

State of Alaska

Public Employees' Retirement System

Actuarial Valuation Report
as of June 30, 1995

Prepared by:

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February 7, 1996

State of Alaska
Public Employees' Retirement Board
Department of Administration
Division of Retirement & Benefits
P.O. Box 110203
Juneau, AK 99811-0203

Dear Members of the Board:

Actuarial Certification

The actuarial valuation required for the State of Alaska Public Employees' Retirement System has been prepared as of June 30, 1995 by William M. Mercer, Incorporated. The purposes of the report include:

- (1) a review of experience under the Plan for the year ended June 30, 1995;
- (2) a determination of the appropriate contribution rate for each employer in the System;
- (3) the provision of reporting and disclosure information for financial statements, governmental agencies, and other interested parties.

In preparing this valuation, we have employed generally accepted actuarial methods and assumptions, in conjunction with employee data provided to us by the System's staff and financial information provided by the audited report from KPMG Peat Marwick, to determine a sound value for the System liability. This data has not been audited, but it has been reviewed and found to be consistent, both internally and with prior years' data. The actuarial assumptions are based on the results of experience studies presented to the Board in October 1991 and October 1994.

The contribution requirements are determined as a percentage of payroll, and reflect the cost of benefits accruing in FY96 and a 25-year rolling amortization of the unfunded accrued liability. The amortization period is set by the Board. Contribution levels are recommended by the Actuary and adopted by the Board each year. The ratio of assets to liabilities increased from 94.8% to 96.5% during the year, primarily due to favorable investment and salary experience. Over the years, progress has been made toward achieving the funding objectives of the System.

Public Employees' Retirement Board

February 7, 1996

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There were no significant changes in the actuarial assumptions or actuarial methods used in the determination of system liabilities this year. The assumptions and methods, when applied in combination, fairly represent past and anticipated future experience of the System.

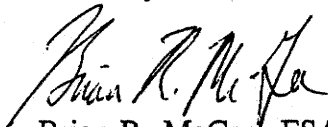
Future contribution requirements may differ from those determined in the valuation because of:

- (1) differences between actual experience and anticipated experience based on the assumptions;
- (2) changes in actuarial assumptions or methods;
- (3) changes in statutory provisions; or
- (4) differences between the contribution rates determined by the valuation and those adopted by the Board.

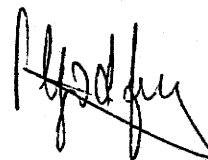
The undersigned are members of the American Academy of Actuaries and are fully qualified to provide actuarial services to the State of Alaska.

We believe that this report conforms with the requirements of the Alaska statutes, and where applicable, other federal and accounting laws, regulations and rules, as well as generally accepted actuarial principles and practices.

Sincerely,



Brian R. McGee, FSA, MAAA
Managing Director



Peter L. Godfrey, FIA, MAAA
Principal

JWJ/BRM/jls

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Highlights

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

- (1) present the results of a valuation of the Alaska Public Employees' Retirement System as of June 30, 1995;
- (2) review experience under the plan for the year ended June 30, 1995;
- (3) determine the appropriate contribution rate for each employer in the System;
- (4) provide reporting and disclosure information for financial statements, governmental agencies, and other interested parties.

The report is divided into three sections. Section 1 contains the results of the valuation. It includes the experience of the plan during the 1995 Fiscal Year, the current annual costs, and reporting and disclosure information.

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

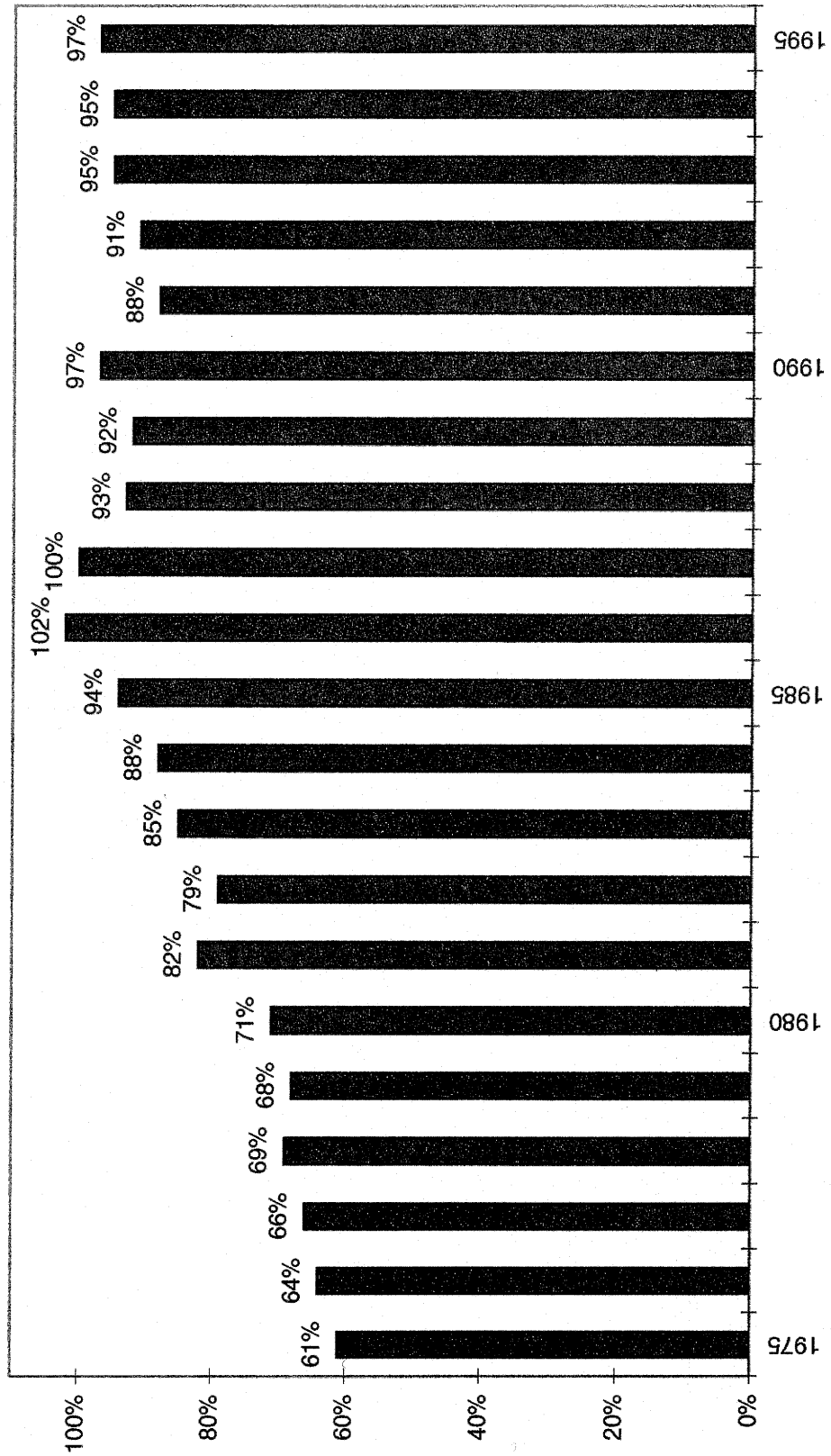
Section 3 contains additional exhibits showing historical information on system experience, unfunded liabilities, and the value of accumulated benefits.

The principle results are as follows:

	<u>1994</u>	<u>1995</u>
Funding Status as of June 30:		
(a) Valuation Assets*	\$ 4,379,305	\$4,794,754
(b) Accrued Liability*		
i) Non-Medical Benefits	3,377,405	3,613,271
ii) Total Benefits (including medical)	4,620,182	4,971,172
(c) Funding Ratio, (a) / (b)		
i) Non-Medical Benefits	129.7%	132.7%
ii) Total Benefits (including medical)	94.8%	96.5%

* In thousands.

State of Alaska PERS Funding Ratio History



At June 30

Employer Contribution Rates
for Fiscal Year:

	<u>1997</u>	<u>1998</u>
(a) Consolidated Rate	10.36%	10.61%
(b) Average Past Service Rate	1.78%	1.29%
(c) Average Total Contribution Rate	12.14%	11.90%

Analysis of the Valuation

As shown in the Highlights section of the report, the funding ratio as of June 30, 1995 has increased from 94.8% to 96.5%, an increase of 1.7%. The average employer contribution rate has reduced from 12.14% of payroll for FY97 to 11.90% for FY98, a reduction of 0.24% of payroll. The reasons for the change in the funded status and contribution rate are explained below.

(1) Retiree Medical Insurance

The following table summarizes the monthly premium per benefit recipient since retiree medical benefits have been provided under PERS and TRS.

<u>Fiscal Year</u>	<u>Monthly Premium Per Retiree For Health Coverage</u>	<u>Annual Percentage Increase</u>	<u>Average Annual Increase Since FY78</u>
1977	\$ 34.75	--	--
1978	57.64	66%	--
1979	69.10	20%	20%
1980	64.70	- 6%	6%
1981	96.34	49%	19%
1982	96.34	0%	14%
1983	115.61	20%	15%
1984	156.07	35%	18%
1985	191.85	23%	19%
1986	168.25	-12%	14%
1987	165.00	- 2%	12%
1988	140.25	-15%	9%
1989	211.22	51%	13%
1990	252.83	20%	13%
1991	243.98	- 4%	12%
1992	243.98	0%	11%
1993	226.90	- 7%	10%
1994	309.72	37%	11%
1995	336.05	9%	11%
1996	350.50	4%	11%
1997	350.50	0%	10%

As you can see from the above table, the monthly retiree medical premium for the 1997 fiscal year remained level at \$350.50. Since FY87, annual premium rate changes have ranged from 51% up to 15% down, but the average annual increase has been about 8%.

Last year, in an attempt to better predict the long-term increase in medical premiums, the Board adopted a health cost trend assumption which varies by year, declining to an ultimate rate equal to inflation plus 1.5%, or 5.5% for FY99 and later. If the long-term assumption remains reasonable, short-term gains and losses from the annually-determined medical premium rate will offset each other over time.

To help avoid the volatility in the funding and solvency of the System from bringing large health-related gains and losses into the System every year, we have been using the health cost trend assumption to determine actuarial liabilities for retiree medical benefits. Due to the change in the health cost trend assumption last year, we made an adjustment back to the actual medical premium as the basis for going forward. The difference between the assumed rate and the actual rate will be tracked annually and reduced if the gap becomes too wide. Also, adjustments will be made, if necessary, to the assumed medical premium rate every four to five years when a formal experience analysis is performed.

Because no adjustments were made to the assumed medical premium rate this year, the average employer contribution rate was unaffected by medical cost experience.

(2) Investment Performance

The Asset Valuation Method was changed last year. One purpose of this change was to smooth investment returns. Over the past two fiscal years, the equity and bond markets have shown very diverse returns. For FY94 and FY95, the approximate return on the market values were 2.49% and 15.33%, respectively. However, for FY94 and FY95, the return on actuarial values were 7.50% and 8.18%, respectively, demonstrating the effectiveness of the new method.

The approximate rate of return in FY95 based on valuation assets was .18% higher than the 8.00% investment return assumption. This produced a gain of approximately \$7,870,000 to the System from investment performance which increased the funding ratio by 0.2% and lowered the average employer contribution rate by .06% of total payroll.

(3) Salary Increases

Last year, salary increases were less than anticipated in the valuation assumptions. Salary experience resulted in an actuarial gain which generated a reduction in the average employer contribution rate equal to 0.42% of total payroll.

(4) Employee Data

Section 2.2 provides statistics on active and inactive participants. The number of active participants increased 0.3% from 31,364 at June 30, 1994 to 31,450 at June 30, 1995. The average age of active participants increased from 42.18 to 42.58 and average credited service increased from 7.92 to 8.20 years.

The number of retirees and beneficiaries increased 5.5% from 9,643 to 10,173, and their average age increased from 64.22 to 64.48. There was a 9.9% increase in the number of vested terminated participants from 3,771 to 4,144. Their average age increased from 44.39 to 45.00.

The overall effect of these participant data changes was an actuarial loss to the System, resulting in an increase in the average employer contribution rate equal to 0.24% of total payroll.

(5) Actuarial Projections

At the Fall 1991 Board Meetings, the PERS Board approved the use of an enhanced actuarial projection system in the valuation report this year. The same actuarial cost method is used, but the enhanced system projects population growth patterns and their associated liabilities 25 years into the future. By also projecting plan assets, this report in effect produces an actuarial valuation for each of the next 25 years. Section 1.5, Actuarial Projections, contains the results of this analysis.

This type of information can be especially useful to two-tiered systems, such as PERS. All of the projected new entrants will be covered under the cost savings provisions of the second tier, so that the ultimate effect of the second tier on plan liabilities can be anticipated. As you can see in Section 1.5, based on the actuarial assumptions and cost method, future contribution rates are expected to slowly decrease, and then stabilize in 10 to 15 years. This reflects the fact that many second-tier employees are already in PERS and affecting the rate.

Summary

The following table summarizes the sources of change in the average employer contribution rate:

Last year's average employer contribution rate	12.14%
Change due to:	
Retiree medical insurance	0.00%
Investment performance	(0.06%)
Salary increases	(0.42%)
Demographic experience	0.24%
Average employer contribution rate this year	11.90%

Section 1

Valuation Results

This section sets forth the results of the actuarial valuation.

Section 1.1(a) shows the distribution of net assets as of June 30, 1995.

Section 1.1(b) shows the transactions of the plan's fund during FY95.

Section 1.1(c) develops the expected valuation assets and investment return as of June 30, 1995.

Section 1.1(d) develops the actual valuation assets as of June 30, 1995.

Section 1.2(a) shows the actuarial present values for Police and Fire members as of June 30, 1995.

Section 1.2(b) shows the actuarial present values for "Other" members as of June 30, 1995.

Section 1.3(a) develops the average employer contribution rate for Police and Fire members - FY98.

Section 1.3(b) develops the average employer contribution rate for "Other" members - FY98.

Section 1.3(c) develops the average employer contribution rate for all members - FY98.

Section 1.4 calculates the actuarial gain or loss for FY95.

Section 1.5 contains the financial projections.

1.1(a) Statement of Net Assets as of June 30, 1995 (in thousands)

	<u>Book Value</u>	<u>Market Value</u>
Cash and Cash Equivalents	\$ 30,397	\$ 30,397
United States Government Bonds	940,544	1,047,075
Other United States Government Securities	112,421	115,797
Corporate Bonds	1,065,267	1,123,412
Commercial Paper	42,558	42,558
United States Common Stocks	1,682,607	1,985,645
International Stocks	318,235	347,704
Emerging Markets Stocks	36,062	35,566
Real Estate Equities	137,585	100,267
Mortgages (Net of Reserves)	3,903	3,903
Net Accrued Receivables	<u>44,484</u>	<u>44,484</u>
Total Assets	\$ 4,414,063	\$ 4,876,808

1.1(b) Changes in Net Assets During Fiscal Year 1995 (in thousands)

(1)	Net Assets, June 30, 1994, (market value)		\$ 4,177,013
(2)	Additions:		
(a)	Employee Contributions	\$ 83,683	
(b)	Employer Contributions	156,445	
(c)	Interest and Dividend Income	231,078	
(d)	Realized Gain (Loss)	125,355	
(e)	Unrealized Gain (Loss) on Investments	299,583	
(f)	Other	<u>3</u>	896,147
(3)	Deductions:		
(a)	Medical Benefits	\$ 40,687	
(b)	Retirement Benefits	131,634	
(c)	Refunds of Contributions	12,774	
(d)	Administrative Expenses	<u>11,257</u>	196,352
(4)	Net Assets, June 30, 1995, (market value)		\$ 4,876,808

Approximate Market Value Investment Return Rate During the Year, Net of Administrative Expenses	15.33%
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**1.1(c) Development of Expected Valuation Assets
as of June 30, 1995 (in thousands)**

(1)	June 30, 1994 Valuation Assets	\$ 4,379,305
(2)	Total Contributions for FY95, (Item (2a) + (2b) from 1.1(b))	240,128
(3)	Total Benefit Payments for FY95, (Item (3a) + (3b) + (3c) from 1.1(b))	185,095
(4)	Expected Investment Return, Net of Expenses, for the period July 1, 1994 through June 30, 1995, $((1) + .5 \times [(2) - (3)]) \times 8.00\%$	352,546
(5)	Actual Investment Return, Net of Expenses, for the period July 1, 1994 through June 30, 1995, [Item (2c) + (2d) + (2e) + (2f) - (3d) from 1.1(b)]	644,762
(6)	Total Investment Gain/(Loss), (5) - (4)	292,216
(7)	Expected Valuation Assets, (1) + (2) - (3) + (4)	4,786,884

**1.1(d) Development of Valuation Assets as of June 30, 1995
(in thousands)**

	A	B	C
	Total Investment <u>Gain/(Loss)</u>	Gain/(Loss) Recognized in <u>Prior Fiscal Years</u>	Gain/(Loss) Recognized this Fiscal Year <u>(A ÷ 5)</u>
(1) Fiscal Year ending June 30, 1995	\$ 292,216	\$ 0	\$ 58,443
(2) Fiscal Year ending June 30, 1994	(252,865)	(50,573)	(50,573)
(3) Total Gain/(Loss) Recognized this Fiscal Year			7,870
(4) Expected Valuation Assets, June 30, 1995, (Item (7) from 1.1(c))			\$ 4,786,884
(5) Valuation Assets at June 30, 1995, (3) + (4), but not outside a corridor of 80% to 120% of the market value of assets			\$ 4,794,754
Approximate Valuation Assets Investment Return Rate During the Year, Net of Administrative Expenses			8.18%

1.2(a) Actuarial Present Values as of June 30, 1995
Police and Fire Members (in thousands)

	<u>Normal Cost</u>	<u>Accrued Liabilities</u>
<u>Active Members</u>		
Retirement Benefits	\$ 18,252	\$ 323,678
Termination Benefits	488	5,099
Disability Benefits	566	11,524
Death Benefits	490	12,260
Return of Contributions	406	2,139
Medical Benefits	5,909	90,411
Indebtedness	<u>0</u>	<u>(8,752)</u>
Subtotal	\$ 26,111	\$ 436,359
<u>Inactive Members</u>		
Not Vested	\$ 0	\$ 365
Vested Terminations - Retirement Benefits	0	8,112
- Medical Benefits	0	9,541
Retirees & Beneficiaries - Retirement Benefits	0	279,928
- Medical Benefits	<u>0</u>	<u>50,777</u>
Subtotal	\$ 0	\$ 348,723
<u>Totals</u>	\$ 26,111	\$ 785,082

1.2(b) Actuarial Present Values as of June 30, 1995
"Other" Members (in thousands)

	<u>Normal Cost</u>	<u>Accrued Liability</u>
<u>Active Members</u>		
Retirement Benefits	\$ 87,719	\$ 1,179,112
Termination Benefits	20,003	205,790
Disability Benefits	3,739	53,976
Death Benefits	4,218	71,872
Return of Contributions	5,644	28,023
Medical Benefits	59,528	584,822
Indebtedness	<u>0</u>	<u>(34,652)</u>
Subtotal	\$ 180,851	\$ 2,088,943
<u>Inactive Members</u>		
Not Vested	\$ 0	\$ 14,524
Vested Terminations - Retirement Benefits	0	270,653
- Medical Benefits	0	270,313
Retirees & Beneficiaries - Retirement Benefits	0	1,189,620
- Medical Benefits	<u>0</u>	<u>352,037</u>
Subtotal	\$ 0	\$ 2,097,147
<u>Totals</u>	\$ 180,851	\$ 4,186,090

1.3(a) Development of Average Employer Contribution Rate - FY98 For Police and Fire Members (in thousands)

Consolidated Rate

(1)	Total Normal Cost	\$ 26,111
(2)	Total Salaries	130,204
(3)	Normal Cost Rate for Police & Fire Members, (1) / (2)	20.05%
(4)	Member Contribution Rate (Police & Fire)	7.50%
(5)	Consolidated Employer Normal Cost Rate For Police & Fire Members, (3) - (4)	12.55%

Past Service Rate

(1)	Accrued Liability	\$ 785,082
(2)	Valuation Assets	757,221*
(3)	Total Unfunded Liability, (1) - (2)	27,861
(4)	Amortization Factor (25 years)	11.528758
(5)	Past Service Cost, (3) / (4)	2,417
(6)	Total Salaries	130,204
(7)	Past Service Rate, (5) / (6)	1.86%

Average Employer Contribution Rate

14.41%

* Allocated in proportion to Accrued Liability.

1.3(b) Development of Average Employer Contribution Rate - FY98 For "Other" Members (in thousands)

Consolidated Rate

(1)	Total Normal Cost	\$ 180,851
(2)	Total Salaries	1,057,840
(3)	Normal Cost Rate for "Other" Members, (1) / (2)	17.10%
(4)	Member Contribution Rate ("Others")	6.75%
(5)	Consolidated Employer Normal Cost Rate For Other Members, (3) - (4)	10.35%

Past Service Rate

(1)	Accrued Liability	\$ 4,186,090
(2)	Valuation Assets	4,037,533*
(3)	Total Unfunded Liability, (1) - (2)	148,557
(4)	Amortization Factor (25 years)	11.528758
(5)	Past Service Cost, (3) / (4)	\$ 12,886
(6)	Total Salaries	\$ 1,057,840
(7)	Past Service Rate, (5) / (6)	1.22%

Average Employer Contribution Rate

11.57%

* Allocated in proportion to Accrued Liability.

1.3(c) Development of Average Employer Contribution Rate - FY98 All Members (in thousands)

Consolidated Rate

(1)	Total Normal Cost	\$ 206,962
(2)	Total Salaries	1,188,044
(3)	Normal Cost Rate for All Members, (1) / (2)	17.42%
(4)	Average Member Contribution Rate	6.81%
(5)	Consolidated Employer Normal Cost Rate for All Members, (3) - (4)	10.61%

Past Service Rate

(1)	Accrued Liability	\$ 4,971,172
(2)	Valuation Assets	4,794,754
(3)	Total Unfunded Liability, (1) - (2)	176,418
(4)	25-Year Amortization Factor	11.528758
(5)	Past Service Cost, (3) / (4)	15,302
(6)	Total Salaries	1,188,044
(7)	Past Service Rate, (5) / (6)	1.29%

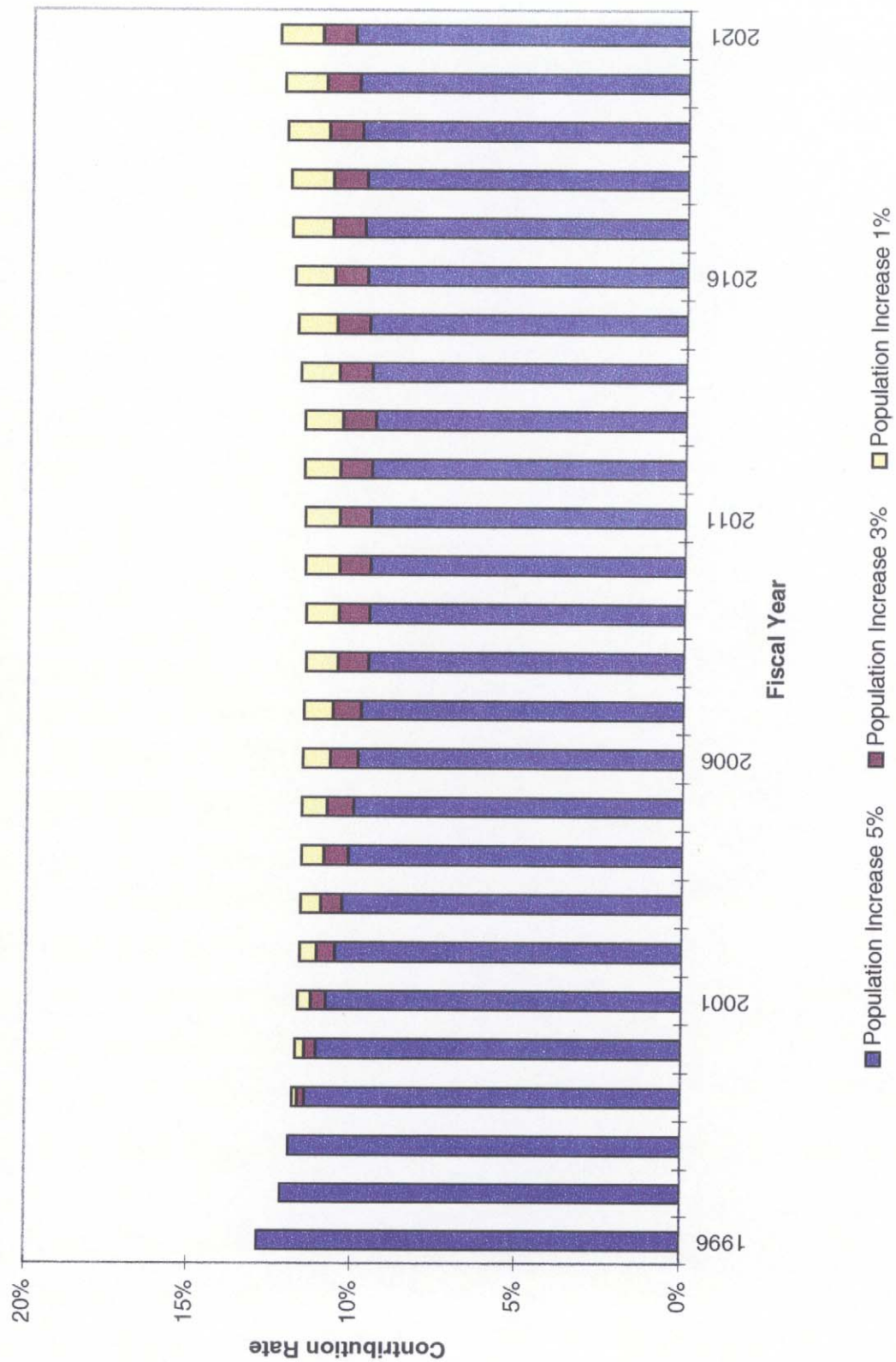
Average Employer Contribution Rate 11.90%

1.4 Development of Actuarial Gain/(Loss) for FY95 (in thousands)

(1)	Unfunded Liability, June 30, 1994	\$ 240,877
(2)	Normal Cost for FY95	202,316
(3)	Interest on (1) and (2) at 8.00%	35,455
(4)	Employee Contributions for FY95	83,683
(5)	Employer Contributions for FY95	156,445
(6)	Interest on (4) and (5) at 8.00% for one-half year	9,605
(7)	Expected Unfunded Liability, June 30, 1995, (1) + (2) + (3) - (4) - (5) - (6)	228,915
(8)	Actual Unfunded Liability, June 30, 1995	176,418
(9)	Actuarial Gain/(Loss) for the Year, (7) - (8)	\$ 52,497

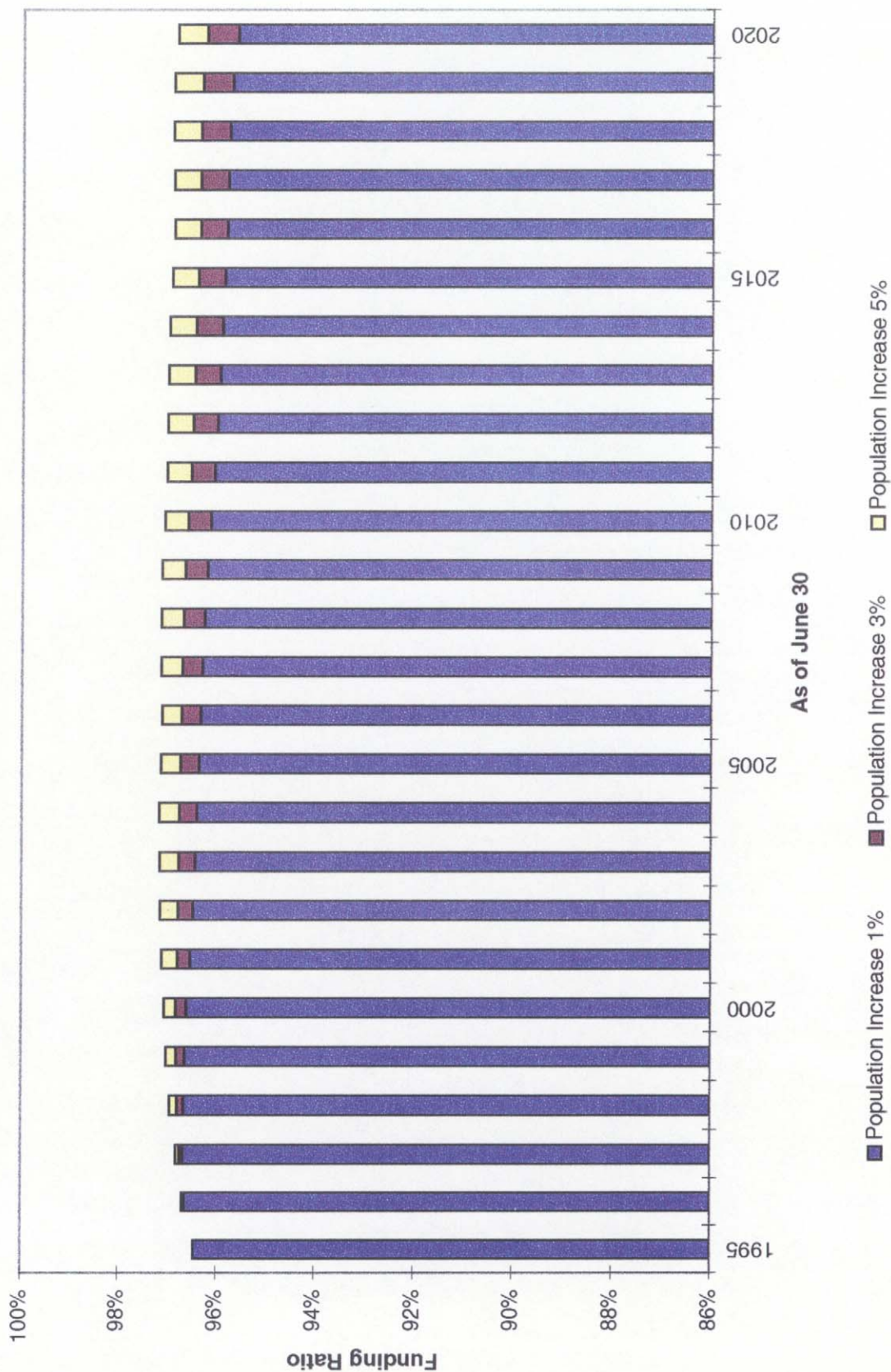
1.5 Actuarial Projections

State of Alaska PERS Projected Contribution Rates



1.5 Actuarial Projections (continued)

State of Alaska PERS Projected Funding Ratios



1.5 Actuarial Projections (continued)

Table 1
State of Alaska PERS
Financial Projections ('000 omitted)

As of June 30	Investment Return		8.00%		Annual Population Increase										Ending Asset Value
	Valuation Amounts on July 1				Flow Amounts During Following 12 Months										
	Total Assets	Accrued Liability	Funding Ratio	Surplus* (Deficit)	Total Salaries	Employer Ctb Rate	Employer Contribs	Employee Contribs	Total Contribs	Benefit Payments	Net Contribs	Investment Earnings			
1995	4,794,754	4,971,172	96.5%	(176,418)	1,188,044	12.82%	153,395	81,484	234,879	221,875	13,004	384,100	5,191,859		
1996	5,191,859	5,372,375	96.6%	(180,516)	1,205,017	12.14%	147,355	82,659	230,014	241,967	(11,954)	414,871	5,594,776		
1997	5,594,776	5,787,565	96.7%	(192,789)	1,222,570	11.90%	146,692	83,947	230,639	267,398	(36,759)	446,112	6,004,128		
1998	6,004,128	6,211,620	96.7%	(207,491)	1,242,834	11.79%	147,991	85,466	233,457	295,355	(61,899)	477,854	6,420,084		
1999	6,420,084	6,643,816	96.6%	(223,732)	1,267,184	11.71%	149,999	87,261	237,260	325,930	(88,670)	510,060	6,841,474		
2000	6,841,474	7,082,266	96.6%	(240,792)	1,295,542	11.65%	153,135	89,506	242,640	360,491	(117,851)	542,604	7,266,227		
2001	7,266,227	7,527,516	96.5%	(261,289)	1,333,108	11.59%	156,687	92,064	248,751	396,381	(147,630)	575,393	7,693,990		
2002	7,693,990	7,975,075	96.5%	(281,085)	1,370,673	11.58%	160,844	94,622	255,466	435,477	(180,010)	608,319	8,122,299		
2003	8,122,299	8,423,297	96.4%	(300,998)	1,408,239	11.57%	165,060	97,180	262,240	474,706	(212,466)	641,285	8,551,118		
2004	8,551,118	8,870,949	96.4%	(319,831)	1,445,804	11.55%	169,210	99,738	268,949	516,297	(247,348)	674,195	8,977,965		
2005	8,977,965	9,317,217	96.4%	(339,252)	1,483,370	11.54%	174,313	102,852	277,165	558,976	(281,811)	706,965	9,403,119		
2006	9,403,119	9,761,705	96.3%	(358,586)	1,537,237	11.52%	180,253	106,520	286,773	603,238	(316,465)	739,591	9,826,244		
2007	9,826,244	10,204,431	96.3%	(378,187)	1,591,105	11.47%	185,639	110,188	295,827	647,808	(351,981)	772,020	10,246,283		
2008	10,246,283	10,645,832	96.2%	(399,549)	1,644,972	11.50%	192,216	113,857	306,072	691,662	(385,589)	804,279	10,664,973		
2009	10,664,973	11,086,763	96.2%	(421,789)	1,698,839	11.52%	198,816	117,525	316,341	735,604	(419,264)	836,427	11,082,137		
2010	11,082,137	11,528,492	96.1%	(446,355)	1,752,707	11.55%	206,890	121,966	328,856	779,194	(450,338)	868,557	11,500,356		
2011	11,500,356	11,972,707	96.1%	(472,350)	1,829,275	11.59%	216,366	127,181	343,547	820,367	(476,820)	900,956	11,924,492		
2012	11,924,492	12,421,512	96.0%	(497,020)	1,905,844	11.58%	225,220	132,395	357,616	860,512	(502,896)	933,844	12,355,440		
2013	12,355,440	12,877,430	95.9%	(521,990)	1,982,413	11.71%	236,638	137,609	374,247	900,094	(525,847)	967,401	12,796,994		
2014	12,796,994	13,343,396	95.9%	(546,402)	2,058,982	11.82%	247,909	142,824	390,733	939,097	(548,364)	1,001,825	13,250,455		
2015	13,250,455	13,822,767	95.9%	(572,312)	2,135,551	11.92%	260,974	149,056	410,029	977,675	(567,646)	1,037,331	13,720,140		
2016	13,720,140	14,319,315	95.8%	(599,175)	2,242,001	12.02%	276,187	156,528	432,715	1,014,811	(582,096)	1,074,327	14,212,371		
2017	14,212,371	14,837,227	95.8%	(624,856)	2,354,995	12.06%	290,049	163,777	453,826	1,049,975	(596,149)	1,113,144	14,729,366		
2018	14,729,366	15,381,110	95.8%	(651,744)	2,454,901	12.18%	305,599	170,803	476,403	1,088,311	(611,908)	1,153,873	15,271,331		
2019	15,271,331	15,955,986	95.7%	(684,655)	2,561,351	12.27%	320,754	178,053	498,807	1,128,164	(629,358)	1,196,532	15,838,505		
2020	15,838,505	16,567,295	95.6%	(728,790)	2,667,801	12.42%	338,307	185,453	523,760	1,168,757	(644,998)	1,241,281	16,434,788		

* Surpluses reduce employer contributions over 5 years

* Deficits increase employer contributions over 25 years

1.5 Actuarial Projections (continued)

Table 2

State of Alaska PERS
Financial Projections ('000 omitted)

As of June 30	Investment Return			8.00%		Annual Population Increase										3.00%		Ending Asset Value
	Valuation Amounts on July 1					Flow Amounts During Following 12 Months												
	Total Assets	Accrued Liability	Funding Ratio	Surplus* (Deficit)	Total Salaries	Employer Ctb Rate	Employer Contribs	Employee Contribs	Total Contribs	Benefit Payments	Net Contribs	Investment Earnings						
1995	4,794,754	4,971,172	96.5%	(176,418)	1,188,044	12.82%	154,358	81,995	236,354	221,875	14,479	384,159	5,193,392					
1996	5,193,392	5,372,823	96.7%	(179,430)	1,220,042	12.14%	150,212	84,262	234,474	241,973	(7,499)	415,171	5,601,065					
1997	5,601,065	5,790,217	96.7%	(189,153)	1,254,618	11.90%	151,647	86,783	238,431	267,575	(29,144)	446,919	6,018,840					
1998	6,018,840	6,218,592	96.8%	(199,752)	1,294,079	11.63%	153,144	89,690	242,835	295,811	(52,977)	479,388	6,445,251					
1999	6,445,251	6,657,760	96.8%	(212,509)	1,339,999	11.42%	156,013	93,042	249,055	326,795	(77,740)	512,510	6,880,022					
2000	6,880,022	7,106,436	96.8%	(226,415)	1,392,512	11.24%	160,552	97,249	257,802	361,910	(104,108)	546,237	7,322,150					
2001	7,322,150	7,564,922	96.8%	(242,771)	1,463,564	11.08%	166,088	102,088	268,176	398,278	(130,102)	580,568	7,772,616					
2002	7,772,616	8,031,314	96.8%	(258,698)	1,534,617	10.96%	172,101	106,927	279,028	437,929	(158,901)	615,453	8,229,168					
2003	8,229,168	8,504,466	96.8%	(275,298)	1,605,670	10.87%	178,323	111,765	290,089	477,825	(187,736)	650,824	8,692,256					
2004	8,692,256	8,983,844	96.8%	(291,588)	1,676,722	10.78%	184,520	116,604	301,124	520,186	(219,062)	686,618	9,159,812					
2005	9,159,812	9,469,528	96.7%	(309,716)	1,747,775	10.70%	192,800	122,719	315,519	563,781	(248,262)	722,854	9,634,404					
2006	9,634,404	9,962,211	96.7%	(327,806)	1,856,311	10.63%	203,027	130,110	333,138	609,124	(275,987)	759,713	10,118,131					
2007	10,118,131	10,463,197	96.7%	(345,066)	1,964,848	10.50%	211,925	137,502	349,427	654,966	(305,539)	797,229	10,609,821					
2008	10,609,821	10,974,405	96.7%	(364,584)	2,073,384	10.49%	223,124	144,893	368,017	700,387	(332,369)	835,491	11,112,942					
2009	11,112,942	11,498,366	96.6%	(385,424)	2,181,921	10.48%	234,244	152,284	386,528	746,263	(359,735)	874,646	11,627,853					
2010	11,627,853	12,038,225	96.6%	(410,372)	2,290,457	10.47%	248,448	161,535	409,983	792,167	(382,184)	914,941	12,160,609					
2011	12,160,609	12,597,738	96.5%	(437,128)	2,453,601	10.48%	265,645	172,645	438,290	836,073	(397,784)	956,937	12,719,763					
2012	12,719,763	13,181,276	96.5%	(461,513)	2,616,745	10.42%	281,074	183,755	464,829	879,410	(414,581)	1,000,998	13,306,180					
2013	13,306,180	13,793,821	96.5%	(487,642)	2,779,889	10.53%	301,220	194,865	496,086	922,846	(426,760)	1,047,424	13,926,843					
2014	13,926,843	14,440,971	96.4%	(514,128)	2,943,032	10.62%	321,073	205,976	527,048	966,574	(439,526)	1,096,566	14,583,884					
2015	14,583,884	15,128,934	96.4%	(545,050)	3,106,176	10.70%	345,196	219,720	564,916	1,010,725	(445,809)	1,148,878	15,286,954					
2016	15,286,954	15,864,531	96.4%	(577,578)	3,346,695	10.77%	373,895	236,322	610,218	1,054,473	(444,255)	1,205,186	16,047,885					
2017	16,047,885	16,655,198	96.4%	(607,314)	3,593,758	10.77%	399,626	252,702	652,328	1,097,067	(444,739)	1,266,041	16,869,186					
2018	16,869,186	17,508,983	96.3%	(639,797)	3,827,733	10.90%	430,294	268,858	699,152	1,144,657	(445,504)	1,331,715	17,755,397					
2019	17,755,397	18,434,547	96.3%	(679,150)	4,068,251	10.99%	460,349	285,238	745,586	1,195,590	(450,004)	1,402,432	18,707,825					
2020	18,707,825	19,441,163	96.2%	(733,338)	4,308,770	11.12%	493,323	302,101	795,424	1,249,095	(453,671)	1,478,479	19,732,633					

* Surpluses reduce employer contributions over 5 years

* Deficits increase employer contributions over 25 years

1.5 Actuarial Projections (continued)

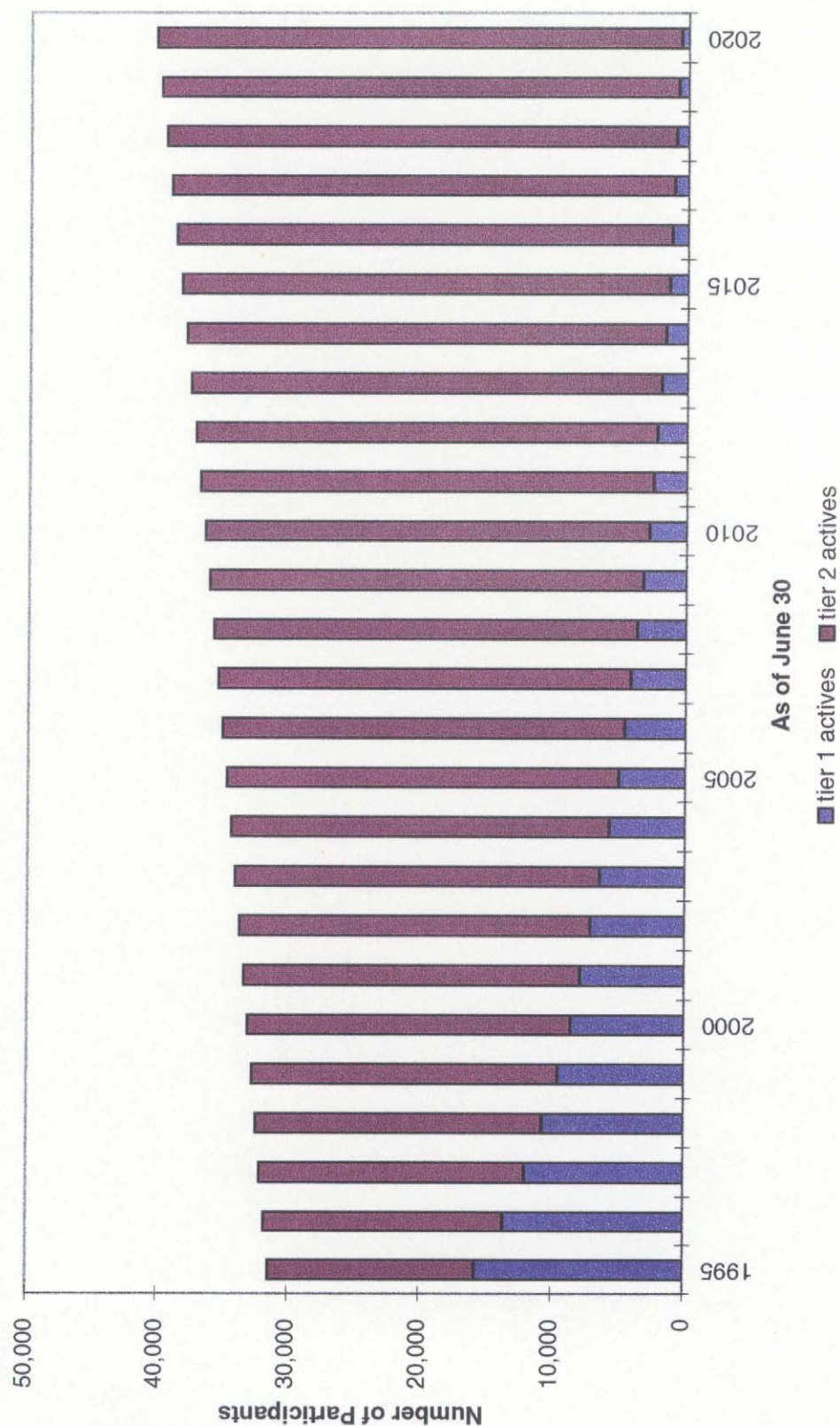
Table 3
State of Alaska PERS
Financial Projections ('000 omitted)

As of June 30	Investment Return		8.00%		Annual Population Increase										Ending Asset Value
	Valuation Amounts on July 1				Flow Amounts During Following 12 Months						5.00%				
	Total Assets	Accrued Liability	Funding Ratio	Surplus* (Deficit)	Total Salaries	Employer Ctb Rate	Employer Contribs	Employee Contribs	Total Contribs	Benefit Payments	Net Contribs	Investment Earnings			
1995	4,794,754	4,971,172	96.5%	(176,418)	1,188,044	12.82%	155,569	82,638	238,207	221,875	16,333	384,234	5,195,320		
1996	5,195,320	5,373,272	96.7%	(177,951)	1,238,927	12.14%	153,586	86,155	239,741	241,980	(2,240)	415,536	5,608,617		
1997	5,608,617	5,792,888	96.8%	(184,272)	1,291,318	11.90%	157,251	89,990	247,241	267,753	(20,512)	447,869	6,035,974		
1998	6,035,974	6,225,693	97.0%	(189,720)	1,351,556	11.41%	158,151	94,425	252,576	296,275	(43,699)	481,130	6,473,404		
1999	6,473,404	6,672,138	97.0%	(198,734)	1,421,582	11.07%	161,870	99,546	261,415	327,687	(66,272)	515,221	6,922,354		
2000	6,922,354	7,131,665	97.1%	(209,311)	1,501,929	10.78%	167,990	106,140	274,131	363,395	(89,264)	550,218	7,383,307		
2001	7,383,307	7,602,631	97.1%	(219,324)	1,615,260	10.52%	175,910	113,858	289,768	400,308	(110,540)	586,243	7,859,011		
2002	7,859,011	8,089,309	97.2%	(230,298)	1,728,592	10.30%	183,956	121,576	305,532	440,604	(135,072)	623,318	8,347,256		
2003	8,347,256	8,590,677	97.2%	(243,420)	1,841,924	10.13%	192,319	129,294	321,613	481,287	(159,674)	661,394	8,848,976		
2004	8,848,976	9,106,737	97.2%	(257,760)	1,955,256	9.98%	200,845	137,012	337,857	524,581	(186,724)	700,449	9,362,701		
2005	9,362,701	9,638,511	97.1%	(275,809)	2,068,588	9.86%	213,272	147,239	360,511	569,302	(208,791)	740,664	9,894,575		
2006	9,894,575	10,188,043	97.1%	(293,469)	2,255,614	9.76%	229,383	159,976	389,359	615,990	(226,631)	782,501	10,450,444		
2007	10,450,444	10,758,400	97.1%	(307,956)	2,442,641	9.57%	242,717	172,712	415,429	663,439	(248,011)	826,115	11,028,548		
2008	11,028,548	11,353,667	97.1%	(325,119)	2,629,668	9.56%	260,297	185,449	445,745	710,845	(265,100)	871,680	11,635,128		
2009	11,635,128	11,978,955	97.1%	(343,827)	2,816,694	9.54%	277,557	198,185	475,742	759,183	(283,440)	919,473	12,271,161		
2010	12,271,161	12,640,393	97.1%	(369,232)	3,003,721	9.53%	300,634	214,873	515,507	808,055	(292,548)	969,991	12,948,604		
2011	12,948,604	13,345,133	97.0%	(396,529)	3,306,800	9.52%	329,396	235,513	564,909	855,507	(290,598)	1,024,264	13,682,271		
2012	13,682,271	14,101,349	97.0%	(419,078)	3,609,880	9.41%	353,932	256,153	610,085	903,038	(292,954)	1,082,864	14,472,181		
2013	14,472,181	14,918,236	97.0%	(446,055)	3,912,959	9.53%	387,352	276,792	664,144	951,557	(287,413)	1,146,278	15,331,046		
2014	15,331,046	15,806,010	97.0%	(474,964)	4,216,038	9.62%	420,119	297,432	717,551	1,001,515	(283,964)	1,215,125	16,262,207		
2015	16,262,207	16,775,909	96.9%	(513,702)	4,519,117	9.70%	461,976	324,202	786,177	1,053,087	(266,910)	1,290,300	17,285,597		
2016	17,285,597	17,840,194	96.9%	(554,597)	5,002,221	9.78%	513,200	357,324	870,525	1,105,506	(234,981)	1,373,449	18,424,065		
2017	18,424,065	19,012,146	96.9%	(588,081)	5,491,889	9.73%	557,567	390,224	947,790	1,158,474	(210,684)	1,465,498	19,678,879		
2018	19,678,879	20,306,067	96.9%	(627,188)	5,968,428	9.89%	614,052	422,900	1,036,952	1,218,639	(181,687)	1,567,043	21,064,234		
2019	21,064,234	21,737,281	96.9%	(673,047)	6,451,532	10.00%	669,210	455,799	1,125,009	1,284,680	(159,672)	1,678,752	22,583,314		
2020	22,583,314	23,322,136	96.8%	(738,822)	6,934,636	10.12%	728,416	489,930	1,218,346	1,355,975	(137,630)	1,801,160	24,246,845		

* Surpluses reduce employer contributions over 5 years
* Deficits increase employer contributions over 25 years

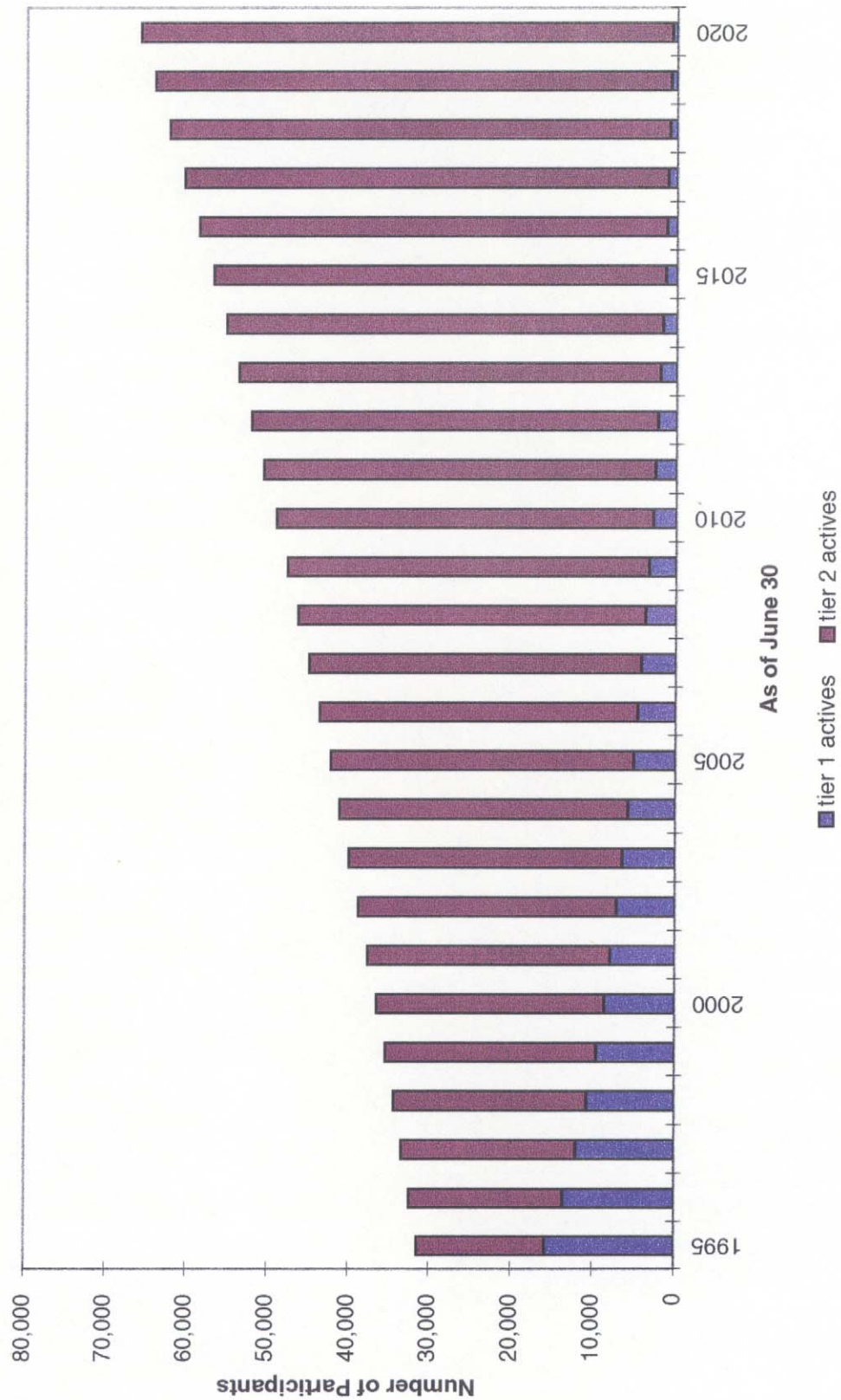
1.5 Actuarial Projections (continued)

State of Alaska PERS Projected Active Participant Count Annual Population Increase of 1%



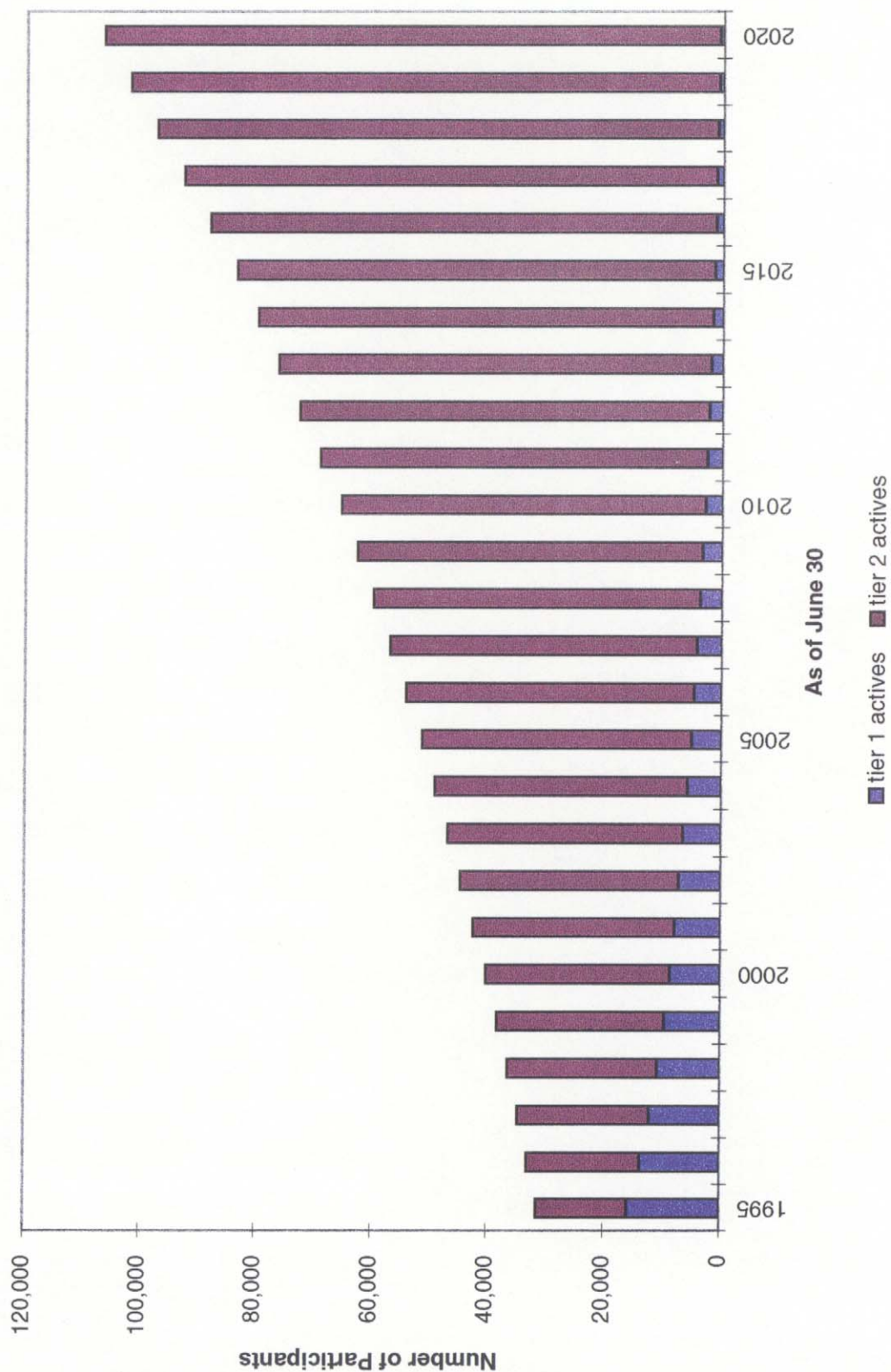
1.5 Actuarial Projections (continued)

State of Alaska PERS Projected Active Participant Count Annual Population Increase of 3%

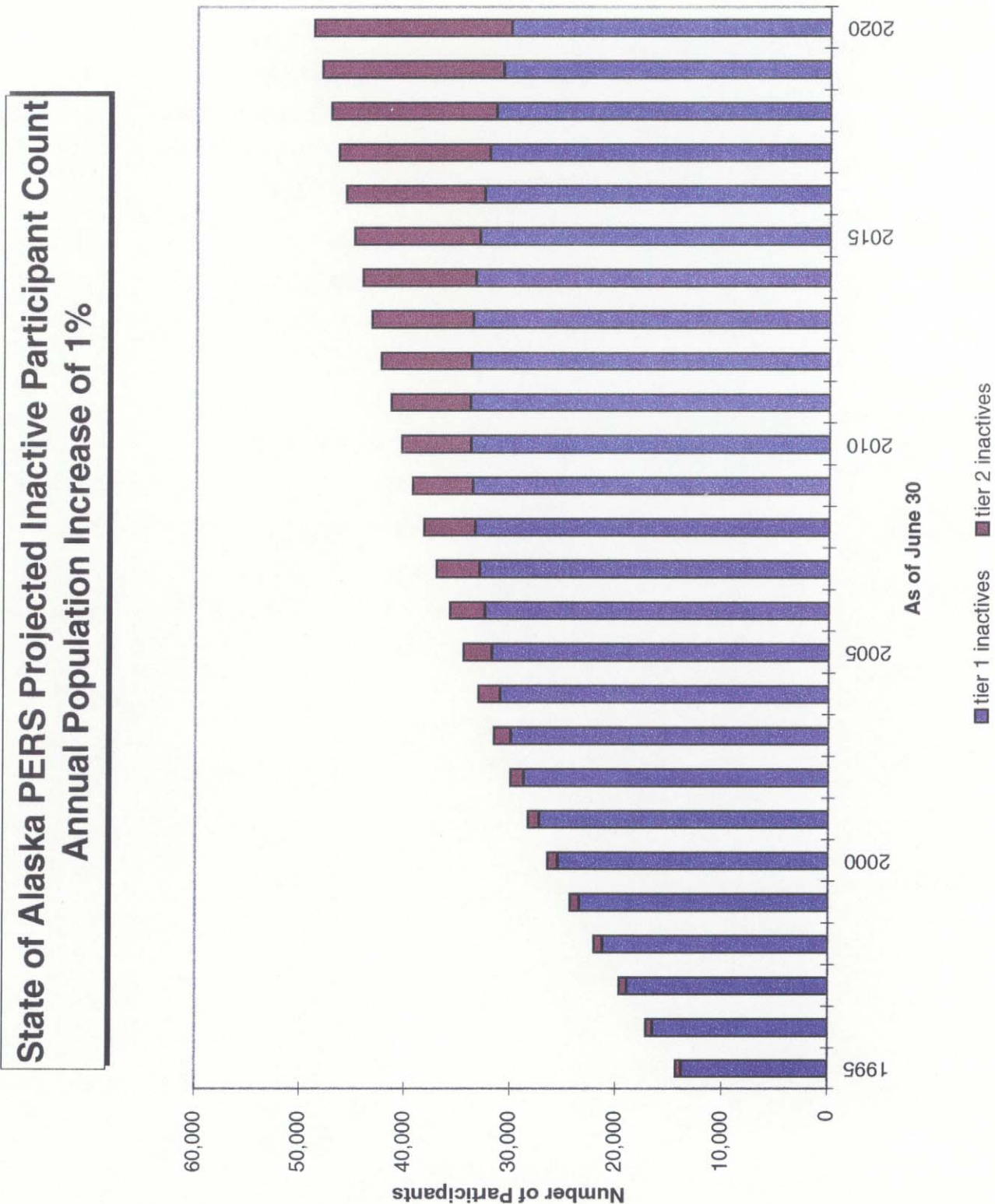


1.5 Actuarial Projections (continued)

State of Alaska PERS Projected Active Participant Count Annual Population Increase of 5%

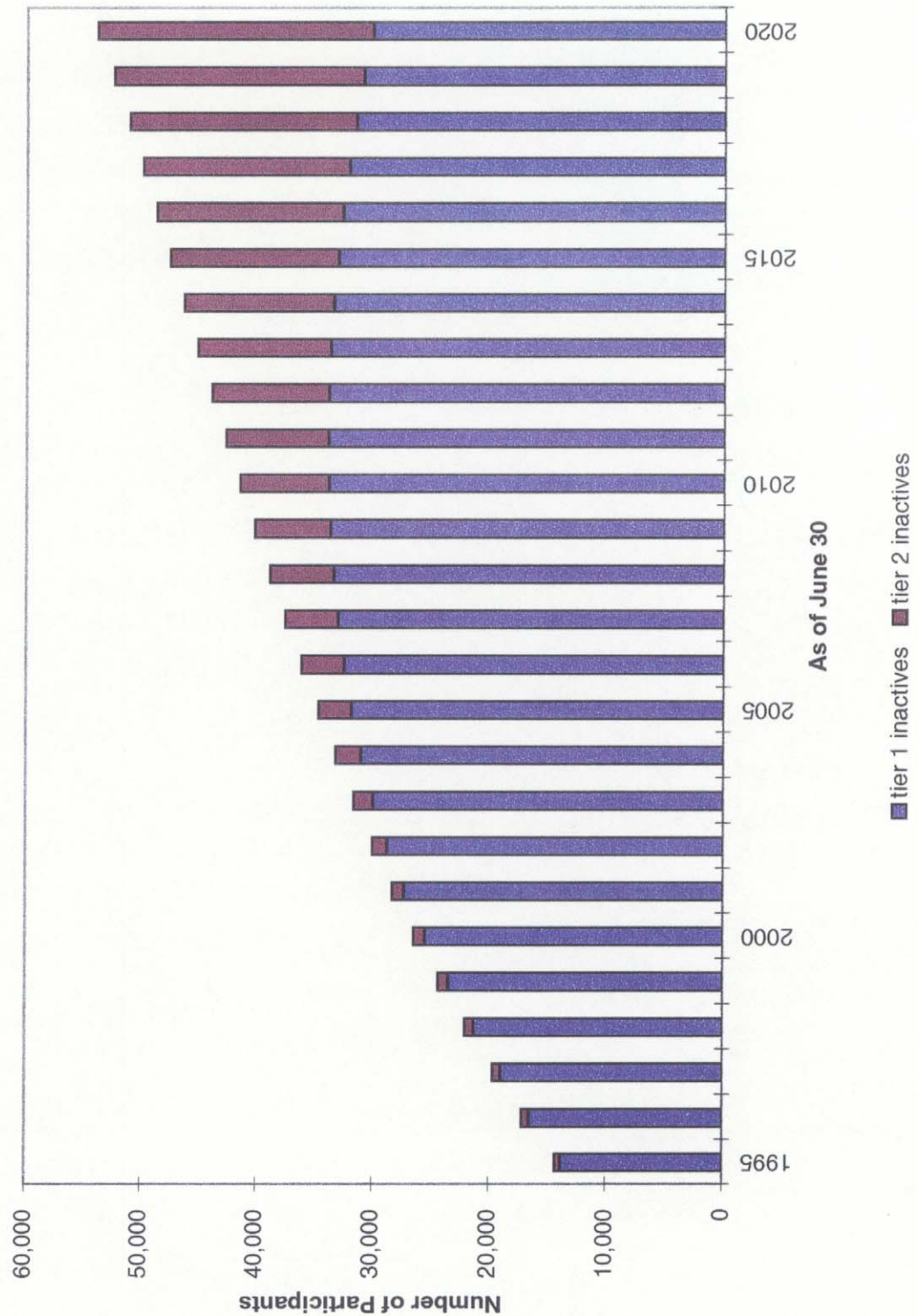


1.5 Actuarial Projections (continued)



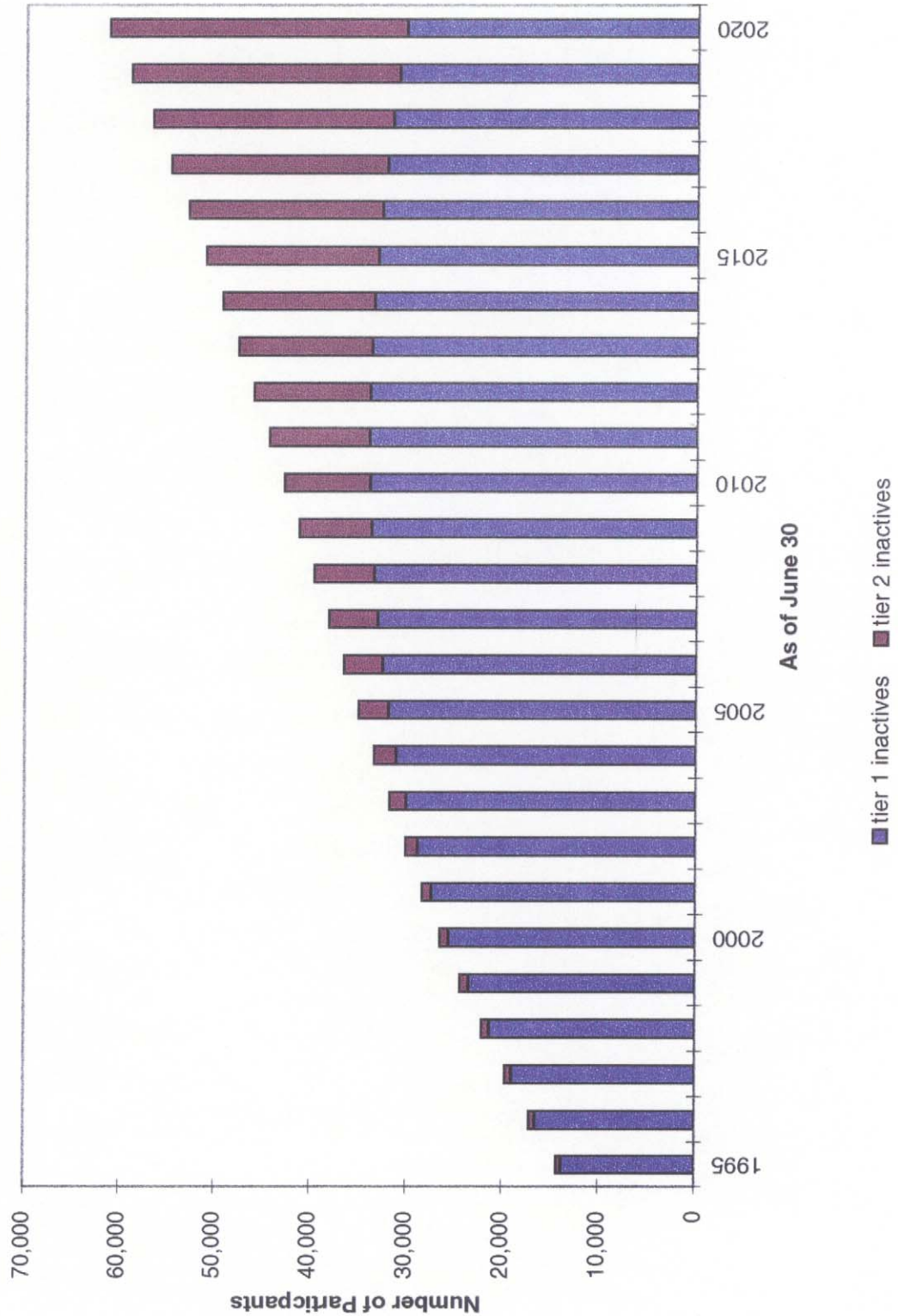
1.5 Actuarial Projections (continued)

State of Alaska PERS Projected Inactive Participant Count Annual Population Increase of 3%



1.5 Actuarial Projections (continued)

State of Alaska PERS Projected Inactive Participant Count Annual Population Increase of 5%



Section 2

Basis of Valuation

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

A summary of plan provisions is provided in Section 2.1 and participant census information is shown in Section 2.2.

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

The actuarial assumptions and the actuarial cost method, or funding method, which have been adopted to guide the sponsor in funding the plan in a reasonable and acceptable manner, are described in Section 2.3.

2.1 Summary of the Alaska Public Employees' Retirement System

(1) Effective Date

January 1, 1961, with amendments through June 30, 1995. Chapter 82, 1986 Session Laws of Alaska, created a two-tier retirement system. Members who were first hired under the PERS before July 1, 1986, are eligible for different benefits than members hired after June 30, 1986.

(2) Administration of Plan

The Commissioner of Administration is responsible for administering the system. The Public Employees' Retirement Board prescribes policies and regulations and performs other activities necessary to carry out the provisions of the system. The Alaska State Pension Investment Board, Department of Revenue, Treasury Division is responsible for investing PERS funds. The Attorney General represents the system in legal proceedings.

(3) Employers Included

Currently there are 153 employers participating in the PERS, including the State of Alaska and 152 political subdivisions and public organizations.

(4) Members Included

PERS membership is mandatory for all permanent full-time and part-time employees of the State of Alaska and participating political subdivisions and public organizations, unless they are specifically excluded by Alaska Statute or participation agreements. Employees participating in the University of Alaska's Optional Retirement Plan or other retirement plans funded by the State are not covered by the PERS. Elected officials may waive PERS membership.

Certain members of the Alaska Teachers' Retirement System (TRS) are eligible for PERS retirement benefits for their concurrent elected public official service with municipalities. In addition, employees who work half-time in the PERS and TRS simultaneously are eligible for half-time PERS and TRS credit.

(5) Credited Service

Permanent employees who work at least 30 hours a week earn full-time credit; part-time employees working between 15 and 30 hours a week earn partial credit based upon the number of hours worked. Members receiving PERS occupational disability benefits continue to earn PERS credit while disabled.

Members may claim other types of service, including:

- part-time State of Alaska service rendered after December 31, 1960, and before January 1, 1976.
- service with the State, former Territory of Alaska, or U.S. Government in Alaska before January 1, 1961;
- past peace officer, correctional officer, fire fighter, and special officer service after January 1, 1961;
- military service (not more than five years may be claimed);
- temporary service after December 31, 1960;
- elected official service before January 1, 1981;
- Alaska Bureau of Indian Affairs service;
- past service rendered by employees who worked half-time in the PERS and Teachers' Retirement System (TRS) simultaneously; and
- leave without pay service after June 13, 1987, while receiving Workers' Compensation.

Except for service before January 1, 1961, with the State, former Territory of Alaska, or U.S. Government in Alaska, contributions are required for all past service.

Past employment with participating political subdivisions that occurred before the employers joined the PERS is creditable if the employers agree to pay the required contributions.

(6) Employer Contributions

Individual contribution rates are established for PERS employers based upon their consolidated and past service rates.

The consolidated rate is a uniform rate for all participating employers, amortized to include future service liabilities (less the value of members' contributions) for the members' future service.

The past service rate is determined separately for each employer to amortize their unfunded past service liability with level payments over 25 years. Funding surpluses are amortized over five years.

(7) Member Contributions

Mandatory Contributions: Police and fire members are required to contribute 7.5% of their compensation; all other members contribute 6.75%. Members' contributions are deducted from gross wages before federal income taxes are withheld.

Contributions for Claimed Service: Member contributions are also required for most of the claimed service described in (5) above.

Voluntary Contributions: Members may voluntarily contribute up to 5% of their salary. Voluntary contributions are recorded in a separate account and are payable to the:

- (a) member in lump sum payment upon termination of employment;
- (b) member's beneficiary if the member dies; or
- (c) member in a lump sum, life annuity, or payments over a designated period of time when the member retires.

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

Refund of Contributions: Terminated members may receive refunds of their member contribution accounts, which includes their mandatory and voluntary contributions, indebtedness payments, and interest earned. Terminated members' accounts may be attached to satisfy claims under Alaska Statute 09.38.065, federal income tax levies, and valid qualified domestic relations orders.

Reinstatement of Contributions: Refunded accounts and the corresponding PERS service may be reinstated upon reemployment in the PERS. Accounts attached to satisfy claims under Alaska Statute 09.38.065 or a federal tax levy may be reinstated at any time. Interest accrues on refunds until paid in full or members retire.

(8) Retirement Benefits

Eligibility:

- (a) Members, including deferred vested members, are eligible for normal retirement at age 60*, or early retirement at age 55, if they have at least:
 - (i) five years of paid-up PERS service;

* Members participating before July 1, 1986 are eligible for normal retirement at age 55 or early retirement at age 50.

- (ii) 60 days of paid-up PERS service as employees of the legislature during each of five legislative sessions and they were first hired under the PERS before May 30, 1987;
 - (iii) 80 days of paid-up PERS service as employees of the legislature during each of five legislative sessions and they were first hired under the PERS after May 29, 1987; or
 - (iv) two years of paid-up PERS service and they are vested in the Teachers' Retirement System.
- (b) Members may retire at any age when they have:
- (i) 20 paid-up years of PERS police/fire service; or
 - (ii) 30 paid-up years of PERS "all other" or "elected official" service.

Benefit Type: Lifetime benefits are paid to members. Eligible members may receive normal, unreduced benefits when they (1) reach normal retirement age and complete the service required; or (2) satisfy the minimum service requirements under the "20 and out" or "30 and out" provisions. Members may receive early, actuarially reduced benefits when they reach early retirement age and complete the service required.

Members may also select level income or joint and survivor options. Under those options and early retirement, benefits are actuarially adjusted so that members receive the actuarial equivalents of their normal benefit amounts.

Benefit Calculation: Retirement benefits are calculated by multiplying the average monthly compensation (AMC) times credited PERS service times the percentage multiplier. The AMC is determined by averaging the salaries earned during the three highest, consecutive payroll years. Members must earn at least 115 days of credit in the last year worked to include it in the AMC calculation. The PERS pays a minimum benefit of \$25.00 per month for each year of service when the calculated benefit is less.

The percentage multipliers for police/fire members are 2% for the first ten years of service and 2.5% for all service over 10 years.

The percentage multipliers for all other members are 2% for the first ten years, 2.25% for the next ten years, and 2.5% for all remaining service earned on or after July 1, 1986. All service before that date is calculated at 2%.

Indebtedness: Members who terminate and refund their PERS contributions are not eligible to retire, unless they return to PERS employment and pay back their refunds, plus interest, or accrue additional service which qualifies them for retirement. PERS

refunds must be paid in full if the corresponding service is to count toward the minimum service requirements for retirement. Refunded PERS service is included in total service for the purpose of calculating retirement benefits. However, when refunds are not completely paid before retirement, benefits are actuarially reduced for life.

(9) Reemployment of Retired Members

Retirement benefits are suspended while retired members are reemployed under the PERS. During reemployment, members earn additional PERS service and contributions are withheld from their wages.

Members retired under the Retirement Incentive Programs (RIPs) who return to employment under the PERS, Teachers' Retirement System (TRS), or the University of Alaska's Optional Retirement Plan will:

- (a) forfeit the three years of incentive credits that they received;
- (b) owe the PERS 110% of the benefits that they received under the RIP, which may include costs for health insurance, excluding amounts that they paid to participate; and
- (c) be charged 7% interest from the date that they are reemployed until their indebtedness is paid in full or they retire again. If the indebtedness is not completely paid, future benefits will be actuarially reduced for life.

(10) Disability Benefits

Monthly disability benefits are paid to permanently disabled members until they die, recover or become eligible for normal retirement. Members are appointed to normal retirement on the first of the month after they become eligible.

Occupational Disability: Members are not required to satisfy age or service requirements to be eligible for occupational disability. Monthly benefits are equal to 40% of their gross monthly compensation on the date of their disability. Members on occupational disability continue to earn PERS service until they become eligible for normal retirement.

Nonoccupational Disability: Members must be vested (five paid-up years of PERS service) to be eligible for nonoccupational disability benefits. Monthly benefits are calculated based on the member's average monthly compensation and PERS service on the date of termination from employment because of disability. Members do not earn PERS service while on nonoccupational disability.

(11) Death Benefits

Monthly death benefits may be paid to a spouse or dependent children upon the death of a member. If monthly benefits are not payable under the occupational and nonoccupational death provisions, the designated beneficiary receives the lump sum benefit described below.

Occupational Death: When an active member dies from occupational causes, a monthly survivor's pension may be paid to the spouse. The pension equals 40% of the member's gross monthly compensation on the date of death or disability, if earlier. If there is no spouse, the pension may be paid to the member's dependent children. On the member's normal retirement date, the benefit converts to a normal retirement benefit. The normal benefit is based on the member's salary on the date of death and service, including service accumulated from the date of the member's death, to the normal retirement date.

Death after Occupational Disability: When a member dies while occupationally disabled, benefits are paid as described above in *Occupational Death*.

Nonoccupational Death: When a vested member dies from nonoccupational causes, the surviving spouse may elect to receive a monthly 50% joint and survivor benefit or a lump sum benefit. The monthly benefit is calculated on the member's average monthly compensation and PERS service at the time of termination or death.

Lump Sum Benefit: Upon the death of a member who has less than one year of service, the designated beneficiary receives the member's contribution account, which includes mandatory and voluntary contributions, indebtedness payments, and interest earned. If the member has more than one year of PERS service, the beneficiary also receives \$1,000 and \$100 for each year of PERS service.

Death After Retirement: When a retired member dies, the designated beneficiary receives the member's contribution account, less any benefits already paid. If the member selected a survivor option at retirement, the eligible spouse receives continuing, lifetime monthly benefits.

(12) Post Retirement Pension Adjustments

Post retirement pension adjustments (PRPAs) are granted annually to eligible benefit recipients when the consumer price index (CPI) increases during the preceding calendar year. PRPAs are calculated by multiplying the recipient's base benefit, including past PRPAs, times:

- (a) 75% of the CPI increase in the preceding calendar year or 9%, whichever is less, if the recipient is at least age 65 or on PERS disability; or

- (b) 50% of the CPI increase in the preceding calendar year or 6%, whichever is less, if the recipient is at least age 60, or has been receiving benefits for at least five years.

Ad hoc PRPAs, up to a maximum of 4%, may be granted to eligible recipients who were first hired before July 1, 1986, if the CPI increases and the financial condition of the fund will permit an increase.

(13) Alaska Cost of Living Allowance

Eligible benefit recipients who reside in Alaska receive an Alaska cost of living allowance (COLA) equal to 10% of their base benefits or \$50, whichever is more. The following benefit recipients are eligible:

- (a) members who were first hired under the PERS before July 1, 1986, and their survivors;
- (b) members who were first hired under the PERS after June 30, 1986, and their survivors if they are at least age 65; and
- (c) all disabled members.

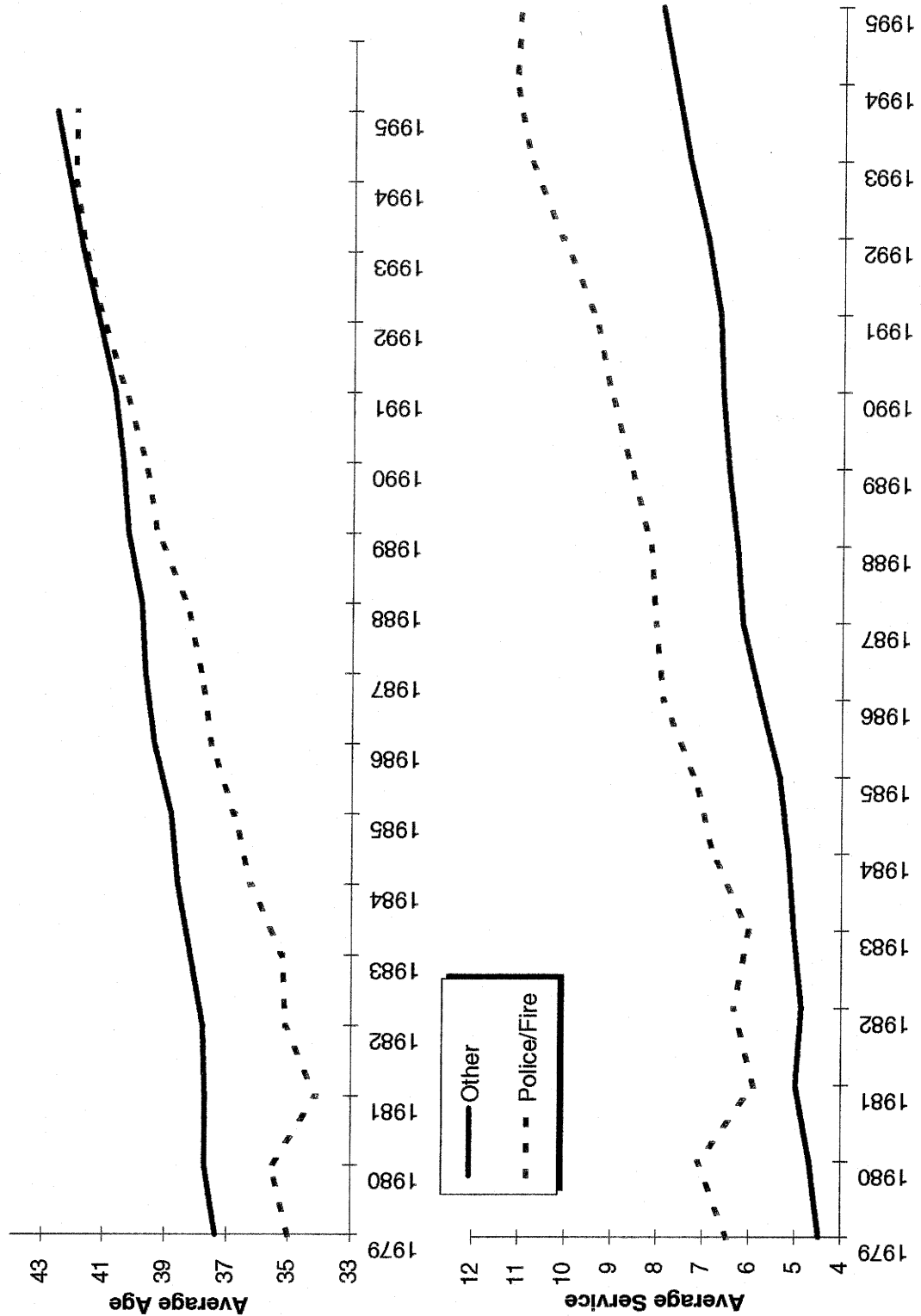
2.2(a) Participant Census Information - Total PERS as of June 30

	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>
Active Members					
(1) Number	29,840	30,721	30,972	31,364	31,450
(2) Average Age	40.68	41.21	41.75	42.18	42.58
(3) Average Credited Service	6.91	7.22	7.62	7.92	8.20
(4) Average Annual Salary	\$ 34,444	\$ 35,280	\$ 36,675	\$ 37,527	\$ 37,776
Retirees and Beneficiaries					
(1) Number	8,358	8,704	9,103	9,643	10,173
(2) Average Age	63.15	63.58	63.98	64.22	64.48
(3) Average Monthly Benefit:					
Base	\$ 864	\$ 867	\$ 855	\$ 874	\$ 900
C.O.L.A.	66	64	63	63	64
P.R.P.A.	108	144	129	135	136
Adjustment	N/A	N/A	0	0	-1
TOTAL	1,038	1,075	1,047	1,072	1,099
Vested Terminations					
(1) Number	3,015	3,249	3,572	3,771	4,144
(2) Average Age	43.20	43.59	44.04	44.39	45.00
(3) Average Monthly Benefit	\$ 556	\$ 582	\$ 610	\$ 626	\$ 653
Non-Vested Terminations With Account Balances					
(1) Number	4,108	4,380	4,721	4,859	5,398
(2) Average Account Balance	\$ 2,124	\$ 2,251	\$ 2,442	\$ 2,637	\$ 2,758

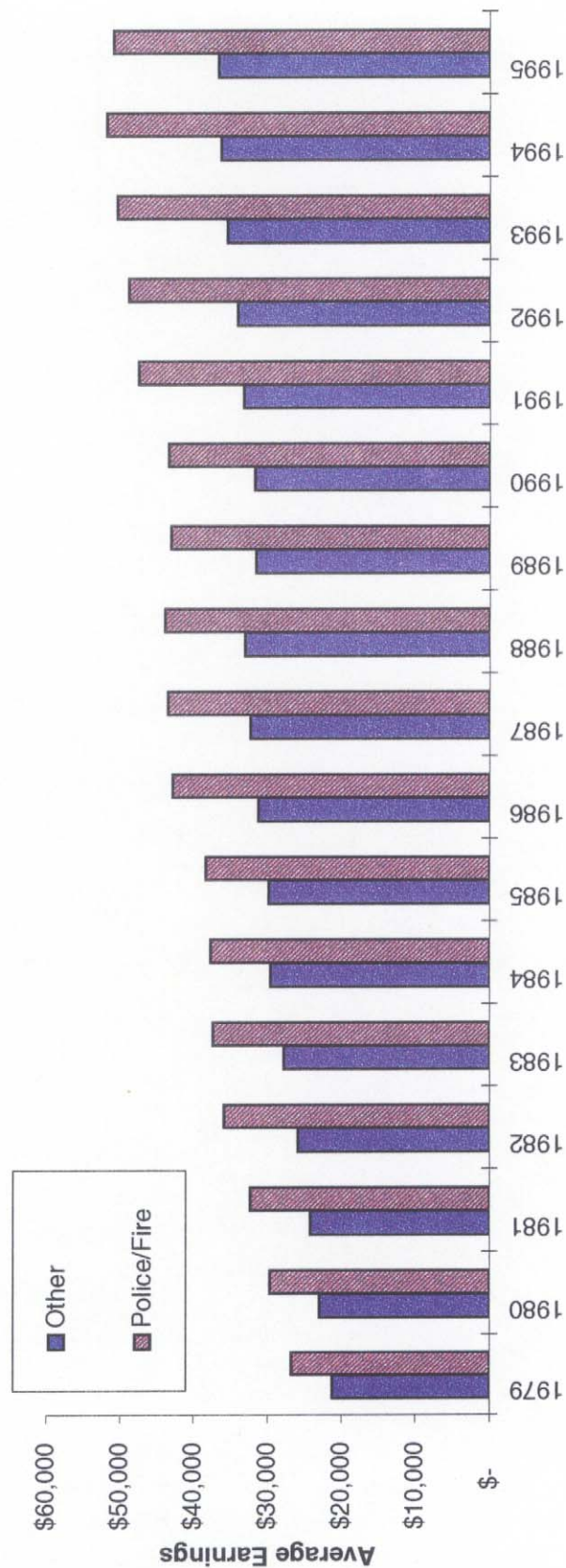
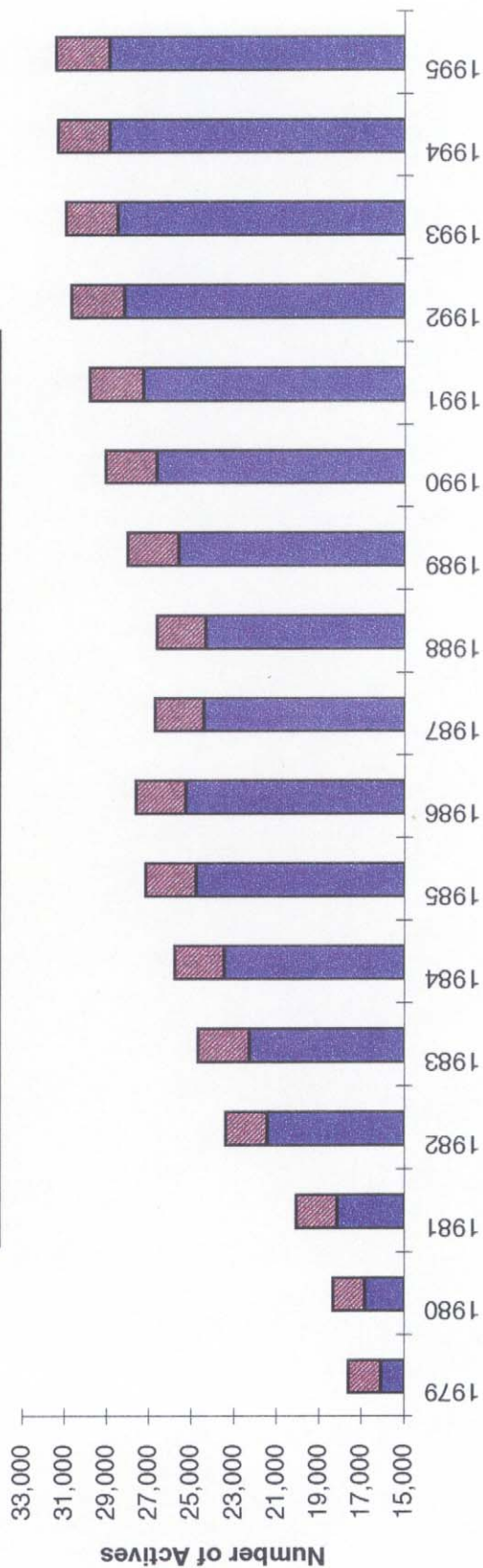
2.2(b) Additional Information - Active Members by Type of Status as of June 30

	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>
Active Police & Fire					
(1) Number	2,533	2,515	2,463	2,481	2,557
(2) Average Age	40.35	41.08	41.67	42.01	42.00
(3) Average Credited Service	9.38	10.10	10.80	11.13	11.03
(4) Average Annual Salary	\$ 47,470	\$ 48,812	\$ 50,355	\$ 51,776	\$ 50,921
(5) Number Vested	1,795	1,842	1,907	1,981	1,986
(6) Percent Who Are Vested	70.9%	73.2%	77.4%	79.8%	77.7%
Active "Other" Members					
(1) Number	27,307	28,206	28,509	28,883	28,893
(2) Average Age	40.71	41.22	41.76	42.19	42.63
(3) Average Credited Service	6.68	6.96	7.35	7.65	7.95
(4) Average Annual Salary	\$ 33,236	\$ 34,073	\$ 35,493	\$ 36,303	\$ 36,612
(5) Number Vested	14,234	14,640	15,336	16,162	16,877
(6) Percent Who Are Vested	52.1%	51.9%	53.8%	56.0%	58.4%

State of Alaska - PERS Actives



State Of Alaska - PERS Actives



2.2(c) Distribution of Active Police and Fire Participants

----- Annual Earnings By Age -----

Age Groups	Number of People	Total Annual Earnings	Average Annual Earnings
0-19	0	\$ 0	\$ 0
20-24	48	1,473,929	30,707
25-29	170	6,633,416	39,020
30-34	279	12,784,428	45,822
35-39	471	23,965,558	50,882
40-44	629	33,508,584	53,273
45-49	572	31,087,962	54,350
50-54	281	15,232,114	54,207
55-59	86	4,495,961	52,279
60-64	15	741,402	49,427
65-69	6	280,736	46,789
70-74	0	0	0
75-79	0	0	0
80+	0	0	0
Total	2,557	\$ 130,204,090	\$ 50,921

----- Annual Earnings By Credited Service -----

Years of Service	Number of People	Total Annual Earnings	Average Annual Earnings
0	167	\$ 4,010,537	\$ 24,015
1	135	5,154,944	38,185
2	80	3,322,510	41,531
3	80	3,651,064	45,638
4	109	4,867,173	44,653
0- 4	571	21,006,228	36,788
5- 9	591	28,939,954	48,968
10-14	615	32,866,697	53,442
15-19	512	30,016,048	58,625
20-24	226	14,575,561	64,494
25-29	38	2,524,693	66,439
30-34	4	274,909	68,727
35-39	0	0	0
40+	0	0	0
Total	2,557	\$ 130,204,090	\$ 50,921

Years of Credited Service By Age

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
0-19	0	0	0	0	0	0	0	0	0	0
20-24	48	0	0	0	0	0	0	0	0	48
25-29	135	35	0	0	0	0	0	0	0	170
30-34	134	105	39	1	0	0	0	0	0	279
35-39	92	131	171	72	5	0	0	0	0	471
40-44	67	108	198	188	68	0	0	0	0	629
45-49	61	122	117	156	99	17	0	0	0	572
50-54	23	59	71	65	41	20	2	0	0	281
55-59	8	23	18	26	9	0	2	0	0	86
60-64	1	6	1	3	3	1	0	0	0	15
65-69	2	2	0	1	1	0	0	0	0	6
70-74	0	0	0	0	0	0	0	0	0	0
75-79	0	0	0	0	0	0	0	0	0	0
80+	0	0	0	0	0	0	0	0	0	0
Total	571	591	615	512	226	38	4	0	0	2,557

2.2(d) Schedule of Active Member Valuation Data - "Police/Fire"

Valuation Date	Number	Annual Payroll (000's)	Annual Average Pay	Percent Increase In Average Pay
June 30, 1995	2,557	\$ 130,204	\$ 50,921	-1.7%
June 30, 1994	2,481	128,456	51,776	2.8%
June 30, 1993	2,463	124,025	50,355	3.2%
June 30, 1992	2,515	122,762	48,812	2.8%
June 30, 1991	2,533	120,240	47,470	9.2%
June 30, 1990	2,419	105,135	43,462	.9%
June 30, 1989	2,414	104,000	43,082	-2.0%
June 30, 1988	2,327	102,265	43,947	1.0%
June 30, 1987	2,319	100,839	43,484	1.5%
June 30, 1986	2,371	101,537	42,825	11.6%

2.2(e) Distribution of Active "Other" Participants

----- Annual Earnings By Age -----

Age Groups	Number of People	Total Annual Earnings	Average Annual Earnings
0-19	70	\$ 930,023	\$ 13,286
20-24	694	15,381,357	22,163
25-29	1,889	52,380,656	27,729
30-34	3,396	109,007,344	32,099
35-39	5,057	179,250,488	35,446
40-44	6,194	237,593,539	38,359
45-49	5,516	221,197,248	40,101
50-54	3,540	143,989,168	40,675
55-59	1,610	63,399,168	39,378
60-64	717	27,272,110	38,036
65-69	166	6,027,778	36,312
70-74	30	1,102,569	36,752
75-79	11	267,141	24,286
80+	3	41,705	13,902
Total	28,893	\$ 1,057,840,254	\$ 36,612

----- Annual Earnings By Credited Service -----

Years of Service	Number of People	Total Annual Earnings	Average Annual Earnings
0	3,173	\$ 61,234,852	\$ 19,299
1	2,455	69,303,176	28,229
2	2,156	67,025,980	31,088
3	2,074	68,922,088	33,231
4	2,164	76,788,336	35,484
0- 4	12,022	343,274,432	28,554
5- 9	7,300	270,984,515	37,121
10-14	5,105	221,699,824	43,428
15-19	2,960	141,036,976	47,648
20-24	1,109	57,836,404	52,152
25-29	349	20,196,466	57,870
30-34	41	2,417,659	58,967
35-39	6	339,379	56,563
40+	1	54,599	54,599
Total	28,893	\$ 1,057,840,254	\$ 36,612

Years of Credited Service By Age

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
0-19	70	0	0	0	0	0	0	0	0	70
20-24	686	8	0	0	0	0	0	0	0	694
25-29	1,564	312	13	0	0	0	0	0	0	1,889
30-34	2,067	1,013	301	15	0	0	0	0	0	3,396
35-39	2,252	1,501	956	329	19	0	0	0	0	5,057
40-44	2,206	1,598	1,355	823	206	6	0	0	0	6,194
45-49	1,612	1,345	1,191	826	427	114	1	0	0	5,516
50-54	878	843	775	576	281	165	21	1	0	3,540
55-59	433	435	327	257	103	39	14	2	0	1,610
60-64	189	187	143	114	56	23	4	1	0	717
65-69	49	49	34	18	13	1	1	1	0	166
70-74	9	7	6	2	4	1	0	1	0	30
75-79	5	1	4	0	0	0	0	0	1	11
80+	2	1	0	0	0	0	0	0	0	3
Total	12,022	7,300	5,105	2,960	1,109	349	41	6	1	28,893

2.2(f) Schedule of Active Member Valuation Data - "Others"

Valuation Date	Number	Annual Payroll (000's)	Annual Average Pay	Percent Increase In Average Pay
June 30, 1995	28,893	\$ 1,057,840	\$ 36,612	.9%
June 30, 1994	28,883	1,048,541	36,303	2.3%
June 30, 1993	28,509	1,011,864	35,493	4.2%
June 30, 1992	28,206	961,054	34,073	2.5%
June 30, 1991	27,307	907,567	33,236	4.6%
June 30, 1990	26,667	846,935	31,760	.6%
June 30, 1989	25,630	808,835	31,558	-4.7%
June 30, 1988	24,349	806,100	33,106	2.4%
June 30, 1987	24,443	790,463	32,339	3.6%
June 30, 1986	25,272	788,555	31,203	4.7%

2.2(g) Statistics on New Retirees Police and Fire Members During the Year Ending June 30

	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>
Service					
(1) Number	96	25	32	65	84
(2) Average Age at Retirement	50.97	51.77	50.09	51.25	51.10
(3) Average Monthly Benefit	\$ 2,008	\$ 1,786	\$ 2,235	\$ 2,324	\$ 2,282
Disability					
(1) Number	6	8	6	5	4
(2) Average Age at Retirement	40.71	44.00	41.57	44.84	43.31
(3) Average Monthly Benefit	\$ 2,216	\$ 1,502	\$ 1,682	\$ 1,193	\$ 2,513
Survivor (including surviving spouse)					
(1) Number	1	2	1	1	0
(2) Average Age at Retirement	47.9	28.61	57.15	41.35	N/A
(3) Average Monthly Benefit	\$ 1,114	\$ 1,570	\$ 295	\$ 417	N/A
Total					
(1) Number	103	35	39	71	88
(2) Average Age at Retirement	50.34	48.67	48.96	50.66	50.75
(3) Average Monthly Benefit	\$ 2,011	\$ 1,709	\$ 2,100	\$ 2,217	\$ 2,293

2.2(h) Schedule of Average Benefit Payments - New Retirees - "Police/Fire"

		Years of Credited Service						
		0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 +
Period 7/1/94 - 6/30/95:								
Average Monthly Benefit	\$	0	\$ 893	\$ 851	\$ 1,608	\$ 3,002	\$ 3,107	\$ 0
Number of Active Retirants		0	8	10	18	42	10	0
Period 7/1/93 - 6/30/94:								
Average Monthly Benefit	\$	417	\$ 748	\$ 1,054	\$ 1,532	\$ 2,748	\$ 3,825	0
Number of Active Retirants		1	7	9	13	32	9	0
Period 7/1/92 - 6/30/93:								
Average Monthly Benefit	\$	1,047	\$ 546	\$ 1,078	\$ 1,648	\$ 2,700	\$ 3,704	\$ 3,231
Number of Active Retirants		3	2	7	6	17	3	1
Period 7/1/91 - 6/30/92:								
Average Monthly Benefit	\$	1,552	\$ 955	\$ 1,040	\$ 1,427	\$ 2,499	\$ 3,511	\$ 0
Number of Active Retirants		4	3	8	8	11	1	0
Period 7/1/90 - 6/30/91:								
Average Monthly Benefit	\$	1,522	\$ 401	\$ 1,047	\$ 1,961	\$ 2,588	\$ 3,374	\$ 0
Number of Active Retirants		7	6	18	29	34	9	0
Period 7/1/89 - 6/30/90:								
Average Monthly Benefit	\$	1,176	\$ 490	\$ 805	\$ 1,853	\$ 2,387	\$ 0	\$ 0
Number of Active Retirants		4	5	8	12	9	0	0
Period 7/1/88 - 6/30/89:								
Average Monthly Benefit	\$	866	\$ 984	\$ 3,459	\$ 1,330	\$ 2,050	\$ 3,808	\$ 0
Number of Active Retirants		2	8	1	2	4	1	0

"Average Monthly Benefit" includes post-retirement pension adjustments and cost-of-living increases.

2.2(i) Statistics on New Retirees "Other" Members During the Year Ending June 30

	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>
Service					
(1) Number	829	404	433	539	522
(2) Average Age at Retirement	55.82	56.84	56.83	56.92	57.21
(3) Average Monthly Benefit	\$ 1,121	\$ 912	\$ 984	\$ 1,113	\$ 1,245
Disability					
(1) Number	20	15	17	18	23
(2) Average Age at Retirement	45.38	43.87	44.46	49.71	47.49
(3) Average Monthly Benefit	\$ 944	\$ 999	\$ 986	\$ 1,221	\$ 1,243
Survivor (including surviving spouse)					
(1) Number	27	16	14	10	16
(2) Average Age at Retirement	60.35	49.44	53.89	48.68	50.61
(3) Average Monthly Benefit	\$ 675	\$ 586	\$ 563	\$ 1,005	\$ 976
Total					
(1) Number	876	435	464	567	561
(2) Average Age at Retirement	55.72	56.12	56.29	56.55	56.62
(3) Average Monthly Benefit	\$ 1,104	\$ 903	\$ 971	\$ 1,115	\$ 1,237

2.2(j) Schedule of Average Benefit Payments - New Retirees - "Others"

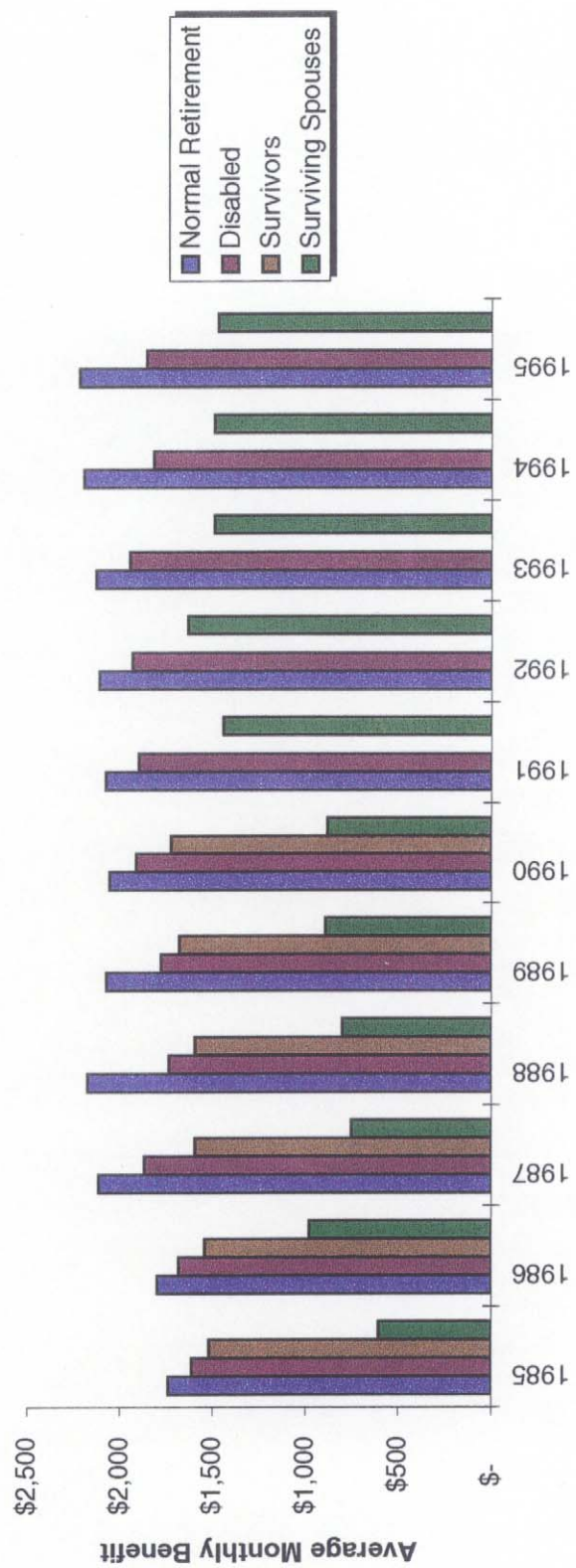
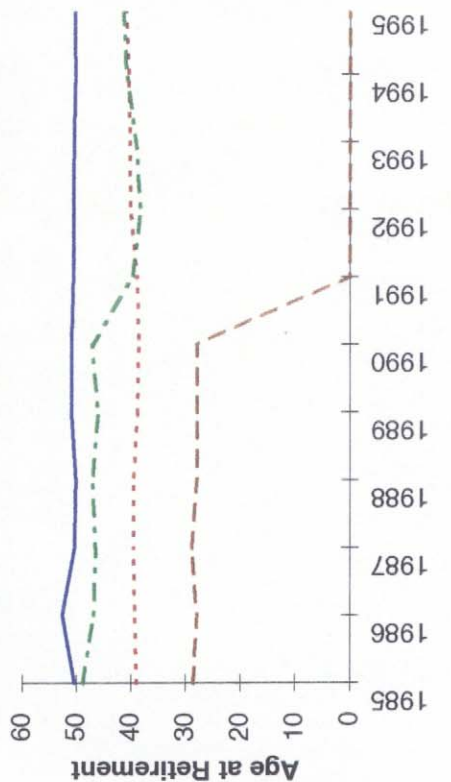
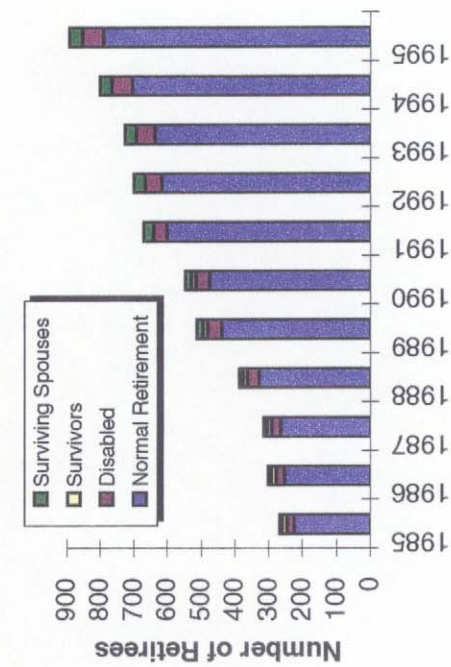
	Years of Credited Service						
	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 +
Period 7/1/94 - 6/30/95:							
Average Monthly Benefit	\$ 754	\$ 483	\$ 890	\$ 1,523	\$ 2,087	\$ 2,688	\$ 2,607
Number of Active Retirants	5	148	154	132	76	25	21
Period 7/1/93 - 6/30/94:							
Average Monthly Benefit	\$ 503	\$ 449	\$ 863	\$ 1,412	\$ 1,886	\$ 2,710	\$ 3,131
Number of Active Retirants	17	149	169	136	60	17	19
Period 7/1/92 - 6/30/93:							
Average Monthly Benefit	\$ 558	\$ 449	\$ 866	\$ 1,343	\$ 2,029	\$ 2,534	\$ 3,223
Number of Active Retirants	23	158	143	83	36	13	8
Period 7/1/91 - 6/30/92:							
Average Monthly Benefit	\$ 584	\$ 498	\$ 842	\$ 1,240	\$ 1,941	\$ 2,350	\$ 2,758
Number of Active Retirants	19	161	138	71	32	8	6
Period 7/1/90 - 6/30/91:							
Average Monthly Benefit	\$ 708	\$ 561	\$ 928	\$ 1,379	\$ 1,962	\$ 2,781	\$ 3,235
Number of Active Retirants	40	267	282	154	76	42	15
Period 7/1/89 - 6/30/90:							
Average Monthly Benefit	\$ 627	\$ 480	\$ 830	\$ 1,325	\$ 1,856	\$ 2,168	\$ 3,352
Number of Active Retirants	46	181	124	66	30	4	6
Period 7/1/88 - 6/30/89:							
Average Monthly Benefit	\$ 712	\$ 414	\$ 771	\$ 1,187	\$ 1,791	\$ 2,054	\$ 3,443
Number of Active Retirants	47	155	83	36	18	10	4

"Average Monthly Benefit" includes post-retirement pension adjustments and cost-of-living increases.

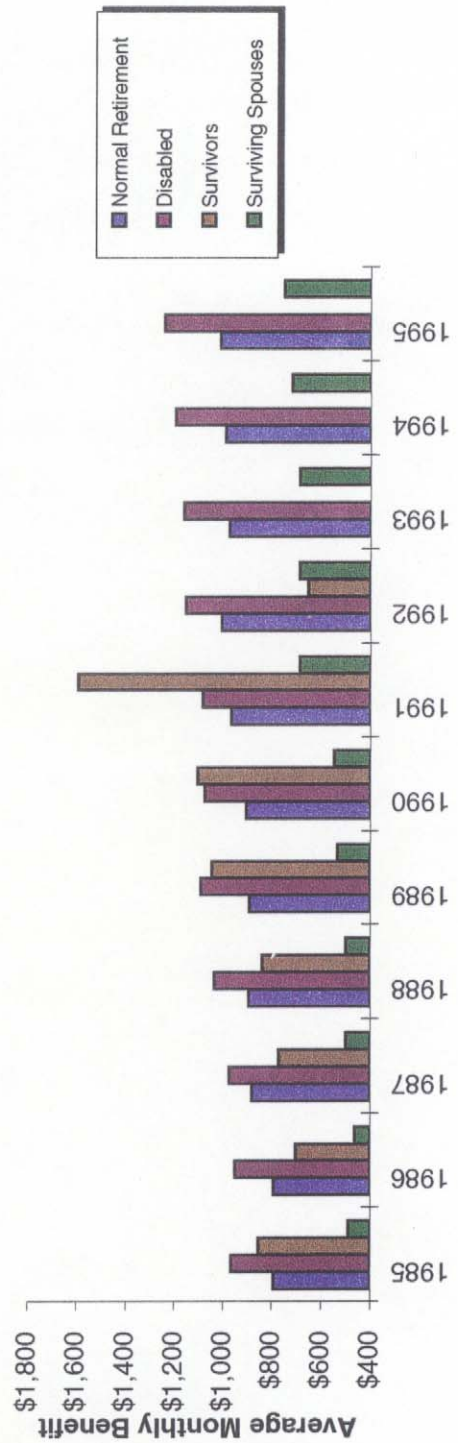
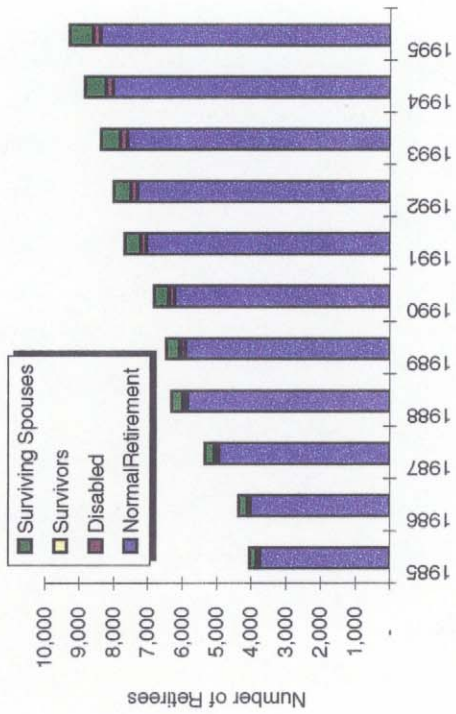
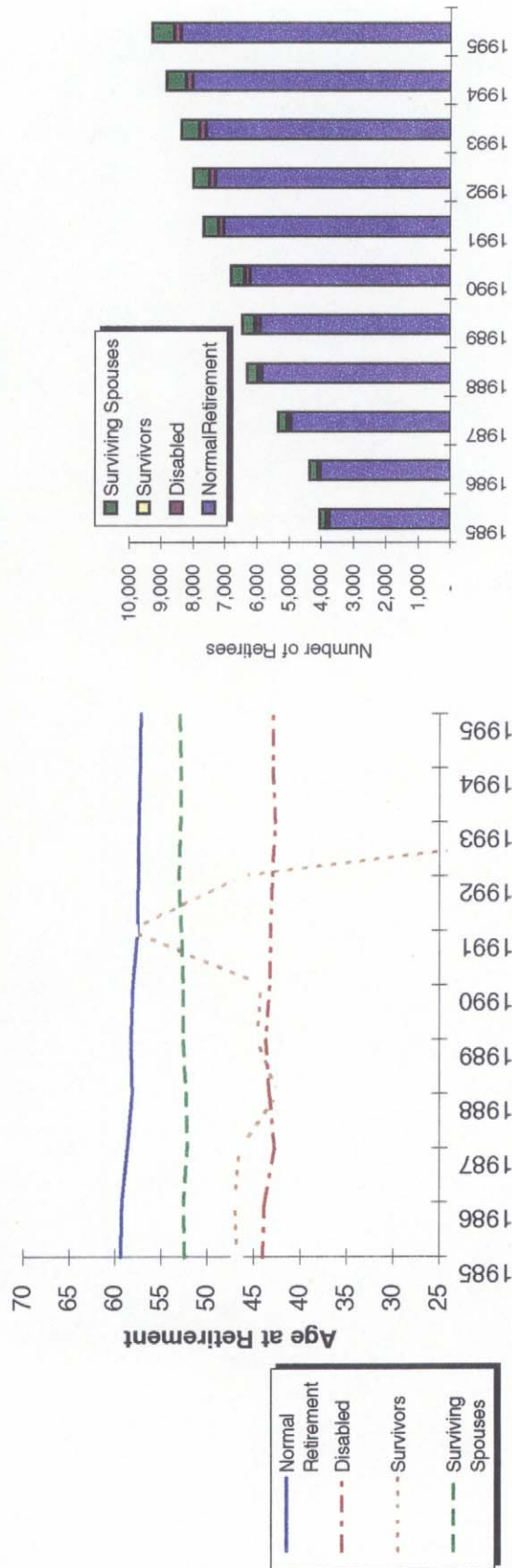
2.2(k) Statistics on All Retirees as of June 30, 1995

	<u>Police & Fire</u>	<u>"Other"</u>
Service Retirement		
(1) Number, June 30, 1994	703	8,020
(2) Net Change During FY95	86	372
(3) Number, June 30, 1995	789	8,392
(4) Average Age At Retirement	50.33	57.20
(5) Average Age Now	57.81	65.73
(6) Average Monthly Benefit	\$ 2,216.63	\$ 1,011.37
Surviving Spouse's Benefits		
(1) Number, June 30, 1994	35	623
(2) Net Change During FY95	4	58
(3) Number, June 30, 1995	39	681
(4) Average Age At Retirement	41.38	53.03
(5) Average Age Now	53.67	64.05
(6) Average Monthly Benefit	\$ 1,468.81	\$ 750.97
Disabilities		
(1) Number, June 30, 1994	62	200
(2) Net Change During FY95	2	8
(3) Number, June 30, 1995	64	208
(4) Average Age At Retirement	40.98	42.90
(5) Average Age Now	45.96	48.42
(6) Average Monthly Benefit	\$ 1,855.20	1,240.14
Total Number of Retirees	892	9,281

State of Alaska -PERS Police/Fire Retirees



State of Alaska - PERS "Other" Retirees



2.2(I) Distribution of Annual Benefits for Police and Fire Benefit Recipients

----- Annual Benefit By Age -----				-- Annual Benefit By Years Since Retirement ---			
Age Groups	Number of People	Total Annual Benefit	Average Annual Benefit	Years Since Retirement	Number of People	Total Annual Benefit	Average Annual Benefit
0-19	0	\$ 0	\$ 0	0	88	\$ 2,421,285	\$ 27,515
20-24	0	0	0	1	76	1,986,757	26,142
25-29	0	0	0	2	49	1,172,133	23,921
30-34	2	37,684	18,842	3	36	757,581	21,044
35-39	12	244,859	20,405	4	102	2,467,047	24,187
40-44	36	870,827	24,190	0- 4	351	8,804,803	25,085
45-49	141	4,466,732	31,679	5- 9	316	8,889,769	28,132
50-54	217	5,870,733	27,054	10-14	120	3,351,819	27,932
55-59	202	5,055,392	25,027	15-19	85	1,705,269	20,062
60-64	129	3,325,504	25,779	20-24	19	324,975	17,104
65-69	89	1,952,622	21,940	25-29	1	22,618	22,618
70-74	41	882,656	21,528	30-34	0	0	0
75-79	18	336,798	18,711	35-39	0	0	0
80+	5	55,446	11,089	40+	0	0	0
Total	892	\$23,099,253	\$ 25,896	Total	892	\$23,099,253	\$ 25,896

Years Since Retirement by Age

----- Years Since Retirement -----										
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	2	0	0	0	0	0	0	0	0	2
35-39	7	4	1	0	0	0	0	0	0	12
40-44	25	8	1	1	1	0	0	0	0	36
45-49	85	45	6	3	2	0	0	0	0	141
50-54	123	84	6	1	2	1	0	0	0	217
55-59	79	93	21	6	3	0	0	0	0	202
60-64	25	54	40	9	1	0	0	0	0	129
65-69	2	22	30	33	2	0	0	0	0	89
70-74	3	6	10	19	3	0	0	0	0	41
75-79	0	0	5	10	3	0	0	0	0	18
80+	0	0	0	3	2	0	0	0	0	5
Total	351	316	120	85	19	1	0	0	0	892

2.2(m) Schedule of Retired Members by Type of Retirant and Option Selected - "Police/Fire" - June 30, 1995

Amount of Monthly Benefit	Number of Retirees	Type of Retirement			Option Selected #			
		1	2	3	Opt. 1	Opt. 2	Opt. 3	Opt. 4
\$ 1 - \$ 300	13	12	1	0	4	5	3	1
301 - 600	49	36	6	7	28	13	5	3
601 - 900	65	61	3	1	40	12	5	8
901 - 1200	65	53	9	3	41	9	8	7
1201 - 1500	64	51	4	9	39	9	7	9
1501 - 1800	81	59	6	16	39	29	9	4
1801 - 2100	91	79	5	7	47	29	9	6
2101 - 2400	89	79	1	9	35	32	12	10
2401 - 2700	88	87	0	1	34	29	11	14
2701 - 3000	93	91	0	2	38	34	8	13
over 3000	194	181	4	9	74	80	20	20
Totals	892	789	39	64	419	281	97	95

Type of Retirement

- 1 - Normal retirement
- 2 - Survivor payment
- 3 - Disability retirement

- Option 1 - Whole Life Annuity
- Option 2 - 75% Joint and Contingent Annuity
- Option 3 - 50% Joint and Contingent Annuity
- Option 4 - 66% Joint and Survivor Annuity

2.2(n) Distribution of Annual Benefits for "Other" Benefit Recipients

----- Annual Benefit By Age -----				-- Annual Benefit By Years Since Retirement ---			
Age Groups	Number of People	Total Annual Benefit	Average Annual Benefit	Years Since Retirement	Number of People	Total Annual Benefit	Average Annual Benefit
0-19	0	\$ 0	\$ 0	0	561	\$ 8,327,704	\$ 14,844
20-24	0	0	0	1	575	7,629,246	13,268
25-29	1	1,669	1,669	2	490	5,614,803	11,459
30-34	9	85,385	9,487	3	450	4,830,938	10,735
35-39	26	317,671	12,218	4	875	11,329,653	12,948
40-44	68	748,529	11,008	0- 4	2,951	37,732,344	12,786
45-49	90	1,190,504	13,228	5- 9	3,170	38,719,784	12,214
50-54	839	8,994,103	10,720	10-14	1,682	19,399,055	11,533
55-59	1,816	23,569,973	12,979	15-19	1,190	12,444,340	10,457
60-64	1,938	25,412,890	13,113	20-24	264	2,507,082	9,497
65-69	1,768	20,483,633	11,586	25-29	21	235,052	11,193
70-74	1,374	15,746,974	11,461	30-34	3	43,298	14,433
75-79	806	9,085,075	11,272	35-39	0	0	0
80+	546	5,444,549	9,972	40+	0	0	0
Total	9,281	\$ 111,080,955	\$11,969	Total	9,281	\$ 111,080,955	\$ 11,969

Years Since Retirement By Age

----- Years Since Retirement -----										
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	1	0	0	0	0	0	0	0	1
30-34	7	2	0	0	0	0	0	0	0	9
35-39	15	8	3	0	0	0	0	0	0	26
40-44	40	21	4	2	1	0	0	0	0	68
45-49	42	31	10	6	1	0	0	0	0	90
50-54	671	136	19	12	1	0	0	0	0	839
55-59	1,071	691	31	18	5	0	0	0	0	1,816
60-64	621	1,009	272	26	8	2	0	0	0	1,938
65-69	374	681	545	163	5	0	0	0	0	1,768
70-74	82	453	440	388	10	1	0	0	0	1,374
75-79	22	115	266	351	52	0	0	0	0	806
80+	6	22	92	224	181	18	3	0	0	546
Total	2,951	3,170	1,682	1,190	264	21	3	0	0	9,281

**2.2(o) Schedule of Retired Members by Type of Retirant
and Option Selected - "Others" - June 30, 1995**

Amount of Monthly Benefit	Number of Retirees	Type of Retirement			Option Selected #			
		1	2	3	Opt. 1	Opt. 2	Opt. 3	Opt. 4
\$ 1 - \$ 300	1,082	911	159	12	720	173	144	45
301 - 600	2,477	2,230	205	42	1,634	414	287	142
601 - 900	1,820	1,681	120	19	1,106	367	187	160
901 - 1200	1,229	1,116	79	34	766	213	141	109
1201 - 1500	853	769	51	33	531	161	91	70
1501 - 1800	517	472	18	27	296	101	64	56
1801 - 2100	417	383	19	15	224	94	56	43
2101 - 2400	280	262	8	10	152	62	33	33
2401 - 2700	219	201	11	7	115	51	30	23
2701 - 3000	131	123	4	4	61	48	15	7
over 3000	256	244	7	5	115	71	40	30
Totals	9,281	8,392	681	208	5,720	1,755	1,088	718

Type of Retirement

- 1 - Normal retirement
- 2 - Survivor payment
- 3 - Disability retirement

- Option 1 - Whole Life Annuity
- Option 2 - 75% Joint and Contingent Annuity
- Option 3 - 50% Joint and Contingent Annuity
- Option 4 - 66⅔% Joint and Survivor Annuity

2.2(p) Schedule of Retirants and Beneficiaries Added to and Removed from Rolls - Police/Fire

Year Ended	Added to Rolls		Removed from Rolls		Rolls - End of Year		Percent Increase in Annual Allowances	Average Annual Allowance
	No.*	Annual Allowances*	No.*	Annual Allowances*	No.	Annual Allowances		
June 30, 1995	95	\$ 2,697,924	3	\$ 85,198	892	\$ 23,099,253	12.8%	\$ 25,896
June 30, 1994	77	2,428,767	4	119,938	800	20,486,527	12.7%	25,608
June 30, 1993	39	982,991	11	212,565	727	18,177,698	4.4%	25,004
June 30, 1992	35	1,202,004	8	195,248	699	17,407,272	6.1%	24,903
June 30, 1991	129	3,408,774	4	95,704	672	16,400,516	25.3%	24,406
June 30, 1990	38	907,997	3	71,784	547	13,087,446	6.8%	23,926
June 30, 1989	128	2,686,748	3	74,724	512	12,251,233	27.1%	23,928
June 30, 1988	72	1,991,318	0	0	387	9,639,209	26.0%	24,908
June 30, 1987	96	3,054,160	82	1,720,032	315	7,647,891	21.1%	24,279
June 30, 1986	36	949,954	2	40,482	301	6,313,763	16.8%	20,976
* Numbers are estimated, and include other internal transfers.								

2.2(q) Schedule of Retirants and Beneficiaries Added to and Removed from Rolls - "Others"

Year Ended	Added to Rolls		Removed from Rolls		Rolls - End of Year		Percent Increase in Annual Allowances	Average Annual Allowance
	No.*	Annual Allowances*	No.*	Annual Allowances*	No.	Annual Allowances		
June 30, 1995	561	\$ 8,327,484	123	\$ 850,316	9,281	\$ 111,080,955	7.2%	\$ 11,969
June 30, 1994	567	7,584,088	100	225,631	8,843	103,603,787	7.6%	11,716
June 30, 1993	464	5,408,670	93	4,057,669	8,376	96,245,330	1.4%	11,491
June 30, 1992	435	8,520,963	116	1,323,560	8,005	94,894,329	8.2%	11,854
June 30, 1991	876	15,277,842	8	85,072	7,686	87,696,926	21.0%	11,410
June 30, 1990	457	5,776,756	94	986,060	6,818	72,504,156	7.1%	10,634
June 30, 1989	352	3,651,450	212	2,225,364	6,455	67,713,460	2.2%	10,490
June 30, 1988	1,014	11,532,405	35	361,515	6,315	66,287,374	20.3%	10,497
June 30, 1987	1,011	14,821,733	31	288,827	5,336	55,116,484	35.8%	10,329
June 30, 1986	416	3,718,750	110	1,029,270	4,356	40,583,578	7.1%	9,317

* Numbers are estimated, and include other internal transfers.

2.3 Actuarial Basis

The demographic assumptions used in this valuation were adopted at the Fall 1991 PERS Board Meeting. Economic assumptions were adopted as a result of a presentation to the Board in October 1994. The funding method used in this valuation was adopted June 30, 1985. The five-year smoothing method used to determine valuation assets was changed effective June 30, 1994.

Valuation of Liabilities

- A. **Actuarial Method** - Projected Unit Credit (no change). Liabilities and contributions shown in the report are computed using the Projected Unit Credit method of funding. The unfunded accrued liability is amortized over a rolling 25 years. Any funded surpluses are amortized over five years.

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

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

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

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

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

- B. **Actuarial Assumptions** -

1. Investment Return 8.00% per year, compounded annually, net of expenses.

2. Salary Scale

Inflation - 4.0% per year
Productivity - 0.5% per year
Merit (first 5 years of employment) - 1.0% per year
3. Total Inflation

Total inflation as measured by the Consumer Price Index for urban and clerical workers for Anchorage is assumed to increase 4% annually.
4. Health Cost Trend

FY96 -	8.5%
FY97 -	7.5%
FY98 -	6.5%
FY99 & later -	5.5%
5. Mortality

1984 Unisex Pension Mortality Table, set forward one year for male and police/fire members, and set backward four years for female members. Deaths are assumed to be occupational 85% of the time for Police/Fire, 35% for "Others".
6. Turnover

Based upon the 1986-90 actual total turnover experience. (See Table 1).
7. Disability

Incidence rates, based upon the 1986-90 actual experience, in accordance with Table 2. Post-disability mortality in accordance with rates published by the Pension Benefit Guaranty Corporation to reflect mortality of those receiving disability benefits under Social Security. Disabilities are assumed to be occupational 85% of the time for Police/Fire, 35% for "Others".
8. Retirement Age

Retirement rates based upon the 1986-90 actual experience in accordance with Table 3.
9. Spouse's Age

Wives are assumed to be four years younger than husbands.
10. Dependent Children

Benefits to dependent children have been valued assuming members who are not single have one dependent child.

- | | | | | | | | |
|--------------------------|---|--------------|-------------|---------|-------------|-------------|-------------|
| 11. Contribution Refunds | 100% of those terminating after age 35 with five or more years of service will leave their contributions in the fund and thereby retain their deferred vested benefit. All others who terminate are assumed to have their contributions refunded. | | | | | | |
| 12. C.O.L.A. | Of those benefit recipients who are eligible for the C.O.L.A., 71% are assumed to remain in Alaska and receive the C.O.L.A. | | | | | | |
| 13. New Entrants | Growth projections are made for the active PERS population under three scenarios:

<table border="0"><tr><td>Pessimistic:</td><td>1% per year</td></tr><tr><td>Median:</td><td>3% per year</td></tr><tr><td>Optimistic:</td><td>5% per year</td></tr></table> | Pessimistic: | 1% per year | Median: | 3% per year | Optimistic: | 5% per year |
| Pessimistic: | 1% per year | | | | | | |
| Median: | 3% per year | | | | | | |
| Optimistic: | 5% per year | | | | | | |
| 14. Expenses | Expenses are covered in the investment return assumption. | | | | | | |

Valuation of Assets

Effective June 30, 1994, the asset valuation method recognizes 20% of the investment gain or loss in each of the current and preceding four years. All assets are valued at market value. Assets are accounted for on an accrued basis and are taken directly from audited financial statements provided by KPMG Peat Marwick. Valuation assets cannot be outside a range of 80% to 120% of the market value of assets.

Valuation of Medical Benefits

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

For FY97, the pre-65 monthly premium is \$497.12 and the post-65 premium is \$189.37, based on an assumed total blended premium of \$380.29. For FY97, the actual blended premium is \$350.50. The FY97 blended premium was provided by the State of Alaska Division of Retirement and Benefits.

Table 1

**Alaska PERS
Total Turnover Assumptions**

Select Rates of Turnover
During the First 10 Years
of Employment

Ultimate Rates of Turnover
After the First 10 Years
of Employment

Police and Fire:

<u>Year of Employment</u>	<u>----- Age at Hire -----</u>			<u>Age</u>	<u>Rate</u>
	<u>20-29</u>	<u>30-39</u>	<u>40+</u>		
1	.22	.18	.10	20-39	.03
2	.19	.13	.10	40+	.01
3	.13	.12	.10		
4	.12	.12	.10		
5	.10	.10	.10		
6	.08	.08	.08		
7	.07	.07	.07		
8	.06	.06	.06		
9	.05	.05	.05		
10	.04	.04	.04		

Others:

<u>Year of Employment</u>	<u>----- Age at Hire -----</u>		<u>Age</u>	<u>Rate</u>
	<u>20-29</u>	<u>30+</u>		
1	.30	.23	20-29	.065
2	.23	.18	30-34	.060
3	.20	.14	35-44	.055
4	.16	.13	45+	.050
5	.16	.13		
6	.14	.13		
7	.12	.12		
8	.11	.11		
9	.09	.09		
10	.08	.08		

Table 2
Alaska PERS
Disability Rates
Annual Rates Per 1,000 Employees

<u>Age</u>	<u>Police & Fire Rate</u>	<u>"Other" Member Rate</u>
20	.85	.14
21	.87	.14
22	.90	.14
23	.94	.15
24	.98	.15
25	1.03	.15
26	1.08	.15
27	1.13	.15
28	1.19	.16
29	1.25	.16
30	1.31	.16
31	1.37	.17
32	1.43	.17
33	1.44	.25
34	1.48	.34
35	1.55	.44
36	1.65	.53
37	1.78	.64
38	1.94	.75
39	2.13	.87
40	2.35	.99
41	2.60	1.12
42	2.88	1.25
43	3.19	1.39
44	3.53	1.53
45	3.90	1.68
46	4.30	1.84
47	4.73	2.00
48	5.19	2.17
49	5.68	2.34
50	6.20	2.52
51	6.75	2.70
52	7.33	2.89
53	7.94	3.08
54	8.58	3.29
55	9.25	3.49
56	9.95	3.70
57	10.68	3.92
58	11.44	4.14
59	12.23	4.37
60	13.05	4.61
61	13.90	4.84
62	14.78	5.09
63	15.69	5.34
64	16.63	5.60

Table 3
Alaska PERS
Retirement Rates

<u>Age</u>	<u>Police & Fire Rate</u>	<u>"Other" Member Rate</u>
50	.25	.11
51	.14	.08
52	.14	.08
53	.15	.08
54	.15	.08
55	.30	.19
56	.25	.16
57	.21	.13
58	.21	.12
59	.20	.11
60	.20	.17
61	.40	.14
62	1.00	.21
63	1.00	.22
64	1.00	.22
65	1.00	.31
66	1.00	.61
67 & Up	1.00	1.00

For ages less than 50, employees are assumed to retire two years after the earliest age they are eligible to retire.

Section 3

Other Historical Information

3.1 shows the analysis of financial experience.

3.2(a) shows the summary of accrued and unfunded accrued liabilities for Police and Fire members.

3.2(b) shows the summary of accrued and unfunded accrued liabilities for "Other" members.

3.3 shows the solvency test.

3.4(a) shows the statement of actuarial present value of accumulated plan benefits for Police and Fire members.

3.4(b) shows the statement of actuarial present value of accumulated plan benefits for "Other" members.

3.1 Analysis of Financial Experience

Change in Average Contribution Rate Due to Gains and Losses in Accrued Liabilities During the Last Five Fiscal Years Resulting From Differences Between Assumed Experience and Actual Experience					
Type of Gain or Loss	Change in Contribution Rate During Fiscal Year				
	95	94	93	92	91
(1) Health Experience	0.0%	.41%	0%	0%	-3.17%
(2) Salary Experience	-.42%	-.55%	-.21%	-.56%	.26%
(3) Investment Experience	-.06%	.37%	-1.41%	-.16%	.48%
(4) Demographic Experience	.24%	.36%	.74%	1.58%	2.02%
(5) Miscellaneous	0%	0%	0%	0%	0%
(6) Gain (or Loss) During Year From Experience, (1)+(2)+(3)+(4)+(5)	-.24%	.59%	-.88%	.86%	-.41%
Non-recurring Items					
(7) Asset Valuation Method	0%	-.56%	0%	-.88%	0%
(8) Assumption Changes	0%	-.71%	0%	0%	.55%
(9) Plan Changes	0%	0%	0%	0%	0%
Composite Gain (or Loss) During Year, (6)+(7)+(8)+(9)	-.24%	-.68%	-.88%	-.02%	.14%

3.2(a) Summary of Accrued and Unfunded Accrued Liabilities - "Police/Fire"

Valuation Date	Aggregate Accrued Liability ('000's)	Valuation Assets ('000's)	Assets as a Percent of Accrued Liability	Unfunded Accrued Liabilities (UAL) ('000's)	Annual Active Member Payroll ('000's)	UAL as a Percent of Annual Active Member Payroll
June 30, 1995	\$ 785,082	\$ 757,221	96.5%	\$ 27,861	\$ 130,204	21.4%
June 30, 1994 ⁽¹⁾⁽²⁾	732,988	694,773	94.8%	38,215	128,456	29.7%
June 30, 1993	639,439	610,149	95.4%	29,290	124,025	23.6%
June 30, 1992 ⁽¹⁾	592,518	540,087	91.2%	52,431	122,762	42.7%
June 30, 1991 ⁽²⁾	523,326	461,103	88.1%	62,223	120,240	51.7%
June 30, 1990	422,275	410,615	97.2%	11,660	105,135	11.1%
June 30, 1989 ⁽²⁾	402,021	368,325	91.6%	33,696	104,000	32.4%
June 30, 1988	324,634	301,780	93.0%	22,854	102,265	22.3%
June 30, 1987	283,535	282,530	99.6%	1,005	100,839	1.0%
June 30, 1986	249,673	254,643	102.0%	0	101,537	0%
* Estimated.						
⁽¹⁾ Change in Asset Valuation Method.						
⁽²⁾ Change of Assumptions.						

3.2(b) Summary of Accrued and Unfunded Accrued Liabilities - "Other"

Valuation Date	Aggregate Accrued Liability ('000's)	Valuation Assets ('000's)	Assets as a Percent of Accrued Liability	Unfunded Accrued Liabilities (UAL) ('000's)	Annual Active Member Payroll ('000's)	UAL as a Percent of Annual Active Member Payroll
June 30, 1995	\$ 4,186,090	\$ 4,037,533	96.5%	\$ 148,557	\$ 1,057,840	14.0%
June 30, 1994 ⁽¹⁾⁽²⁾	3,887,194	3,684,532	94.8%	202,662	1,048,541	19.3%
June 30, 1993	3,486,322	3,326,627	95.4%	159,695	1,011,864	15.8%
June 30, 1992 ⁽¹⁾	3,148,364	2,869,772	91.2%	278,592	961,054	29.0%
June 30, 1991 ⁽²⁾	2,815,819	2,481,018	88.1%	334,801	907,567	36.9%
June 30, 1990	2,331,243	2,266,871	97.2%	64,372	846,935	7.6%
June 30, 1989 ⁽²⁾	2,161,247	1,980,098	91.6%	181,149	808,835	22.4%
June 30, 1988	1,921,949	1,786,648	93.0%	135,301	806,100	16.8%
June 30, 1987	1,621,470	1,615,723	99.6%	5,747	790,463	.7%
June 30, 1986	1,306,937	1,332,956	102.0%	0	788,555	0%
* Estimated.						
⁽¹⁾ Change in Asset Valuation Method.						
⁽²⁾ Change of Assumptions.						

3.3 Solvency Test

Valuation Date	Aggregate Accrued Liability For:			Valuation Assets ('000's)	Portion of Accrued Liabilities Covered by Assets		
	(1) Active Member Contributions ('000's)	(2) Inactive Members ('000's)	(3) Active Members (Employer-Financed Portion) ('000's)		(1)	(2)	(3)
June 30, 1995	\$ 673,196	\$ 2,445,870	\$ 1,852,106	4,794,754	100%	100%	90.5%
June 30, 1994 ⁽¹⁾	615,925	2,233,349	1,770,908	4,379,305	100%	100%	86.4%
June 30, 1993	551,753	1,921,967	1,652,041	3,936,776	100%	100%	88.6%
June 30, 1992 ⁽¹⁾	484,590	1,783,020	1,473,272	3,409,859	100%	100%	77.5%
June 30, 1991 ⁽²⁾	422,656	1,621,590	1,294,899	2,942,121	100%	100%	69.3%
June 30, 1990	380,680	1,285,515	1,087,323	2,677,486	100%	100%	93.0%
June 30, 1989 ⁽²⁾	329,966	1,217,648	1,015,654	2,348,423	100%	100%	78.8%
June 30, 1988	305,483	1,030,048	911,052	2,088,428	100%	100%	82.6%
June 30, 1987	216,504	820,853	867,648	1,898,253	100%	100%	99.2%
June 30, 1986	210,115*	493,724	852,771*	1,587,599	100%	100%	100.0%
* Estimated.							
⁽¹⁾ Change in Asset Valuation Method.							
⁽²⁾ Change of Assumptions.							

3.4(a) Statement of Actuarial Present Value of Accumulated Plan Benefits - "Police/Fire"

Actuarial Present Value of Accumulated Plan Benefits
at June 30, 1995 (000's)

Retired participants and beneficiaries of deceased participants	\$ 330,705
Terminated participants with deferred benefits	18,018
Active participants - Vested	340,135
Active participants - Non-vested	46,313
Total Actuarial Present Value of Accumulated Plan Benefits	\$ 735,171

Notes to the Statement of Accumulated Plan Benefits.

1. The actuarial present value of accumulated plan benefits presented in this statement was determined using the following assumptions:
 - a. Future salary was not considered.
 - b. Future service was considered only to the extent that it would permit active plan participants to become eligible for benefits attributable to service rendered prior to the date of determination.
 - c. Regular valuation assumptions were used as to mortality, withdrawal, retirement ages, disability, and investment return.
2. Accumulated employee contributions with interest total \$100,800(000).
3. As with many of the comparative plan financial relationships otherwise available, an examination, over periods of time, of the relationship between the *value of accumulated plan benefits* and the *value of plan assets* may give an indication of the progress being made toward the funding of plan benefits. However, in the context of a "going concern" environment, a point in time comparison of these two values *should not be construed to be indicative of the expected ability of the plan to pay future benefits when due*. Furthermore, *that comparison is not valid for assessing a plan termination situation*. Consideration of inflation in the assumed return on plan assets while ignoring inflation's effect on future benefit levels *produces a significant understatement of the value of accumulated plan benefits* when applying going concern concepts. *The accumulated plan benefit value presented in this statement should not be confused with information presented elsewhere regarding funding requirements.*

**3.4(a) Statement of Actuarial Present Value
of Accumulated Plan Benefits - "Police/Fire" (continued)**

4. The change in the Present Value of Accumulated
Plan Benefits during the prior fiscal year is as follows:

A.	Actuarial Present Value of Accumulated Plan Benefits at June 30, 1994, (000's)	\$ 662,279
B.	Increase (Decrease) Attributable to:	
i.	Additional Benefits Accumulated, including Actuarial Experience	52,396
ii.	Increase due to Decrease in the Discount Period	51,733
iii.	Estimated Benefits Paid to Participants	(31,237)
iv.	Material System Changes	0
v.	Change in Assumptions	<u>0</u>
C.	Actuarial Present Value of Accumulated Plan Benefits at June 30, 1995 (000's)	\$ 735,171

3.4(b) Statement of Actuarial Present Value of Accumulated Plan Benefits - "Others"

Actuarial Present Value of Accumulated Plan Benefits
at June 30, 1995 ('000's)

Retired participants and beneficiaries of deceased participants	\$ 1,541,657
Terminated participants with deferred benefits	555,490
Active participants - Vested	1,636,670
Active participants - Non-vested	146,292
Total Actuarial Present Value of Accumulated Plan Benefits	\$ 3,880,109

Notes to the Statement of Accumulated Plan Benefits.

1. The actuarial present value of accumulated plan benefits presented in this statement was determined using the following assumptions:
 - a. Future salary was not considered.
 - b. Future service was considered only to the extent that it would permit active plan participants to become eligible for benefits attributable to service rendered prior to the date of determination.
 - c. Regular valuation assumptions were used as to mortality, withdrawal, retirement ages, disability, and investment return.
2. Accumulated employee contributions with interest total \$572,396(000).
3. As with many of the comparative plan financial relationships otherwise available, an examination, over periods of time, of the relationship between the *value of accumulated plan benefits* and the *value of plan assets* may give an indication of the progress being made toward the funding of plan benefits. However, in the context of a "going concern" environment, a point in time comparison of these two values *should not be construed to be indicative of the expected ability of the plan to pay future benefits when due*. Furthermore, *that comparison is not valid for assessing a plan termination situation*. Consideration of inflation in the assumed return on plan assets while ignoring inflation's effect on future benefit levels *produces a significant understatement of the value of accumulated plan benefits* when applying going concern concepts. *The accumulated plan benefit value presented in this statement should not be confused with information presented elsewhere regarding funding requirements.*

3.4(b) Statement of Actuarial Present Value of Accumulated Plan Benefits - "Others" (continued)

4. The change in the Present Value of Accumulated
Plan Benefits during the prior fiscal year is as follows:

A.	Actuarial Present Value of Accumulated Plan Benefits at June 30, 1994, (000's)	\$ 3,362,409
B.	Increase (Decrease) Attributable to:	
i.	Additional Benefits Accumulated, including Actuarial Experience	408,720
ii.	Increase due to Decrease in the Discount Period	262,838
iii.	Estimated Benefits Paid to Participants	(153,858)
iv.	Material System Changes	0
v.	Change in Assumptions	<u>0</u>
C.	Actuarial Present Value of Accumulated Plan Benefits at June 30, 1995 (000's)	\$ 3,880,109