

State of Alaska

Judicial Retirement System

Actuarial Valuation

as of June 30, 1990

Prepared by:

**William M. Mercer, Incorporated
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600 University Street
Seattle, WA 98101-3137**

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STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

DIVISION OF RETIREMENT AND BENEFITS

WALTER J. HICKEL, GOVERNOR

PLEASE REPLY TO:

- ☐ P.O. BOX 110203
JUNEAU, AK 99811-0203
PHONE: (907) 465-4460
FAX: (907) 465-3086
- ☐ 701 EAST TUDOR RD, SUITE 240
ANCHORAGE, AK 99503-7445
PHONE: (907) 563-5885
FAX: (907) 561-6048

October 8, 1993

Honorable James A. Hanson
6564 Lake Way Drive
Anchorage, AK 99502

JRS: 502-26-6113

Dear Judge Hanson:

This is in response to your letter of October 4, 1993.

Additional service credit can definitely be earned after age 60 in the Judicial Retirement System (JRS) if the member has not accrued fifteen years of creditable service. In accordance with Rule 23 (d), retired judges or justices who have not attained the seventy-five percent statutory maximum on their initial retirement will earn additional formula percentage credit towards the maximum for all their "pro-tem" employment, both before and after age 60. As you know, your initial retirement was calculated at the seventy-five percent statutory maximum.

There is no provision in statute or regulation that Judges who have taken an early retirement should have an adjustment to their early retirement reduction for working pro-tem subsequent to their initial retirement. Indeed, the retirement statutes for the other public plans we administer are specific that reemploying retirees are frozen in their initial retirement calculation. Notwithstanding this, in a memorandum dated August 13, 1985 (copy enclosed), former Division Director Ken Humphries determined that Judges who had retired early should have an adjustment to their early retirement reduction for their protem employment prior to the normal retirement age of sixty. These are the adjustments we have been making to your benefit.

See Meeting of 2/10 @ 8:30 a.

Honorable James A. Hanson

-2-

October 8, 1993

Please let us know if you have any questions.

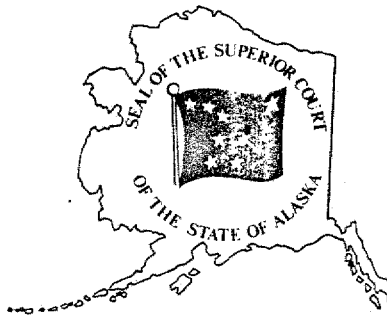
Sincerely,

A handwritten signature in cursive script, appearing to read "Bob Stalnaker".

Robert F. Stalnaker
Director

cc Robert Fisher
Fiscal Officer
Alaska Court System

Honorable J. Justin Ripley
Superior Court Judge (retired)



Superior Court

State of Alaska

JAMES A. HANSON
Senior Superior Court Judge

RECEIVED

OCT 06 1993

DIV. OF RET. & BENEFITS
DIRECTOR'S OFFICE

303 K Street
Anchorage, AK

October 4, 1993

Robert Stalnaker, Director
Division of Retirement and Benefits
P. O. Box 110203
Juneau, Alaska 99811-0203

Dear Mr. Stalnaker:

As you know, I spend much of my time working as a "pro tem" judge netting very little salary but accumulating additional retirement pay pursuant to Court Administrative Rule 23(d), a copy of which is enclosed for your ready reference.

At my current pace, I will not have maximized my retirement pay by age 60, my intention being to serve as I do now until age 70 unless I sooner wear out my welcome. Recently, however, an ugly rumor has surfaced that Retirement and Benefits has taken the position that additional service credit cannot be earned after age 60.

So that I can better plan my immediate future, I will very much appreciate it if you will inform me if any such policy exists. I think that both Judge Ripley and I will be significantly affected if Rule 23(d) is so limited.

Thank you.

Very truly yours,

James A. Hanson
Superior Court Judge Pro Tem

JAH:gp

cc: Bob Fisher
Honorable J. Justin Ripley

Enclosure

Bob - I'll be in Juneau all of Nov. sitting in for Bud Carpenetti. See you then JAH

public calamity, or because of actual or threatened destruction of, or danger to the building or the occupants of the building appointed for holding court in any judicial district, the presiding judge of the district may by order direct that the court be held or continued at any other place or facility in the judicial district. The order shall be filed with the clerk of the supreme court and a copy provided to the administrative director. The order shall be published as the presiding judge prescribes. (Adopted by SCO 412 effective July 1, 1980)

Rule 23. Appointment of Retired Justices or Judges Pro Tempore—Compensation—Expenses.

(a) **Appointment Pro Tempore.** The chief justice, or another justice designated by the chief justice, may by special assignment appoint a retired justice or a retired judge of the court of appeals, or the superior court to sit pro tempore as a senior justice or judge in any court of this state, and a retired judge of the district court to sit as a judge of the district court pro tempore where such assignment is deemed necessary for the efficient administration of justice.

Pro tempore appointments may be made for one or more cases or for a specified period of time up to two years, except that a pro tempore judge or justice may complete a trial or appeal in progress at the conclusion of the appointment. Appointments may be renewed. Any judge who has reached mandatory retirement age or who has otherwise voluntarily retired is eligible for pro tempore appointment, with such judge's consent, subject to the provisions of the Judicial Canons, Part II(1)(C). A judge or justice voluntarily retired for incapacity remains ineligible unless or until a licensed physician finds that he or she is able to efficiently perform judicial duties during such period of incapacity. Any judge rejected on retention or removed from office by the supreme court pursuant to an investigation and recommendation of the Judicial Conduct Commission is ineligible for pro tempore appointment until such time as and if such judge is subsequently nominated and reappointed to the bench.

(b) **Judicial Performance Evaluation.** Every two years, the chief justice shall review the performance during the prior two-year period of all retired judges and justices who have served pro tempore. Such review shall be based upon (1) an evaluation of the performance of such justices and judges, to be conducted by the Alaska Judicial Council, which evaluation shall include a survey of the members of the bar in those judicial districts where such justices and judges have served pro tempore during the evaluation period; and (2) formal performance

evaluations conducted by the presiding judges under whom such retired justices or judges have served. At the conclusion of such review, the chief justice shall determine the eligibility of such justices and judges to continue to serve pro tempore.

(c) **Compensation.** The retired justice or judge is entitled to receive compensation for judicial service pro tempore in an amount equal to the salary of a justice or a judge of the court to which he was assigned pro tempore for the period of such service diminished by the amount of retirement pay if any is received by him for such period. The retired justice or judge is further entitled to receive full medical insurance coverage during the same period. The retired justice or judge is not entitled to personal, annual, or sick leave benefits, and acceptance of an appointment pro tempore acts as a waiver of any claim to such benefits. For an appointment of over 90 consecutive days, such leave may be granted at the discretion of the administrative director upon confirmation by the chief justice.

(d) **Additional Service Credit.** A retired justice or judge who has not accrued the maximum service credit for retirement benefits under AS 22.25.020 is entitled to receive additional service credit for each day of pro tempore service until the maximum is reached.

(Adopted by SCO 412 effective July 1, 1980; amended by SCO 443 effective November 13, 1980; by SCO 597 effective July 19, 1984; and by SCO 857 effective July 15, 1988)

Rule 24. Assignment of Judicial Officers.

(a) **Assignments Within Judicial Districts.** Assignment of a judicial officer from the court location of his or her residence to locations within the same judicial district shall be made by the presiding judge of the judicial district or by his designee. In making such assignments, due regard shall be had of the status of accumulated calendars of the courts in the district to the end that judicial officers are assigned to such courts as needed in order to keep the calendars current.

(b) **Temporary Assignments in Other Judicial Districts.**

(1) When the volume of judicial business in the superior or district court in any judicial district warrants the temporary assignment thereto of one or more judicial officers from another judicial district, the presiding judge in the judicial district requiring such temporary assignment shall so advise the administrative director, giving details as to the reasons for the assignment, the length of time and the location of the temporary assignment.

(2) The administrative director shall thereupon determine the availability of judicial officers in other

MEMORANDUM

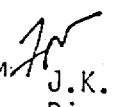
State of Alaska

TO: Eleanor Andrews
Commissioner
Department of Administration

DATE: August 13, 1985

FILE NO:

TELEPHONE NO: 465-4460

FROM:  J.K. Humphreys
Director
Division of Retirement and Benefits
Department of Administration

SUBJECT: Early Retirement
in the Judicial
Retirement System
(JRS)

Per our earlier discussions, I believe we can equitably address the concerns raised by Judges Blair and Hanson regarding the effects of early retirement on future salary increases as well as the treatment of those who take early retirement and subsequently return to the bench to serve pro tem in the Judicial Retirement System (JRS).

Basically, in the first matter, I believe it is appropriate, as Judge Blair pointed out, to use a method whereby we consider a judge's age at the time the base benefit is recalculated as a result of an increase in the salary of office and use the corresponding factor, rather than the original reduction factor based on the judge's age at time of retirement. Put another way, future salary increases which serve to increase retired judges base benefit payments would be reduced only to the extent to which the retired judge still lacks attainment of normal retirement age at time of the adjustment. This is a fair alternative to the method that now exists as the JRS benefit payments are statutorily tied to future increases in judges salaries and the early retirement factors do not anticipate those increases. Of course, a judge who retired early but has attained normal retirement age at the time of a salary increase would receive the full increase in base benefit with no reduction for early retirement.

In the second matter, I propose that when an early retired judge returns to the bench before age 60, in addition to credit for the increased service, an adjustment would be made to his benefit when he again retires to take into account the fact that he was not on early retirement as long as anticipated. This would be accomplished by adjusting the original early retirement reduction factor to reflect the additional active service prior to attainment of age 60. The new benefit would equal the original reduced benefit multiplied by the ratio of the early retirement reduction factor applicable at the subsequent retirement to the reduction factor applicable at the time of appointment to pro tem service.

Further, I believe that it would have been appropriate to handle adjustments to early retirement benefits as a result of salary increases in this manner beginning July 1981 when we assumed responsibility for administration of the System and the early retirement factors changed. Adjustments to early retirement as a

August 13, 1985

result of pro tem service should probably have been handled in this manner since the inception of JRS. We intend to make retroactive adjustments accordingly. If a retired judge is due money, future retirement payments will be increased actuarially to reflect the amount due.

I have discussed this approach with Assistant Attorney General Virginia Ragle and believe this can all be accomplished administratively. Unless you have some objection, I plan to institute the necessary procedures to make adjustments to retired judges' benefits where applicable effective September 1, 1985. This will give us sufficient time to receive comments from the court system administration and interested JRS members and still allow time for any increased benefit payments to be reflected in the September retirement warrants.

We will be happy to arrange a meeting, with our actuary if he is needed, to discuss this or any other aspects of the JRS with members of the court system, if they desire.

JKH/JAL/hgm/1

cc: Ski Olsonoski
Deputy Commissioner
Human Resources
Department of Administration

Virginia Ragle
Assistant Attorney General
Department of Law

James R. Blair
Superior Court Judge
Alaska Court System

James A. Hanson
Superior Court Judge
Alaska Court System

Arthur Snowden
Administrative Director
Alaska Court System

Robert Fisher
Fiscal Officer
Alaska Court System

Bob Richardson
Wm. M. Mercer-Meidinger, Inc.
3200 One Union Square
Seattle, WA 98101

JOEL RIPLEY

D.O.B. 10-21-34 Turns 60 on
10-1-94

Retired 8-1-93

Age 58 y. 10 m.

Early Factor • 930

Normal Benefit \$6,037.50

Early \$5,614.88

**Meeting Dates
1994**

<u>Date</u>	<u>Location</u>	<u>Event -- Subject</u>
January 19	Anchorage	PERS Board special meeting -- appeals
January 20-21	Juneau	ASPIB -- review asset allocation; portfolio review; legislative matters
Jan 27 - Feb 2	D.C./NYC	NASRA/GAPPA
March 9		GAPPA Steering Committee 11:00 a.m.
March 17 & 18	Juneau	ASPIB -- Reviews of performance, asset allocation, & portfolio; legislative matters; finalist for real estate consultant
April 8	teleconference	GAPPA Steering Committee
April 11	Juneau	TRS Board Spring Meeting
April 12	Juneau	ASPIB -- Joint meeting w/ PERS & TRS Boards
April 13	Juneau	PERS Board Spring Meeting
June 16 & 17	Anchorage	ASPIB --Portfolio review
August 5 - 10	Beaver Creek, CO	40th Annual NASRA Conference
September 8 -10	Fairbanks	ASPIB -- Performance measurement
September 18 - 23	Norfolk, VA	NCTR Annual Conference
November 17 & 18	Anchorage	ASPIB -- Joint meeting w/ PERS & TRS Board

NASRA & Association Meeting Calendar

12/22/93

1994

January 29 **Joint Legislative Meetings:**
January 30 PPCC Winter Meeting
January 31 Annual NASRA Legislative Committee Meeting
 NASRA-NCPERS-NCTR-GFOA-PPCC Joint Legislative Meeting
 Grand Hyatt Washington, Washington, DC. Room reservation cut-off
 date January 10, 1994. Call 202-582-1234.

March 25 - 29 Spring Executive Committee Meeting, Walt Disney World Dolphin Hotel, Lake Buena Vista, Florida. Cut off date for room reservations February 22, 1994. Call 407-934-4000.

August 5 - 10 **40th Annual Conference** - Hyatt Beaver Creek, Beaver Creek, Colorado,
 (Friday - Wednesday). Cut off date for conference registration June 30, 1994.
 Cut off date for room reservations, July 1, 1994. Call 303-949-1234.

1995

July 28 - August 2 **41st Annual Conference** - MGM Grand Hotel, Las Vegas, Nevada
 (Friday - Wednesday)

1996

July 31 - August 4 **42nd Annual Conference** - Ritz-Carlton Naples, Naples, Florida
 (Wednesday - Sunday)

1997

July 18 - 23 **43rd Annual Conference** - Westin-St. Francis, San Francisco, CA
 (Friday - Wednesday)

■ NCTR Conference Schedule

1993	October 10 - 14	Annual Conference - Palm Springs, CA
1994	September 18 - 23	Annual Conference - Norfolk, VA
1995	October 15 - 20	Annual Conference - Albuquerque, NM
1996	*	*

■ NCPERS Conference Schedule

1993	June 27 - 30	Legislative Conference - Washington, DC
1993	April 18 - 22	Annual Conference - Nashville, TN
1994	May 7 - 13	Annual Conference - Honolulu, HI
1995	May 5 - 12	Annual Conference - Orlando, FL
1996	*	*

* Dates/Locations To Be Announced

Highlights

This report has been prepared by William M. Mercer, Incorporated to:

1. present the results of a valuation of the Alaska Judicial Retirement System as of June 30, 1990;
2. review experience under the Plan for the period July 1, 1988 to June 30, 1990;
3. determine the contribution rate for the Judicial Retirement System for Fiscal Years 1993 and 1994;
4. provide reporting and disclosure information for financial statements, governmental agencies, and other interested parties.

The report is divided into two sections. Section 1 contains the results of the valuation. It includes the experience of the Plan during the 1988/89 and 1989/90 plan years, the current annual costs, and reporting and disclosure information.

Section 2 describes the basis of the valuation. It summarizes the Plan provisions, provides information relating to the Plan participants, and describes the funding methods and actuarial assumptions used in determining liabilities and costs.

The principal results are as follows:

Funding Status as of June 30:

	<u>1988</u>	<u>1990</u>
a. Valuation Assets	\$ 20,427,073	\$ 28,014,214
b. Accrued Liability	31,714,820	34,481,706
c. Funding Ratio, (a) / (b)	64.4%	81.2%

Recommended Contribution Rates:

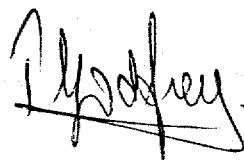
	<u>FY91-FY92</u>	<u>FY93-FY94</u>
a. Normal Cost Rate	24.83%	23.95%
b. Past Service Cost Rate	26.38%	15.51%
c. Total Employer Cost Rate	51.21%	39.46%

In preparing this valuation, we have employed generally accepted actuarial methods and assumptions, in conjunction with employee data and financial information provided to us by your office, to determine a sound value for the System's liabilities. We believe that this value and the method suggested for funding it are in full compliance with the Governmental Accounting Standards Board, the Internal Revenue Code, and all applicable regulations.

Respectfully submitted,



Brian R. McGee, FSA
Principal



Peter L. Godfrey, FIA, ASA
Associate

JWJ/jls

September 9, 1991

Analysis of Valuation

Actuarial Method and Assumptions

The actuarial method and assumptions are the same as those used in the June 30, 1988 valuation.

Salary Increases

Salaries remained unchanged for all active judges, but the Administrative Director's annual salary reduced from \$83,724 at June 30, 1988 to \$77,304 at June 30, 1990. The additional effects of new participants since June 30, 1988 and of terminations and retirements caused the average annual salary to reduce from \$75,404 at June 30, 1988 to \$74,880 at June 30, 1990. Since we assumed an average annual salary increase of 6% in the valuation as of June 30, 1988, there resulted an actuarial gain due to salary experience which increased the funding ratio and reduced the total contribution rate.

Investment Performance

The rate of return on investments during fiscal year 1989 was 7.84% and the rate of return during fiscal year 1990 was 8.27%, net of expenses. However, as noted in Section 1.1, the value of the assets as of June 30, 1988, reported in the June 30, 1988 valuation report, was understated. There was therefore an increased return on investments which was not reported in the June 30, 1988 valuation. Recognition of this return in this valuation increased the net annual return during the two-year period to 11.60%. Our actuarial calculations are based upon the assumption that the System's assets will earn 9% per year. This resulted in an actuarial gain to the System, increasing the funding ratio and reducing the contribution rate.

Health Premiums

The blended monthly premium increased from \$211.22 for FY89 to \$243.98 for FY91, an annual increase of 7.5%. Since we assumed an annual increase in health premiums of 9% during FY89 and FY90, there resulted an actuarial gain from health premiums which increased the funding ratio and reduced the total contribution rate.

Membership Statistics

The average age of active participants increased by 0.65 years and the average past service increased 0.58 years. The average age of vested terminations increased by 0.20 years and of retirees by 0.68 years. The changes in active and retired averages tended to offset each other, producing little net effect on the funding ratio and the total contribution rate of the system.

Summary

The overall effect of the actuarial gains was a significant increase in the funding ratio from 64.4% to 81.2% and a reduction in the total contribution rate from 51.21% to 39.46% of pay. In summary, the System enjoyed a good two years with substantial actuarial gains arising from favorable investment returns and salary experience. We expect the System to continue to maintain a sound financial position.

Section 1

Valuation Results

This section sets forth the results of the actuarial valuation.

Section 1.1 shows the transactions of the System's fund during FY89 and FY90.

Section 1.2 shows the actuarial present values as of June 30, 1990.

Section 1.3 develops the total contribution rate.

1.1 Development of Valuation Assets

	<u>FY89</u>	<u>FY90</u>
Net Assets Available for Benefits, Beginning of Year	<u>\$ 22,233,876*</u>	<u>\$ 24,971,176</u>
Additions:		
Employee Contributions	\$ 178,964	\$ 237,065
Employer Contributions	2,222,079	2,157,892
Indebtedness Interest	18,303	51,980
Investment Income	<u>1,811,651</u>	<u>2,134,322</u>
	\$ 4,230,997	\$ 4,581,259
Deductions:		
Retirement Benefits	\$ 1,368,015	\$ 1,408,034
Medical Benefits	95,000	99,839
Administrative Expenses	<u>30,682</u>	<u>30,348</u>
	\$ 1,493,697	\$ 1,538,221
Net Assets Available for Benefits, End of Year	<u>\$ 24,971,176</u>	<u>\$ 28,014,214</u>
Approximate Investment Return Rate During the Year, Net of Expenses	7.84%	8.27%

- * The value of assets reported in the June 30, 1988 valuation as of the end of FY88 was \$20,427,073. The statement of net assets provided to us for this valuation shows a value of assets as of the beginning of FY89 of \$22,233,876. We understand that the end of FY88 value was understated and should have been \$22,233,876.

1.2 Breakdown of Present Value of Benefits at June 30, 1990

	<u>Normal Cost</u>	<u>Accrued Liability</u>
Active Participants		
Retirement Benefits	\$ 572,486	\$ 6,282,022
Disability Benefits	22,905	208,173
Death Benefits	114,211	1,102,678
Deferred Benefits	354,887	3,870,829
Health Benefits	<u>44,145</u>	<u>1,214,249</u>
Subtotal	\$ 1,108,634	\$ 12,677,951
 Retirees and Survivors		
Retired Members' Benefits		\$ 16,432,904
Health Benefits		<u>1,185,986</u>
Subtotal		\$ 17,618,890
 Vested Terminations		
Deferred Retirement Benefits		\$ 3,684,215
Health Benefits		<u>500,650</u>
Subtotal		\$ 4,184,865
 Total		 \$ 34,481,706

1.3 Calculation of Total Contribution Rate

1. Total Normal Cost	\$ 1,108,634
2. Total Salaries	3,893,760
3. Total Normal Cost Rate, (1) / (2)	28.47%
4. Average Employee Contribution Rate	4.52%
5. Employer Normal Cost Rate, (3) - (4)	23.95%
6. Accrued Liability	\$ 34,481,706
7. Assets	28,014,214
8. Total Unfunded Liability, (6) - (7)	6,467,492
9. Amortization Factor	10.706612
10. Past Service Payment, (8) / (9)	604,065
11. Past Service Rate, (10) / (2)	15.51%
12. Total Employer Contribution Rate, (5) + (11)	39.46%

Section 2

Basis of Valuation

In this section, the basis of the valuation is presented and described. This information -- the provisions of the System and the census of participants -- is the foundation of the valuation, since these are the present facts upon which benefit payments will depend.

A summary of the System's provisions is provided in Section 2.1 and participant census information is shown in Section 2.2 to Section 2.4.

The valuation is based upon the premise that the Plan will continue in existence, so that future events must also be considered. These future events are assumed to occur in accordance with the actuarial assumptions and concern such events as the earnings of the fund, the number of participants who will retire, die, terminate their services, their ages at such termination and their expected benefits.

The actuarial assumptions and the actuarial cost method, or funding method, which have been adopted to guide the sponsor in funding the System in a reasonable and acceptable manner, are described in Section 2.5.

2.1 Summary of Plan Provisions

1. Employees Included

All Judges and Justices of the Supreme, Superior, District and Appellate Courts and the administrative director of the Alaska Court System.

2. Employee Contributions

- a. **Mandatory Employee Contributions:** 7% of salary for each year of service up to 15 years, if appointed after June 30, 1978.
- b. **Interest Credited:** 4-1/2% compounded semiannually on June 30 and December 31.
- c. **Refund at Termination (no vesting):** Return of contributions with interest.
- d. **Refund at Death:** If no widow's pension payable, return of contributions with interest.

3. Normal Retirement Benefit

- a. **Eligibility:** Age 60 with five or more years of service.
- b. **Type:** Life only, with a 50% Survivor Benefit if married.
- c. **Amount:** (For each year of service up to 15 years) 5% of the monthly salary authorized for the appropriate court, at the time each payment is made.

4. Early Retirement Benefit

- a. **Eligibility:** Age 55 or 20 or more years of service.
- b. **Type:** Life only, with a 50% Survivor Benefit if married.
- c. **Amount:** Actuarial equivalent of Normal Retirement Benefit based on service to Early Retirement Date.

5. Deferred Vested Benefit

- a. Eligibility: Five or more years of service.
- b. Type: Normal or Early Retirement Benefit.
- c. Amount: Monthly benefit begins on employee's date of retirement. Amount determined in the same manner as Normal or Early Retirement Benefit.

6. Disability Benefit

- a. Eligibility: Two or more years of service.
- b. Type: Monthly benefit payable until death or recovery.
- c. Amount: Same as Normal Retirement Benefit except payments commence immediately.

7. Death Benefit Before Retirement

If not married, accrued contributions with interest are returned. If married, an income benefit is available at death after two years of service. The benefit is 50% of the accrued Normal Retirement Benefit, but at least 30% of the authorized salary. Under certain conditions, survivor benefits are payable to minor dependents.

8. Medical Benefits

Each retiree is provided with major medical benefits.

2.2 Changes in System Participation From 6-30-88 to 6-30-90

Active Participants

Total, June 30, 1988	53
New Entrants	6
Returned From Non-Vested Status	0
Returned From Vested Status	0
Non-Vested Terminations	0
Vested Terminations	(5)
Retirements	(1)
Deaths	<u>(1)</u>
Total, June 30, 1990	52

Vested Terminations

Total, June 30, 1988	9
New Vested Terminations	5
Retirements	(2)
Returned to Active Status	0
Omitted from Previous Valuation	0
Deaths	<u>0</u>
Total, June 30, 1990	12

Retirees and Survivors

Total, June 30, 1988	34
New Retirements	3
New Survivors	0
QDRO Recipients	2
Deaths	<u>0</u>
Total, June 30, 1990	39

2.3 Miscellaneous Information as of June 30

	<u>1982</u>	<u>1984</u>	<u>1986</u>	<u>1988</u>	<u>1990</u>
Active Members					
1. Number	48	47	54	53	52
2. Average Age	46.24	47.53	46.51	47.99	48.64
3. Average Service	7.88	8.42	8.01	8.94	9.52
4. Average Annual Base Pay	\$67,893	\$71,621	\$75,245	\$75,404	\$74,880
Vested Terminated Members					
1. Number	7	9	9	9	12
2. Average Age	41.91	46.39	47.58	47.98	48.18
3. Average Service	8.98	9.01	7.91	6.72	8.05
4. Average Monthly Benefit	\$ 2,389	\$ 2,350	\$ 2,137	\$ 2,001	\$ 2,446
Retirees and Beneficiaries					
1. Number	24	27	30	34	39
2. Average Age	64.92	65.80	67.11	67.53	68.21
3. Average Monthly Benefit	\$ 2,862	\$ 3,069	\$ 3,173	\$ 3,154	\$ 2,964

2.4 Distributions of Active Participants

ANNUAL EARNINGS BY AGE

AGE GROUPS	NUMBER OF PEOPLE	TOTAL PROJECTED EARNINGS	AVERAGE PROJECTED EARNINGS
0 -19	0	0	0
20 -24	1	77,304	77,304
25 -29	0	0	0
30 -34	0	365,544	0
35 -39	5	776,928	73,109
40 -44	11	901,560	70,630
45 -49	12	859,392	75,130
50 -54	11	539,064	78,127
55 -59	7	296,664	77,009
60 -64	4	77,304	74,166
65 -69	1	0	77,304
70 -74	0	0	0
75 -79	0	0	0
80+	0	0	0
TOTAL	52	\$3,893,760	\$74,880

ANNUAL EARNINGS BY SERVICE

YEARS OF SERVICE	NUMBER OF PEOPLE	TOTAL PROJECTED EARNINGS	AVERAGE PROJECTED EARNINGS
0	3	221,424	12,081
1	3	221,424	27,510
2	1	66,816	30,708
3	2	154,608	32,467
4	1	77,304	35,155
0 -4	10	741,576	30,773
5 -9	23	1,684,224	37,433
10 -14	10	782,088	42,467
15 -19	7	533,328	54,884
20 -24	1	66,816	48,022
25 -29	0	0	63,242
30 -34	1	85,728	77,582
35 -39	0	0	64,558
40+	0	0	0
TOTAL	52	\$3,893,760	\$74,880

YEARS OF SERVICE BY AGE

YEARS OF SERVICE

AGE	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	TOTAL
0 -19	0	0	0	0	0	0	0	0	0	0
20 -24	1	0	0	0	0	0	0	0	0	1
25 -29	0	0	0	0	0	0	0	0	0	0
30 -34	0	0	0	0	0	0	0	0	0	0
35 -39	4	1	0	0	0	0	0	0	0	5
40 -44	2	8	1	0	0	0	0	0	0	11
45 -49	3	6	3	0	0	0	0	0	0	12
50 -54	0	4	4	3	0	0	0	0	0	11
55 -59	0	3	1	2	1	0	0	0	0	7
60 -64	0	1	0	2	0	0	1	0	0	4
65 -69	0	0	1	0	0	0	0	0	0	1
70 -74	0	0	0	0	0	0	0	0	0	0
75 -79	0	0	0	0	0	0	0	0	0	0
80+	0	0	0	0	0	0	0	0	0	0
TOTAL	10	23	10	7	1	0	1	0	0	52

2.5 Actuarial Basis

Valuation of Liabilities

- A. Actuarial Method - Projected Unit Credit.** Liabilities and contributions shown in the report are computed using the Projected Unit Credit method of funding. The unfunded accrued benefit liability is amortized over 25 years. Actuarial funding surpluses are amortized over five years.

The objective under this method is to fund each participant's benefits under the plan as they accrue. Thus, each participant's total pension projected to retirement with salary scale is broken down into units, each associated with a year of past or future service. The principle underlying the method is that each unit is funded in the year for which it is credited. Typically, when the method is introduced there will be an initial liability for benefits credited for service prior to that date, and to the extent that this liability is not covered by Assets of the Plan there is an Unfunded Liability to be funded over a chosen period in accordance with an amortization schedule.

An Accrued Liability is calculated at the valuation date as the present value of benefits credited with respect to service to that date.

The Unfunded Liability at the valuation date is the excess of the Accrued Liability over the Assets of the Plan. The level annual payment to be made over a stipulated number of years to amortize the Unfunded Liability is the Past Service Cost.

The Normal Cost is the present value of those benefits which are expected to be credited with respect to service during the year beginning on the valuation date.

Under this method, differences between the actual experience and that assumed in the determination of costs and liabilities will emerge as adjustments in the Unfunded Liability, subject to amortization.

B. Actuarial Assumptions -

- | | |
|--------------------------|--|
| 1. Interest | 9% per year, compounded annually, net of expenses. |
| 2. Mortality | 1984 Unisex Pension Mortality Table. |
| 3. Salary Scale | 6% per year, compounded annually. |
| 4. Health Cost Inflation | 9% per year. |

5. Turnover and Early Retirement

Annual turnover and early retirement at each age and service is the greatest of the following amounts:

- a. 0%
- b. 3% if service is greater than 15 years.
- c. 6% if vested and immediately eligible for full benefits based on retirement provision.
- d. 10% if vested and age is greater than 64.

6. Disability

In accordance with Table 1.

7. Maximum Retirement Age

Age 70.

Valuation of Assets

Based upon asset data as furnished by the Division of Retirement and Benefits.

Valuation of Medical Benefits

Medical benefits for retirees are provided by the payment of premiums from the fund. A pre-65 cost and lower post-65 cost (due to Medicare) are assumed such that the total rate for all retirees equals the current premium rate, increased with 9% annual inflation. The actuarial cost method used for funding retirement benefits is also used to fund health benefits.

For FY91 the pre-65 monthly premium is \$318.94 and the post-65 premium is \$121.50, based on a total blended premium of \$243.98. These rates and the pre-65/post-65 split were provided by Deloitte & Touche.

Table 1
State of Alaska
Judicial Retirement System

Disability Rates
Annual Rates Per 1,000 Employees

<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
20	.17	45	.41
21	.17	46	.44
22	.18	47	.48
23	.18	48	.52
24	.18	49	.56
25	.19	50	.60
26	.19	51	.65
27	.19	52	.72
28	.20	53	.80
29	.20	54	.89
30	.21	55	1.00
31	.21	56	1.15
32	.22	57	1.34
33	.22	58	1.53
34	.23	59	1.80
35	.24	60	2.11
36	.25	61	2.44
37	.26	62	2.83
38	.27	63	3.26
39	.28	64	3.73
40	.29		
41	.30		
42	.32		
43	.34		
44	.37		

JUDGVAL.xls