State of Alaska
Judicial Retirement System

Actuarial Valuation Report as of June 30, 2024

Gallagher

Insurance | Risk Management | Consulting

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May 9, 2025

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

Certification of Actuarial Valuation

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

This report summarizes the actuarial valuation results of the State of Alaska Judicial Retirement System (JRS) as of June 30, 2024 performed by Gallagher Benefit Services, Inc. (Gallagher).

The actuarial valuation is based on financial information provided in the financial statements audited by KPMG LLP, member data provided by the Division of Retirement and Benefits, and medical enrollment data provided by the healthcare claims administrator (Aetna), as summarized in this report. The benefits considered are those delineated in Alaska statutes effective June 30, 2024. The actuary did not verify the data submitted, but did perform tests for consistency and reasonableness.

All costs, liabilities, and other factors under JRS were determined in accordance with generally accepted actuarial principles and procedures. An actuarial cost method is used to measure the actuarial liabilities which we believe is reasonable. Gallagher is solely responsible for the actuarial data and actuarial results presented in this report. This report fully and fairly discloses the actuarial position of JRS as of June 30, 2024.

JRS is funded by Employer, State, and Member Contributions in accordance with the funding policy adopted by the Alaska Retirement Management Board (Board) and as required by Alaska state statutes. The calculations of the Employer and State Contributions are reasonable actuarially determined contributions as defined in Actuarial Standard of Practice No. 4 (ASOP 4). When determining the smoothing period for the actuarial value of assets and the amortization period for the unfunded actuarial accrued liability, the following items were considered: (i) the balance among benefit security, intergenerational equity, and stability of actuarially determined contributions, (ii) the timing and duration of expected benefit payments, and (iii) the nature and frequency of plan amendments.

The funding objective for JRS is to pay required contributions that remain level as a percent of total JRS compensation. The Board has also established a funding policy objective that the required contributions be sufficient to pay the Normal Costs of active plan members, plan expenses, and amortize the annual changes in Unfunded Actuarial Accrued Liability as a level percentage of payroll over closed 25-year periods. The compensation used to determine required contributions is the total compensation of all active members in JRS. This objective is currently being met and is projected to continue to be met. Absent future gains/losses and/or changes in actuarial assumptions/methods, actuarially determined contributions are expected to remain level as a percent of pay and the funded status of the pension trust and the healthcare trust are expected to remain above 100%.

The Board and staff of the State of Alaska may use this report for the review of the operations of JRS. 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 this valuation.

In our opinion, the actuarial assumptions used in the valuation are reasonable, taking into account the experience of the plan and reasonable long-term expectations, and represent our best estimate of the anticipated long-term experience under the plan. In our professional judgment, the combined effect of the assumptions is expected to have no significant bias. The actuary performs an analysis of plan experience periodically and recommends changes if, in the opinion of the actuary, assumption changes are needed to more accurately reflect expected future experience. The last full experience analysis was performed for the period July 1, 2017 to June 30, 2021. Based on that experience study, the Board adopted new assumptions effective beginning with the June 30, 2022 valuation to better reflect expected future experience. Effective June 30, 2024, the salary increase and pensioner benefit increase assumptions were modified to be 8.50% effective July 1, 2024, and 3.00% effective July 1, 2025 and annually thereafter to better reflect expected short-term experience.

Based on our analysis of recent claims experience, changes were made to the healthcare per capita claims cost rates effective June 30, 2024 to better reflect expected future healthcare experience. As a result of changes to the Standard Medicare Part D plan under the Inflation Reduction Act, EGWP subsides are expected to be higher than originally anticipated for 2025 and beyond. EGWP subsidies were updated based on estimates provided by Segal Consulting. Because of the significant increase in the EGWP subsidy for FY25 and beyond due to the Inflation Reduction Act, and uncertainty regarding future subsidy levels, the ARMB has adopted a smoothing of EGWP subsidy estimates over five years. In addition, the prescription drug and EGWP trend assumption was updated to reflect recent survey information indicating higher initial trend rates in part due to the recent higher-than-expected inflationary environment.

A summary of the actuarial assumptions and methods used in this actuarial valuation is shown in Sections 4.2 and 4.3. We certify that the assumptions and methods used for funding purposes, as described in Sections 4.2 and 4.3 of this report, meet the requirements of all applicable Actuarial Standards of Practice.

Actuarial Standards of Practice No. 27 (ASOP 27) and No. 35 (ASOP 35) require 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 used in the valuation, and the signing actuaries review the assumptions through discussions with the Board staff 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.

ACFR Information

We have prepared the following information in this report for the Actuarial Section and Statistical Section of the ACFR: (i) member data tables in Section 3; (ii) changes in contribution rates in the Executive Summary; and (iii) summary of actuarial assumptions in Section 4.3.

Governmental Accounting Standards Board (GASB) Statement No. 67 (GASB 67) was effective for JRS beginning with fiscal year ending June 30, 2014, and Statement No. 74 (GASB 74) was effective for JRS beginning with fiscal year ending June 30, 2017. Please see our separate GASB 67 and GASB 74 reports for other information needed for the ACFR.

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 Section 5 of this report for further details regarding ASOP 51. Section 5 also contains 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 annual actuarial valuations and projections. The model is intended to calculate the liabilities associated with the provisions of the plan using data and assumptions as of the measurement date under the funding methods specified in this report. 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.

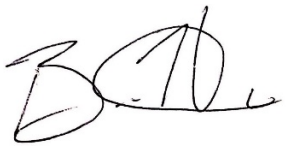
Additional models used in valuing health benefits are described later in the report.

This report was prepared under the overall direction of David Kershner, who meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. He 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 are available to discuss this report with you at your convenience. David can be reached at (602) 803-6174 and Brett can be reached at (260) 423-1072.

Respectfully submitted,

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



Brett Hunter, ASA, EA, MAAA
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

Contents

Executive Summary

Overview

The State of Alaska Judicial Retirement System (JRS) provides pension and postemployment healthcare benefits to judicial and other eligible participants. The Commissioner of the Department of Administration is responsible for administering the plan. The Alaska Retirement Management Board has fiduciary responsibility over the assets of the plan. This report presents the results of the actuarial valuation of JRS as of the valuation date of June 30, 2024.

Purpose

An actuarial valuation is performed on the plan once every two years as of the end of the fiscal year, and roll-forward valuations are performed every other year. The main purposes of the actuarial valuation detailed in this report are:

1. To determine the Employer/State contribution necessary to meet the Board's funding policy for the plan;
2. To disclose the funding assets and liability measures as of the valuation date;
3. To review the current funded status of the plan and assess the funded status as an appropriate measure for determining future actuarially determined contributions;
4. To compare actual and expected experience under the plan during the fiscal year; and
5. To report trends in contributions, assets, liabilities, and funded status over the last several years.

The actuarial valuation provides a "snapshot" of the funded position of JRS based on the plan provisions, membership data, assets, and actuarial methods and assumptions as of the valuation date.

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.

Funded Status

Where presented, references to "funded ratio" 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 accrued liabilities. Moreover, the funded ratio presented is appropriate for evaluating the need and level of future contributions but makes no assessment regarding the funded status of the plan if the plan were to settle (i.e., purchase annuities) for a portion or all of its liabilities.

Funded Status as of June 30	2022	2024
Pension		
a. Actuarial Accrued Liability	$ 227,227,808	$ 250,320,485
b. Valuation Assets	230,801,847	254,470,112
c. Unfunded Actuarial Accrued Liability, (a) - (b)	$ (3,574,039)	$ (4,149,627)
d. Funded Ratio based on Valuation Assets, (b) ÷ (a)	101.6%	101.7%
e. Fair Value of Assets	$ 227,181,866	$ 253,339,136
f. Funded Ratio based on Fair Value of Assets, (e) ÷ (a)	100.0%	101.2%

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Funded Status as of June 30	2022	2024
Healthcare		
a. Actuarial Accrued Liability	$ 17,864,257	$ 20,639,244
b. Valuation Assets	40,855,819	46,493,394
c. Unfunded Actuarial Accrued Liability, (a) - (b)	$ (22,991,562)	$ (25,854,150)
d. Funded Ratio based on Valuation Assets, (b) ÷ (a)	228.7%	225.3%
e. Fair Value of Assets	$ 40,267,620	$ 46,378,542
f. Funded Ratio based on Fair Value of Assets, (e) ÷ (a)	225.4%	224.7%

The key reasons for the change in the funded status are explained below. The funded status for healthcare benefits is not necessarily an appropriate measure to confirm that assets are sufficient to settle health plan obligations as there are no available financial instruments for purchase. Future experience is likely to vary from assumptions so there is potential for actuarial gains or losses.

1. Investment Experience

The asset valuation method recognizes 20% of the investment gain or loss each year, for a period of five years. The FY24 investment return based on fair value of assets was approximately 8.9% compared to the expected investment return of 7.25% (net of investment expenses). This resulted in a market asset gain of $3.8 million (pension) and $0.7 million (healthcare). Due to the recognition of investment gains and losses over a 5-year period, the FY24 investment return based on actuarial value of assets was approximately 7.9%, which resulted in an actuarial asset gain of $1.4 million (pension) and $0.3 million (healthcare).

2. Salary Increases

Recent salary increases for continuing active members were slightly higher than expected based on the valuation assumptions due to judges moving to higher courts. These salary increases resulted in a liability loss of $0.2 million.

The following table summarizes the annual base salaries for each of the court appointments:

	June 30, 2022	June 30, 2024
District Court	$ 160,848	$ 168,890
Superior Court	189,720	199,193
Appellate Court	193,836	203,522
Supreme Court	205,176	215,436
Administrative Director	189,720	199,193
Chief Justice	205,776	216,080

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3. Demographic Experience

Section 3 provides statistics on active and inactive members. The number of active members decreased from 73 at June 30, 2022 to 72 at June 30, 2024. There were 9 new entrants, 1 return to work from inactive status, 2 vested terminations, and 9 retirements during this 2-year period. The average age of active members decreased from 53.74 to 53.47, their average service decreased from 6.85 to 6.71 years, and their average entry age decreased from 46.89 to 46.76.

The number of benefit recipients increased from 149 to 153, and their average age increased from 74.88 to 75.53. The number of vested terminated participants increased from 1 to 3, and their average age decreased from 55.17 to 53.69.

The overall effect of the recent demographic experience was a liability loss of $4.2 million (pension) and a liability gain of $24,000[1] (healthcare).

4. Retiree Medical Claims Experience

As described in Section 4.2, recent medical claims experience and changes in healthcare enrollment data provided to us for the June 30, 2024 valuation generated a liability loss of $1.4 million. Healthcare benefits paid during FY24 were more than expected, which generated a liability loss of $0.3 million. The EGWP subsidy received by the plan during FY24 was $215,000, as compared to the expected EGWP subsidy for FY24 of $201,000.

5. Changes in Methods Since the Prior Valuation

There were no changes in actuarial methods since the prior valuation.

6. Changes in Assumptions Since the Prior Valuation

Effective June 30, 2024, the salary increase and pensioner benefit increase assumptions were modified to be 8.50% effective July 1, 2024, and 3.00% effective July 1, 2025 and annually thereafter to better reflect expected short-term experience. The effects of these assumption changes are shown on page 5.

Healthcare claim costs are updated annually as described in Section 4.2. As a result of changes to the Standard Medicare Part D plan under the Inflation Reduction Act, EGWP subsidies are expected to be higher than originally anticipated for 2025 and beyond. EGWP subsidies were updated based on estimates provided by Segal Consulting. Because of the significant increase in the EGWP subsidy for FY25 and beyond due to the Inflation Reduction Act, and uncertainty regarding future subsidy levels, the ARMB has adopted a smoothing of EGWP subsidy estimates over five years[2]. In addition, the prescription drug and EGWP trend assumption was updated to reflect recent survey information indicating higher initial trend rates in part due to the recent higher-than-expected inflationary environment. The effects of these assumption changes are shown on page 5.

The amounts included in the Normal Cost for administrative expenses were updated based on the last two years of actual administrative expenses paid from plan assets.

There were no other changes in actuarial assumptions since the prior valuation.

7. Changes in Benefit Provisions Since the Prior Valuation

There have been no changes in benefit provisions valued since the prior valuation.

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[1] Includes the effects of changes in dependent coverage elections and Medicare Part B only experience.
[2] Implementation of 5-year smoothing of the EGWP subsidy increased the June 30, 2024 Healthcare Actuarial Accrued Liability by $1.7 million (9.1%).

Executive Summary

Comparative Summary of Contribution Rates

	FY 2025	FY 2027
Pension		
a. Normal Cost Rate Net of Member Contributions	35.32%	35.22%
b. Past Service Cost Rate	17.17%	18.91%
c. Total Employer/State Contribution Rate, (a) + (b), not less than (a)	52.49%	54.13%
Healthcare		
a. Normal Cost Rate	6.75%	7.28%
b. Past Service Cost Rate	(10.19%)	(11.11%)
c. Total Employer/State Contribution Rate, (a) + (b), not less than (a)	6.75%	7.28%
Total		
a. Normal Cost Rate Net of Member Contributions	42.07%	42.50%
b. Past Service Cost Rate	17.17%	18.91%
c. Total Employer/State Contribution Rate, (a) + (b)	59.24%	61.41%

The contribution rates for FY26 based on the June 30, 2023 roll-forward valuation were 40.48% (pension) and 6.93% (healthcare).

The funded ratio of the pension trust as of June 30, 2024 exceeds 100% yet the total pension unfunded liability amortization payment is $2.9 million. This is due to older amortization layers that have relatively large amortization loss amounts. See Section 1.2 for additional details.

Summary of Actuarial Accrued Liability Gain/(Loss) and Other Changes

The following table summarizes the sources of change in the total Employer/State contribution rates as of June 30, 2022, June 30, 2023, and June 30, 2024:

	Pension	Healthcare
1. Total Employer/State Contribution Rate as of June 30, 2022	52.49%	6.75%
2. Change during FY23	(12.01%)	0.18%
3. Total Employer/State Contribution Rate as of June 30, 2023 from Roll-Forward Valuation	40.48%	6.93%
4. Change due to:		
a. Investment Experience	(0.61%)	0.00%
b. Demographic Experience, Health Claims Experience, and New Entrants[1]	1.93%	0.59%
c. Actual vs Expected Contributions	(1.09%)	0.00%
d. Assumption/Method Changes	13.42%	(0.24%)
e. Plan Changes	0.00%	0.00%
f. Total Change, (a) + (b) + (c) + (d) + (e)	13.65%	0.35%
5. Total Employer/State Contribution Rate as of June 30, 2024, (3) + (4)(f)	54.13%	7.28%

[1] Includes changes in future healthcare claims costs.

Executive Summary

The following table shows the gain/(loss) on actuarial accrued liability as of June 30, 2024:

	Pension	Healthcare
Retirement Experience	$ (1,791,900)	$ (18,804)
Termination Experience	(1,364,999)	(251,139)
Disability Experience	9,683	15,206
Active Mortality Experience	(7,014)	11,576
Inactive Mortality Experience	(1,091,567)	244,027
Salary Increases	(195,263)	N/A
New Entrants	(1,200,421)	(180,482)
Inactive Benefit Increases	(604,814)	N/A
Benefit Payments Different than Expected	(408,357)	(328,665)
Per Capita Claims Cost	N/A	(1,407,403)
Medicare Part B Only Experience	N/A	3,633
Changes in Dependent Coverage Elections	N/A	19,930
Miscellaneous[1]	516,161	446,687
Total	$ (6,138,491)	$ (1,445,434)

Other items that increased/(decreased) the actuarial accrued liability as of June 30, 2024 are shown below:

	Pension	Healthcare
Updated Salary / Pensioner Benefit Increase Assumptions	$ 23,997,676	$ (358,082)[2]
Updated EGWP Estimates - Inflation Reduction Act	N/A	(1,404,936)
Updated Healthcare Cost Trend Rates	N/A	771,400
Total	$ 23,997,676	$ (991,618)

[1] Includes the effects of various data changes that are typical when new census data is received for the valuation, as well as other items that do not fit neatly into any of the other categories.

[2] Although these assumptions do not affect future expected healthcare benefits, the healthcare liabilities are affected by the salary increase assumption under the Entry Age Normal actuarial cost method.

1 Actuarial Funding Results

1.1 Actuarial Liabilities and Normal Cost

As of June 30, 2024	Present Value of Projected Benefits	Actuarial Accrued (Past Service) Liability
Active Members		
Retirement Benefits	$ 88,606,684	$ 48,610,070
Disability Benefits	212,284	5,727
Death Benefits	894,018	267,281
Termination Benefits[1]	4,251,354	207,579
Medical and Prescription Drug Benefits	18,735,661	8,773,356
Medicare Part D Subsidy	(3,735,302)	(1,856,438)
Subtotal	$ 108,964,699	$ 56,007,575
Benefit Recipients		
Retiree Benefits	$ 174,277,987	$ 174,277,987
Survivor Benefits	23,135,923	23,135,923
Disability Benefits	0	0
Medical and Prescription Drug Benefits	17,052,072	17,052,072
Medicare Part D Subsidy	(4,037,112)	(4,037,112)
Subtotal	$ 210,428,870	$ 210,428,870
Vested Terminations		
Deferred Retirement Benefits	$ 3,736,070	$ 3,736,070
Medical and Prescription Drug Benefits	821,620	821,620
Medicare Part D Subsidy	(114,254)	(114,254)
Subtotal	$ 4,443,436	$ 4,443,436
Non-Vested Terminations	$ 79,848	$ 79,848
Total	**$ 323,916,853**	**$ 270,959,729**
Total Pension	**$ 295,194,168**	**$ 250,320,485**
Total Medical, Net of Part D Subsidy	**$ 28,722,685**	**$ 20,639,244**
Total Medical, Gross of Part D Subsidy	**$ 36,609,353**	**$ 26,647,048**

[1] Includes return of contributions.

1 Actuarial Funding Results

1.1 Actuarial Liabilities and Normal Cost (continued)

As of June 30, 2024		Normal Cost
Active Members		
Retirement Benefits	$	5,676,221
Disability Benefits		22,867
Death Benefits		92,979
Termination Benefits[1]		421,017
Medical and Prescription Drug Benefits		1,319,758
Medicare Part D Subsidy		(257,175)
Administrative Expenses (Pension)		114,000
Administrative Expenses (Medical)		37,000
Total	**$**	**7,426,667**
Total Pension	**$**	**6,327,084**
Total Medical, Net of Part D Subsidy	**$**	**1,099,583**
Total Medical, Gross of Part D Subsidy	**$**	**1,356,758**

[1] Includes return of contributions.

1 Actuarial Funding Results

1.2 Actuarial Contributions as of June 30, 2024 for FY27

Normal Cost Rate	Pension	Healthcare
1. Total Normal Cost	$ 6,327,084	$ 1,099,583
2. Base Salaries for Upcoming Fiscal Year	15,109,595	15,109,595
3. Normal Cost Rate, (1) ÷ (2)	41.87%	7.28%
4. Average Member Contribution Rate	6.65%	0.00%
5. Employer Normal Cost Rate, (3) - (4)	35.22%	7.28%

Past Service Rate	Pension	Healthcare
1. Actuarial Accrued Liability	$ 250,320,485	$ 20,639,244
2. Valuation Assets	254,470,112	46,493,394
3. Unfunded Actuarial Accrued Liability, (1) - (2)	$ (4,149,627)	$ (25,854,150)
4. Funded Ratio, (2) ÷ (1)	101.7%	225.3%
5. Past Service Cost Amortization Payment	2,857,193	(1,678,841)
6. Base Salaries for Upcoming Fiscal Year	15,109,595	15,109,595
7. Past Service Rate, (5) ÷ (6)	18.91%	(11.11%)
Total Employer / State Contribution Rate, not less than Normal Cost Rate	**54.13%**	**7.28%**

1 Actuarial Funding Results

1.2 Actuarial Contributions as of June 30, 2024 for FY27 (continued)

Schedule of Past Service Cost Amortizations - Pension

Layer	Amortization Period		Balances		Beginning-of-Year Payment
	Date Created	Years Remaining	Initial	Outstanding	
Initial Unfunded Liability[1]	6/30/2002	3	$ 5,864,449	$ 2,277,310	$ 791,864
FY03/04 Loss[1]	6/30/2004	5	855,068	491,321	106,863
Revaluation of Liabilities[1]	6/30/2005	6	9,115,451	5,923,380	1,095,958
FY05/06 Loss[1]	6/30/2006	7	18,186,558	12,995,405	2,103,505
FY07 Loss	6/30/2007	8	1,364,721	1,051,166	151,930
FY08 Gain	6/30/2008	9	(29,014,739)	(23,741,547)	(3,112,232)
FY09 Loss	6/30/2009	10	21,273,454	18,266,615	2,198,575
Change in Assumptions	6/30/2010	11	13,976,981	12,469,837	1,391,756
FY10 Loss	6/30/2010	11	6,474,780	5,776,601	644,725
FY11 Loss	6/30/2011	12	7,397,917	6,816,823	711,282
FY12 Loss	6/30/2012	13	11,916,371	11,263,590	1,106,255
FY13 Loss	6/30/2013	14	7,033,497	6,551,849	609,218
Change in Assumptions	6/30/2014	15	4,219,851	4,128,173	365,219
FY14 Gain	6/30/2014	15	(14,458,986)	(14,144,870)	(1,251,395)
FY15 Gain	6/30/2015	16	(3,325,706)	(3,287,424)	(277,912)
FY16 Gain	6/30/2016	17	(9,932,623)	(9,883,426)	(801,400)
FY17 Gain	6/30/2017	18	(1,137,538)	(1,135,629)	(88,615)
Change in Assumptions	6/30/2018	19	10,343,783	10,329,889	777,997
FY18 Gain	6/30/2018	19	(12,096,419)	(12,080,172)	(909,820)
Change in Assumptions	6/30/2019	20	(14,775,890)	(14,833,893)	(1,081,153)
FY19 Loss	6/30/2019	20	3,344,559	3,357,689	244,722
Change in Assumptions	6/30/2020	21	(21,604,253)	(21,752,363)	(1,537,839)
FY20 Loss	6/30/2020	21	5,424,705	5,461,893	386,143
FY21 Gain	6/30/2021	22	(11,633,233)	(11,722,351)	(805,589)
Change in Assumptions	6/30/2022	23	(1,189,628)	(1,197,405)	(80,144)
FY22 Gain	6/30/2022	23	(2,902,472)	(2,921,449)	(195,536)
Change in Assumptions	6/30/2023	24	(17,358,229)	(17,428,752)	(1,138,104)
FY23 Gain	6/30/2023	24	(3,426,224)	(3,440,145)	(224,643)
Change in Assumptions	6/30/2024	25	23,997,676	23,997,676	1,531,313
FY24 Loss	6/30/2024	25	2,260,582	2,260,582	144,250
Total				**$ (4,149,627)**	**$ 2,857,193**

[1] The pension and healthcare split was done based on the ratio of unfunded actuarial accrued liability as of June 30, 2006.

1 Actuarial Funding Results

1.2 Actuarial Contributions as of June 30, 2024 for FY27 (continued)

Schedule of Past Service Cost Amortizations - Healthcare

Layer	Amortization Period		Balances		Beginning-of-Year Payment
	Date Created	Years Remaining	Initial	Outstanding	
Initial Unfunded Liability[1]	6/30/2002	3	$ 2,295,257	$ 891,306	$ 309,924
FY03/04 Loss[1]	6/30/2004	5	334,660	192,295	41,825
Revaluation of Liabilities[1]	6/30/2005	6	3,567,649	2,318,319	428,941
FY05/06 Loss[1]	6/30/2006	7	7,117,943	5,086,204	823,280
FY07 Gain	6/30/2007	8	(810,073)	(623,952)	(90,183)
Change in Assumptions	6/30/2008	9	789,072	645,665	84,639
FY08 Gain	6/30/2008	9	(14,011,596)	(11,465,103)	(1,502,937)
FY09 Loss	6/30/2009	10	901,355	773,957	93,154
Change in Assumptions	6/30/2010	11	2,006,196	1,789,866	199,767
FY10 Gain	6/30/2010	11	(1,930,656)	(1,722,470)	(192,245)
FY11 Loss	6/30/2011	12	550,376	507,144	52,917
Change in Assumptions	6/30/2012	13	353,605	334,233	32,827
FY12 Gain	6/30/2012	13	(5,516,210)	(5,214,034)	(512,097)
FY13 Loss	6/30/2013	14	226,259	218,115	20,281
Change in Assumptions	6/30/2014	15	772,305	755,527	66,841
FY14 Gain	6/30/2014	15	(3,342,464)	(3,269,851)	(289,283)
FY15 Gain	6/30/2015	16	(1,416,996)	(1,400,685)	(118,411)
Change in Method	6/30/2016	17	(3,567,789)	(3,550,118)	(287,862)
FY16 Gain	6/30/2016	17	(425,711)	(423,602)	(34,348)
FY17 Gain	6/30/2017	18	(586,113)	(585,130)	(45,659)
Change in Assumptions/Methods/EGWP	6/30/2018	19	1,009,960	1,008,604	75,963
FY18 Gain	6/30/2018	19	(2,148,478)	(2,145,591)	(161,596)
Change in Assumptions	6/30/2019	20	126,754	127,250	9,274
FY19 Gain	6/30/2019	20	(155,028)	(155,636)	(11,343)
Change in Assumptions	6/30/2020	21	200,955	202,332	14,304
FY20 Gain	6/30/2020	21	(2,842,610)	(2,862,096)	(202,343)
FY21 Gain	6/30/2021	22	(1,754,192)	(1,767,630)	(121,476)
Change in Assumptions	6/30/2022	23	(802,844)	(808,093)	(54,087)
Medical/Prescription Drug Plan Changes	6/30/2022	23	(223,750)	(225,213)	(15,074)
FY22 Gain	6/30/2022	23	(1,845,814)	(1,857,882)	(124,350)
Change in Assumptions	6/30/2023	24	162,192	162,851	10,634
FY23 Gain	6/30/2023	24	(1,363,609)	(1,369,149)	(89,406)
Change in Assumptions	6/30/2024	25	(991,618)	(991,618)	(63,276)
FY24 Gain	6/30/2024	25	(429,965)	(429,965)	(27,436)
Total				**$(25,854,150)**	**$ (1,678,841)**

[1] The pension and healthcare split was done based on the ratio of unfunded actuarial accrued liability as of June 30, 2006.

1 Actuarial Funding Results

1.3 Actuarial Gain/(Loss) for FY24

	Pension	Healthcare
1. Expected Actuarial Accrued Liability		
a. Actuarial Accrued Liability as of June 30, 2023	$ 215,813,907	$ 19,234,976
b. Normal Cost	5,319,765	938,119
c. Interest on (a) and (b) at 7.25%	16,032,191	1,462,549
d. Employer Group Waiver Plan	0	216,456
e. Benefit Payments	(16,349,783)	(1,616,798)
f. Refund of Contributions	0	0
g. Interest on (d) thru (f) at 7.25%, adjusted for timing	(631,762)	(49,874)
h. Assumptions/Methods Changes	23,997,676	(991,618)
i. Expected Actuarial Accrued Liability as of June 30, 2024 (a) + (b) + (c) + (d) + (e) + (f) + (g) + (h)	$ 244,181,994	$ 19,193,810
2. Actual Actuarial Accrued Liability as of June 30, 2024	250,320,485	20,639,244
3. Liability Gain/(Loss), (1)(i) - (2)	**$ (6,138,491)**	**$ (1,445,434)**
4. Expected Actuarial Asset Value		
a. Actuarial Value of Assets as of June 30, 2023	$ 243,016,248	$ 43,561,548
b. Interest on (a) at 7.25%	17,618,678	3,158,212
c. Employee Contributions	932,583	0
d. Employer Contributions	5,601,474	939,570
e. State Appropriation	2,593,000	0
f. Employer Group Waiver Plan	0	216,456
g. Interest on (c) thru (f) at 7.25%, adjusted for timing	420,708	41,173
h. Benefit Payments	(16,349,783)	(1,616,798)
i. Refund of Contributions	0	0
j. Administrative Expenses	(129,318)	(39,626)
k. Interest on (h) thru (j) at 7.25%, adjusted for timing	(636,368)	(58,995)
l. Expected Actuarial Asset Value as of June 30, 2024 (a) + (b) + (c) + (d) + (e) + (f) + (g) + (h) + (i) + (j) + (k)	$ 253,067,222	$ 46,201,540
5. Actual Actuarial Asset Value as of June 30, 2024	254,470,112	46,493,394
6. Actuarial Asset Value Gain/(Loss), (5) - (4)(l)	**$ 1,402,890**	**$ 291,854**
7. Total Actuarial Gain/(Loss), (3) + (6)	**$ (4,735,601)**	**$ (1,153,580)**
8. Contribution Gain/(Loss)	**$ 2,498,475**	**$ 1,588,117**
9. Administrative Expense Gain/(Loss)	**$ (23,456)**	**$ (4,572)**
10. FY24 Gain/(Loss), (7) + (8) + (9)	**$ (2,260,582)**	**$ 429,965**

1 Actuarial Funding Results

1.4 Development of Change in Unfunded Liability During FY24

	Pension	Healthcare
1. 2023 Unfunded Liability	$ (27,202,341)	$ (24,326,572)
a. Interest on Unfunded Liability at 7.25%	$ (1,972,170)	$ (1,763,676)
b. Normal Cost	5,319,765	938,119
c. Employee Contributions	(932,583)	0
d. Employer Contributions	(5,601,474)	(939,570)
e. State Appropriation	(2,593,000)	0
f. Administrative Expenses	129,318	39,626
g. Interest on (b) thru (f) at 7.25%, adjusted for timing	(30,419)	35,961
h. Assumptions/Methods Changes	23,997,676	(991,618)
i. Expected Change in Unfunded Liability During FY24 (a) + (b) + (c) + (d) + (e) + (f) + (g) + (h)	$ 18,317,113	$ (2,681,158)
2. Expected 2024 Unfunded Liability, (1) + (1)(i)	$ (8,885,228)	$ (27,007,730)
a. Liability (Gain)/Loss During FY24	$ 6,138,491	$ 1,445,434
b. Actuarial Assets (Gain)/Loss During FY24	(1,402,890)	(291,854)
c. Total Actuarial (Gain)/Loss During FY24	$ 4,735,601	$ 1,153,580
3. Actual 2024 Unfunded Liability, (2) + (2)(c)	$ (4,149,627)	$ (25,854,150)

1 Actuarial Funding Results

1.5 History of Unfunded Liability and Funded Ratio

Pension

Valuation Date	Total Actuarial Accrued Liability	Valuation Assets	Assets as a Percent of Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)
June 30, 2006	$ 111,819,972	$ 77,310,716	69.1%	$ 34,509,256
June 30, 2007	117,378,824	81,041,009	69.0%	36,337,815
June 30, 2008	130,596,048	122,882,726	94.1%	7,713,322
June 30, 2009	137,586,315	108,691,018	79.0%	28,895,297
June 30, 2010	164,523,775	115,000,226	69.9%	49,523,549
June 30, 2011	173,424,484	116,213,133	67.0%	57,211,351
June 30, 2012	182,267,524	112,870,360	61.9%	69,397,164
June 30, 2013	191,505,115	115,032,531	60.1%	76,472,584
June 30, 2014	194,430,266	128,004,452	65.8%	66,425,814
June 30, 2015	205,160,847	142,191,071	69.3%	62,969,776
June 30, 2016	205,547,759	152,888,596	74.4%	52,659,163
June 30, 2017	216,673,191	165,875,722	76.6%	50,797,469
June 30, 2018	226,559,580	178,489,284	78.8%	48,070,296
June 30, 2019	221,159,289	186,117,830	84.2%	35,041,459
June 30, 2020	211,742,043	194,788,043	92.0%	16,954,000
June 30, 2021	218,717,460	215,641,198	98.6%	3,076,262
June 30, 2022	227,227,808	230,801,847	101.6%	(3,574,039)
June 30, 2023	215,813,907	243,016,248	112.6%	(27,202,341)
June 30, 2024	250,320,485	254,470,112	101.7%	(4,149,627)

1 Actuarial Funding Results

1.5 History of Unfunded Liability and Funded Ratio (continued)

Healthcare

Valuation Date	Total Actuarial Accrued Liability	Valuation Assets	Assets as a Percent of Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)
June 30, 2006	$ 15,905,786	$ 2,399,387	15.1%	$ 13,506,399
June 30, 2007	16,610,082	3,732,217	22.5%	12,877,865
June 30, 2008	18,141,832	18,352,929	101.2%	(211,097)
June 30, 2009	19,093,191	18,482,598	96.8%	610,593
June 30, 2010	20,304,331	19,693,969	97.0%	610,362
June 30, 2011	21,406,833	20,333,071	95.0%	1,073,762
June 30, 2012	16,654,623	20,835,672	125.1%	(4,181,049)
June 30, 2013	17,583,031	21,706,165	123.4%	(4,123,134)
June 30, 2014	17,207,952	24,074,313	139.9%	(6,866,361)
June 30, 2015	18,304,497	26,800,113	146.4%	(8,495,616)
June 30, 2016	15,731,490	28,454,747	180.9%	(12,723,257)
June 30, 2017	16,874,200	30,468,517	180.6%	(13,594,317)
June 30, 2018	16,846,959	31,868,079	189.2%	(15,021,120)
June 30, 2019	18,089,100	33,319,896	184.2%	(15,230,796)
June 30, 2020	16,763,770	34,805,639	207.6%	(18,041,869)
June 30, 2021	17,920,646	37,884,167	211.4%	(19,963,521)
June 30, 2022	17,864,257	40,855,819	228.7%	(22,991,562)
June 30, 2023	19,234,976	43,561,548	226.5%	(24,326,572)
June 30, 2024	20,639,244	46,493,394	225.3%	(25,854,150)

2 Plan Assets

2.1 Summary of Fair Value of Assets

As of June 30, 2024	Pension	Healthcare	Allocation Percent
Cash and Short-Term Investments			
- Cash and Cash Equivalents	$ 2,888,033	$ 565,132	1.2%
- Subtotal	$ 2,888,033	$ 565,132	1.2%
Fixed Income Investments			
- Domestic Fixed Income Pool	$ 50,756,172	$ 9,307,583	20.0%
- International Fixed Income Pool	0	0	0.0%
- Alternative Fixed Income Pool	6,604,324	1,211,061	2.6%
- High Yield Pool	0	0	0.0%
- Treasury Inflation Protection Pool	0	0	0.0%
- Emerging Debt Pool	0	0	0.0%
- Subtotal	$ 57,360,496	$ 10,518,644	22.6%
Equity Investments			
- Domestic Equity Pool	$ 64,193,528	$ 11,771,708	25.4%
- International Equity Pool	33,779,863	6,194,546	13.3%
- Private Equity Pool	39,815,738	7,301,319	15.7%
- Emerging Markets Equity Pool	8,163,081	1,496,932	3.2%
- Alternative Equity Strategies	11,616,820	2,129,857	4.6%
- Subtotal	$ 157,569,030	$ 28,894,362	62.2%
Other Investments			
- Real Estate Pool	$ 16,616,197	$ 3,039,720	6.6%
- Other Investments Pool	18,835,828	3,454,156	7.4%
- Absolute Return Pool	0	0	0.0%
- Other Assets	0	3,076	0.0%
- Subtotal	$ 35,452,025	$ 6,496,952	14.0%
Total Cash and Investments	$ 253,269,584	$ 46,475,090	100.0%
Net Accrued Receivables	69,552	(96,548)	
Net Assets	$ 253,339,136	$ 46,378,542	

2 Plan Assets

2.2 Changes in Fair Value of Assets During FY24

Fiscal Year 2024	Pension	Healthcare
1. Fair Value of Assets as of June 30, 2023	$ 239,742,591	$ 43,039,373
2. Additions:		
a. Employee Contributions	$ 932,583	$ 0
b. Employer Contributions	5,601,474	939,570
c. State Appropriation	2,593,000	0
d. Interest and Dividend Income	4,006,959	728,644
e. Net Appreciation/(Depreciation) in Fair Value of Investments	17,610,969	3,216,973
f. Employer Group Waiver Plan	0	216,456
g. Other	3	14,215
h. Total Additions	$ 30,744,988	$ 5,115,858
3. Deductions:		
a. Medical Benefits	$ 0	$ 1,616,798
b. Retirement Benefits	16,349,783	0
c. Refund of Contributions	0	0
d. Investment Expenses	669,342	120,265
e. Administrative Expenses	129,318	39,626
f. Total Deductions	$ 17,148,443	$ 1,776,689
4. Fair Value of Assets as of June 30, 2024	$ 253,339,136	$ 46,378,542
5. Approximate Fair Value Investment Return Rate during FY24 Net of Investment Expenses	8.9%	9.0%

2 Plan Assets

2.3 Development of Actuarial Value of Assets

Investment gains and losses are recognized 20% per year over 5 years. In no event may valuation assets be less than 80% or more than 120% of fair value as of the current valuation date.

	Pension	Healthcare
1. Deferral of Investment Gain/(Loss) for FY24		
a. Fair Value as of June 30, 2023	$ 239,742,591	$ 43,039,373
b. Contributions	9,127,057	939,570
c. Employer Group Waiver Plan	0	216,456
d. Benefit Payments	16,349,783	1,616,798
e. Administrative Expenses	129,318	39,626
f. Actual Investment Return (net of investment expenses)	20,948,589	3,839,567
g. Expected Return Rate (net of investment expenses)	7.25%	7.25%
h. Expected Return, Weighted for Timing	17,165,678	3,102,532
i. Investment Gain/(Loss) for the Year, (f) - (h)	3,782,911	737,035
2. Actuarial Value as of June 30, 2024		
a. Fair Value as of June 30, 2024	$ 253,339,136	$ 46,378,542
b. Deferred Investment Gain/(Loss)	(1,130,976)	(114,852)
c. Preliminary Actuarial Value as of June 30, 2024, (a) - (b)	254,470,112	46,493,394
d. Upper Limit: 120% of Fair Value as of June 30, 2024	304,006,963	55,654,250
e. Lower Limit: 80% of Fair Value as of June 30, 2024	202,671,309	37,102,834
f. Actuarial Value at June 30, 2024, (c) limited by (d) and (e)	254,470,112	46,493,394
3. Ratio of Actuarial Value of Assets to Fair Value of Assets	100.4%	100.2%
4. Approximate Actuarial Value Investment Return Rate during FY24 Net of Investment Expenses	7.9%	7.9%

2 Plan Assets

2.3 Development of Actuarial Value of Assets (continued)

The tables below show the development of the gains/(losses) to be recognized in the 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, 2020	$ (6,148,327)	$ (4,918,661)	$ (1,229,666)	$ 0
June 30, 2021	42,620,191	25,572,114	8,524,039	8,524,038
June 30, 2022	(32,754,159)	(13,101,664)	(6,550,832)	(13,101,663)
June 30, 2023	700,534	140,107	140,107	420,320
June 30, 2024	3,782,911	0	756,582	3,026,329
Total	**$ 8,201,150**	**$ 7,691,896**	**$ 1,640,230**	**$ (1,130,976)**

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, 2020	$ (1,023,945)	$ (819,156)	$ (204,789)	$ 0
June 30, 2021	7,559,703	4,535,822	1,511,941	1,511,940
June 30, 2022	(5,790,607)	(2,316,242)	(1,158,122)	(2,316,243)
June 30, 2023	166,373	33,275	33,275	99,823
June 30, 2024	737,035	0	147,407	589,628
Total	**$ 1,648,559**	**$ 1,433,699**	**$ 329,712**	**$ (114,852)**

2 Plan Assets

2.4 Historical Asset Rates of Return

	Actuarial Value		Fair Value	
Year Ending	Annual	Cumulative	Annual	Cumulative
June 30, 2005	8.0%	8.0%	8.0%	8.0%
June 30, 2006	11.0%	9.5%	11.0%	9.5%
June 30, 2007	10.2%	9.7%	18.1%	12.3%
June 30, 2008	7.4%	9.1%	(4.8%)	7.7%
June 30, 2009	(9.7%)	5.1%	(20.6%)	1.4%
June 30, 2010	8.7%	5.7%	10.6%	2.8%
June 30, 2011	5.0%	5.6%	20.8%	5.2%
June 30, 2012	0.7%	5.0%	0.1%	4.6%
June 30, 2013	3.6%	4.8%	12.3%	5.4%
June 30, 2014	12.2%	5.5%	18.3%	6.6%
June 30, 2015	10.8%	6.0%	3.0%	6.3%
June 30, 2016	6.6%	6.0%	(0.5%)	5.7%
June 30, 2017	8.3%	6.2%	13.0%	6.3%
June 30, 2018	8.1%	6.3%	8.3%	6.4%
June 30, 2019	5.7%	6.3%	6.0%	6.4%
June 30, 2020	5.9%	6.3%	4.1%	6.2%
June 30, 2021	11.5%	6.6%	30.0%	7.5%
June 30, 2022	8.6%	6.7%	(6.0%)	6.7%
June 30, 2023	7.3%	6.7%	7.6%	6.8%
June 30, 2024	7.9%	6.8%	8.9%	6.9%

Rates of return are shown based on combined assets for Pension and Healthcare.

Cumulative returns are since fiscal year ending June 30, 2005.

3 Member Data

3.1 Summary of Members Included

As of June 30	2016	2018	2020	2022	2024
Active Members					
1. Number	76	71	72	73	72
2. Average Age	58.80	57.53	55.03	53.74	53.47
3. Average Service	9.39	9.49	6.83	6.85	6.71
4. Average Entry Age	49.41	48.04	48.20	46.89	46.76
5. Average Annual Earnings	$ 178,903	$ 182,045	$ 182,739	$ 183,102	$ 191,551
6. Number Vested	54	51	36	35	43
7. Percent Who Are Vested	71.1%	71.8%	50.0%	47.9%	59.7%
Retirees, Disabilitants, and Beneficiaries					
1. Number	109	125	144	149	153
2. Average Age	73.34	73.71	73.98	74.88	75.53
3. Average Monthly Pension Benefit	$ 8,529	$ 8,291	$ 8,305	$ 8,395	$ 8,821
Vested Terminations (vested at termination, not refunded contributions, and not commenced benefit)					
1. Number	3	3	2	1	3
2. Average Age	57.35	59.05	55.87	55.17	53.69
3. Average Monthly Pension Benefit	$ 7,017	$ 7,623	$ 6,305	$ 4,049	$ 6,885
Non-Vested Terminations (not vested at termination and not refunded contributions)					
1. Number	0	0	1	2	1
2. Average Account Balance	$ 0	$ 0	$ 66,828	$ 55,738	$ 79,848
Total Number of Members	**188**	**199**	**219**	**225**	**229**

As of June 30, 2024	Retirees
Summary of Retiree Medical Data Received	
1. Retiree records on pension data	153
2. Remove duplicates on pension data	0
3. Valued in a different retiree healthcare plan	(53)
4. Records without medical coverage	(5)
5. Total	95

3 Member Data

3.2 Age and Service Distribution of Active Members

Annual Earnings by Age

Age	Number	Total Annual Earnings	Average Annual Earnings
0 - 19	0	$ 0	$ 0
20 - 24	0	0	0
25 - 29	0	0	0
30 - 34	0	0	0
35 - 39	5	995,963	199,193
40 - 44	6	1,211,399	201,900
45 - 49	18	3,484,827	193,602
50 - 54	9	1,736,456	192,940
55 - 59	19	3,627,743	190,934
60 - 64	7	1,289,380	184,197
65 - 69	7	1,380,932	197,276
70 - 74	1	65,000	65,000
75+	0	0	0
Total	**72**	**$13,791,700**	**$ 191,551**

Annual Earnings by Service

Years of Service	Number	Total Annual Earnings	Average Annual Earnings
0	2	$ 398,385	$ 199,193
1	7	1,364,045	194,864
2	5	995,963	199,193
3	7	1,220,122	174,303
4	8	1,532,935	191,617
0 - 4	**29**	**$ 5,511,450**	**$ 190,050**
5 - 9	26	5,094,610	195,947
10 - 14	13	2,479,778	190,752
15 - 19	3	536,972	178,991
20 - 24	1	168,890	168,890
25 - 29	0	0	0
30 - 34	0	0	0
35 - 39	0	0	0
40+	0	0	0
Total	**72**	**$13,791,700**	**$ 191,551**

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	0	0	0	0	0	0	0	0	0	0
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	6	0	0	0	0	0	0	0	0	6
45 - 49	9	6	3	0	0	0	0	0	0	18
50 - 54	2	5	2	0	0	0	0	0	0	9
55 - 59	4	9	4	1	1	0	0	0	0	19
60 - 64	3	2	1	1	0	0	0	0	0	7
65 - 69	0	3	3	1	0	0	0	0	0	7
70 - 74	1	0	0	0	0	0	0	0	0	1
75+	0	0	0	0	0	0	0	0	0	0
Total	**29**	**26**	**13**	**3**	**1**	**0**	**0**	**0**	**0**	**72**

3 Member Data

3.3 Member Data Reconciliation

Pension

	Active Members	Inactive Members			Total
		Due a Refund	Deferred Benefits	Benefit Recipients	
As of June 30, 2022	**73**	**2**	**1**	**149**	**225**
New Entrants	9	0	0	0	9
Rehires	1	(1)	0	0	0
Vested Terminations	(2)	0	2	0	0
Non-Vested Terminations	0	0	0	0	0
Refund of Contributions	0	0	0	0	0
Disability Retirements	0	0	0	0	0
Age Retirements	(9)	0	0	9	0
Deceased	0	0	0	(15)	(15)
New Beneficiaries	0	0	0	10	10
New QDROs	0	0	0	0	0
Transfers In/Out	0	0	0	0	0
Data Corrections	0	0	0	0	0
Net Change	**(1)**	**(1)**	**2**	**4**	**4**
As of June 30, 2024	**72**	**1**	**3**	**153**	**229**

3 Member Data

3.3 Member Data Reconciliation (continued)

Healthcare

		Inactive Members				
	Active Members	Retirees	Covered Spouses	Covered Children / Dependents	Deferred	Total Inactive Members
As of June 30, 2022	**69**	**96**	**45**	**5**	**1**	**147**
New Entrants	9	0	0	0	0	0
Rehires	0	0	0	0	0	0
Vested Terminations	(1)	0	0	0	1	1
Non-Vested Terminations	0	0	0	0	0	0
Refund of Contributions	0	0	0	0	0	0
Disability Retirements	0	0	0	0	0	0
Age Retirements	(7)	7	4	0	0	11
Deferred Retirements	0	0	0	0	0	0
Deceased	0	(12)	(1)	0	0	(13)
New Beneficiaries	0	5	(5)	0	0	0
Added Retiree Medical Coverage	0	0	0	0	0	0
Added Dependent Coverage	0	0	0	0	0	0
Dropped Retiree Medical Coverage	0	0	0	0	0	0
Dropped Dependent Coverage	0	0	0	(2)	0	(2)
Transfers In/Out	(1)	(1)	(1)	0	0	(2)
Net Change	**0**	**(1)**	**(3)**	**(2)**	**1**	**(5)**
As of June 30, 2024	**69**	**95**	**42**	**3**	**2**	**142**

4 Basis of the Actuarial Valuation

4.1 Summary of Plan Provisions

Effective Date

May 4, 1963, with amendments through June 30, 2024.

Administration of Plan

The Commissioner of Administration is responsible for administering the Judicial Retirement System (JRS). The Alaska Retirement Management Board is responsible for managing and investing the fund.

Membership

Membership in JRS is mandatory for all Supreme Court justices and Superior, District, and Appellate Court judges. The administrative director of the Court System may elect to participate in either JRS or Public Employees' Retirement System (PERS).

Credited Service

Members receive credit for each day of JRS employment. Earlier service as a magistrate or deputy magistrate before July 1, 1967 is covered under JRS. JRS members become vested in the plan after completing five years of credited service.

Member Contributions

Mandatory Contributions

Members hired after July 1, 1978, are required to contribute 7% of their base salaries. Contributions are required for a maximum of 15 years. Members hired before July 1, 1978 are not required to contribute.

Interest

Members' contributions earn 4.5% interest, compounded semiannually on June 30 and December 31.

Refund of Contributions

Non-vested members may receive a refund of their contributions and interest earned if they terminate employment. Refunded contributions, plus 7% indebtedness interest, must be repaid before appointment to retirement.

JRS contributions for terminated members may be attached to satisfy claims under Alaska Statute 09.38.065 or federal tax levies. Contributions that are attached to satisfy claims or tax levies may be reinstated at any time. The member is not required to return to JRS employment.

Retirement Benefits

Normal Retirement

Members are eligible for normal retirement at age 60 if they have at least five years of JRS service. Terminated vested members may defer retirement and begin receiving normal retirement benefits when they reach age 60. Vesting is completion of at least five years of JRS service.

Early Retirement

Members are eligible for early retirement at any age if they have at least 20 years of service. Terminated vested members may defer retirement and begin receiving early retirement benefits when they reach age 55. Under early retirement, members receive reduced benefits equal to the actuarial equivalent of their normal retirement benefits. Early benefits are based on the member's service and early retirement date.

4 Basis of the Actuarial Valuation

Benefit Type

Lifetime monthly benefits are paid to the member. Upon the member's death, a survivor's benefit (see below) may be payable if the member has an eligible spouse or dependent children.

Benefit Calculations for Normal Retirement

5% of authorized monthly base salary for each year of JRS service up to a maximum of 15 years. JRS retirement benefit payments are recalculated when the salary for the office held by the member at the time of retirement changes. The maximum JRS benefit payable to a member is 75% of the authorized salary.

Disability Benefits

Members are eligible to receive monthly disability benefits at any age if they become incapacitated and they have at least two years of JRS service. Disability benefits are calculated the same as normal retirement benefits.

Survivor's Benefits

Survivor's benefits are payable to the spouse of a member if they have been married for at least one year immediately preceding the member's death and the member has at least two years of JRS service. The monthly survivor's benefit is equal to the greater of:

a. 50% of the monthly benefit that the member would have received if retired at the time of death; or

b. 30% of the authorized monthly base salary if the member was not eligible to retire, or was entitled to less than 60% of the authorized monthly base salary.

If there is no eligible surviving spouse, the member's dependent children receive, in equal shares, 50% of the benefit under (a) or (b) until age 19, or age 23 and attending an accredited educational or technical institution on a full-time basis.

When there is both an eligible surviving spouse and dependent children residing in separate households, the spouse and children share equally the benefit under (a) or (b) while the children are under age 19, or age 23 and attending an accredited educational or technical institution on a full-time basis.

When there is no surviving spouse or dependent children, the member's contribution account balance, including interest earned, will be paid to the designated beneficiary.

4 Basis of the Actuarial Valuation

Postemployment Healthcare Benefits

Medical benefits are provided at no cost to JRS members, their spouses, and dependents while monthly retirement, disability, and survivor benefits are being paid.

Starting in 2022, prior authorization is required for certain specialty medications for all participants. There is no change to the medications that are covered by the plan.

Starting in 2022, certain preventive benefits for pre-Medicare participants are covered by the plan.

Participants in the defined benefit plan are covered under the following benefit design:

Plan Design Feature	Amounts
Deductible (single / family)	$150 / $450
Coinsurance (most services)	20%
Outpatient Surgery / Testing	0%
Maximum Out-of-Pocket (single / family, excluding deductible)	$800 / $2,400
Rx Copays (generic / brand / mail-order), does not apply to OOP max	$4 / $8 / $0
Lifetime Maximum	$2,000,000

The plan coordinates with Medicare on a traditional Coordination of Benefits Method. Starting in 2019, the prescription drug coverage is through a Medicare Part D EGWP arrangement.

Changes in Benefit Provisions Valued Since the Prior Valuation

There were no changes in benefit provisions since the prior valuation.

4 Basis of the Actuarial Valuation

4.2 Description of Actuarial Methods and Valuation Procedures

The funding method used in this valuation was adopted by the Board in October 2006. Changes in methods were adopted by the Board in January 2019 based on the experience study for the period July 1, 2013 to June 30, 2017. The asset smoothing method used to determine valuation assets was changed effective June 30, 2014.

Benefits valued are those delineated in Alaska State statutes as of the valuation date. Changes in State statutes effective after the valuation date are not taken into consideration in setting the assumptions and methods.

Actuarial Cost Method

Liabilities and contributions shown in the report are computed using the Entry Age Normal Actuarial Cost Method, level percent of pay.

Each year's difference between actual and expected unfunded actuarial accrued liability is amortized over 25 years as a level percent of expected payroll.

Projected pension and postemployment healthcare benefits were determined for all active members. Cost factors designed to produce annual costs as a constant percentage of each member's expected compensation in each year from the assumed entry age to the assumed retirement age were applied to the projected benefits to determine the normal cost (the portion of the total cost of the plan allocated to the current year under the method). The normal cost is determined by summing intermediate results for active members and determining an average normal cost rate which is then related to the total payroll of active members. The actuarial accrued liability for active members (the portion of the total cost of the plan allocated to prior years under the method) was determined as the excess of the actuarial present value of projected benefits over the actuarial present value of future normal costs.

The actuarial accrued liability for retired members and their beneficiaries currently receiving benefits, terminated vested members and disabled members not yet receiving benefits was determined as the actuarial present value of the benefits expected to be paid. No future normal costs are payable for these members.

The actuarial accrued liability under this method at any point in time is the theoretical amount of the fund that would have been accumulated had annual contributions equal to the normal cost been made in prior years (it does not represent the liability for benefits accrued to the valuation date). The unfunded actuarial accrued liability is the excess of the actuarial accrued liability over the actuarial value of plan assets measured on the valuation date.

Under this method, experience gains or losses (i.e., decreases or increases in accrued liabilities attributable to deviations in experience from the actuarial assumptions) adjust the unfunded actuarial accrued liability.

Valuation of Assets

The actuarial asset value was initialized to equal Fair Value of Assets as of June 30, 2006. Beginning in FY07, the asset valuation method recognizes 20% of the gain or loss each year, for a period of five years. All assets are valued at fair value. Assets are accounted for on an accrued basis and are taken directly from financial statements audited by KPMG LLP. Valuation assets are constrained to a range of 80% to 120% of the fair value of assets.

Changes in Methods Since the Prior Valuation

There were no changes in the asset or valuation methods since the prior valuation.

4 Basis of the Actuarial Valuation

Valuation of Retiree Medical and Prescription Drug Benefits

This section outlines the detailed methodology used in the internal model developed by Gallagher to calculate the initial per capita claims cost rates for the JRS postemployment healthcare plan. Note that the methodology reflects the results of our experience rate update for the period from July 1, 2023 to June 30, 2024.

Base claims cost rates are incurred healthcare costs expressed as a rate per member per year. Ideally, claims cost rates should be derived for each significant component of cost that can be expected to require differing projection assumptions or methods (i.e., medical claims, prescription drug claims, administrative costs, etc.). Separate analysis is limited by the availability and historical credibility of cost and enrollment data for each component of cost. This valuation reflects non-prescription claims separated by Medicare status, including eligibility for free Part A coverage. Prescription costs are analyzed separately as in prior valuations. Administrative costs are assumed in the final per capita claims cost rates used for valuation purposes, as described below. Analysis to date on Medicare Part A coverage is limited since Part A claim data is not available by individual, nor is this status incorporated into historical claim data.

Benefits

Medical, prescription drug, dental, vision and audio coverage is provided through the AlaskaCare Retiree Health Plan and is available to employees of the State and subdivisions who meet retirement criteria based on the retirement plan tier in effect at their date of hire. Health plan provisions do not vary by retirement tier or age, except for Medicare coordination for those Medicare-eligible. Dental, vision, and audio claims (DVA) are excluded from data analyzed for this valuation because those are retiree-pay all benefits where rates are assumed to be self-supporting. Gallagher relies upon rates set by a third-party for the DVA benefits. Gallagher reviewed historical rate-setting information and views contribution rate adjustments made are not unreasonable.

Administration and Data Sources

The plan has been administered by Aetna since January 1, 2014.

Claims incurred for the period from July 2022 through June 2024 (FY23 through FY24) were provided by the State of Alaska from reports extracted from their data warehouse, which separated claims by Medicare status. Monthly enrollment data for the same period was provided by Aetna.

Aetna also provided census information identifying Medicare Part B only participants. These participants are identified when hospital claims are denied by Medicare. Aetna then flags that participant as a Part B only participant. Gallagher added newly identified participants to our list of Medicare Part B only participants. Gallagher assumes that once identified as Part B only, that participant remains in that status until we are notified otherwise.

Aetna provided a snapshot file as of July 1, 2024 of retirees and dependents that included a coverage level indicator. The monthly enrollment data includes double coverage participants. These are participants whereby both the retiree and spouse are retirees from the State and both are reflected with Couple coverage in the enrollment. In this case, such a couple would show up as four members in the monthly enrollment (each would be both a retiree and a spouse). As a result, the snapshot census file was used to adjust the total member counts in the monthly enrollment reports to estimate the number of unique participants enrolled in coverage. Based on the snapshot files from the last two valuations, the total member count in the monthly enrollment reports needs to be reduced by approximately 13% to account for the number of participants with double coverage.

Aetna does not provide separate experience by Medicare status in standard reporting, so the special reports mentioned above from the data warehouse were used to obtain that information and incorporate it into the per capita rate development for each year of experience (with corresponding weights applied in the final per capita cost).

4 Basis of the Actuarial Valuation

Methodology

Gallagher projected historical claim data to FY25 for retirees using the following steps:

1. Develop historical annual incurred claim cost rates – An analysis of medical costs was completed based on claims information and enrollment data provided by the State of Alaska and Aetna for each year in the experience period of FY23 through FY24.

    - Costs for medical services and prescriptions were analyzed separately, and separate trend rates were developed to project expected future medical and prescription costs for the valuation year (e.g., from the experience period up through FY25).
    - Because the reports provided reflected incurred claims, no additional adjustment was needed to determine incurred claims to be used in the valuation.
    - An offset for costs expected to be reimbursed by Medicare was incorporated beginning at age 65. Alaska retirees who do not have 40 quarters of Medicare-covered compensation do not qualify for Medicare Part A coverage free of charge. This is a relatively small and closed group. Medicare was applied to State employment for all employees hired after March 31, 1986. For the "no-Part A" individuals who are required to enroll in Medicare Part B, the State is the primary payer for hospital bills and other Part A services. Claims experience is not available separately for participants with both Medicare Parts A and B and those with Part B only. For Medicare Part B only participants, a lower average claims cost was applied to retirees covered by both Medicare Part A and B vs. retirees covered only by Medicare Part B based upon manual rate models that estimate the Medicare covered proportion of medical costs. To the extent that no-Part A claims can be isolated and applied strictly to the appropriate closed group, actuarial accrued liability will be more accurate.
    - Based on census data received from Aetna, approximately 2% of the current retiree population was identified as having coverage only under Medicare Part B. We assume that 2% of actives hired before April 1, 1986 and current retirees who are not yet Medicare eligible will not be eligible for Medicare Part A.
    - Based upon a reconciliation of valuation census data to the snapshot eligibility files provided by Aetna as of July 1, 2023, and July 1, 2024, Gallagher adjusted member counts used for duplicate records where participants have double coverage (i.e., primary coverage as a retiree and secondary coverage as the covered spouse of another retiree). This adjustment is to reflect the total cost per distinct individual/member which is then applied to distinct members in the valuation census.
    - Gallagher understands that pharmacy claims reported do not reflect rebates. Based on actual pharmacy rebate information provided by Optum, rebates were assumed to be 31.8% of pre-Medicare and 16.4% of Medicare prescription drug claims for FY23; and 29.8% of pre-Medicare and 19.8% of Medicare prescription drug claims for FY24.

2. Develop estimated EGWP reimbursements – Segal Consulting provided estimated calendar year 2025 EGWP subsidies, developed with the assistance of OptumRx. These amounts are applicable only to Medicare-eligible participants. The EGWP estimates increased significantly from 2024 to 2025, as a result of the Inflation Reduction Act, primarily due to increases in Direct Subsidy payments. It is uncertain whether future subsidy levels will remain at the higher level. In addition, retiree cost sharing is expected to decrease in 2025 based on the 2025 Standard Medicare Part D plan design. The estimated reimbursements under EGWP from fiscal years 2021 through 2025, trended to fiscal year 2025, were blended to develop the EGWP subsidies for the June 30, 2024 valuation. The first-year trend rate applied to EGWP per capita costs was also adjusted to reflect the increase in EGWP subsidies from CY 2024 to CY 2025.

4 Basis of the Actuarial Valuation

3. No adjustments were made for any large claims due to group size and demographics. We do blend both Alaska plan-specific and national trend factors as described below. Gallagher compared data utilized to lag reports and quarterly plan experience presentations provided by the State and Aetna to assess accuracy and reasonableness of data.

4. Trend all data points to the projection period – Project prior years' experience forward to FY25 for retiree benefits on an incurred claim basis. Trend factors derived from historical Alaska-specific experience and national trend factors are shown below in item 5.

5. Apply credibility to prior experience – Adjust prior year's data by assigning weighting factors to recent periods, as shown at the right of the table below. The Board approved a change in the weighting of experience periods beginning with the June 30, 2017 valuation. For both experience periods, we averaged projected plan costs by applying 75% weight to Alaska-specific trends and 25% weight to national trends.

Alaska-Specific and National Average Weighted Trend from Experience Period to Valuation Year

Experience Period	Medical, Pre-Medicare	Medical, Medicare	Prescription Drugs	Weighting Factors
FY23 to FY24	11.1%	7.4%	10.2%	50%
FY24 to FY25	6.8%	8.9%	12.0%	50%

Trend assumptions used for rate development are assessed annually and as additional/improved reporting becomes available, we will incorporate into rate development as appropriate.

6. Develop separate administration costs – No adjustments were made for internal administrative costs. Third party retiree plan administration fees for FY25 are based upon total fees projected to 2025 by Segal Consulting based on actual FY24 fees. The annual per participant per year administrative cost rate for medical and prescription benefits is $442.

4 Basis of the Actuarial Valuation

Healthcare Reform

Healthcare Reform legislation passed on March 23, 2010 included several provisions with potential implications for the State of Alaska Retiree Health Plan liability. Gallagher evaluated the impact due to these provisions.

Because the State plan is retiree-only, and was in effect at the time the legislation was enacted, not all provisions of the health reform legislation apply to the State plan. Unlimited lifetime benefits and dependent coverage to age 26 are two of these provisions. We reviewed the impact of including these provisions, but there was no decision made to adopt them, and no requirement to do so.

Because Transitional Reinsurance fees are only in effect until 2016, we excluded these for valuation purposes.

The Further Consolidated Appropriations Act, 2020 passed in December 2019 repealed several healthcare-related taxes, including the Cadillac Tax.

The Tax Cuts and Jobs Act passed in December 2017 included the elimination of the individual mandate penalty and changed the inflation measure for purposes of determining the limits for the High Cost Excise Tax to use chained CPI. It is our understanding the law does not directly impact other provisions of the ACA. While the nullification of the ACA's individual mandate penalty does not directly impact employer group health plans, it could contribute to the destabilization of the individual market and increase the number of uninsured. Such destabilization could translate to increased costs for employers. We have considered this when setting our healthcare cost trend assumptions and will continue to monitor this issue.

The Inflation Reduction Act (IRA) was signed into law on August 16, 2022. The law contains several provisions that are expected to impact Alaska's Medicare prescription drug plan (EGWP) due to design and funding changes, the most meaningful of which are expected in 2025. The IRA is also expected to bend the trend curve through price control measures such as HHS's ability to negotiate prices for older, high-cost single source brand drugs (first effective in 2026) and through the imposition of rebates for drugs that increase in excess of inflation (first effective in 2023). We have adjusted the EGWP subsidy and the first-year trend that is applied to these subsidies for the June 30, 2024 valuation based on estimated reimbursements provided by Segal Consulting. Because of the significant increase in the EGWP subsidy for FY25 and beyond due to the IRA, and uncertainty regarding future subsidy levels, the ARMB has adopted a smoothing of EGWP subsidy estimates over five years. As further guidance and projections regarding the impact of the IRA become available, updates to these assumptions may be made for future measurement dates if deemed appropriate.

We have not identified any other specific provisions of healthcare reform or its potential repeal that would be expected to have a significant impact on the measured obligation. We will continue to monitor legislative activity.

4 Basis of the Actuarial Valuation

Data

In accordance with actuarial standards, we note the following specific data sources and steps taken to value retiree medical benefits:

The Division of Retirement and Benefits provided pension valuation census data, which for people currently in receipt of healthcare benefits was supplemented by coverage data from the healthcare claims administrator (Aetna).

Certain adjustments and assumptions were made to prepare the data for valuation:

- All records provided with retiree medical coverage on the Aetna data were included in this valuation and we relied on the Aetna data as the source of medical coverage for current retirees and their dependents.
- Some records in the Aetna data were duplicates due to the double coverage (i.e., coverage as a retiree and as a spouse of another retiree) allowed under the plan. Records were adjusted for these members so that each member was only valued once. Any additional value of the double coverage (due to coordination of benefits) is small and reflected in the per capita costs.
- Covered children included in the Aetna data were valued until age 23, unless disabled. We assumed that those dependents over 23 were only eligible and valued due to being disabled.
- For individuals included in the pension data expecting a future pension, we valued health benefits starting at the same point that the pension benefit is assumed to start.
- Some records in the pension data were duplicates due to being a covered spouse in the Aetna data. Records were adjusted for these members so that each inactive member was only valued once, removing the record that came in through the pension data.

We are not aware of any other data issues that would be expected to have a material impact on the results and there are no unresolved matters related to the data.

The following chart shows the basis of setting the per capita claims cost assumption, which includes PERS, TRS, and JRS.

4 Basis of the Actuarial Valuation

	Medical		Prescription Drugs (Rx)	
	Pre-Medicare	**Medicare**	**Pre-Medicare**	**Medicare**
A. Fiscal 2023				
1. Incurred Claims	$ 211,125,808	$ 110,136,448	$ 66,184,443	$ 264,456,476
2. Adjustments for Rx Rebates	0	0	(21,046,653)	(43,370,862)
3. Net incurred claims	$ 211,125,808	$ 110,136,448	$ 45,137,790	$ 221,085,614
4. Average Enrollment	16,250	50,465	16,250	50,465
5. Claim Cost Rate (3) / (4)	12,992	2,182	2,778	4,381
6. Trend to Fiscal 2025	1.187	1.170	1.235	1.235
7. Fiscal 2025 Incurred Cost Rate (5) x (6)	$ 15,419	$ 2,553	$ 3,429	$ 5,409
8. Adjustment Factor for 2022 Plan Changes	1.000	1.000	0.976	0.976
9. Adjusted Fiscal 2025 Incurred Cost Rate (7) x (8)	$ 15,419	$ 2,553	$ 3,347	$ 5,278
B. Fiscal 2024				
1. Incurred Claims	$ 212,627,066	$ 124,820,031	$ 71,496,388	$ 303,126,812
2. Adjustments for Rx Rebates	0	0	(21,305,924)	(60,019,109)
3. Net incurred claims	$ 212,627,066	$ 124,820,031	$ 50,190,464	$ 243,107,703
4. Average Enrollment	15,367	51,897	15,367	51,897
5. Claim Cost Rate (3) / (4)	13,837	2,405	3,266	4,684
6. Trend to Fiscal 2025	1.068	1.089	1.120	1.120
7. Fiscal 2025 Incurred Cost Rate (5) x (6)	$ 14,780	$ 2,620	$ 3,659	$ 5,248
8. Adjustment Factor for 2022 Plan Changes	1.000	1.000	0.976	0.976
9. Adjusted Fiscal 2025 Incurred Cost Rate (7) x (8)	$ 14,780	$ 2,620	$ 3,571	$ 5,121

	Medical		Prescription Drugs (Rx)	
	Pre-Medicare	**Medicare**	**Pre-Medicare**	**Medicare**
C. Adjusted Incurred Cost Rate by Fiscal Year				
1. Fiscal 2023 A.(9)	15,419	2,553	3,347	5,278
2. Fiscal 2024 B.(9)	14,780	2,620	3,571	5,121
D. Weighting by Fiscal Year				
1. Fiscal 2023	50%	50%	50%	50%
2. Fiscal 2024	50%	50%	50%	50%
E. Fiscal 2025 Incurred Cost Rate				
1. Rate at Average Age C x D	$ 15,099	$ 2,586	$ 3,459	$ 5,200
2. Average Aging Factor	0.816	1.214	0.843	1.146
3. Rate at Age 65 (1) / (2)	$ 18,503	$ 2,130	$ 4,103	$ 4,539
F. Development of Part A&B and Part B Only Cost from Pooled Rate Above				
1. Part A&B Average Enrollment		51,410		
2. Part B Only Average Enrollment		488		
3. Total Medicare Average Enrollment B(4)		51,897		
4. Cost ratio for those with Part B only to those with Parts A&B		3.300		
5. Factor to determine cost for those with Parts A&B (2) / (3) x (4) + (1) / (3) x 1.00		1.022		
6. Medicare per capita cost for all participants: E(3)		$ 2,130		
7. Cost for those eligible for Parts A&B: (6) / (5)		$ 2,085		
8. Cost for those eligible for Part B only: (7) x (4)		$ 6,880		

4 Basis of the Actuarial Valuation

Following the development of total projected costs, per capita claims costs were distributed by age by allocating total projected costs to the population census used in the valuation. The allocation was done separately for each of prescription drug and medical costs for the Medicare eligible and pre-Medicare populations. The allocation weights were developed using participant counts by age and assumed morbidity and aging factors. Results were tested for reasonableness based on historical trend and external benchmarks for costs paid by Medicare. The results of our analysis are summarized in the table below.

Per Capita Claims Costs by Age for July 1, 2024 through June 30, 2025

Age	Medical and Medicare Parts A & B	Medical and Medicare Part B Only	Prescription Drug	Medicare EGWP Subsidy
45	$ 11,292	$ 11,292	$ 2,633	$ 0
50	$ 12,776	$ 12,776	$ 3,127	$ 0
55	$ 14,455	$ 14,455	$ 3,714	$ 0
60	$ 16,354	$ 16,354	$ 3,904	$ 0
65	$ 2,085	$ 6,880	$ 4,539	$ 1,586
70	$ 2,302	$ 7,596	$ 5,036	$ 1,760
75	$ 2,543	$ 8,387	$ 5,587	$ 1,952
80	$ 2,834	$ 9,351	$ 5,504	$ 1,923

4 Basis of the Actuarial Valuation

4.3 Summary of Actuarial Assumptions

The demographic and economic assumptions used in the June 30, 2024 valuation are described below. Unless noted otherwise, these assumptions were adopted by the Board at the June 2022 meeting based on the experience study for the period July 1, 2017 to June 30, 2021. Effective June 30, 2024, the salary increase and pensioner benefit increase assumptions were modified to be 8.50% effective July 1, 2024, and 3.00% effective July 1, 2025 and annually thereafter to better reflect expected short-term experience.

Investment Return

7.25% per year, net of investment expenses.

Salary Scale

8.50% effective July 1, 2024, and 3.00% effective July 1, 2025 and annually thereafter.

Payroll Growth

2.75% per year (2.50% inflation + 0.25% productivity).

Total Inflation

Total inflation as measured by the Consumer Price Index for urban and clerical workers for Anchorage is assumed to increase 2.50% annually.

Compensation and Benefit Limit Increases

Compensation is limited to the IRC 401(a)(17) amount, which was $345,000 for 2024. This limit is assumed to increase 2.50% each year thereafter.

Benefits are limited to the IRC 415 amount, which was $275,000 for 2024. This limit is assumed to increase 2.50% each year thereafter.

Benefit Payment Increases

Benefits for retired members are assumed to increase 8.50% effective July 1, 2024, and 3.00% effective July 1, 2025 and annually thereafter.

Mortality (Pre-Commencement)

Mortality rates based on the 2017-2021 actual experience, to the extent the experience was statistically credible.

- Pension: Pub-2010 General Employee table, above-median, amount-weighted, and projected with MP-2021 generational improvement.
- Healthcare: Pub-2010 General Employee table, above-median, headcount-weighted, and projected with MP-2021 generational improvement.

Mortality (Post-Commencement)

Mortality rates based on the 2017-2021 actual experience, to the extent the experience was statistically credible.

Retiree mortality in accordance with the following tables:

- Pension: Pub-2010 General Retiree table, above-median, amount-weighted, and projected with MP-2021 generational improvement.
- Healthcare: Pub-2010 General Retiree table, above-median, headcount-weighted, and projected with MP-2021 generational improvement.

4 Basis of the Actuarial Valuation

Beneficiary mortality in accordance with the following tables. These tables are applied only after the death of the original member.

- Pension: Pub-2010 Contingent Survivor table, above-median, amount-weighted, and projected with MP-2021 generational improvement.
- Healthcare: Pub-2010 Contingent Survivor table, above-median, headcount-weighted, and projected with MP-2021 generational improvement.

Turnover

Select and ultimate rates as shown in Table 1. Turnover rates cease once a member is eligible for retirement.

Disability

Incidence rates as shown in Table 2. Disability rates cease once a member is eligible for retirement.

Post-disability mortality in accordance with the following tables:

- Pension: Pub-2010 Non-Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement.
- Healthcare: Pub-2010 Non-Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement.

Retirement

Retirement rates as shown in Table 3.

Deferred vested members are assumed to retire at age 60.

Spouse Age Difference

Male members are assumed to be four years older than their wives. Female members are assumed to be four years younger than their husbands.

Percent Married for Pension

90% of male members and 70% of female members are assumed to be married at termination from active service.

Dependent Spouse Medical Coverage Election

Applies to members who do not have double medical coverage. 80% of male members and 60% of female members are assumed to be married and cover a dependent spouse.

Dependent Children

- Pension: None.
- Healthcare: Benefits for dependent children have been valued only for members currently covering their dependent children. These benefits are only valued through the dependent children's age 23 (unless the child is disabled).

Imputed Data

Data changes from the prior year which are deemed to have an immaterial impact on liabilities and contribution rates are assumed to be correct in the current year's client data.

Non-vested terminations with appropriate refund dates are assumed to have received a full refund of contributions. Active members with missing salary and service are assumed to be terminated with status based on their vesting percentage.

4 Basis of the Actuarial Valuation

Administrative Expenses

The Normal Cost as of June 30, 2024 was increased by the following amounts. These amounts are based on the average of actual administrative expenses during the last two fiscal years.

- Pension: $ 114,000
- Healthcare: $ 37,000

Contribution Refunds

0% of terminating members with vested benefits are assumed to have their contributions refunded. 100% of those with non-vested benefits are assumed to have their contributions refunded.

Early Retirement Factors

State of Alaska staff provided the early retirement factors, which reflect grandfathered factors.

Form of Payment

Married members are assumed to elect the 50% Joint and Survivor benefit option. Single members are assumed to elect the Modified Cash Refund Annuity.

Healthcare Participation

100% of system paid members and their spouses are assumed to elect healthcare benefits as soon as they are eligible.

Medicare Part B Only

We assume that 2% of actives hired before April 1, 1986 and current retirees who are not yet Medicare eligible will not be eligible for Medicare Part A.

Healthcare Per Capita Claims Cost

Sample claims cost rates adjusted to age 65 for FY25 medical and prescription drugs are shown below. The prescription drug costs reflect the plan change to require prior authorization for certain specialty medications. The pre-Medicare medical cost reflects the coverage of additional preventive benefits.

	Medical	Prescription Drugs
Pre-Medicare	$ 18,503	$ 4,103
Medicare Parts A & B	$ 2,085	$ 4,539
Medicare Part B Only	$ 6,880	$ 4,539
Medicare Part D – EGWP	N/A	$ 1,586

Members are assumed to attain Medicare eligibility at age 65. All costs are for the 2025 fiscal year (July 1, 2024 – June 30, 2025).

The smoothed fiscal year 2025 EGWP subsidy assumption reflects a weighted blend of estimated reimbursements from fiscal years 2021 through 2025. Since estimated FY25 EGWP subsidies contained only 6 months of increased subsidy due to the IRA changes as of January 1, 2025, the first year EGWP subsidy trend is 30.20% taking into account the estimated FY26 subsidy has 12 months of increased subsidy. Thereafter, the EGWP subsidy is assumed to increase in future years by the trend rates shown on the following pages. No future legislative changes or other events are anticipated to impact the EGWP subsidy. If any legislative or other changes occur in the future that impact the EGWP subsidy (which could either increase or decrease the plan's Actuarial Accrued Liability), those changes will be evaluated and quantified when they occur.

4 Basis of the Actuarial Valuation

Healthcare Morbidity

Morbidity rates (also called aging factors) are used to estimate utilization of healthcare benefits at each age to reflect the fact that healthcare utilization typically increases with age. Separate morbidity rates are used for medical and prescription drug benefits. These rates are based on the 2017-2021 actual experience.

Age	Medical	Prescription Drugs
0 - 44	2.0%	4.5%
45 - 54	2.5%	3.5%
55 - 64	2.5%	1.0%
65 - 74	2.0%	2.1%
75 - 84	2.2%	(0.3%)
85 - 94	0.5%	(2.5%)
95+	0.0%	0.0%

Healthcare Third Party Administrator Fees

$442 per person per year; assumed to increase at 4.50% per year.

Healthcare Cost Trend

The table below shows the rate used to project the cost from the shown fiscal year to the next fiscal year. For example, 6.40% is applied to the FY25 pre-Medicare medical claims costs to get the FY26 pre-Medicare medical claims costs.

Fiscal Year	Medical Pre-65	Medical Post-65	Prescription Drugs / EGWP
FY25	6.40%	5.40%	8.80%[1]
FY26	6.20%	5.40%	8.50%
FY27	6.05%	5.35%	8.20%
FY28	5.85%	5.35%	7.90%
FY29	5.65%	5.30%	7.45%
FY30	5.45%	5.30%	7.05%
FY31	5.30%	5.30%	6.60%
FY32	5.30%	5.30%	6.15%
FY33	5.30%	5.30%	5.70%
FY34-FY38	5.30%	5.30%	5.30%
FY39	5.25%	5.25%	5.30%
FY40	5.20%	5.20%	5.30%
FY41	5.10%	5.10%	5.20%
FY42	5.05%	5.05%	5.10%
FY43	4.95%	4.95%	5.00%

[1] The FY25 trend rate applied to the EGWP subsidy is 30.20%.

4 Basis of the Actuarial Valuation

Fiscal Year	Medical Pre-65	Medical Post-65	Prescription Drugs / EGWP
FY44	4.90%	4.90%	4.90%
FY45	4.80%	4.80%	4.85%
FY46	4.75%	4.75%	4.75%
FY47	4.70%	4.70%	4.70%
FY48	4.60%	4.60%	4.65%
FY49	4.55%	4.55%	4.55%
FY50+	4.50%	4.50%	4.50%

For the June 30, 2014 valuation and later, the updated Society of Actuaries' Healthcare Cost Trend Model is used to project medical and prescription drug costs. This model estimates trend amounts that are projected out for 80 years. The model has been populated with assumptions that are specific to the State of Alaska.

Changes in Assumptions Since the Prior Valuation

Effective June 30, 2024, the salary increase and pensioner benefit increase assumptions were modified to be 8.50% effective July 1, 2024, and 3.00% effective July 1, 2025 and annually thereafter to better reflect expected short-term experience.

The healthcare per capita claims cost assumption is updated annually as described in Section 4.2. As a result of changes to the Standard Medicare Part D plan under the Inflation Reduction Act, EGWP subsidies are expected to be higher than originally anticipated for 2025 and beyond. EGWP subsidies were updated based on estimates provided by Segal Consulting. Because of the significant increase in the EGWP subsidy for FY25 and beyond due to the Inflation Reduction Act, and uncertainty regarding future subsidy levels, the ARMB has adopted a smoothing of EGWP subsidy estimates over five years. In addition, the prescription drug and EGWP trend assumption was updated to reflect recent survey information indicating higher than initial trend rates in part due to the recent higher-than-expected inflationary environment.

The amounts included in the Normal Cost for administrative expenses were changed from $102,000 to $114,000 for pension, and from $34,000 to $37,000 for healthcare (based on the most recent two years of actual administrative expenses paid from plan assets).

There were no other changes in actuarial assumptions since the prior valuation.

4 Basis of the Actuarial Valuation

Table 1: Turnover Rates

Years of Service	Rate
< 1	3%
1	3%
2	3%
3	3%
4	3%
5	3%
6	3%
7	3%
8	3%
9	3%
10+	1%

4 Basis of the Actuarial Valuation

Table 2: Disability Rates

Age	Rate	Age	Rate
20	0.017%	40	0.029%
21	0.017%	41	0.030%
22	0.018%	42	0.032%
23	0.018%	43	0.034%
24	0.018%	44	0.037%
25	0.019%	45	0.041%
26	0.019%	46	0.044%
27	0.019%	47	0.048%
28	0.020%	48	0.052%
29	0.020%	49	0.056%
30	0.021%	50	0.060%
31	0.021%	51	0.065%
32	0.022%	52	0.072%
33	0.022%	53	0.080%
34	0.023%	54	0.089%
35	0.024%	55	0.100%
36	0.025%	56	0.115%
37	0.026%	57	0.134%
38	0.027%	58	0.153%
39	0.028%	59	0.180%
		60+	0.000%

4 Basis of the Actuarial Valuation

Table 3: Retirement Rates

Age	Rate
< 59	3%
59	10%
60	20%
61	20%
62	10%
63	10%
64	10%
65	20%
66	20%
67	10%
68	10%
69	10%
70+	100%

5 Risk Information

5.1 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 plan. However, to the extent future experience deviates from the assumptions used in the valuation, variations will occur in these calculated values. These variations create risk to the plan. Understanding the risks to the funding of the plan is important.

Actuarial Standard of Practice No. 51 (ASOP 51)[1] requires certain disclosures of potential risks to the plan 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 plan's future financial condition and contribution requirements.

- Investment Risk – potential that the investment return will differ from the rate assumed in the actuarial valuation
- 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 Risk – potential that future salaries will differ from the valuation assumptions
- Inflation Risk – 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
- 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 plan 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 the plan. Accordingly, all figures in this section relate to the pension portion.

5 Risk Information

5.2 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 plan uses 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 2.4 of this report. This historical experience illustrates how returns can vary over time.

The plan invests in a diversified portfolio of assets with the objective of maximizing investment returns at a reasonable level of risk. Actuarial Standard of Practice No. 4 (ASOP 4) requires the actuary to disclose a Low-Default-Risk Obligation Measure (LDROM) of the plan's pension liability 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 is based on discount rates 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 shown here represents what the plan's pension liability would be if the 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, 2024, the LDROM is $294.7 million for the pension plan based on an interest rate of 5.62%. The interest rate used for the LDROM was determined by calculating a single equivalent discount rate using projected pension benefit payments and the Gallagher Above Median Yield Curve as of June 30, 2024. Please note that the interest rate used for the LDROM is based on bond yields as of the measurement date and will therefore vary for different measurement dates. All other assumptions are the same as those used for funding purposes as shown in this report.

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 the plan's pension funded status or progress, nor does it provide information on necessary plan contributions.

Regarding participant benefit security, if this 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.

5 Risk Information

Contribution Risk

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

- If the actual contribution is lower than the actuarially determined contribution, the plan 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, this risk is mitigated due to Alaska statutes requiring the State to contribute additional funds necessary to pay the total contributions adopted by the Board.

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 plan's asset allocation 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%.

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 plan could increase.
- The mortality assumption for the plan mitigates this risk by assuming future improvement in mortality. However, any improvement in future mortality greater than that expected under the current mortality assumption would lead to increased costs for the plan.
- The plan 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.

5 Risk Information

Salary Increase Risk

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 Risk

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 plan is 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 plan. The demographic assumptions used in the valuation are re-evaluated regularly as part of the four-year experience studies to ensure the assumptions are consistent with long-term expectations.

5 Risk Information

5.3 Historical Information

Monitoring certain information over time may help understand risks faced by the plan. Historical information is included throughout this report. Some examples are:

- Section 1.5 illustrates how the plan's funded status (comparison of actuarial accrued liabilities to actuarial value of assets) has changed over time.
- Section 2.4 shows the volatility of asset returns over time.
- Section 3 includes various historical information showing how member census data has changed over time.

5 Risk Information

5.4 Plan Maturity Measures

There are certain measures that may aid in understanding the significant risks to the plan.

Ratio of Retired Liability to Total Liability

As of June 30	2018	2020	2022	2024
1. Retiree and Beneficiary Accrued Liability	$ 156,622,684	$ 164,454,193	$ 178,958,142	$ 197,413,910
2. Total Accrued Liability	$ 226,559,580	$ 211,742,043	$ 227,227,808	$ 250,320,485
3. Ratio, (1) ÷ (2)	69.1%	77.7%	78.8%	78.9%

A high percentage of liability concentrated on participants in pay status indicates a mature plan (often a ratio above 60% - 65%). An increasing percentage may indicate a need for a less risky asset allocation, which may lead to a lower long-term return on asset assumption and increased costs. Higher percentages may also indicate greater investment risk as benefit payments may be greater than contributions creating an increased reliance on investment returns. This ratio should be monitored each year in the future.

Ratio of Cash Flow to Assets

During FYE June 30	2018	2020	2022	2024
1. Contributions	$ 11,360,677	$ 11,965,820	$ 11,685,168	$ 9,127,057
2. Benefit Payments	12,125,563	14,178,500	14,770,632	16,349,783
3. Cash Flow, (1) - (2)	$ (764,886)	$ (2,212,680)	$ (3,085,464)	$ (7,222,726)
4. Fair Value of Assets	$ 176,794,969	$ 189,844,025	$ 227,181,866	$ 253,339,136
5. Ratio, (3) ÷ (4)	(0.4%)	(1.2%)	(1.4%)	(2.9%)

When this cash flow ratio is negative, more cash is being paid out than deposited in the trust. Negative cash flow indicates the trust needs to rely on investment returns to cover benefit payments and / or may need to invest in more liquid assets to cover the benefit payments. More liquid assets may not generate the same returns as less liquid assets, which can increase the investment risk. It is normal for plans with funded statuses greater than 100% to have negative cash flow since lower contributions are needed due to the prefunding of the benefits. Also, the low magnitude of the ratio implies there may already be enough liquid assets to cover the benefit payments, less investment return is needed to cover the shortfall, or only a small portion of assets will need to be converted to cash. Therefore, the investment risk is likely not amplified at this time. This maturity measure should be monitored in the future.

5 Risk Information

Contribution Volatility

As of June 30	2018	2020	2022	2024
1. Fair Value of Assets	$ 176,794,969	$ 189,844,025	$ 227,181,866	$ 253,339,136
2. Payroll	$ 13,392,864	$ 13,157,172	$ 14,035,020	$ 15,109,595
3. Asset to Payroll Ratio, (1) ÷ (2)	13.2	14.4	16.2	16.8
4. Accrued Liability	$ 226,559,580	$ 211,742,043	$ 227,227,808	$ 250,320,485
5. Liability to Payroll Ratio, (4) ÷ (2)	16.9	16.1	16.2	16.6

Plans that have higher asset-to-payroll ratios experience more volatile employer contributions (as a percentage of payroll) due to investment return. For example, a plan with an asset-to-payroll ratio of 10 may experience twice the contribution volatility due to investment return volatility than a plan with an asset-to-payroll ratio of 5.

Plans that have higher liability-to-payroll ratios experience more volatile employer contributions (as a percentage of payroll) due to changes in liability. For example, if an assumption change increases the liability of two plans by the same percent, the plan with a liability-to-payroll ratio of 10 may experience twice the contribution volatility than a plan with a liability-to-payroll ratio of 5.

Glossary of Terms

Actuarial Accrued Liability

Total accumulated cost to fund pension or postemployment benefits arising from service in all prior years.

Actuarial Cost Method

Technique used to assign or allocate, in a systematic and consistent manner, the expected cost of a pension or postemployment plan for a group of plan members to the years of service that give rise to that cost.

Actuarial Present Value of Projected Benefits

Amount which, together with future interest, is expected to be sufficient to pay all future benefits.

Actuarial Valuation

Study of probable amounts of future pension or postemployment benefits and the necessary amount of contributions to fund those benefits.

Actuary

Person who performs mathematical calculations pertaining to pension and insurance benefits based on specific procedures and assumptions.

GASB 67 and 68

Governmental Accounting Standards Board Statement Number 67 amends Number 25 effective for the fiscal year beginning after June 15, 2013 and defines new financial reporting requirements for public pension plans. Governmental Accounting Standards Board Statement Number 68 amends Number 27 effective for fiscal years beginning after June 15, 2014 and defines new accounting and financial reporting requirements for employers sponsoring public pension plans.

GASB 74 and 75

Governmental Accounting Standards Board Statement Number 74 amends Number 43 effective for the fiscal year beginning after June 15, 2016 and defines new financial reporting requirements for public postemployment benefit plans. Governmental Accounting Standards Board Statement Number 75 amends Number 45 effective for fiscal years beginning after June 15, 2017 and defines new accounting and financial reporting requirements for employers sponsoring public postemployment benefit plans.

Normal Cost

That portion of the actuarial present value of benefits assigned to a particular year in respect to an individual participant or the plan as a whole.

Unfunded Actuarial Accrued Liability (UAAL)

The portion of the actuarial accrued liability not offset by plan assets.

Vested Benefits

Benefits which are unconditionally guaranteed regardless of employment.

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