August 29, 2017

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

Re: FY19 Employer Contribution Rates for the State of Alaska Judicial Retirement System

Dear Ms. McLeod:

Conduent HR Services, LLC (formerly 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, 2016 actuarial valuation of JRS, we determined the following employer contribution rates, expressed as a percentage of payroll, for the fiscal year ending June 30, 2019:

- Pension 38.14%
- Healthcare 4.47%
- Total 42.61%

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 FY19. We have determined an alternative employer contribution pattern that is equivalent, on a present value basis, to the FY19 employer contribution rates shown above. That is, employer contributions to the plan based on the rates shown above or the rates and lump sum amounts shown on the following page 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 valuation).

The equivalent FY19 contribution rates and lump sum contribution amounts as of September 1, 2017 are as follows:

- Contribution Rates for FYE June 30, 2019[1]
  - Pension 36.32%
  - Healthcare 4.40%
  - Total 40.72%

- Lump Sum Contribution as of September 1, 2017
  - Pension $213,500
  - Healthcare $ 25,500
  - Total $239,000

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

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

Sincerely,

David J. Kershner, FSA, EA, MAAA
Principal
Conduent HR Services

Copy to: Kevin Worley – State of Alaska

[1] These are the same as the FY18 rates as outlined in our letter dated October 31, 2016.