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May 8, 2026

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

**Judicial Retirement System and National Guard and Naval Militia Retirement System
Roll-Forward Actuarial Valuations as of June 30, 2025**

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

We have completed the roll-forward actuarial valuations for the State of Alaska Judicial Retirement System (JRS) and the National Guard and Naval Militia Retirement System (NGNMRS) as of June 30, 2025. The valuations have been performed by a projection or “roll forward” of liabilities and costs from the last valuation date of June 30, 2024 to June 30, 2025. Actual asset values as of June 30, 2025 were reflected. A summary of results and description of assumptions and methods are included in this report.

The purposes of these roll-forward valuations are to (i) determine the employer contributions necessary to meet the funding policy for each System set by the Alaska Retirement Management Board (Board), (ii) disclose the funding assets and liability measures as of the valuation date, and (iii) review the current funded status of each System and assess the funded status as an appropriate measure for determining future actuarially determined contributions. The calculations of the Employer and State Contributions are reasonable actuarially determined contributions as defined in Actuarial Standard of Practice No. 4 (ASOP 4).

The Board and staff of the State of Alaska may use this report for the review of the operations of JRS and NGNMRS. 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, Gallagher recommends requesting its advanced review of any statement to be based on information contained in this report. Gallagher 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 these valuations.

Actuarial Assumptions and Methods

In lieu of collecting new participant data as of June 30, 2025 and performing a full actuarial valuation, the actuarial liabilities were projected or “rolled forward” from the June 30, 2024 valuation date to June 30, 2025 by assuming the actuarial assumptions during the year were exactly realized¹.

The actuarial value of assets was calculated as of June 30, 2025 using actual assets and cash flows during FY25. The asset valuation method recognizes 20% of the investment gain or loss each year, for a period of five years. Valuation assets are constrained to a range of 80% to 120% of the fair value of assets.

All data, actuarial assumptions, methods, and plan provisions are the same as those shown in the June 30, 2024 valuation reports dated May 9, 2025, with the following exceptions:

- For JRS, the Board adopted a 15-year fresh start approach for the amortization method in September 2025, which was effective June 30, 2024. The Unfunded Actuarial Accrued Liability (UAAL) as of June 30, 2024 was amortized over a 15-year closed period. 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 15-year periods. The amortizations continue to be on a level percent of pay basis.
- For JRS, the payroll growth assumption was changed from 2.75% to 1.25% in September 2025, which was effective June 30, 2024, based on the most recent 10-year average payroll increase of 1.1% for JRS. The payroll growth assumption does not affect the plan’s liabilities. It is used to amortize the unfunded liability on a level percent of payroll basis.
- For JRS, the Board adopted Resolution 2025-23 in December 2025 that recommended a new funding policy effective June 30, 2025:
 - If the funded ratio, determined separately for pension and healthcare, is less than 100% on an actuarial value of assets basis, the total contribution rate equals the normal cost rate plus the total amortization rate determined in accordance with the amortization method used for FY27 contribution rates, but not less than the normal cost rate.
 - If the funded ratio, determined separately for pension and healthcare, is at least 100% and less than 125% on an actuarial value of assets basis, all outstanding amortization bases (layers) are eliminated, in which case the amortization rate equals zero and the total contribution rate equals the normal cost rate.
 - If the funded ratio, determined separately for pension and healthcare, is at least 125% on an actuarial value of assets basis, the total contribution rate equals the normal cost rate offset by a 100-year amortization of the funding surplus.
 - The amortizations continue to be on a level percent of pay basis.
 - Total contribution rates are not less than zero.
- For JRS, the Board adopted a new payroll growth assumption of 1.50% in December 2025, which was effective June 30, 2025.

¹ For the JRS liability roll forward, actual FY25 benefits paid of \$17,830,668 (pension) and expected FY25 benefit payments of \$1,204,934 (healthcare) were used. For the NGNMRS liability roll forward, actual FY25 benefits paid of \$1,995,805 were used.

- For JRS, the amounts included in the Normal Cost for administrative expenses were increased from \$114,000 to \$119,000 for pension, and increased from \$37,000 to \$41,000 for healthcare (based on the most recent two years of actual administrative expenses paid from plan assets).
- For NGNMRS, the amount included in the Normal Cost for administrative expenses was increased from \$328,000 to \$331,000 (based on the most recent two years of actual administrative expenses paid from plan assets).

In our opinion, the actuarial assumptions used are reasonable, taking into account the experience of each System and reasonable long-term expectations, and represent our best estimate of the anticipated long-term experience under each System. A description of the assumption-setting process is provided in the June 30, 2024 valuation reports. In our professional judgment, the combined effect of the assumptions is expected to have no significant bias. We certify that the assumptions and methods used for funding purposes meet the requirements of all applicable Actuarial Standards of Practice.

Actuarial Standard of Practice No. 27 (ASOP 27) requires 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. Gallagher provides advice on reasonable assumptions when performing periodic experience studies. The Board selects the assumptions to be used in the valuations, and the signing actuaries review the assumptions through discussions with staff and the Board, and analysis of actuarial experience.

In the case of the Board's selected expected return on assets (EROA), the signing actuaries have used economic information and tools provided by Gallagher's Investments Practice. A spreadsheet tool created by this practice converts averages, standard deviations, and correlations from Gallagher's Capital Market Assumptions that are used for stochastic forecasting into approximate percentile ranges for the arithmetic and geometric average returns. The EROA spreadsheet tool is intended to suggest possible reasonable ranges for the expected return on assets without attempting to predict or select a specific best estimate rate of return. It takes into account the duration of investment and the target allocation of assets in the portfolio to various asset classes.

Based on the actuaries' analysis, including consistency with other assumptions used in the valuation, the percentiles generated by the EROA spreadsheet tool 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.

Funded Status

Where presented, references to "funded ratio", "funded status", and "unfunded actuarial accrued liability" typically are measured on an actuarial value of assets basis. It should be noted that the same measurements using market value of assets would result in different funded ratios and unfunded actuarial accrued liabilities. Moreover, the funded ratio presented is appropriate for evaluating the need and level of future contributions but make no assessment regarding the funded status of the plans if the plans were to settle (i.e. purchase annuities) for a portion or all of their liabilities.

Summary of Results

The results of the June 30, 2025 roll-forward valuations are shown below. Results from the June 30, 2024 valuations are shown for comparison purposes. The funded ratios shown are based on actuarial value of assets. The funded ratios are different based on fair value of assets. The June 30, 2024 valuations determine the contributions for FY27. The June 30, 2025 valuations determine the contributions for FY28.

For JRS:

- The June 30, 2024 contribution rates shown below have been updated to reflect the 15-year fresh start amortization method and 1.25% payroll growth assumption that were adopted in September 2025 and were effective June 30, 2024.
- The June 30, 2025 contribution rates shown below reflect the new recommended funding policy and 1.50% payroll growth assumption that was adopted in December 2025.

JRS	June 30, 2024	June 30, 2025
Funded Ratio based on Valuation Assets		
• Pension	101.7%	103.5%
• Healthcare	225.3%	228.9%
Employer/State Contribution Rates		
• Pension	35.22%	35.23%
• Healthcare	<u>7.28%</u>	<u>0.00%</u>
• Total	42.50%	35.23%

NGNMRS	June 30, 2024	June 30, 2025
Funded Ratio based on Valuation Assets	150.4%	148.8%
Actuarially Determined Contribution, not less than zero	\$ 0	\$ 0

The following table summarizes the FY25 actuarial gains/(losses). Net actuarial gains/(losses) (decrease)/increase the unfunded actuarial accrued liability versus what was expected based on the previous valuation.

	JRS Pension	JRS Healthcare	NGNMRS
Asset Gain/(Loss)	\$ 4,557,001	\$ 862,272	\$ 68,859
Liability Gain/(Loss)	N/A	N/A	N/A
Benefit Payment Gain/(Loss)	0	(78,091)	0
Contribution Gain/(Loss)	302,912	2,576,711	0
Administrative Expense Gain/(Loss)	<u>8,995</u>	<u>(3,326)</u>	<u>37,880</u>
Total Gain/(Loss)	\$ 4,868,908	\$ 3,357,566	\$ 106,739

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 healthcare portion of JRS. See pages 10-13 of this report for further details regarding ASOP 51, as well as information on the Low-Default-Risk Obligation Measure (LDROM) 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 EROA spreadsheet tool disclosed above, Gallagher uses third-party software to perform actuarial valuations and projections. The model is intended to calculate the liabilities associated with the provisions of each plan using data and assumptions as of the measurement date under the funding methods specified in the valuation reports. Gallagher also uses internally developed models that apply applicable funding methods and policies to the liabilities derived from the third-party software and other inputs, such as plan assets and contributions, to generate many of the exhibits found in this report.

Gallagher 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. Gallagher also reviews the third-party model when significant changes are made to the software. This review is performed by experts within Gallagher 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.

Additional models used to value health benefits for JRS are described in Section 4.2 of the June 30, 2024 report dated May 9, 2025.

This report was prepared under our supervision and in accordance with all applicable Actuarial Standards of Practice. David Kershner 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. Kevin Spanier is an Associate 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. Brett Hunter 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. We meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

We are available to discuss this report with you at your convenience. David can be reached at (602) 803-6174, Kevin can be reached at (770) 916-4184, and Brett can be reached at (260) 423-1072.

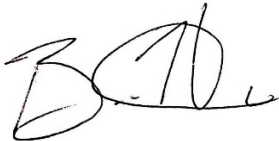
Respectfully submitted,



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



Kevin Spanier, ASA, EA, MAAA, FCA
Principal



Brett Hunter, FSA, EA, MAAA, FCA
Senior Consultant

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 can be reached at (312) 399-9339.



Robert Besenhofer, ASA, MAAA, FCA
Director

Attachment

cc: Mr. Christopher Novell, State of Alaska

Judicial Retirement System

Funded Status as of June 30	2024	2025
Pension		
a. Actuarial Accrued Liability	\$ 250,320,485	\$ 256,612,601
b. Valuation Assets	<u>254,470,112</u>	<u>265,501,477</u>
c. Unfunded Actuarial Accrued Liability, (a) - (b)	\$ (4,149,627)	\$ (8,888,876)
d. Funded Ratio based on Valuation Assets, (b) ÷ (a)	101.7%	103.5%
e. Fair Value of Assets	\$ 253,339,136	\$ 268,577,009
f. Funded Ratio based on Fair Value of Assets, (e) ÷ (a)	101.2%	104.7%
Healthcare		
a. Actuarial Accrued Liability	\$ 20,639,244	\$ 22,027,361
b. Valuation Assets	<u>46,493,394</u>	<u>50,431,243</u>
c. Unfunded Actuarial Accrued Liability, (a) - (b)	\$ (25,854,150)	\$ (28,403,882)
d. Funded Ratio based on Valuation Assets, (b) ÷ (a)	225.3%	228.9%
e. Fair Value of Assets	\$ 46,378,542	\$ 51,126,285
f. Funded Ratio based on Fair Value of Assets, (e) ÷ (a)	224.7%	232.1%

Comparative Summary of Contribution Rates	FY27	FY28
Pension		
a. Normal Cost Rate Net of Member Contributions	35.22%	35.23%
b. Past Service Cost Rate	(2.66%)	0.00%
c. Offset for Funding Surplus Rate	<u>n/a</u>	<u>0.00%</u>
d. Total Employer/State Contribution Rate	35.22%	35.23%
Healthcare		
a. Normal Cost Rate	7.28%	7.30%
b. Past Service Cost Rate	(16.55%)	0.00%
c. Offset for Funding Surplus Rate	<u>n/a</u>	<u>(9.82%)</u>
d. Total Employer/State Contribution Rate	7.28%	0.00%
Total	42.50%	35.23%

The FY27 contribution rates reflect the new 15-year fresh start amortization method and 1.25% payroll growth assumption that were adopted in September 2025 and were effective June 30, 2024. For FY27, total contribution rates are not less than the Normal Cost rates.

The FY28 contribution rates reflect the new recommended funding policy and 1.50% payroll growth assumption that was adopted in December 2025 and were effective June 30, 2025. For FY28, total contribution rates in (d) are not less than zero.

Judicial Retirement System

Actuarial Contributions as of June 30, 2025 for FY28	Pension	Healthcare
Normal Cost Rate		
1. Total Normal Cost	\$ 6,518,477	\$ 1,135,460
2. Base Salaries for Upcoming Fiscal Year	\$ 15,562,883	\$ 15,562,883
3. Normal Cost Rate, (1) ÷ (2)	41.88%	7.30%
4. Average Member Contribution Rate	6.65%	0.00%
5. Employer Normal Cost Rate, (3) - (4)	35.23%	7.30%
Past Service Rate¹		
1. Actuarial Accrued Liability	\$ 256,612,601	\$ 22,027,361
2. Valuation Assets	<u>265,501,477</u>	<u>50,431,243</u>
3. Unfunded Actuarial Accrued Liability, (1) - (2)	\$ (8,888,876)	\$ (28,403,882)
4. Funded Ratio, (2) ÷ (1)	103.5%	228.9%
5. Past Service Cost Amortization Payment	\$ 0	\$ 0
6. Base Salaries for Upcoming Fiscal Year	\$ 15,562,883	\$ 15,562,883
7. Past Service Rate, (5) ÷ (6)	0.00%	0.00%
Offset for Funding Surplus Rate		
1. Offset for Funding Surplus if Funded Ratio is at least 125%	\$ 0	\$ (1,529,003)
2. Base Salaries for Upcoming Fiscal Year	\$ 15,562,883	\$ 15,562,883
3. Offset for Funding Surplus Rate, (1) ÷ (2)	0.00%	(9.82%)
Total Employer / State Contribution Rate, not less than zero	35.23%	0.00%

¹ Per the new recommended funding policy in Resolution 2025-23: If the funded ratio is at least 100%, all outstanding amortization bases (layers) are eliminated and the past service rate becomes zero. If the funded ratio is at least 125%, the normal cost rate is offset by a 100-year amortization of the funding surplus.

Judicial Retirement System

Schedule of Past Service Cost Amortizations - Pension

Layer	Amortization Period		Balances		Beginning-of-Year Payment
	Date Created	Years Remaining	Initial	Outstanding	
Initial Unfunded Liability	6/30/2024	14	\$ (4,149,627)	\$ (4,019,968)	\$ (400,854)
FY25 Gain	6/30/2025	15	(4,868,908)	<u>(4,868,908)</u>	<u>(464,110)</u>
Total				\$ (8,888,876)	\$ (864,964)

Schedule of Past Service Cost Amortizations - Healthcare

Layer	Amortization Period		Balances		Beginning-of-Year Payment
	Date Created	Years Remaining	Initial	Outstanding	
Initial Unfunded Liability	6/30/2024	14	\$ (25,854,150)	\$ (25,046,316)	\$ (2,497,511)
FY25 Gain	6/30/2025	15	(3,357,566)	<u>(3,357,566)</u>	<u>(320,047)</u>
Total				\$ (28,403,882)	\$ (2,817,558)

Since the funded ratio is at least 100% on an actuarial value of assets basis for each trust, all outstanding amortization bases (layers) are eliminated effective June 30, 2025 and the amortization amounts become zero.

Judicial Retirement System

Changes in Fair Value of Assets During FY25	Pension	Healthcare
1. Fair Value of Assets as of June 30, 2024	\$ 253,339,136	\$ 46,378,542
2. Additions:		
a. Employee Contributions	\$ 1,003,995	\$ 0
b. Employer Contributions	5,425,226	1,036,828
c. State Appropriation	0	0
d. Interest and Dividend Income	4,602,783	862,051
e. Net Appreciation/(Depreciation) in Fair Value of Investments	22,840,706	4,284,313
f. Employer Group Waiver Plan	0	247,870
g. Other	<u>1</u>	<u>16,148</u>
h. Total Additions	\$ 33,872,711	\$ 6,447,210
3. Deductions:		
a. Medical Benefits	\$ 0	\$ 1,528,210
b. Retirement Benefits	17,750,820	0
c. Refund of Contributions	79,848	0
d. Investment Expenses	694,795	129,727
e. Administrative Expenses	<u>109,375</u>	<u>41,530</u>
f. Total Deductions	\$ 18,634,838	\$ 1,699,467
4. Fair Value of Assets as of June 30, 2025	\$ 268,577,009	\$ 51,126,285
5. Approximate Fair Value Investment Return Rate during FY25 Net of Investment Expenses	10.8%	10.9%

Judicial Retirement System

Development of Actuarial Value of Assets	Pension	Healthcare
1. Investment Gain/(Loss) for FY25		
a. Fair Value as of June 30, 2024	\$ 253,339,136	\$ 46,378,542
b. Contributions	6,429,221	1,036,828
c. Employer Group Waiver Plan	0	247,870
d. Benefit Payments	17,830,668	1,528,210
e. Administrative Expenses	109,375	41,530
f. Actual Investment Return (net of investment expenses)	26,748,695	5,032,785
g. Expected Return Rate (net of investment expenses)	7.25%	7.25%
h. Expected Return, Weighted for Timing ¹	17,903,190	3,352,292
i. Investment Gain/(Loss) for the Year, (f) - (h)	8,845,505	1,680,493
2. Actuarial Value as of June 30, 2025		
a. Fair Value as of June 30, 2025	\$ 268,577,009	\$ 51,126,285
b. Deferred Investment Gain/(Loss)	3,075,532	695,042
c. Preliminary Actuarial Value as of June 30, 2025, (a) - (b)	265,501,477	50,431,243
d. Upper Limit: 120% of Fair Value as of June 30, 2025	322,292,411	61,351,542
e. Lower Limit: 80% of Fair Value as of June 30, 2025	214,861,607	40,901,028
f. Actuarial Value at June 30, 2025, (c) limited by (d) and (e)	265,501,477	50,431,243
3. Ratio of Actuarial Value of Assets to Fair Value of Assets	98.9%	98.6%
4. Approximate Actuarial Value Investment Return Rate during FY25 Net of Investment Expenses	9.1%	9.1%

¹ State Appropriations are assumed to be paid at the beginning of the fiscal year.

Judicial Retirement System

Development of Gain / (Loss) Recognized in Current Year - Pension

Fiscal Year Ending	Asset Gain / (Loss)	Gain / (Loss) Recognized in Prior Years	Gain / (Loss) Recognized This Year	Gain / (Loss) Deferred to Future Years
June 30, 2021	\$ 42,620,191	\$ 34,096,153	\$ 8,524,038	\$ 0
June 30, 2022	(32,754,159)	(19,652,496)	(6,550,831)	(6,550,832)
June 30, 2023	700,534	280,214	140,107	280,213
June 30, 2024	3,782,911	756,582	756,582	2,269,747
June 30, 2025	<u>8,845,505</u>	<u>0</u>	<u>1,769,101</u>	<u>7,076,404</u>
Total	\$ 23,194,982	\$ 15,480,453	\$ 4,638,997	\$ 3,075,532

Development of Gain / (Loss) Recognized in Current Year - Healthcare

Fiscal Year Ending	Asset Gain / (Loss)	Gain / (Loss) Recognized in Prior Years	Gain / (Loss) Recognized This Year	Gain / (Loss) Deferred to Future Years
June 30, 2021	\$ 7,559,703	\$ 6,047,763	\$ 1,511,940	\$ 0
June 30, 2022	(5,790,607)	(3,474,364)	(1,158,121)	(1,158,122)
June 30, 2023	166,373	66,550	33,274	66,549
June 30, 2024	737,035	147,407	147,407	442,221
June 30, 2025	<u>1,680,493</u>	<u>0</u>	<u>336,099</u>	<u>1,344,394</u>
Total	\$ 4,352,997	\$ 2,787,356	\$ 870,599	\$ 695,042

National Guard and Naval Militia Retirement System

Funded Status as of June 30	2024	2025
a. Actuarial Accrued Liability	\$ 30,917,566	\$ 31,506,526
b. Valuation Assets	<u>46,504,697</u>	<u>46,881,427</u>
c. Unfunded Actuarial Accrued Liability, (a) - (b)	\$ (15,587,131)	\$ (15,374,901)
d. Funded Ratio based on Valuation Assets, (b) ÷ (a)	150.4%	148.8%
e. Fair Value of Assets	\$ 45,037,891	\$ 46,500,519
f. Funded Ratio based on Fair Value of Assets, (e) ÷ (a)	145.7%	147.6%

Actuarial Determined Contribution Amounts	FY27	FY28
a. Normal Cost	\$ 821,153	\$ 821,153
b. Administrative Expense Load	328,000	331,000
c. Past Service Cost	<u>(2,616,965)</u>	<u>(2,581,333)</u>
d. Total Annual Contribution, (a) + (b) + (c), not less than 0	\$ 0	\$ 0

National Guard and Naval Militia Retirement System

Changes in Fair Value of Assets During FY25

1. Fair Value of Assets as of June 30, 2024	\$ 45,037,891
2. Additions:	
a. Employer Contributions	\$ 0
b. Interest and Dividend Income	1,089,664
c. Net Appreciation/(Depreciation) in Fair Value of Investments	2,764,863
d. Other	<u>0</u>
e. Total Additions	\$ 3,854,527
3. Deductions:	
a. Retirement Benefits	\$ 1,995,805
b. Investment Expenses	95,632
c. Administrative Expenses	<u>300,462</u>
d. Total Deductions	\$ 2,391,899
4. Fair Value of Assets as of June 30, 2025	\$ 46,500,519
5. Approximate Fair Value Investment Return Rate during FY25 Net of Investment Expenses	8.6%

National Guard and Naval Militia Retirement System

Development of Actuarial Value of Assets

1. Investment Gain/(Loss) for FY25	
a. Fair Value as of June 30, 2024	\$ 45,037,891
b. Contributions	0
c. Benefit Payments	1,995,805
d. Administrative Expenses	300,462
e. Actual Investment Return (net of investment expenses)	3,758,895
f. Expected Return Rate (net of investment expenses)	5.75%
g. Expected Return, Weighted for Timing	2,519,797
h. Investment Gain/(Loss) for the Year, (e) - (g)	1,239,098
2. Actuarial Value as of June 30, 2025	
a. Fair Value as of June 30, 2025	\$ 46,500,519
b. Deferred Investment Gain/(Loss)	(380,908)
c. Preliminary Actuarial Value as of June 30, 2025, (a) - (b)	46,881,427
d. Upper Limit: 120% of Fair Value as of June 30, 2025	55,800,623
e. Lower Limit: 80% of Fair Value as of June 30, 2025	37,200,415
f. Actuarial Value at June 30, 2025, (c) limited by (d) and (e)	46,881,427
3. Ratio of Actuarial Value of Assets to Fair Value of Assets	100.8%
4. Approximate Actuarial Value Investment Return Rate during FY25 Net of Investment Expenses	5.9%

Development of Gain / (Loss) Recognized in Current Year

Fiscal Year Ending	Asset Gain / (Loss)	Gain / (Loss) Recognized in Prior Years	Gain / (Loss) Recognized This Year	Gain / (Loss) Deferred to Future Years
June 30, 2021	\$ 6,594,160	\$ 5,275,328	\$ 1,318,832	\$ 0
June 30, 2022	(7,160,610)	(4,296,366)	(1,432,122)	(1,432,122)
June 30, 2023	(19,638)	(7,856)	(3,927)	(7,855)
June 30, 2024	112,985	22,597	22,597	67,791
June 30, 2025	<u>1,239,098</u>	<u>0</u>	<u>247,820</u>	<u>991,278</u>
Total	\$ 765,995	\$ 993,703	\$ 153,200	\$ (380,908)

Risk Information

Risk Overview

Funding future retirement benefits prior to when those benefits become due involves assumptions regarding future economic and demographic experience. These assumptions are applied to calculate actuarial liabilities, current contribution requirements, and the funded status of the plans. However, to the extent future experience deviates from the assumptions used in the valuations, variations will occur in these calculated values. These variations create risk to the plans. Understanding the risks to the funding of the plans is important.

Actuarial Standard of Practice No. 51 (ASOP 51)¹ requires certain disclosures of potential risks to the plans and provides useful information for intended users of actuarial reports that determine plan contributions or evaluate the adequacy of specified contribution levels to support benefit provisions.

Under ASOP 51, risk is defined as the potential of actual future measurements deviating from expected future measurements resulting from actual future experience deviating from actuarially assumed experience.

It is important to note that not all risk is negative, but all risk should be understood and accepted based on knowledge, judgment, and educated decisions. Future measurements may deviate in ways that produce positive or negative financial impacts to the plan.

In the actuary's professional judgment, the following risks may reasonably be anticipated to significantly affect the pension plans' future financial condition and contribution requirements.

- Investment Risk – potential that the investment return will differ from the rate assumed in the actuarial valuation (7.25% for JRS and 5.75% for NGNMRS)
- Contribution Risk – potential that actual contributions will differ from actuarially determined contributions
- Long-Term Return on Investment Risk – potential that changes in long-term capital market assumptions or the plan's asset allocation will create the need to update the long-term return on investment assumption
- Longevity Risk – potential that participants live longer than projected under valuation mortality assumptions
- Salary Increase Risk² – potential that future salaries will differ from the valuation assumptions
- Inflation Risk² – potential that the consumer price index (CPI) for urban wage earners and clerical workers for Anchorage will differ from the rate assumed in the actuarial valuation (2.50% for JRS)
- Other Demographic Risk – potential that other demographic experience will differ from the valuation assumptions

The following information is provided to comply with ASOP 51 and furnish beneficial information on potential risks to the plan. This list is not all-inclusive. It is an attempt to identify the more significant risks and how those risks might affect the results shown in this report.

Note that ASOP 51 does not require the actuary to evaluate the ability or willingness of the plan sponsor to make contributions to the plans when due, or to assess the likelihood or consequences of potential future changes in law. In addition, this valuation report is not intended to provide investment advice or to provide guidance on the management or reduction of risk.

¹ ASOP 51 does not apply to the healthcare portion of JRS. Accordingly, all comments in this section relate to the pension portion of JRS and to NGNMRS.

² Salary increase risk and inflation risk apply to JRS only.

Risk Information

Assessment of Risks

Investment Risk

Plan costs are very sensitive to the market return.

- Any return on assets lower than assumed will increase costs.
- The plans use an actuarial value of assets that smooths gains and losses on market returns over a five-year period to help control some of the volatility in costs due to investment risk.
- Historical experience of actual returns is shown in Section 2.5 (JRS) and Section 2.4 (NGNMRS) of the June 30, 2024 reports dated May 9, 2025. This historical experience illustrates how returns can vary over time.

The plans invest in diversified portfolios of assets with the objective of maximizing investment returns at reasonable levels of risk. Actuarial Standard of Practice No. 4 (ASOP 4) requires the actuary to disclose a Low-Default-Risk Obligation Measure (LDROM) of each plan's pension liabilities and provide commentary to help the intended users of this report understand the significance of the LDROM with respect to funded status, contributions, and participant benefit security.

The LDROM for each plan is based on a discount rate derived from low-default-risk fixed income securities whose cash flows are reasonably consistent with the pattern of pension benefits expected to be paid in the future. The LDROM amounts shown here represent what the plans' pension liabilities would be if each plan invested its assets solely in a portfolio of high-quality bonds whose cash flows approximately match future pension benefit payments. Consequently, the difference between the LDROM and the Actuarial Accrued Liability represents the taxpayer savings from investing in a diversified portfolio of assets versus only investing in high-quality bonds. Furthermore, this difference also represents the cost of reducing investment risk.

As of June 30, 2025, the LDROM for the JRS pension plan is \$297.6 million based on an interest rate of 5.76%. As of the same date, the LDROM for NGNMRS is \$32.2 million based on an interest rate of 5.52%. The interest rates used for the LDROM were determined separately for each plan by calculating a single equivalent discount rate using projected pension benefit payments and the Gallagher Above Median Yield Curve as of June 30, 2025. Please note that the interest rates used for the LDROM are based on bond yields as of the measurement date and will therefore vary for different measurement dates. For NGNMRS, the LDROM is also based on lump sums calculated at an interest rate of 5.52%. All other assumptions are the same as those used for funding purposes.

Actuaries play a role in helping to determine funding methods and policies that can achieve affordable and appropriate contributions and risk management. The funded status based on the Actuarial Accrued Liability, as well as the actuarially determined contributions, are calculated using the expected return on assets, which reflects the actual investment portfolio. Since the assets are not invested solely in an all-bond portfolio, the LDROM does not indicate a plan's pension funded status or progress, nor does it provide information on necessary plan contributions.

Regarding participant benefit security, if a plan were to be funded on an LDROM basis, participant benefits currently accrued as of the measurement date might be considered more secure, since the investment risk would be significantly reduced. However, the fact that assets are invested in a diversified portfolio does not mean that the participants' benefits are not secure. The security of participant benefits relies on a combination of the assets in the plan, the investment returns generated from those assets, and the promise of future contributions from the plan sponsor. Reducing investment risk by investing solely in bonds may significantly increase the actuarially determined contributions, and thereby increase contribution risk by decreasing the ability of the plan sponsor to make necessary contributions to fund the benefits. Unnecessarily high contribution requirements in the near term may not be affordable and could imperil plan sustainability and benefit security. Participant benefits will remain secure if reasonable and appropriate contributions with managed risk are calculated and paid.

Risk Information

Contribution Risk

There is a risk to the plans when the employer's and/or State's actual contribution amount and the actuarially determined contribution differ.

- If the actual contributions are lower than the actuarially determined contributions, the plans may not be sustainable in the long term.
- Any underpayment of the actuarially determined contribution will increase future contribution amounts to help pay off the additional Unfunded Actuarial Accrued Liability associated with the underpayment.
- As long as the Board consistently adopts the actuarially determined contributions and the State pays the amount adopted by the Board, this risk is mitigated.

Long-Term Return on Investment Risk

Inherent in the long-term return on investment assumption is the expectation that the current rate will be used until the last benefit payment of the plan is made. There is a risk that sustained changes in economic conditions, changes in long-term future capital market assumptions, or changes to the plans' asset allocations will necessitate an update to the long-term return on investment assumption used.

- Under a lower long-term return on investment assumption, less investment return is available to pay plan benefits. This may lead to a need for increased employer contributions.
- The liabilities will be higher at a lower assumed rate of return because future benefits will have a lower discount rate applied when calculating the present value.
- A 1% decrease in the long-term return on investment assumption will increase the actuarial accrued liability by approximately 10% for JRS and approximately 11% for NGNMRS.

Longevity Risk

Plan costs will be increased as participants are expected to live longer.

- Benefits are paid over a longer lifetime when life expectancy is expected to increase. The longer duration of payments leads to higher liabilities.
- Health care has been improving, which affects the life expectancy of participants. As health care improves, leading to longer life expectancies, costs to the plans could increase.
- The mortality assumptions for the plans mitigate this risk by assuming future improvement in mortality. However, any improvement in future mortality greater than that expected under the current mortality assumptions would lead to increased costs for the plans.

JRS provides cost-of-living adjustments on retirement benefits (based on salary changes of sitting judges) that increase longevity risk because members who live longer than expected will incur more benefit payment increases than expected and therefore increase costs.

Risk Information

Salary Increase Risk¹

Plan costs will be increased if actual salary increases are larger than expected.

- Higher-than-expected salary increases will produce higher benefits.
- The higher benefits may be partially offset by increased employee contributions due to higher salaries.
- If future payroll grows at a rate different than assumed, contributions as a percentage of payroll will be affected.

Inflation Risk¹

Inflation risk may be associated with the interaction of inflation with other assumptions, but this is not significant as a standalone assumption, and therefore is considered as part of the associated assumption risk instead of being discussed here.

Other Demographic Risk

The plans are subject to risks associated with other demographic assumptions (e.g., retirement and termination). Differences between actual and expected experience for these assumptions tend to have less impact on the overall costs of the plans. The demographic assumptions used in the valuations are re-evaluated regularly as part of the four-year experience studies to ensure the assumptions are consistent with long-term expectations.

¹ Salary increase risk and inflation risk apply to JRS only.