floor State Office Building
 Juneau, AK 99811-0208

REVISED

Re: Judicial Retirement System Roll-Forward Actuarial Valuation as of June 30, 2009 Including State Appropriation

Dear Pat:

We have revised the roll-forward actuarial valuation for the State of Alaska Judicial Retirement System (JRS) as of June 30, 2009. These results incorporate a \$788,937 State appropriation made to the JRS fund for FY09. The valuation was performed by a projection or “roll forward” of liabilities from the last valuation date of June 30, 2008 to June 30, 2009. A summary of our results and methods is included in this letter.

RESULTS

The actuarial valuation produced an increase of 11.38% in the employer contribution rate from FY11 to FY12 if the appropriation is included. A full description of the results can be found in the attachments. A summary of the results are as follows:

	FY11 Contribution Rate	FY12 Contribution Rate	
	June 30, 2008	June 30, 2009 Without State Appropriation	June 30, 2009 With State Appropriation
Judicial Retirement System	36.20%	48.07%	47.58%

ACTUARIAL ASSUMPTIONS AND METHODS

In lieu of collecting new data as of June 30, 2009 and performing a full actuarial valuation, it is an acceptable practice to project or “roll forward” liabilities calculated in the last complete valuation as of June 30, 2008 to June 30, 2009 by assuming the actuarial assumptions during the year are exactly realized. This process produces liabilities and normal costs which reflect the best available estimates

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of the major factors that would be reflected in a full actuarial valuation, including salary increases, cost of living adjustments and increases in medical costs. All data, actuarial assumptions, methods and plan provisions are the same as those used for the June 30, 2008 valuation unless otherwise noted in this letter, including a valuation interest rate of 8.25%, and salary scale of 4.00%.

The actuarial value of assets was calculated as of June 30, 2009 using actual assets and cash flows during the year and includes the State Appropriation of \$788,937 for FY09 (\$727,183 for pension, \$61,754 for postemployment healthcare). We are phasing in the five-year smoothing method, and investment gains experienced during FY09 are recognized at 20%.

Contributions during the year were more than the 2008 actuarial valuation requirement creating actuarial gains. However, large investment losses were experienced during the year by JRS. The net result was an overall actuarial loss. The net actuarial loss was \$22,175,000. The net actuarial loss has the effect of increasing the unfunded liability from what was expected. Given the differences between actual and expected contributions and investment return, this results in changes in the employer contributions from the previous year.

Please let us know if you have any questions.

Sincerely,



David H. Sliskinsky, A.S.A.
Principal and Consulting Actuary

/mlp

Attachment

c: Ms. Teresa Kesey, State of Alaska
Ms. Melissa Bissett, Buck Consultants
Ms. Michelle DeLange, Buck Consultants
Mr. Chris Hulla, Buck Consultants

State of Alaska Judicial Retirement System

	June 30, 2008	June 30, 2009 Without State Appropriation	June 30, 2009 With State Appropriation
Total Pension Accrued Liability	\$ 130,596,048	\$ 137,586,315	\$ 137,586,315
Annual Pension Normal Cost	\$ 3,593,057	\$ 3,736,779	\$ 3,736,779
Pension Actuarial Value of Assets (AVA)	\$ 122,822,726	\$ 107,818,399	\$ 108,691,018
Pension Funded Ratio based on AVA	94.1%	78.4%	79.0%
Pension Market Value of Assets (MVA)	\$ 116,209,622	\$ 89,848,666	\$ 90,575,849
Pension Funded Ratio based on MVA	89.0%	65.3%	65.8%
Total Postemployment Healthcare Accrued Liability	\$ 18,141,832	\$ 19,093,191	\$ 19,093,191
Annual Postemployment Healthcare Normal Cost	\$ 462,781	\$ 462,781	\$ 462,781
Postemployment Healthcare Actuarial Value of Assets (AVA)	\$ 18,352,929	\$ 18,408,493	\$ 18,482,598
Postemployment Healthcare Funded Ratio based on AVA	101.2%	96.4%	96.8%
Postemployment Healthcare Market Value of Assets (MVA)	\$ 17,602,098	\$ 15,340,411	\$ 15,402,165
Postemployment Healthcare Funded Ratio based on MVA	97.0%	80.3%	80.7%
Total Accrued Liability	\$ 148,737,880	\$ 156,679,506	\$ 156,679,506
Actuarial Value of Assets	\$ 141,235,655	\$ 126,226,892	\$ 127,173,616
Unfunded Liability	\$ 7,502,225	\$ 30,452,614	\$ 29,505,890
Funded Ratio based on Actuarial Value of Assets	95.0%	80.6%	81.2%
Market Value of Assets	\$ 133,811,720	\$ 105,189,077	\$ 105,978,014
Funded Ratio based on Market Value of Assets	90.0%	67.1%	67.6%
Total Normal Cost	\$ 4,055,838	\$ 4,199,560	\$ 4,199,560
Pension Contribution Rate			
– Employer Normal Cost Rate	25.97%	25.97%	25.97%
– Past Service Rate	5.77%	17.28%	16.83%
– Pension Contribution Rate	31.74%	43.25%	42.80%
Postemployment Healthcare Contribution Rate			
– Employer Normal Cost Rate	3.97%	3.82%	3.82%
– Past Service Rate	0.49%	1.00%	0.96%
– Postemployment Healthcare Contribution Rate	4.46%	4.82%	4.78%
Total Employer Contribution Rate			
– Employer Normal Cost Rate	29.94%	29.79%	29.79%
– Past Service Rate	6.26%	18.28%	17.79%
– Total Employer Contribution Rate	36.20%	48.07%	47.58%

This exhibit is an attachment to a letter dated September 21, 2010.