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October 31, 2016

Ms. Rhonda McLeod  
Chief Financial Officer  
Alaska Court System  
820 W. 4<sup>th</sup> Ave.  
Anchorage, AK 99501-2005

**Re: FY18 Employer Contribution Rates for the State of Alaska Judicial Retirement System**

Dear Ms. McLeod:

Buck Consultants, 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).

Based on our June 30, 2014 and June 30, 2015 actuarial valuations of JRS, we determined the following employer contribution rates, expressed as a percentage of payroll, for the fiscal year ending June 30, 2018:

|              |              |
|--------------|--------------|
| ○ Pension    | 37.00%       |
| ○ Healthcare | <u>4.33%</u> |
| ○ Total      | 41.33%       |

We understand you have requested the State of Alaska's Department of Administration to approve an alternative pattern of employer contribution rates to the plan for FY18. We have determined an alternative employer contribution pattern that is equivalent, on a present value basis, to the FY18 employer contribution rates shown above. That is, employer contributions to the plan based on the rates shown above or the rates and lump sum amount shown below would have no adverse financial effect on the plan (assuming the plan's invested assets earn the expected rate of return used in the actuarial valuations).

The equivalent FY18 contribution rates and lump sum contribution amount as of January 1, 2017 are as follows:

- FYE June 30, 2018<sup>1</sup>
  - Pension **36.32%**
  - Healthcare **4.40%**
  - Total **40.72%**
  
- Lump Sum Contribution as of January 1, 2017
  - Pension \$70,500
  - Healthcare \$ 8,500
  - Total \$79,000

The present value of the alternative contribution rates shown in this letter were determined using a discount rate of 8.0%, which is the long-term expected rate of return used in the JRS actuarial valuations.

I would be happy to discuss this with you further at your convenience.

Sincerely,



David J. Kershner, FSA, EA, MAAA  
Principal and Consulting Actuary

c: John Boucher  
Kevin Worley

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<sup>1</sup> These are the same as the FY17 rates per our letter dated December 18, 2015.