



State of Alaska Public Employees' Retirement System

Actuarial Valuation Report
as of June 30, 2011

July 2012

buckconsultants®

Submitted By:
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State of Alaska Public Employees' Retirement System

Table of Contents

Letter of Certification	
Executive Summary	1
Comparative Summary of Key Actuarial Valuation Results	9
Section 1: Actuarial Funding Results	11
1.1 Actuarial Liabilities and Normal Cost.....	12
1.2 Actuarial Contributions	18
1.3 Actuarial Gain / (Loss)	27
1.4 Analysis of Financial Experience	28
1.5 History of UAAL and Funded Ratio	31
Section 2: Plan Assets	32
2.1 Summary of Fair Value of Assets.....	33
2.2 Changes in Fair Value of Assets.....	34
2.3 Actuarial Value of Assets	35
2.4 Historical Rate of Return	37
Section 3: Accounting Information	38
3.1 Schedule of Funding Progress	39
3.2 Schedule of Employer Contributions.....	42
3.3 Notes to Trend Data	44
3.4 Solvency Test	45
Section 4: Actuarial Funding Projections	48
4.1 Projection Assumptions and Methods	49
4.2 Membership Projection	50
4.3 Projection of Employer/State Contribution Rates	53
4.4 Projection of Employer/State Contribution Amounts	54
4.5 Projection of Funding Ratios	55
4.6 Table of Projected Actuarial Results	56
4.7 Sensitivity Analysis	58

State of Alaska Public Employees' Retirement System

Table of Contents

(continued)

Section 5: Member Data	59
5.1 Summary of Members Included	60
5.2 Age and Service Distribution of Active Members	64
5.3 Member Data Reconciliation	66
5.4 Schedule of Active Member Data	67
5.5 Summary of New Pension Benefit Recipients	69
5.6 Summary of All Pension Benefit Recipients	73
5.7 Schedule of Pension Benefit Recipients by Type of Pension Benefit and Option Elected	78
5.8 Pension Benefit Recipients Added to and Removed from Rolls	80
Section 6: Basis of the Actuarial Valuation.....	82
6.1 Summary of Plan Provisions and Changes in Benefits	83
6.2 Description of Actuarial Methods and Valuation Procedures	92
6.3 Summary of Actuarial Assumptions and Changes	98
Glossary	112

July 25, 2012

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 annual actuarial valuation results of the State of Alaska Public Employees' Retirement System (PERS) as of June 30, 2011 performed by Buck Consultants, LLC.

The actuarial valuation is based on financial information provided in the financial statements audited by KPMG LLP and member data provided by the Division of Retirement and Benefits and summarized in this report. The benefits considered are those delineated in Alaska statutes effective June 30, 2011. The actuary did not verify the data submitted, but did perform tests for consistency and reasonableness.

All costs, liabilities and other factors under the System 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. Buck Consultants, LLC is solely responsible for the actuarial data and actuarial results presented in this report. This report fully and fairly discloses the actuarial position of the System.

The State of Alaska Public Employees' Retirement System is funded by Employer, State, and Member Contributions in accordance with the funding policy adopted by the Alaska Retirement Management Board (Board). The funding objective for the State of Alaska Public Employees' Retirement System is to pay required contributions that remain level as a percent of total PERS 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, System expenses, and amortize the Unfunded Actuarial Accrued Liability as a level percent of total PERS Compensation over a closed 25-year period. The compensation used to determine required contributions is the total compensation of all active members in PERS, including those hired after July 1, 2006 who are members of the Defined Contribution Retirement (DCR) Plan. This objective is currently being met and is projected to continue to be met.

In our opinion, the actuarial assumptions used are reasonable, taking into account the experience of the System and reasonable long-term expectations, and represent our best estimate of the anticipated long-term experience under the System. The actuary performs an analysis of System 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 experience analysis was performed in 2010. A summary of the actuarial assumptions and methods used in this actuarial valuation are shown in Section 6 beginning on page 82.

The assumptions and methods used to determine the Annual Required Contributions (ARC) of the Employers to the State of Alaska Public Employees' Retirement System as outlined in this report and all supporting schedules meet the parameters and requirements for disclosure of Governmental Accounting Standards Board (GASB) Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. Based on member data and asset information provided by the Division of Retirement and Benefits, we have prepared the Schedule of Funding Progress, Schedule of Employer Contributions, and trend data schedules under GASB Nos. 25 and 43 that are included in the Financial Section of the CAFR. We have also prepared the member data tables shown in Section 5 of this report for the Statistical Section of the CAFR, and the summary of actuarial assumptions, solvency test, and analysis of financial experience for the Actuarial Section of the CAFR.

The undersigned are Enrolled Actuaries, a Fellow and an Associate of the Society of Actuaries and Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained in this report. This report has been prepared in accordance with all Applicable Actuarial Standards of Practice. We are available to answer any questions on the material contained in the report, or to provide explanations or further details as may be appropriate.

Respectfully submitted,

BUCK CONSULTANTS, LLC



David H. Sliskinsky, ASA, EA, MAAA
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Michael D. Mills, FSA, EA, MAAA
Director, Consulting Actuary

The Alaska Retirement Management Board, The Department of Revenue and
The Department of Administration
July 25, 2012
Page 2

The undersigned actuaries are responsible for all assumptions related to the average annual per capita health claims cost and the health care cost trend rates, and hereby affirms their qualification to render opinions in such matters, in accordance with the qualification standards of the American Academy of Actuaries.



Melissa Bissett, FSA, MAAA
Senior Consultant, Health & Productivity

State of Alaska Public Employees' Retirement System

EXECUTIVE SUMMARY

Overview

The State of Alaska Public Employees' Retirement System provides pension and postemployment healthcare benefits to eligible participants. The Commissioner of the Department of Administration is responsible for administering the System. The Alaska Retirement Management Board has fiduciary responsibility over the assets of the System. This report presents the results of the actuarial valuation of the System benefits as of the valuation date of June 30, 2011.

Purpose

An actuarial valuation is performed on the retirement plan annually as of the beginning of the fiscal 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 System;
2. To disclose the funding assets and liability measures as of the valuation date;
3. To disclose the accounting measures for the System required by GASB Nos. 25 and 43 as of the end of the last fiscal year;
4. To review the current funded status of the System;
5. To compare actual and expected experience under the System during the last fiscal year;
6. And 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 PERS based on the plan provisions, membership, assets, and actuarial assumptions as of the valuation date. Actuarial projections are also performed to provide a long-term view of the expected future funding status and contribution patterns (see Section 4 beginning on page 48).

Funding Status

The funding status is a measure of the progress that has been made in funding the plan as of the valuation date. It is determined as a ratio of the actuarial value of assets divided by the total actuarial accrued liability on the valuation date. A ratio of over 100% represents a plan that is ahead in funding, and a ratio of less than 100% represents a plan that is behind in funding on the valuation date. A comparative summary of the funding ratio from the prior and current actuarial valuations follows:

Funding Status as of June 30¹	2010	2011
(a) Accrued Liability ²	\$ 18,132,492	\$ 18,740,550
(b) Valuation Assets ²	<u>11,157,464</u>	<u>11,813,774</u>
(c) Unfunded Accrued Liability ² , (a) – (b)	\$ 6,975,028	\$ 6,926,776
(d) Funding Ratio based on Valuation Assets, (b) ÷ (a)	61.5%	63.0%
(e) Fair Value of Assets ²	\$ 9,572,608	\$ 11,388,620
(f) Funding Ratio based on Fair Assets, (e) ÷ (a)	52.8%	60.8%

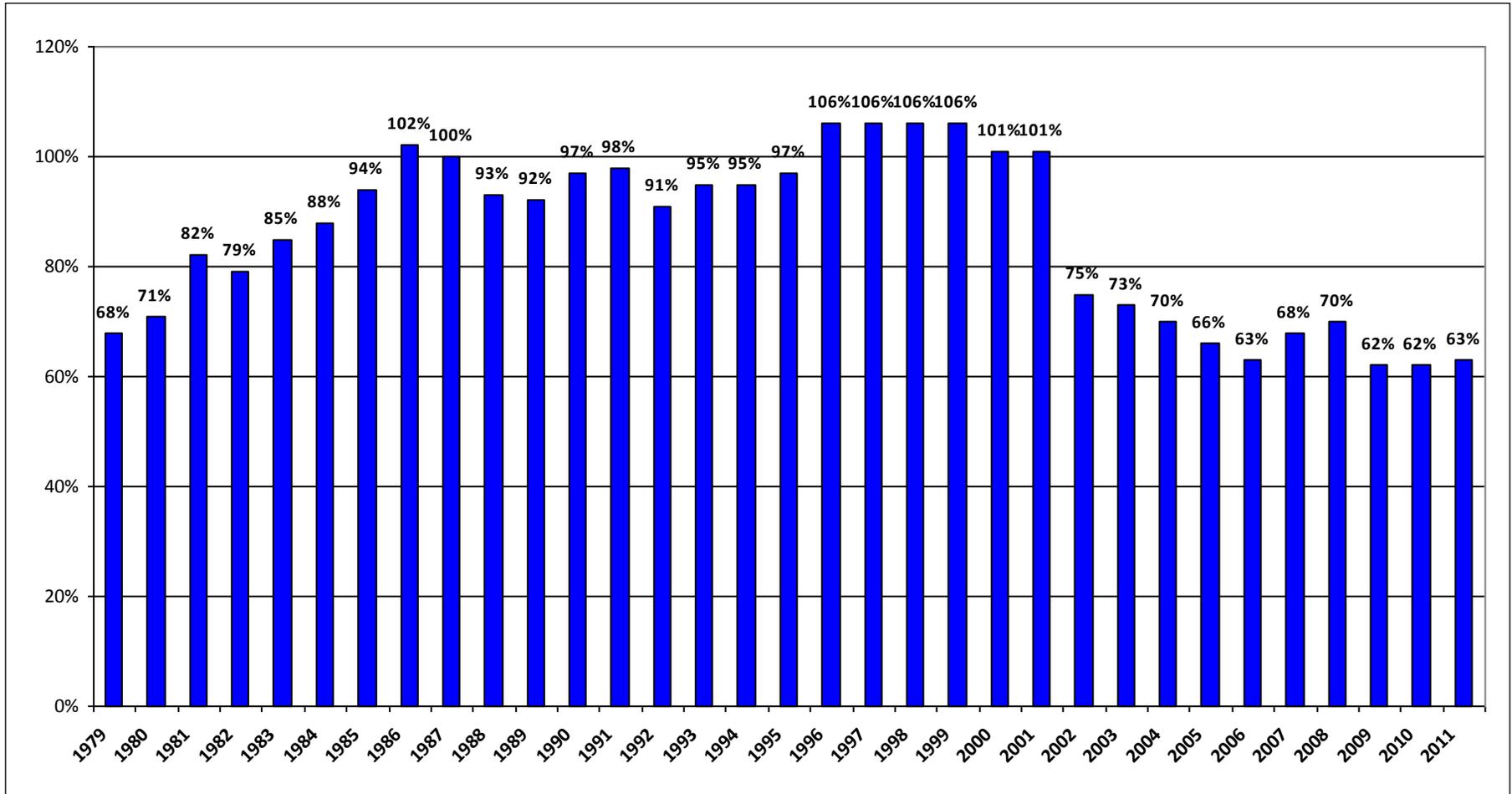
¹ Includes pension and healthcare benefits.

² In thousands.

State of Alaska Public Employees' Retirement System

Executive Summary (cont'd)

PERS Funding Ratio History (Based on Valuation Assets)



State of Alaska Public Employees' Retirement System

Executive Summary (cont'd)

As shown previously, the funding ratio based on valuation assets as of June 30, 2011 has increased from 61.5% to 63.0%, an increase of 1.5%. The calculated Employer/State contribution rate has decreased from 32.83% of payroll for FY13 to 32.31% for FY14, a decrease of 0.52% of payroll. The reasons for the change in the funded status and contribution rate are explained below.

(1) Retiree Medical Costs and Assumptions

The following table summarizes the monthly premium per benefit recipient since 1977.

Time Period	Monthly Premium Per Retiree For Health Coverage	Annual Percentage Change	Average Compound Annual Increase Since FY78
2/1/77-1/31/78	\$ 57.64	66%	--
2/1/78-1/31/79	69.10	20%	20%
2/1/79-1/31/80	64.70	-6%	6%
2/1/80-1/31/81	96.34	49%	19%
2/1/81-1/31/82	96.34	0%	14%
2/1/82-1/31/83	115.61	20%	15%
2/1/83-1/31/84	156.07	35%	18%
2/1/84-1/31/85	191.85	23%	19%
2/1/85-1/31/86	168.25	-12%	14%
2/1/86-1/31/87	165.00	-2%	12%
2/1/87-1/31/88	140.25	-15%	9%
2/1/88-1/31/89	211.22	51%	13%
2/1/89-1/31/90	252.83	20%	13%
2/1/90-1/31/91	243.98	-4%	12%
2/1/91-1/31/92	243.98	0%	11%
2/1/92-1/31/93	226.90	-7%	10%
2/1/93-1/31/94	309.72	37%	11%
2/1/94-1/31/95	336.05	9%	11%
2/1/95-1/31/96	350.50	4%	11%
2/1/96-1/31/97	350.50	0%	10%
2/1/97-1/31/98	368.00	5%	10%
2/1/98-12/31/98	368.00	0%	9%
1/1/99-12/31/99	442.00	20%	10%
1/1/00-12/31/00	530.00	20%	10%
1/1/01-12/31/01	610.00	15%	10%
1/1/02-12/31/02	668.00	10%	10%
1/1/03-12/31/03	720.00	8%	10%
1/1/04-12/31/04	806.00	12%	10%
1/1/05-12/31/05	850.00	5%	10%
1/1/06-12/31/06	876.00	3%	10%
1/1/07-12/31/07	876.00	0%	10%
1/1/08-12/31/08	876.00	0%	9%
1/1/09-12/31/09	937.00	7%	9%
1/1/10-12/31/10	1,068.00	14%	9%
1/1/11-12/31/11	1,176.00	10%	9%
1/1/12-12/31/12	1,200.00	2%	9%

As shown in the above table, the monthly retiree medical premium for the January 1, 2012 to December 31, 2012 time period will increase to \$1,200. This represents an increase of 2% from the previous year's medical premium of \$1,176. The health cost trend rates used for this valuation are described in Section 6.3. Over the last 10 years, annual premium rate changes have ranged from no change to up to 14%. Also, over the last ten years, the increase in the premium rate has been about 6.0% compounded annually.

Executive Summary (cont'd)

An analysis of medical costs was completed based on claims information and enrollment data provided by Wells Fargo Insurance Services (WFIS). Costs for medical services and prescriptions were analyzed separately, and separate trend rates were developed to project expected future medical and prescription costs. An offset for costs expected to be reimbursed by Medicare was incorporated beginning at age 65. Average medical claims were then distributed across the population based on expected increases in medical expenses that occur with age.

For the 2011 valuation, we updated claims cost and Medicare offset analyses using fiscal year 2011 claims and enrollment information. For Medicare Part B only participants, we were provided a census, from WFIS, of all current retirees that do not have Medicare Part A. 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. The assumed lag used to adjust claims data from a paid to incurred basis reflects the results of our June 30, 2011 lag study. Assumed lag from incurred date to paid claim is approximately 2.0 months for medical claims and 0.04 months for prescription claims. Composite lag for combined medical and prescription claims is about 1.4 months, shorter than the 2-month composite lag assumption (1.6) used for our 2010 valuation. The trend assumption is based on the Society of Actuaries' Healthcare Cost Trend Model as adopted by the ARM Board at their December 5, 2008 meeting. The trend rate varies by year declining to 5.1% over 100 years. The trends vary by medical and prescription drugs until 2012, at which point the same trends are used for both benefit types.

Individual claim level detail from WFIS and Premera were obtained for fiscal years 2008 and 2009 (Premera) and fiscal years 2010 and 2011 (WFIS). This data was reviewed and compared to management level reporting supplied by WFIS. For the 2011 valuation, we have not modified any management level reporting information used to develop per capita claim cost rates. However, we will continue to compare data from both sources and potentially modify future claims cost rate derivation to reflect salient information at the individual claimant level that may enhance global management level data. For the 2011 valuation, we do not recommend any changes to morbidity assumptions used to project increasing claims costs as members age. However, we will continue to compare age-based claims costs derived from individual claimant data to the current morbidity curve and potentially modify the assumed aging impact on claims costs in future valuations. Finally, explicit third-party administration (TPA) costs were added to medical and prescription claims cost rates. Per-member TPA costs are derived from the current WFIS contract and are projected to increase at the assumed rate of 5% per year.

Executive Summary (Cont'd)

Since 2004, the funding valuation also reflects the impact of the Medicare Part D Retiree Drug Subsidy (RDS) in the projection of prescription drug benefit costs. Buck's actuaries have attested that the prescription drug benefits meet the actuarial equivalence requirements and the plan qualifies to receive the RDS under the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA) for calendar 2011 and 2012. Based on current plan provisions and utilization data, we anticipate the plan will continue to qualify for RDS payments. The State has shared its payments for calendar 2006 through calendar 2010 and this information was used to estimate future RDS payments in this valuation. Please note, Part D subsidies are not reflected for accounting purposes under GASB No. 43.

Utilization and claims cost data indicate that healthcare experience emerging since the prior valuation is improving slightly. A large portion of the historical unfavorable experience is due to members with chronic diseases (diabetes, ESRD, etc.), and the corresponding large claims that accompany those diseases. Due to the nature of these diseases, it is expected that the State will have these members as benefit recipients for some time, and that costs may be able to be controlled, but not eliminated. With the introduction of a health improvement plan for State employees, as well as disease management provided by the TPA, it is hoped that the incidence of the most severe and costly chronic conditions can be reduced to a more manageable and stable level. As with the prior valuation, a weighting methodology is employed, where each of the experience years is weighted appropriately, with more emphasis on the most recent two years, when calculating the claims costs. This has the effect of preventing any one year from unduly influencing the claims costs. In the current valuation, we averaged national trend assumptions with Alaska-specific trend, with 75% weight to Alaska-specific trend and 25% to national trend, during the experience period to give more credibility to Alaska-specific experience while still reflecting national trends.

State of Alaska Public Employees' Retirement System

Executive Summary (cont'd)

The following table summarizes data sources and assumptions and the relative impact changes in each have on healthcare cost projections for 2011 as compared to 2010:

Healthcare Cost Rate Data Source or Assumption Change, 2011 vs. 2010	Gain / Loss Impact on 2011 Valuation Results
Claim lag specific to medical and prescription experience (2.0 months for medical and 0.04 months for Rx versus 2.4 and 0.15 respectively)	Negligible
Individual claims level data	<ul style="list-style-type: none"> – No impact on cost data used for 2011, though potentially a source of future modifications – No impact on morbidity assumptions used for 2011, though potentially a source of future modifications
Explicit TPA fees	Negligible
Actual RDS payments received	Negligible
Averaging Alaska-specific trend during the experience period with Health Care Cost Trend Rates (HCCTR) used to bring prior data forward to the valuation year	No change
Aggregate claims data	Moderate gain due to experience, but dampened by weighting methodology
Census Data – Medicare Part B only participation	Gain due to fewer Medicare Part B only participants, refined future Part B only participation assumption

Executive Summary (cont'd)

(2) Investment Experience

The approximate FY11 investment return based on fair values was 20.4% compared to the expected investment return of 8.00%. This resulted in a gain of approximately \$1,196 million to the System from investment experience. The asset valuation method recognizes 20 % of this gain (\$239.3 million) this year and an additional 20 % in each of the next 4 years. In addition, 20 % of the FY07 investment gain, 20 % of the FY08 investment loss, 20% of the FY09 investment loss, and 20% of the FY10 investment gain were recognized this year. The approximate FY11 asset return based on actuarial values was 7.2%, compared to the expected asset return of 8.00%. The net result was an asset loss of \$90.2 million which decreased the funding ratio by 0.4% and increased the Employer/State contribution rate by 0.26%.

(3) Salary Increase

During the period from June 30, 2010 to June 30, 2011, salary increases for continuing active members were more than anticipated in the valuation assumptions. Higher accrued liabilities caused the funding ratio to decrease by 0.3%. The net effect of the salary loss was an increase of 0.31% in the Employer/State contribution rate.

(4) Demographic Experience

Section 5 provides statistics on active participants. The number of active participants decreased 7.7%, from 26,442 at June 30, 2010 to 24,393 at June 30, 2011 due to members retiring and terminating during the year and the closure of the plan to new entrants as of July 1, 2006. The average age of active participants increased from 48.58 to 49.22 and average credited service increased from 11.84 to 12.60 years.

The number of benefit recipients increased 4.3%, from 26,237 to 27,359, and their average age increased from 66.71 to 67.05. There was a 2.6% increase in the number of vested terminated participants from 6,253 to 6,414. Their average age increased from 49.90 to 50.29.

The overall effect of these participant data changes along with the healthcare experience was an actuarial gain to the System, resulting in a decrease in the Employer/State contribution rate equal to 1.53% of total payroll. Most of this gain is due to PRPAs which were less than expected and spreading the unfunded contribution over a larger payroll base. As a result, expected benefit payments for FY11 and future years are reduced. The gain/loss by decrement on the accrued liability is shown in the summary on page 10.

Executive Summary (cont'd)

(5) Effect of the Two-Year Delay in the Contribution Rate

As of June 30, 2010, the actuarially calculated rate was 32.83% for FY13 Employer/State contributions. Since Employer/State contribution rates are determined two years prior to the fiscal year, the June 30, 2008 employer rate of 27.96% was contributed during FY11. The difference between the two calculated rates, 32.83% and 27.96%, or an actuarial contribution rate of 4.87% less than the actuarial rate, created a contribution deficit to the System. This deficit increased the Employer/State contribution rate by 0.44%.

(6) Actuarial Projections

At the Fall 1991 Board Meetings, the PERS Board approved the use of an enhanced actuarial projection system. The same actuarial cost method is used, but the enhanced system projects the associated liabilities into the future. In 2010, the projection period was expanded from 30 years to 60 years. By also projecting plan assets, this report in effect produces an actuarial valuation for each of the next 60 years. Section 4, Actuarial Funding Projections, contains the results of this analysis.

This type of information can be especially useful to multi-tiered systems, such as PERS. No new DB plan entrants are anticipated. The total active population including both DB and DCR members is expected to grow at 1%. All future demographic assumptions are expected to be exactly realized.

(7) Changes in Methods Since the Prior Valuation

There have been no changes in methods since the prior valuation.

(8) Changes in Assumptions Since the Prior Valuation

There have been no changes in in assumptions since the prior valuation, except for the assumption regarding Medicare Part B only participation for pre-65 retirees and active members. We now determine the Part B only status based on number of quarters worked since date of hire or re-hire where applicable.

(9) Changes in Benefit Provisions Since the Prior Valuation

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

State of Alaska Public Employees' Retirement System

Comparative Summary of Key Actuarial Valuation Results

Employer/State Contribution Rates for Pension for Fiscal Year:

	2013	2014
(a) Normal Cost Rate Net of Member Contributions	2.55%	2.79%
(b) Past Service Rate	<u>12.90%</u>	<u>13.68%</u>
(c) Total Employer/State Contribution Rate (a) + (b)	15.45%	16.47%

Employer/State Contribution Rates for Postemployment Healthcare for Fiscal Year:

	2013	2014
(a) Normal Cost Rate	6.12%	5.33%
(b) Past Service Rate	<u>11.26%</u>	<u>10.51%</u>
(c) Total Employer/State Contribution Rate (a) + (b)	17.38%	15.84%

Total Employer/State Contribution Rates for Fiscal Year:

	2013	2014
(a) Normal Cost Rate Net of Member Contributions	8.67%	8.12%
(b) Past Service Rate	<u>24.16%</u>	<u>24.19%</u>
(c) Total Employer/State Contribution Rate (a) + (b)	32.83%	32.31%
(d) Board Adopted Total Employer/State Contribution Rate	32.83%	32.31%
(e) Defined Contribution Retirement (DCR) Rate Paid by Employers	<u>3.01%</u>	<u>3.37%</u>
(f) Board Adopted Total Rate, Including DCR Rate Paid by Employers (d) + (e)	35.84%	35.68%

Contribution rates are based on total salaries for DB and DC plan members, combined.

The rates shown above are for funding purposes which differ from the Annual Required Contribution for GASB Nos. 25 and 43 reporting purposes. Under GASB No. 43, postemployment healthcare liabilities are gross of the retiree drug subsidy and are calculated with a discount rate for a partially funded plan. Under both GASB Nos. 25 and 43, the amortization of the unfunded liabilities is calculated as a level dollar amount.

Contribution rates are based on Employer contribution rates as limited by State statute, and include the additional State contribution required under SB 125.

State of Alaska Public Employees' Retirement System

Comparative Summary of Key Actuarial Valuation Results

Summary of Actuarial Gain/(Loss) and Other Changes During the Year

The following table summarizes the sources of change in the total Employer/State contribution rate based on DB and DCR payroll combined:

	<u>Pension</u>	<u>Healthcare</u>	<u>Total</u>
1. Last year's total Employer/State contribution rate	15.45%	17.38%	32.83%
2. Change due to:			
a. Effect of two-year delay in the contribution rate	0.42%	0.02%	0.44%
b. Investment experience	0.00%	0.26%	0.26%
c. Salary increases	0.31%	N/A	0.31%
d. Demographic and medical experience ¹	<u>0.29%</u>	<u>(1.82)%</u>	<u>(1.53)%</u>
e. Total change ($a + b + c + d$)	1.02%	(1.54)%	(0.52)%
3. Total Employer/State contribution rate this year ($1 + 2e$)	16.47%	15.84%	32.31%

The following table shows the gain/(loss) on total accrued liability (in thousands):

	<u>Pension</u>	<u>Healthcare</u>	<u>Total</u>	<u>% of Total Expected Accrued Liability</u>
- Retirement Experience	\$ (8,116)	\$ 38,051	\$ 29,935	0.2%
- Termination Experience	(39,980)	(801)	(40,781)	(0.2%)
- Active Mortality Experience	5,764	3,866	9,630	0.1%
- Inactive Mortality Experience	(7,784)	3,331	(4,453)	nil
- Disability Experience	177	(951)	(774)	nil
- Rehires	(25,953)	(24,647)	(50,600)	(0.3%)
- Other Demographic Experience	(42,015)	(28,778)	(70,793)	(0.4%)
- Salary Increases	(13,845)	N/A	(13,845)	(0.1%)
- Alaska COLA	4,482	N/A	4,482	nil
- PRPA Other Than Expected	34,737	N/A	34,737	0.2%
- Medical Claims Costs	N/A	107,501	107,501	0.6%
- More precise data regarding which members are eligible for Part B only	N/A	291,475	291,475	1.5%
- Total	<u>\$ (92,533)</u>	<u>\$ 389,047</u>	<u>\$ 296,514</u>	<u>1.6%</u>

¹ Includes changes in future healthcare claims costs.

Section 1

Actuarial Funding Results

State of Alaska Public Employees' Retirement System

Section 1.1

Actuarial Liabilities and Normal Cost - Peace Officer/Firefighter (\$'s in 000's)

As of June 30, 2011	Present Value of Projected Benefits	Accrued (Past Service) Liability
Active Members		
Retirement Benefits	\$ 743,073	\$ 589,967
Termination Benefits	31,641	13,181
Disability Benefits	7,523	(559)
Death Benefits	10,655	5,134
Return of Contributions	5,950	(5,076)
Medical and Prescription Drug Benefits	393,012	316,778
Medicare Part D Subsidy	(21,230)	(17,065)
Indebtedness	(8,536)	(8,536)
Subtotal	\$ 1,162,088	\$ 893,824
Inactive Members		
Not Vested	\$ 2,170	\$ 2,170
Vested Terminations		
- Retirement Benefits	18,214	18,214
- Medical and Prescription Drug Benefits	29,364	29,364
- Medicare Part D Subsidy	(1,594)	(1,594)
- Indebtedness	(408)	(408)
Retirees & Beneficiaries		
- Retirement Benefits	1,066,978	1,066,978
- Medical and Prescription Drug Benefits	506,402	506,402
- Medicare Part D Subsidy	(35,250)	(35,250)
Subtotal	\$ 1,585,876	\$ 1,585,876
Total	\$ 2,747,964	\$ 2,479,700
Total Pension	\$ 1,877,260	\$ 1,681,065
Total Medical, Net of Part D Subsidy	\$ 870,704	\$ 798,635
Total Medical, Gross of Part D Subsidy	\$ 928,778	\$ 852,544

State of Alaska Public Employees' Retirement System

Section 1.1 (cont'd)

Actuarial Liabilities and Normal Cost – Peace Officer/Firefighter (cont'd) (\$'s in 000's)

As of June 30, 2011	Present Value of Projected Benefits	Accrued (Past Service) Liability
By Tier		
Tier 1		
- Pension	\$ 1,059,585	\$ 1,050,929
- Medical, Net of Part D Subsidy	471,501	466,313
Tier 2		
- Pension	428,580	383,058
- Medical, Net of Part D Subsidy	187,740	174,873
Tier 3		
- Pension	389,095	247,078
- Medical, Net of Part D Subsidy	211,463	157,449
Total	\$ 2,747,964	\$ 2,479,700

As of June 30, 2011	Normal Cost
Active Members	
Retirement Benefits	\$ 20,679
Termination Benefits	2,532
Disability Benefits	1,106
Death Benefits	768
Return of Contributions	1,475
Medical and Prescription Drug Benefits	12,336
Medicare Part D Subsidy	(671)
Subtotal	\$ 38,225
Total	\$ 38,225
Total Pension	\$ 26,560
Total Medical, Net of Part D Subsidy	\$ 11,665
Total Medical, Gross of Part D Subsidy	\$ 12,336

By Tier	
Tier 1	
- Pension	\$ 2,245
- Medical, Net of Part D Subsidy	1,404
Tier 2	
- Pension	7,835
- Medical, Net of Part D Subsidy	2,483
Tier 3	
- Pension	16,480
- Medical, Net of Part D Subsidy	7,778
Total	\$ 38,225

State of Alaska Public Employees' Retirement System

Section 1.1 (cont'd)

Actuarial Liabilities and Normal Cost – Others (\$'s in 000's)

As of June 30, 2011	Present Value of Projected Benefits	Accrued (Past Service) Liability
Active Members		
Retirement Benefits	\$ 4,193,068	\$ 3,581,338
Termination Benefits	339,223	181,586
Disability Benefits	16,068	1,286
Death Benefits	67,235	45,545
Return of Contributions	52,512	(72,546)
Medical and Prescription Drug Benefits	3,470,111	2,894,463
Medicare Part D Subsidy	(222,353)	(185,518)
Indebtedness	(69,790)	(69,790)
Subtotal	\$ 7,846,074	\$ 6,376,364
Inactive Members		
Not Vested	\$ 69,010	\$ 69,010
Vested Terminations		
- Retirement Benefits	468,893	468,893
- Medical and Prescription Drug Benefits	950,849	950,849
- Medicare Part D Subsidy	(51,526)	(51,526)
- Indebtedness	(11,929)	(11,929)
Retirees & Beneficiaries		
- Retirement Benefits	5,044,589	5,044,589
- Medical and Prescription Drug Benefits	3,711,262	3,711,262
- Medicare Part D Subsidy	(296,662)	(296,662)
Subtotal	\$ 9,884,486	\$ 9,884,486
Total	\$ 17,730,560	\$ 16,260,850
Total Pension	\$ 10,168,879	\$ 9,237,982
Total Medical, Net of Part D Subsidy	\$ 7,561,681	\$ 7,022,868
Total Medical, Gross of Part D Subsidy	\$ 8,132,222	\$ 7,556,574

State of Alaska Public Employees' Retirement System

Section 1.1 (cont'd)

Actuarial Liabilities and Normal Cost – Others (cont'd) (\$'s in 000's)

As of June 30, 2011	Present Value of Projected Benefits	Accrued (Past Service) Liability
By Tier		
Tier 1		
- Pension	\$ 6,129,805	\$ 5,983,699
- Medical, Net of Part D Subsidy	4,306,149	4,170,132
Tier 2		
- Pension	2,335,422	2,080,500
- Medical, Net of Part D Subsidy	1,769,211	1,655,626
Tier 3		
- Pension	1,703,652	1,173,783
- Medical, Net of Part D Subsidy	1,486,321	1,197,110
Total	\$ 17,730,560	\$ 16,260,850

As of June 30, 2011	Normal Cost
Active Members	
Retirement Benefits	\$ 100,777
Termination Benefits	21,828
Disability Benefits	2,196
Death Benefits	3,381
Return of Contributions	18,226
Medical and Prescription Drug Benefits	111,269
Medicare Part D Subsidy	(6,994)
Subtotal	\$ 250,683
Total	\$ 250,683
Total Pension	\$ 146,408
Total Medical, Net of Part D Subsidy	\$ 104,275
Total Medical, Gross of Part D Subsidy	\$ 111,269

By Tier	
Tier 1	
- Pension	\$ 33,106
- Medical, Net of Part D Subsidy	33,450
Tier 2	
- Pension	40,309
- Medical, Net of Part D Subsidy	20,860
Tier 3	
- Pension	72,993
- Medical, Net of Part D Subsidy	49,965
Total	\$ 250,683

State of Alaska Public Employees' Retirement System

Section 1.1 (cont'd)

Actuarial Liabilities and Normal Cost – All Members (\$'s in 000's)

As of June 30, 2011	Present Value of Projected Benefits	Accrued (Past Service) Liability
Active Members		
Retirement Benefits	\$ 4,936,141	\$ 4,171,305
Termination Benefits	370,864	194,767
Disability Benefits	23,591	727
Death Benefits	77,890	50,679
Return of Contributions	58,462	(77,622)
Medical and Prescription Drug Benefits	3,863,123	3,211,241
Medicare Part D Subsidy	(243,583)	(202,583)
Indebtedness	(78,326)	(78,326)
Subtotal	\$ 9,008,162	\$ 7,270,188
Inactive Members		
Not Vested	\$ 71,180	\$ 71,180
Vested Terminations		
- Retirement Benefits	487,107	487,107
- Medical and Prescription Drug Benefits	980,213	980,213
- Medicare Part D Subsidy	(53,120)	(53,120)
- Indebtedness	(12,337)	(12,337)
Retirees & Beneficiaries		
- Retirement Benefits	6,111,567	6,111,567
- Medical and Prescription Drug Benefits	4,217,664	4,217,664
- Medicare Part D Subsidy	(331,912)	(331,912)
Subtotal	\$ 11,470,362	\$ 11,470,362
Total	\$ 20,478,524	\$ 18,740,550
Total Pension	\$ 12,046,139	\$ 10,919,047
Total Medical, Net of Part D Subsidy	\$ 8,432,385	\$ 7,821,503
Total Medical, Gross of Part D Subsidy	\$ 9,061,000	\$ 8,409,118

State of Alaska Public Employees' Retirement System

Section 1.1 (cont'd)

Actuarial Liabilities and Normal Cost – All Members (cont'd) (\$'s in 000's)

As of June 30, 2011	Present Value of Projected Benefits	Accrued (Past Service) Liability
By Tier		
Tier 1		
- Pension	\$ 7,189,390	\$ 7,034,628
- Medical, Net of Part D Subsidy	4,777,650	4,636,445
Tier 2		
- Pension	2,764,002	2,463,558
- Medical, Net of Part D Subsidy	1,956,951	1,830,499
Tier 3		
- Pension	2,092,747	1,420,861
- Medical, Net of Part D Subsidy	1,697,784	1,354,559
Total	\$ 20,478,524	\$ 18,740,550

As of June 30, 2011	Normal Cost
Active Members	
Retirement Benefits	\$ 121,456
Termination Benefits	24,360
Disability Benefits	3,302
Death Benefits	4,149
Return of Contributions	19,701
Medical and Prescription Drug Benefits	123,605
Medicare Part D Subsidy	(7,665)
Subtotal	\$ 288,908
Total	\$ 288,908
Total Pension	\$ 172,968
Total Medical, Net of Part D Subsidy	\$ 115,940
Total Medical, Gross of Part D Subsidy	\$ 123,605

By Tier	
Tier 1	
- Pension	\$ 35,351
- Medical, Net of Part D Subsidy	34,854
Tier 2	
- Pension	48,144
- Medical, Net of Part D Subsidy	23,343
Tier 3	
- Pension	89,473
- Medical, Net of Part D Subsidy	57,743
Total	\$ 288,908

State of Alaska Public Employees' Retirement System

Section 1.2

Actuarial Contributions - FY14 - Peace Officer/Firefighter (\$'s in 000's)

Normal Cost Rate	Pension	Healthcare	Total
(1) Total Normal Cost	\$ 26,560	\$ 11,665	\$ 38,225
(2) DB Member Salaries Projected for FY12	208,238	208,238	208,238
(3) DCR Member Salaries Projected for FY12	53,851	53,851	53,851
(4) Total Salaries Projected for FY12	262,089	262,089	262,089
(5) Normal Cost Rate for Peace Officer/Firefighter			
a. Based on DB Member Salaries, (1) ÷ (2)	12.75%	5.60%	18.35%
b. Based on Total Salaries, (1) ÷ (4)	10.13%	4.45%	14.58%
(6) Member Contribution Rate (Peace Officer/Firefighter) ¹	5.95%	0.00%	5.95%
(7) Employer Normal Cost Rate For Peace Officer/Firefighter, (5b) – (6)	4.18%	4.45%	8.63%
Past Service Rate			
(1) Accrued Liability	\$ 1,681,065	\$ 798,635	\$ 2,479,700
(2) Valuation Assets ²	<u>1,041,081</u>	<u>515,809</u>	<u>1,556,890</u>
(3) Unfunded Liability, (1) – (2)	\$ 639,984	\$ 282,826	\$ 922,810
(4) Funded Ratio, (2) ÷ (1)	61.9%	64.6%	62.8%
(5) Past Service Cost Amortization Payment ³	45,914	23,174	69,088
(6) Total Salaries Projected for FY12	262,089	262,089	262,089
(7) Past Service Rate, (5) ÷ (6)	17.52%	8.84%	26.36%
Total Employer/State Contribution Rate	21.70%	13.29%	34.99%
Normal Cost Rate by Tier (Total Employer and Member)⁴			
Tier 1	13.74%	8.60%	22.34%
Tier 2	12.37%	3.92%	16.29%
Tier 3	12.82%	6.05%	18.87%
Maturity Ratio	64.7%	62.5%	64.0%

¹ Assumes no member contributions from members in the DCR plan and 7.50% from Tiers 1, 2 and 3 in Peace Officer/Firefighter.

² Allocated between Peace Officer/Firefighter and Others in proportion to accrued liability.

³ Amortized on a level percentage of pay basis.

⁴ Rate determined considering the pay for members of the plan in this tier. DCR payroll is excluded from these calculations.

State of Alaska Public Employees' Retirement System

Section 1.2 (cont'd)

Actuarial Contributions - FY14 - Peace Officer/Firefighter (cont'd) (\$'s in 000's)

Schedule of Past Service Cost Amortizations

Pension						
	Amortization Period		Balances		Beginning-of-Year Payment	
	Date Created	Years Left	Initial	Outstanding		
Initial Unfunded Liability ¹	6/30/2002	16	\$ 137,169	\$ 145,450	\$ 12,178	
FY03 Loss ¹	6/30/2003	17	9,777	10,398	835	
FY04 Loss ¹	6/30/2004	18	25,832	27,463	2,120	
FY05 Loss ¹	6/30/2005	19	48,970	51,892	3,864	
Change in Assumptions/Methods ¹	6/30/2006	20	65,436	68,929	4,965	
FY06 Gain ¹	6/30/2006	20	(19,153)	(20,173)	(1,453)	
FY07 Loss	6/30/2007	21	22,584	23,630	1,650	
FY08 Gain	6/30/2008	22	(3,036)	(3,149)	(214)	
FY09 Loss	6/30/2009	23	249,836	256,314	16,927	
Change in Assumptions	6/30/2010	24	46,836	47,401	3,053	
FY10 Gain	6/30/2010	24	(8,620)	(8,724)	(562)	
FY11 Loss	6/30/2011	25	40,553	40,553	2,551	
Total				\$ 639,984	\$ 45,914	

Healthcare						
	Amortization Period		Balances		Beginning-of-Year Payment	
	Date Created	Years Left	Initial	Outstanding		
Initial Unfunded Liability ¹	6/30/2002	16	\$ 175,533	\$ 186,129	\$ 15,583	
FY03 Loss ¹⁸	6/30/2003	17	12,512	13,307	1,068	
FY04 Loss ¹⁸	6/30/2004	18	33,056	35,145	2,713	
FY05 Loss ¹	6/30/2005	19	62,666	66,407	4,945	
Change in Assumptions/Methods ¹⁸	6/30/2006	20	83,737	88,207	6,353	
FY06 Gain ¹	6/30/2006	20	(24,510)	(25,818)	(1,860)	
FY07 Gain	6/30/2007	21	(86,375)	(90,374)	(6,311)	
Change in Assumptions	6/30/2008	22	44,982	46,651	3,165	
FY08 Gain	6/30/2008	22	(27,452)	(28,470)	(1,931)	
FY09 Gain	6/30/2009	23	(23,322)	(23,927)	(1,580)	
Change in Assumptions	6/30/2010	24	29,559	29,916	1,927	
FY10 Loss	6/30/2010	24	3,008	3,045	196	
FY11 Gain	6/30/2011	25	(17,392)	(17,392)	(1,094)	
Total				\$ 282,826	\$ 23,174	

¹ The pension and healthcare split was done using a ratio of unfunded accrued liability as of June 30, 2006.

State of Alaska Public Employees' Retirement System

Section 1.2 (cont'd)

Actuarial Contributions - FY14 - Peace Officer/Firefighter (cont'd) (\$'s in 000's)

Schedule of Past Service Cost Amortizations

	Amortization Period		Balances		Beginning-of-Year Payment
	Date Created	Years Left	Initial	Outstanding	
			Total		
Initial Unfunded Liability	6/30/2002	16	\$ 312,702	\$ 331,579	\$ 27,761
FY03 Loss	6/30/2003	17	22,289	23,705	1,903
FY04 Loss	6/30/2004	18	58,888	62,608	4,833
FY05 Loss	6/30/2005	19	111,636	118,299	8,809
Change in Assumptions/ Methods	6/30/2006	20	149,173	157,136	11,318
FY06 Gain	6/30/2006	20	(43,663)	(45,991)	(3,313)
FY07 Gain	6/30/2007	21	(63,791)	(66,744)	(4,661)
Change in Assumptions	6/30/2008	22	44,982	46,651	3,165
FY08 Gain	6/30/2008	22	(30,488)	(31,619)	(2,145)
FY09 Loss	6/30/2009	23	226,514	232,387	15,347
Change in Assumptions	6/30/2010	24	76,395	77,317	4,980
FY10 Gain	6/30/2010	24	(5,612)	(5,679)	(366)
FY11 Loss	6/30/2011	25	23,161	23,161	1,457
Total				\$ 922,810	\$ 69,088

The amortization factor for 25 years is 15.898717. The weighted average amortization factor is 13.357023. The amortization method is on a level percent of pay basis.

The equivalent single amortization period is 19 years.

State of Alaska Public Employees' Retirement System

Section 1.2 (cont'd)

Actuarial Contributions - FY14 - Others (\$'s in 000's)

Normal Cost Rate	Pension	Healthcare	Total
(1) Total Normal Cost	\$ 146,408	\$ 104,275	\$ 250,683
(2) DB Member Salaries Projected for FY12	1,403,506	1,403,506	1,403,506
(3) DCR Member Salaries Projected for FY12	510,583	510,583	510,583
(4) Total Salaries Projected for FY12	1,914,089	1,914,089	1,914,089
(5) Normal Cost Rate for Others			
a. Based on DB Member Salaries, (1) ÷ (2)	10.43%	7.43%	17.86%
b. Based on Total Salaries, (1) ÷ (4)	7.65%	5.45%	13.10%
(6) Member Contribution Rate (Others) ¹	5.05%	0.00%	5.05%
(7) Employer/State Normal Cost Rate For Others, (5b) – (6)	2.60%	5.45%	8.05%
Past Service Rate			
(1) Accrued Liability	\$ 9,237,982	\$ 7,022,868	\$ 16,260,850
(2) Valuation Assets ²	<u>5,721,068</u>	<u>4,535,816</u>	<u>10,256,884</u>
(3) Unfunded Liability, (1) – (2)	\$ 3,516,914	\$ 2,487,052	\$ 6,003,966
(4) Funded Ratio, (2) ÷ (1)	61.9%	64.6%	63.1%
(5) Past Service Cost Amortization Payment ³	251,843	205,452	457,295
(6) Total Salaries Projected for FY12	1,914,089	1,914,089	1,914,089
(7) Past Service Rate, (5) ÷ (6)	13.16%	10.73%	23.89%
Total Employer/State Contribution Rate	15.76%	16.18%	31.94%
Normal Cost Rate by Tier (Total Employer and Member)⁴			
Tier 1	11.40%	11.52%	22.92%
Tier 2	10.00%	5.17%	15.17%
Tier 3	10.28%	7.04%	17.32%
Maturity Ratio	60.3%	61.4%	60.8%

¹ Assumes no member contributions from members in the DCR plan and 6.75% from Tiers 1, 2 and 3 in Others members.

² Allocated between Peace Officer/Firefighter and Others in proportion to accrued liability.

³ Amortized on a level percentage of pay basis.

⁴ Rate determined considering the pay for members of the plan in this tier. DCR payroll is excluded from these calculations.

State of Alaska Public Employees' Retirement System

Section 1.2 (cont'd)

Actuarial Contributions - FY14 - Others (cont'd) (\$'s in 000's)

Schedule of Past Service Cost Amortizations

Pension					
	Amortization Period		Balances		Beginning-of-Year Payment
	Date Created	Years Left	Initial	Outstanding	
Initial Unfunded Liability ¹	6/30/2002	16	\$ 734,495	\$ 778,830	\$ 65,207
FY03 Loss ¹	6/30/2003	17	52,354	55,680	4,468
FY04 Loss ¹	6/30/2004	18	138,320	147,061	11,352
FY05 Loss ¹	6/30/2005	19	262,218	277,862	20,692
Change in Assumptions/Methods ¹	6/30/2006	20	350,386	369,088	26,583
FY06 Gain ¹	6/30/2006	20	(102,558)	(108,035)	(7,781)
FY07 Loss	6/30/2007	21	120,930	126,530	8,835
FY08 Loss	6/30/2008	22	7,896	8,190	556
FY09 Loss	6/30/2009	23	1,389,049	1,425,065	94,109
Change in Assumptions	6/30/2010	24	184,848	187,080	12,047
FY10 Loss	6/30/2010	24	51,817	52,442	3,377
FY11 Loss	6/30/2011	25	197,121	197,121	12,398
Total				\$ 3,516,914	\$ 251,843

Healthcare					
	Amortization Period		Balances		Beginning-of-Year Payment
	Date Created	Years Left	Initial	Outstanding	
Initial Unfunded Liability ¹	6/30/2002	16	\$ 1,596,753	\$ 1,693,138	\$ 141,757
FY03 Loss ¹	6/30/2003	17	113,814	121,046	9,715
FY04 Loss ¹	6/30/2004	18	300,702	319,700	24,679
FY05 Loss	6/30/2005	19	570,049	604,063	44,982
Change in Assumptions/Methods ¹	6/30/2006	20	761,720	802,377	57,790
FY06 Gain ¹	6/30/2006	20	(222,957)	(234,857)	(16,915)
FY07 Gain	6/30/2007	21	(785,717)	(822,100)	(57,404)
Change in Assumptions	6/30/2008	22	364,085	377,577	25,615
FY08 Gain	6/30/2008	22	(238,309)	(247,142)	(16,767)
FY09 Gain	6/30/2009	23	(148,044)	(151,882)	(10,030)
Change in Assumptions	6/30/2010	24	356,581	360,885	23,240
FY10 Gain	6/30/2010	24	(60,664)	(61,397)	(3,954)
FY11 Gain	6/30/2011	25	(274,356)	(274,356)	(17,256)
Total				\$ 2,487,052	\$ 205,452

¹ The pension and healthcare split was done using a ratio of unfunded accrued liability as of June 30, 2006.

State of Alaska Public Employees' Retirement System

Section 1.2 (cont'd)

Actuarial Contributions - FY14 - Others (cont'd) (\$'s in 000's)

Schedule of Past Service Cost Amortizations

	Amortization Period		Balances		Beginning-of-Year Payment
	Date Created	Years Left	Initial	Outstanding	
Initial Unfunded Liability	6/30/2002	16	\$ 2,331,248	\$ 2,471,968	\$ 206,964
FY03 Loss	6/30/2003	17	166,168	176,726	14,183
FY04 Loss	6/30/2004	18	439,022	466,761	36,031
FY05 Loss	6/30/2005	19	832,267	881,925	65,674
Change in Assumptions/ Methods	6/30/2006	20	1,112,106	1,171,465	84,373
FY06 Gain	6/30/2006	20	(325,515)	(342,892)	(24,696)
FY07 Gain	6/30/2007	21	(664,787)	(695,570)	(48,569)
Change in Assumptions	6/30/2008	22	364,085	377,577	25,615
FY08 Gain	6/30/2008	22	(230,413)	(238,952)	(16,211)
FY09 Loss	6/30/2009	23	1,241,005	1,273,183	84,079
Change in Assumptions	6/30/2010	24	541,429	547,965	35,287
FY10 Gain	6/30/2010	24	(8,847)	(8,955)	(577)
FY11 Gain	6/30/2011	25	(77,235)	(77,235)	(4,858)
Total				\$ 6,003,966	\$ 457,295

The amortization factor for 25 years is 15.898717. The weighted average amortization factor is 13.129306. The amortization method is on a level percent of pay basis.

The equivalent single amortization period is 18 years.

State of Alaska Public Employees' Retirement System

Section 1.2 (cont'd)

Actuarial Contributions - FY14 - All Members (\$'s in 000's)

Normal Cost Rate	Pension	Healthcare	Total
(1) Total Normal Cost	\$ 172,968	\$ 115,940	\$ 288,908
(2) DB Member Salaries Projected for FY12	1,611,744	1,611,744	1,611,744
(3) DCR Member Salaries Projected for FY12	564,434	564,434	564,434
(4) Total Salaries Projected for FY12	2,176,178	2,176,178	2,176,178
(5) Normal Cost Rate for All Members			
a. Based on DB Member Salaries, (1) ÷ (2)	10.73%	7.19%	17.92%
b. Based on Total Salaries, (1) ÷ (4)	7.95%	5.33%	13.28%
(6) Average Member Contribution Rate ¹	5.16%	0.00%	5.16%
(7) Employer Normal Cost Rate For All Members, (5b) – (6)	2.79%	5.33%	8.12%
Past Service Rate			
(1) Accrued Liability	\$ 10,919,047	\$ 7,821,503	\$ 18,740,550
(2) Valuation Assets	<u>6,762,149</u>	<u>5,051,625</u>	<u>11,813,774</u>
(3) Total Unfunded Liability, (1) – (2)	\$ 4,156,898	\$ 2,769,878	\$ 6,926,776
(4) Funded Ratio, (2) ÷ (1)	61.9%	64.6%	63.0%
(5) Past Service Cost Amortization Payment ²	297,757	228,626	526,383
(6) Total Salaries Projected for FY12	2,176,178	2,176,178	2,176,178
(7) Past Service Rate, (5) ÷ (6)	13.68%	10.51%	24.19%
Total Employer/State Contribution Rate	16.47%	15.84%	32.31%
Normal Cost Rate by Tier (Total Employer and Member)³			
Tier 1	11.53%	11.37%	22.90%
Tier 2	10.32%	5.00%	15.32%
Tier 3	10.67%	6.89%	17.56%
Maturity Ratio	61.0%	61.5%	61.2%

¹ Assumes no member contribution from members in the DCR plan, 7.5% for Peace Officer/Firefighter members and 6.75% for Others members.

² Amortized as a level percent of pay.

³ Rate determined considering the pay for members of the plan in this tier. DCR payroll is excluded from these calculations.

State of Alaska Public Employees' Retirement System

Section 1.2 (cont'd)

Actuarial Contributions - FY14 - All Members (cont'd) (\$'s in 000's)

Schedule of Past Service Cost Amortizations

Pension					
	Amortization Period		Balances		Beginning-of-Year Payment
	Date Created	Years Left	Initial	Outstanding	
Initial Unfunded Liability ¹	6/30/2002	16	\$ 871,664	\$ 924,280	\$ 77,385
FY03 Loss ¹	6/30/2003	17	62,131	66,078	5,303
FY04 Loss ¹	6/30/2004	18	164,152	174,524	13,472
FY05 Loss ¹	6/30/2005	19	311,188	329,754	24,556
Change in Assumptions/Methods ¹	6/30/2006	20	415,822	438,017	31,548
FY06 Gain ¹	6/30/2006	20	(121,711)	(128,208)	(9,234)
FY07 Loss	6/30/2007	21	143,514	150,160	10,485
FY08 Loss	6/30/2008	22	4,860	5,041	342
FY09 Loss	6/30/2009	23	1,638,885	1,681,379	111,036
Change in Assumptions	6/30/2010	24	231,684	234,481	15,100
FY10 Loss	6/30/2010	24	43,197	43,718	2,815
FY11 Loss	6/30/2011	25	237,674	237,674	14,949
Total				\$ 4,156,898	\$ 297,757

Healthcare					
	Amortization Period		Balances		Beginning-of-Year Payment
	Date Created	Years Left	Initial	Outstanding	
Initial Unfunded Liability ¹	6/30/2002	16	\$ 1,772,286	\$ 1,879,267	\$ 157,340
FY03 Loss ¹	6/30/2003	17	126,326	134,353	10,783
FY04 Loss ¹	6/30/2004	18	333,758	354,845	27,392
FY05 Loss ¹	6/30/2005	19	632,715	670,470	49,927
Change in Assumptions/Methods ¹	6/30/2006	20	845,457	890,584	64,143
FY06 Gain ¹	6/30/2006	20	(247,467)	(260,675)	(18,775)
FY07 Gain	6/30/2007	21	(872,092)	(912,474)	(63,715)
Changes in Assumptions	6/30/2008	22	409,067	424,228	28,780
FY08 Gain	6/30/2008	22	(265,761)	(275,612)	(18,698)
FY09 Gain	6/30/2009	23	(171,366)	(175,809)	(11,610)
Change in Assumptions	6/30/2010	24	386,140	390,801	25,167
FY10 Gain	6/30/2010	24	(57,656)	(58,352)	(3,758)
FY11 Gain	6/30/2011	25	(291,748)	(291,748)	(18,350)
Total				\$ 2,769,878	\$ 228,626

¹ The pension and healthcare split was done using a ratio of unfunded accrued liability as of June 30, 2006.

State of Alaska Public Employees' Retirement System

Section 1.2 (cont'd)

Actuarial Contributions - FY14 - All Members (cont'd) (\$'s in 000's)

Schedule of Past Service Cost Amortizations

	Amortization Period		Balances		Beginning-of-Year Payment
	Date Created	Years Left	Initial	Outstanding	
			Total		
Initial Unfunded Liability	6/30/2002	16	\$ 2,643,950	\$ 2,803,547	\$ 234,725
FY03 Loss	6/30/2003	17	188,457	200,431	16,086
FY04 Loss	6/30/2004	18	497,910	529,369	40,864
FY05 Loss	6/30/2005	19	943,903	1,000,224	74,483
Change in Assumptions/ Methods	6/30/2006	20	1,261,279	1,328,601	95,691
FY06 Gain	6/30/2006	20	(369,178)	(388,883)	(28,009)
FY07 Gain	6/30/2007	21	(728,578)	(762,314)	(53,230)
Change in Assumptions	6/30/2008	22	409,067	424,228	28,780
FY08 Gain	6/30/2008	22	(260,901)	(270,571)	(18,356)
FY09 Loss	6/30/2009	23	1,467,519	1,505,570	99,426
Change in Assumptions	6/30/2010	24	617,824	625,282	40,267
FY10 Gain	6/30/2010	24	(14,459)	(14,634)	(943)
FY11 Gain	6/30/2011	25	(54,074)	(54,074)	(3,401)
Total				\$ 6,926,776	\$ 526,383

The amortization factor for 25 years is 15.898717. The weighted average amortization factor is 13.159194. The amortization method is on a level percent of pay basis.

The equivalent single amortization period is 18 years.

State of Alaska Public Employees' Retirement System

Section 1.3

Actuarial Gain/(Loss) for FY11 (\$'s in 000's)

	Pension	Healthcare	Total
(1) Expected Actuarial Accrued Liability			
(a) Accrued Liability, June 30, 2010	\$ 10,371,672	\$ 7,760,820	\$ 18,132,492
(b) Normal Cost for FY11	169,799	129,443	299,242
(c) Interest on (a) and (b) at 8.00%	843,318	631,221	1,474,539
(d) Benefit Payments for FY11	525,277	299,196	824,473
(e) Refund of Contributions for FY11	11,923	0	11,923
(f) Interest on (d) and (e) at 8.00% for one-half year	21,075	11,738	32,813
(g) Expected Accrued Liability as of June 30, 2011 (a) + (b) + (c) - (d) - (e) - (f)	10,826,514	8,210,550	19,037,064
(2) Actual Accrued Liability, June 30, 2011	10,919,047	7,821,503	18,740,550
(3) Liability Gain/(Loss), (1)(g) - (2)	\$ (92,533)	\$ 389,047	\$ 296,514
(4) Expected Actuarial Asset Value			
(a) Actuarial Asset Value, June 30, 2010	\$ 6,469,832	\$ 4,687,632	\$ 11,157,464
(b) Interest on (a) at 8.00%	517,587	375,011	892,598
(c) Employee Contributions for FY11	116,270	557	116,827
(d) Employer Contributions for FY11	139,075	261,534	400,609
(e) Employer Legislative Relief for FY11	65,187	100,654	165,841
(f) Medicare Part D Subsidy	0	12,582	12,582
(g) Interest on (c), (d), (e) and (f) at 8.00% for one-half year	12,575	14,724	27,299
(h) Benefit Payments for FY11	525,277	299,196	824,473
(i) Refund of Contributions for FY11	11,923	0	11,923
(j) Interest on (i) and (j) at 8.00% for one-half year	21,075	11,738	32,813
(k) Expected Actuarial Asset Value, June 30, 2011 (a)+(b)+(c)+(d)+(e)+(f)+(g)-(h)-(i)-(j)	6,762,251	5,141,760	11,904,011
(5) Actuarial Asset Value, June 30, 2011	6,762,149	5,051,625	11,813,774
(6) Actuarial Asset Gain/(Loss), (5) - (4)(k)	\$ (102)	\$ (90,135)	\$ (90,237)
(7) Actuarial Gain/(Loss), (3) + (6)	\$ (92,635)	\$ 298,912	\$ 206,277
(8) Effect of the 2-Year Delay on Contributions	\$ (145,039)	\$ (7,164)	\$ (152,203)
(9) FY11 Gain/(Loss) to be Amortized, (7) + (8)	\$ (237,674)	\$ 291,748	\$ 54,074

Analysis of Financial Experience

**Change in Employer/State 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 Employer/State Contribution Rate During Fiscal Year				
	Pension				
	2007	2008	2009	2010	2011
(1) Health Experience	N/A	N/A	N/A	N/A	N/A
(2) Salary Experience	0.23%	0.54%	0.23%	0.06%	0.31%
(3) Investment Experience	(0.11)%	(0.35)%	4.72%	(0.19)%	0.00%
(4) Demographic Experience	(0.17)%	(0.60)%	(0.29)%	(0.30)%	0.29%
(5) Contribution Shortfall	0.11%	0.14%	0.01%	0.36%	0.42%
(6) (Gain) or Loss During Year From Experience, (1) + (2) + (3) + (4) + (5)	0.06%	(0.27)%	4.67%	(0.07)%	1.02%
Non-recurring Changes					
(7) Asset Valuation Method	0.00%	0.00%	0.00%	0.00%	0.00%
(8) Past Service Amortization Change	0.00%	0.00%	0.00%	0.00%	0.00%
(9) Assumption and Method Changes	(0.72)%*	0.00%	0.00%	0.87%	0.00%
(10) System Benefit Changes	0.00%	0.00%	0.00%	0.00%	0.00%
(11) Composite (Gain) or Loss During Year, (6) + (7) + (8) + (9) + (10)	(0.66)%	(0.27)%	4.67%	0.80%	1.02%
(12) Beginning Employer/State Contribution Rate	10.91%	10.25%	9.98%	14.65%	15.45%
(13) Ending Employer/State Contribution Rate, (11) + (12)	10.25%	9.98%	14.65%	15.45%	16.47%
(14) Fiscal Year Above Rate is Applied	FY10	FY11	FY12	FY13	FY14

*Includes change in rate by using total payroll.

Analysis of Financial Experience

**Change in Employer/State 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 Employer/State Contribution Rate During Fiscal Year				
	Healthcare				
	2007	2008	2009	2010	2011
(1) Health Experience	(5.64)%	(0.97)%	(2.21)%	0.24%	(1.82)%
(2) Salary Experience	N/A	N/A	N/A	N/A	N/A
(3) Investment Experience	(0.92)%	(0.24)%	0.59%	0.47%	0.26%
(4) Demographic Experience	N/A	N/A	N/A	N/A	N/A
(5) Contribution Shortfall	0.83%	(0.25)%	(0.25)%	(1.03)%	0.02%
(6) (Gain) or Loss During Year From Experience, (1) + (2) + (3) + (4) + (5)	(5.73)%	(1.46)%	(1.87)%	(0.32)%	(1.54)%
Non-recurring Changes					
(7) Asset Valuation Method	0.00%	0.00%	0.00%	0.00%	0.00%
(8) Past Service Amortization Change	0.00%	0.00%	0.00%	0.00%	0.00%
(9) Assumption and Method Changes	(1.18)%*	2.04%	0.00%	1.59%	0.00%
(10) System Benefit Changes	0.00%	0.00%	0.00%	0.00%	0.00%
(11) Composite (Gain) or Loss During Year, (6) + (7) + (8) + (9) + (10)	(6.91)%	0.58%	(1.87)%	1.27%	(1.54)%
(12) Beginning Employer/State Contribution Rate	24.31%	17.40%	17.98%	16.11%	17.38%
(13) Ending Employer/State Contribution Rate, (11) + (12)	17.40%	17.98%	16.11%	17.38%	15.84%
(14) Fiscal Year Above Rate is Applied	FY10	FY11	FY12	FY13	FY14

*Includes change in rate by using total payroll.

Analysis of Financial Experience

**Change in Employer/State 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 Employer/State Contribution Rate During Fiscal Year				
	Total				
	2007	2008	2009	2010	2011
(1) Health Experience	(5.64)%	(0.97)%	(2.21)%	0.24%	(1.82)%
(2) Salary Experience	0.23%	0.54%	0.23%	0.06%	0.31%
(3) Investment Experience	(1.03)%	(0.59)%	5.31%	0.28%	0.26%
(4) Demographic Experience	(0.17)%	(0.60)%	(0.29)%	(0.30)%	0.29%
(5) Contribution Shortfall	0.94%	(0.11)%	(0.24)%	(0.67)%	0.44%
(6) (Gain) or Loss During Year From Experience, (1) + (2) + (3) + (4) + (5)	(5.67)%	(1.73)%	2.80%	(0.39)%	(0.52)%
Non-recurring Changes					
(7) Asset Valuation Method	0.00%	0.00%	0.00%	0.00%	0.00%
(8) Past Service Amortization Change	0.00%	0.00%	0.00%	0.00%	0.00%
(9) Assumption and Method Changes	(1.90)%*	2.04%	0.00%	2.46%	0.00%
(10) System Benefit Changes	0.00%	0.00%	0.00%	0.00%	0.00%
(11) Composite (Gain) or Loss During Year, (6) + (7) + (8) + (9) + (10)	(7.57)%	0.31%	2.80%	2.07%	(0.52)%
(12) Beginning Employer/State Contribution Rate	35.22%	27.65%	27.96%	30.76%	32.83%
(13) Ending Employer/State Contribution Rate, (11) + (12)	27.65%	27.96%	30.76%	32.83%	32.31%
(14) Fiscal Year Above Rate is Applied	FY10	FY11	FY12	FY13	FY14

*Includes change in rate by using total payroll.

History of UAAL and Funded Ratio (\$'s in 000's)

Valuation Date	Aggregate Accrued Liability	Valuation Assets	Assets as a Percent of Accrued Liability	Unfunded Accrued Liabilities (UAL)
June 30, 2002	\$ 9,859,591	\$ 7,412,833	75.2%	\$ 2,446,758
June 30, 2003	10,561,653	7,687,281	72.8%	2,874,372
June 30, 2004	11,443,916	8,030,414	70.2%	3,413,502
June 30, 2005	12,844,841	8,442,919	65.7%	4,401,922
June 30, 2006	14,388,413	9,040,908	62.8%	5,347,505
June 30, 2007	14,570,933	9,900,960	68.0%	4,669,973
June 30, 2008	15,888,141	11,040,106	69.5%	4,848,035
June 30, 2009	16,579,371	10,242,978	61.8%	6,336,393
June 30, 2010	18,132,492	11,157,464	61.5%	6,975,028
June 30, 2011	18,740,550	11,813,774	63.0%	6,926,776

Section 2

Plan Assets

State of Alaska Public Employees' Retirement System

Section 2.1

Summary of Fair Value of Assets (\$'s in 000's)

As of June 30, 2011	Pension	Healthcare	Total Fair Value	Allocation Percent
Cash and Short-Term Investments				
- Cash and Cash Equivalents	\$ 46,603	\$ 39,348	\$ 85,951	0.8%
- Subtotal	\$ 46,603	\$ 39,348	\$ 85,951	0.8%
Fixed Income Investments				
- Domestic Fixed Income Pool	\$ 686,157	\$ 587,752	\$ 1,273,909	11.1%
- International Fixed Income Pool	144,490	117,723	262,213	2.3%
- High Yield Pool	155,952	127,063	283,015	2.5%
- Treasury Inflation Protection Pool	73,480	59,869	133,349	1.2%
- Emerging Debt Pool	48,796	39,757	88,553	0.8%
- Subtotal	\$ 1,108,875	\$ 932,164	\$ 2,041,039	17.9%
Equity Investments				
- Domestic Equity Pool	\$ 1,872,013	\$ 1,525,039	\$ 3,397,052	29.7%
- International Equity Pool	1,125,179	916,645	2,041,824	17.9%
- Private Equity Pool	576,318	469,540	1,045,858	9.2%
- Emerging Markets Equity Pool	376,345	306,632	682,977	6.0%
- Subtotal	\$ 3,949,855	\$ 3,217,856	\$ 7,167,711	62.8%
Other Investments				
- Real Estate Pool	\$ 564,697	\$ 460,306	\$ 1,025,003	9.0%
- Other Investments Pool	318,709	259,772	578,481	5.1%
- Absolute Return Pool	275,814	224,717	500,531	4.4%
- Other Assets	51	2,815	2,866	nil
- Subtotal	\$ 1,159,271	\$ 947,610	\$ 2,106,881	18.5%
Total Cash and Investments	\$ 6,264,604	\$ 5,136,978	\$11,401,582	100.0%
Net Accrued Receivables	3,321	(16,283)	(12,962)	
Net Assets	\$ 6,267,925	\$ 5,120,695	\$11,388,620	

State of Alaska Public Employees' Retirement System

Section 2.2

Changes in Fair Value of Assets (\$'s in 000's)

Fiscal Year 2011	Pension	Healthcare	Total Fair Value
(1) Net Assets, June 30, 2010 (fair value)	\$ 5,391,527	\$ 4,181,081	\$ 9,572,608
(2) Additions:			
(a) Plan Member Contributions	\$ 116,270	\$ 557	\$ 116,827
(b) Employer Contributions	139,075	261,534	400,609
(c) Employer Legislative Relief	65,187	100,654	165,841
(d) Interest and Dividend Income	135,470	105,707	241,177
(e) Net Appreciation/(Depreciation) in Fair Value of Investments	986,899	765,529	1,752,428
(f) Medicare Part D Subsidy	0	12,582	12,582
(g) Other	<u>97</u>	<u>68</u>	<u>165</u>
(h) Total Additions	\$ 1,442,998	\$ 1,246,631	\$ 2,689,629
(3) Deductions:			
(a) Medical Benefits	\$ 0	\$ 299,196	\$ 299,196
(b) Retirement Benefits	525,277	0	525,277
(c) Refunds of Contributions	11,923	0	11,923
(d) Investment Expenses	22,656	15	22,671
(e) Administrative Expenses	<u>6,744</u>	<u>7,806</u>	<u>14,550</u>
(f) Total Deductions	\$ 566,600	\$ 307,017	\$ 873,617
(4) Net Assets, June 30, 2011 (fair value)	\$ 6,267,925	\$ 5,120,695	\$11,388,620
Approximate Fair Value Investment Return Rate During FY11 Net of All Expense	20.6%	20.2%	20.4%
Liquidity Factor	10.9	15.5	12.5

Actuarial Value of Assets (\$'s in 000's)

The actuarial value of assets was set equal to the fair value at June 30, 2002. Future investment gains and losses will be 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	Total
(1) Deferral of Investment Return/(Loss) for FY11			
(a) Fair Value, June 30, 2010	\$ 5,391,527	\$ 4,181,081	\$ 9,572,608
(b) Contributions for FY11	320,532	362,745	683,277
(c) Medicare Part D Subsidy	0	12,582	12,582
(d) Benefit Payments for FY11	537,200	299,196	836,396
(e) Actual Investment Return (<i>net of expenses</i>)	1,093,066	863,483	1,956,549
(f) Expected Return Rate (<i>net of expenses</i>)	8.00%	8.00%	8.00%
(g) Expected Return - Weighted for Timing	422,822	337,473	760,295
(h) Investment Gain/(Loss) for the Year (<i>e. - g.</i>)	670,244	526,010	1,196,254
(i) Deferred Investment Return/(Loss)	(494,224)	69,070	(425,154)
(2) Actuarial Value, June 30, 2011			
(a) Fair Value, June 30, 2011	\$ 6,267,925	\$ 5,120,695	\$ 11,388,620
(b) 2011 Deferred Investment Return/(Loss)	(494,224)	69,070	(425,154)
(c) Preliminary Actuarial Value, June 30, 2011 (<i>a. - b.</i>)	6,762,149	5,051,625	11,813,774
(d) Upper Limit: 120% of Fair Value, June 30, 2011	7,521,510	6,144,834	N/A
(e) Lower Limit: 80% of Fair Value, June 30, 2011	5,014,340	4,096,556	N/A
(f) Actuarial Value, June 30, 2011 (<i>c. limited by d. and e.</i>)	\$ 6,762,149	\$ 5,051,625	\$ 11,813,774
(g) Ratio of Actuarial Value of Assets to Fair Value of Assets	107.9%	98.7%	103.7%
(h) Approximate Actuarial Value Investment Return Rate During FY11 Net of All Expenses	8.0%	6.1%	7.2%

State of Alaska Public Employees' Retirement System

Section 2.3 (cont'd)

Actuarial Value of Assets (\$'s in 000's)

The tables below show the development of gain/(loss) to be recognized in the current year (in thousands).

Pension				
Plan Year Ended	Asset Gain/(Loss)	Gain/(Loss) Recognized in Prior Years	Gain/(Loss) Recognized This Year	Gain/(Loss) Deferred to Future Years
6/30/2007 ¹	\$ 652,485	\$ 521,988	\$ 130,497	\$ 0
6/30/2008	(928,079)	(556,848)	(185,616)	(185,615)
6/30/2009	(2,243,791)	(897,516)	(448,758)	(897,517)
6/30/2010	87,855	17,571	17,571	52,713
6/30/2011	670,244	0	134,049	536,195
Total	\$ (1,761,286)	\$ (914,805)	\$ (352,257)	\$ (494,224)

Healthcare				
Plan Year Ended	Asset Gain/(Loss)	Gain/(Loss) Recognized in Prior Years	Gain/(Loss) Recognized This Year	Gain/(Loss) Deferred to Future Years
6/30/2007 ¹	\$ 306,148	\$ 244,919	\$ 61,229	\$ 0
6/30/2008	(321,977)	(193,185)	(64,396)	(64,396)
6/30/2009	(837,986)	(335,194)	(167,597)	(335,195)
6/30/2010	79,755	15,951	15,951	47,853
6/30/2011	526,010	0	105,202	420,808
Total	\$ (248,050)	\$ (267,509)	\$ (49,611)	\$ 69,070

Total				
Plan Year Ended	Asset Gain/(Loss)	Gain/(Loss) Recognized in Prior Years	Gain/(Loss) Recognized This Year	Gain/(Loss) Deferred to Future Years
6/30/2007	\$ 958,633	\$ 766,907	\$ 191,726	\$ 0
6/30/2008	(1,250,056)	(750,033)	(250,012)	(250,011)
6/30/2009	(3,081,777)	(1,232,710)	(616,355)	(1,232,712)
6/30/2010	167,610	33,522	33,522	100,566
6/30/2011	1,196,254	0	239,251	957,003
Total	\$ (2,009,336)	\$(1,182,314)	\$ (401,868)	\$ (425,154)

¹ The pension and healthcare assets bases were allocated using a ratio of fair value of assets as of June 30, 2007.

Historical Asset Rate of Return

Year Ending	Actuarial Value		Fair Value	
	Annual	Cumulative	Annual	Cumulative
June 30, 2005	8.7%	8.7%	8.5%	8.5%
June 30, 2006	9.3%	9.0%	11.4%	9.9%
June 30, 2007	11.6%	9.9%	18.5%	12.7%
June 30, 2008	10.0%	9.9%	(3.1)%	8.5%
June 30, 2009	(7.3)%	6.2%	(20.5)%	2.0%
June 30, 2010	7.2%	6.4%	10.2%	3.3%
June 30, 2011	7.2%	6.5%	20.4%	5.6%

Section 3

Accounting Information

State of Alaska Public Employees' Retirement System

Section 3.1

Schedule of Funding Progress – Total PERS (\$'s in 000's)

The exhibit below shows the pension disclosure under GASB No. 25.

Valuation Date	Aggregate Accrued Liability	Valuation Assets	Assets as a Percent of Accrued Liability	Unfunded Accrued Liabilities (UAL)	Annual Active Member Payroll	UAL as a Percent of Annual Active Member Payroll
June 30, 2011 – 8.00%	\$ 10,919,047	\$ 6,762,149	61.9%	\$ 4,156,898	\$ 1,559,938	266.5%
June 30, 2010 ¹ – 8.00%	\$ 10,371,672	\$ 6,469,832	62.4%	\$ 3,901,840	\$ 1,586,697	245.9%
June 30, 2009 – 8.25%	\$ 9,702,086	\$ 6,108,528	63.0%	\$ 3,593,558	\$ 1,585,490	226.7%
June 30, 2008 – 8.25%	\$ 9,154,282	\$ 7,210,772	78.8%	\$ 1,943,510	\$ 1,577,846	123.2%
June 30, 2007 – 8.25%	\$ 8,662,324	\$ 6,739,004	77.8%	\$ 1,923,320	\$ 1,605,819	119.8%
June 30, 2006 ¹ – 8.25%	\$ 8,094,043	\$ 6,331,065	78.2%	\$ 1,762,978	\$ 1,590,693	110.8%

The exhibit below shows the postemployment healthcare disclosure without regard to the Medicare Part D subsidy under GASB No. 43.

Valuation Date	Aggregate Accrued Liability	Valuation Assets	Assets as a Percent of Accrued Liability	Unfunded Accrued Liabilities (UAL)	Annual Active Member Payroll	UAL as a Percent of Annual Active Member Payroll
June 30, 2011 – 7.43%	\$ 9,091,034	\$ 5,051,625	55.6%	\$ 4,039,409	\$ 1,559,938	258.9%
June 30, 2010 ¹ – 7.48%	\$ 9,304,504	\$ 4,687,632	50.4%	\$ 4,616,872	\$ 1,586,697	291.0%
June 30, 2009 – 4.70%	\$ 12,770,990	\$ 4,134,450	32.4%	\$ 8,636,540	\$ 1,585,490	544.7%
June 30, 2008 ¹ – 4.50%	\$ 13,013,450	\$ 3,829,334	29.4%	\$ 9,184,116	\$ 1,577,846	582.1%
June 30, 2007 – 4.50%	\$ 11,108,553	\$ 3,161,956	28.5%	\$ 7,946,597	\$ 1,605,819	494.9%
June 30, 2006 ¹ – 4.50%	\$ 11,455,015	\$ 2,709,843	23.7%	\$ 8,745,172	\$ 1,590,693	549.8%

¹ Change in assumptions

Schedule of Funding Progress – Total PERS

For illustration, the exhibit below shows the postemployment healthcare disclosure without regard to the Medicare Part D subsidy discounted at 8.00% and at 4.25% per annum under GASB No. 43 for the current year. These values show the minimum and maximum accrued liability amounts depending on the portion of ARC actually contributed.

Valuation Date	Aggregate Accrued Liability	Valuation Assets	Assets as a Percent of Accrued Liability	Unfunded Accrued Liabilities (UAL)	Annual Active Member Payroll	UAL as a Percent of Annual Active Member Payroll
June 30, 2011 – 8.00%	\$ 8,409,118	\$ 5,051,625	60.1%	\$ 3,357,493	\$ 1,559,938	215.2%
June 30, 2011 – 4.25%	\$ 15,024,475	\$ 5,051,625	33.6%	\$ 9,972,850	\$ 1,559,938	639.3%

State of Alaska Public Employees' Retirement System

Section 3.1 (cont'd)

Schedule of Funding Progress – Total PERS (\$'s in 000's)

The exhibit below shows the combined pension and postemployment healthcare disclosure under GASB No. 25, prior to 2006.

Valuation Date	Aggregate Accrued Liability	Valuation Assets	Assets as a Percent of Accrued Liability	Unfunded Accrued Liabilities (UAL)	Annual Active Member Payroll	UAL as a Percent of Annual Active Member Payroll
June 30, 2005	\$ 12,844,841	\$ 8,442,919	65.7%	\$ 4,401,922	\$ 1,513,117	290.9%
June 30, 2004 ^{2,3}	11,443,916	8,030,414	70.2%	3,413,502	1,472,987	231.7%
June 30, 2003	10,561,653	7,687,281	72.8%	2,874,372	1,460,783	196.8%
June 30, 2002 ^{1,2,3}	9,859,591	7,412,833	75.2%	2,446,758	1,402,687	174.4%
June 30, 2001	7,868,574	7,941,756	100.9%	N/A	1,360,401	N/A
June 30, 2000 ^{2,3}	7,376,912	7,454,758	101.1%	N/A	1,324,278	N/A
June 30, 1999	6,648,673	7,016,340	105.5%	N/A	1,279,359	N/A
June 30, 1998 ^{1,2,3}	6,203,991	6,571,562	105.9%	N/A	1,232,488	N/A
June 30, 1997	5,534,116	5,885,488	106.3%	N/A	1,227,795	N/A

¹ Change in Asset Valuation Method

² Change of Assumptions

³ Change in Methods

State of Alaska Public Employees' Retirement System

Section 3.2

Schedule of Employer Contributions (\$'s in 000's)

The exhibit below shows the combined pension and postemployment healthcare disclosure under GASB No. 25 and 26 for fiscal years ending in 2006 and before.

Fiscal Year Ended June 30	Total Annual Required Contribution	Total Percentage Contributed
2006	\$ 416,237	65.4%
2005	376,754	47.3%
2004	105,585	100.0%
2003	89,934	110.3%
2002	92,098	102.9%
2001	91,628	105.3%
2000	89,084	105.2%
1999	97,197	100.0%
1998	95,217	100.0%
1997	144,863	100.0%

This exhibit below shows the pension disclosure under GASB No. 25 for fiscal year ending 2007 and later.

Fiscal Year Ended June 30	Total Annual Required Contribution	Percentage Contributed		
		By Employer	By State	Total
2011	\$ 220,419	63.1%	29.6%	92.7%
2010*	\$ 217,080	65.5%	20.5%	86.0%
2009	\$ 166,016	68.1%	48.0%	116.1%
2008	\$ 140,729	71.2%	36.2%	107.4%
2007	\$ 268,742	73.2%	4.1%	77.3%

This exhibit below shows the postemployment healthcare disclosure without regard to the Medicare Part D subsidy under GASB No. 43 for fiscal year ending 2007 and later.

Fiscal Year Ended June 30	Total Annual Required Contribution	Percentage Contributed		
		By Employer	By State	Total
2011	\$ 525,075	49.8%	21.6%	71.4%
2010*	\$ 790,793	31.6%	54.8%	86.4%
2009	\$ 391,321	68.1%	41.4%	109.5%
2008	\$ 370,456	71.2%	36.2%	107.4%
2007	\$ 189,495	73.2%	4.1%	77.3%

**The ARC and percentage contributed is based on Buck's calculation. The percentage contributed includes the legal settlement in FY10, net of fees, as well as the Medicare Part D subsidy contributed by the State to the Healthcare Fund*

State of Alaska Public Employees' Retirement System

Section 3.2 (cont'd)

Schedule of Employer Contributions

The exhibit below shows the annual required contribution (ARC) as a percentage of pay for pension and healthcare.

Valuation Date	Fiscal Year	ARC (% of Pay)			Pension Discount Rate	Healthcare Discount Rate
		Pension	Healthcare	Total		
June 30, 2005	FY08	10.72%	53.96%	64.68%	8.25%	4.50%
June 30, 2006	FY09	13.49%	55.87%	69.36%	8.25%	4.50%
June 30, 2007	FY10	13.72%	49.98%	63.70%	8.25%	4.70%
June 30, 2008	FY11	14.13%	33.66%	47.79%	8.25%	7.48%
June 30, 2009	FY12	23.10%	32.74%	55.84%	8.25%	7.43%
June 30, 2010*	FY13	24.95%	39.93%	64.88%	8.00%	6.88%
June 30, 2011	FY14	27.94%	52.55%	80.49%	8.00%	5.41%

*Change in actuarial assumptions effective June 30, 2010

ARC is based on DB salary only and a level dollar amortization of the unfunded liability.

Notes To Trend Data

Actuarial Assumptions, Methods and Additional Information Under GASB

Valuation Date	June 30, 2011
Actuarial Cost Method	Entry Age Normal Level Percentage of Pay for Pension Level Dollar for Healthcare
Amortization Method	Level dollar, closed
Equivalent Single Amortization Period	18 years
Asset Valuation Method	5-year smoothed fair value
Actuarial Assumptions:	
Investment rate of return*	8.00% for pension, 7.43% for healthcare.
Projected salary increases	Peace Officer/Firefighter: Merit – 2.75% per year for the first 4 years of employment, grading down to 0.5% at 7 years and thereafter. Productivity – 0.5% per year. Others: Merit – 6.00% per year grading down to 2.00% after 5 years; for more than 6 years of service, 1.50% grading down to 0%. Productivity – 0.5% per year.
*Includes inflation at	3.12%
Cost-of-living adjustment	Post-retirement Pension Adjustment as described in Section 6.1, item (14)

GASB 43 requires that the discount rate used in the valuation be the estimated long-term yield on investments that are expected to finance postemployment benefits. Depending on the method by which a plan is financed, the relevant investments could be plan assets, employer assets or a combination of plan and employer assets. The investment return should reflect the nature and the mix of both current and expected investments and the basis used to determine the actuarial value of assets.

The State of Alaska Public Employees' Retirement System's retiree healthcare benefits are partially funded. GASB outlines two reasonable methods of developing a blended discount rate when a plan is partially funded. These methods base the proportion of assumed plan and employer asset returns on 1) the funded ratio and 2) the percentage of the annual required contribution (ARC) actually being contributed to the plan. The State of Alaska has utilized the second methodology to develop a discount rate of 7.43% as of June 30, 2009, to be used for fiscal 2012 disclosure.

The development of the discount rate used for the FY12 healthcare liabilities valuation disclosure purposes is summarized below:

Investment Returns

Plan Assets (Long-Term Return)	=	8.25%
Employer Assets (Estimated Short-Term Return)	=	4.50%

Based on Percentage of ARC Contributed During FY09*

1. Contribution Allocated to Healthcare	=	25.56%
2. Annual Required Contribution, Funding Assumptions	=	29.55%
3. Pay-as-you-go Contribution	=	11.32%
4. Portion of ARC Contributed: [(1-3) / (2-3), not less than 0%, not greater than 100%]	=	78.11%
5. Multiplied by long-term investment return	=	6.44%
6. Portion of ARC not Contributed: [100% - (4)]	=	21.89%
7. Multiplied by short-term investment return	=	0.99%
8. Total: (5) + (7)	=	7.43%

*It is assumed that fiscal 2007 contributions allocated to healthcare ARC for funding purposes and pay-as-you-go contributions are used to derive the GASB 43 discount rate applied to the June 30, 2009 valuation (fiscal 2010), which in turn drives the fiscal 2012 GASB 43 ARC.

Using the GASB 43 discount rate determined above and disregarding future Medicare Part D payments, the fiscal 2012 employer ARC rate for accounting purposes is 32.74% of pay for healthcare benefits and 55.84% of pay for healthcare and pension benefits combined.

State of Alaska Public Employees' Retirement System

Section 3.4

Solvency Test (\$'s in 000's)

The exhibit below shows the combined pension and postemployment healthcare Solvency Test for valuation dates June 30, 2010 and before.

Valuation Date	Aggregate Accrued Liability For:			Valuation Assets	Portion of Accrued Liabilities Covered by Assets:		
	(1) Active Member Contributions	(2) Inactive Members	(3) Active Members (Employer-Financed Portion)		(1)	(2)	(3)
June 30, 2010 ¹	\$ 1,388,029	\$ 10,850,267	\$ 5,894,196	\$ 11,157,464	100.0%	90.0%	0.0%
June 30, 2009	1,315,924	10,147,353	5,116,094	10,242,978	100.0%	88.0%	0.0%
June 30, 2008 ¹	1,242,288	9,772,672	4,873,181	11,040,106	100.0%	100.0%	0.5%
June 30, 2007	1,203,007	8,967,038	4,400,888	9,900,960	100.0%	97.0%	0.0%
June 30, 2006 ^{1 2}	1,157,755	8,923,811	4,306,847	9,040,908	100.0%	88.3%	0.0%
June 30, 2005	1,104,821	8,667,058	3,072,962	8,442,919	100.0%	84.7%	0.0%
June 30, 2004 ¹	1,070,268	7,650,156	2,723,492	8,030,414	100.0%	91.0%	0.0%
June 30, 2003	1,026,730	6,860,834	2,674,089	7,687,281	100.0%	97.1%	0.0%
June 30, 2002 ^{1 2 3}	967,045	6,301,095	2,591,451	7,412,833	100.0%	100.0%	5.6%
June 30, 2001	920,702	5,059,386	1,888,486	7,941,756	100.0%	100.0%	100.0%

Healthcare liabilities are calculated using the funding assumptions (i.e., funding investment return and net of Medicare Part D subsidy).

¹ Change in Assumptions

² Change in Methods

³ Change in Asset Valuation Method

State of Alaska Public Employees' Retirement System

Section 3.3 (cont'd)

Solvency Test (\$'s in 000's)

The exhibit below shows the pension Solvency Test for valuation dates June 30, 2005 and later.

Valuation Date	Pension Aggregate Accrued Liability For:			Pension Valuation Assets	Portion of Accrued Liabilities Covered by Assets:		
	(1) Active Member Contributions	(2) Inactive Members	(3) Active Members (Employer-Financed Portion)		(1)	(2)	(3)
June 30, 2011	\$ 1,421,967	\$ 6,657,517	\$ 2,839,563	\$ 6,762,149	100.0%	80.2%	0.0%
June 30, 2010 ¹	1,388,029	6,268,461	2,715,182	6,469,832	100.0%	81.1%	0.0%
June 30, 2009	1,315,924	5,914,959	2,471,203	6,108,528	100.0%	81.0%	0.0%
June 30, 2008	1,242,288	5,606,402	2,305,592	7,210,772	100.0%	100.0%	15.7%
June 30, 2007	1,203,007	5,282,132	2,177,185	6,739,004	100.0%	100.0%	11.7%
June 30, 2006 ^{1 2}	1,157,755	4,933,609	2,002,679	6,331,065	100.0%	100.0%	12.0%
June 30, 2005	1,104,821	4,627,467	1,354,903	6,016,713 ³	100.0%	100.0%	21.0%

¹ Change in Assumptions

² Change in Methods

³ The pension and postemployment healthcare valuation assets were allocated using a ratio of fair value of assets as of June 30, 2005

State of Alaska Public Employees' Retirement System

Section 3.3 (cont'd)

Solvency Test (\$'s in 000's)

The exhibit below shows the postemployment healthcare Solvency Test for valuation dates June 30, 2005 and later.

Valuation Date	Postemployment Healthcare Aggregate Accrued Liability For:				Portion of Accrued Liabilities Covered by Assets:		
	(1) Active Member Contributions	(2) Inactive Members	(3) Active Members (Employer-Financed Portion)	Postemployment Healthcare Valuation Assets	(1)	(2)	(3)
June 30, 2011	\$ 0	\$ 4,812,845	\$ 3,008,658	\$ 5,051,625	100.0%	100.0%	7.9%
June 30, 2010 ¹	0	4,581,806	3,179,014	4,687,632	100.0%	100.0%	3.3%
June 30, 2009	0	4,232,394	2,644,891	4,134,450	100.0%	97.7%	0.0%
June 30, 2008 ¹	0	4,166,270	2,567,589	3,829,334	100.0%	91.9%	0.0%
June 30, 2007	0	3,684,906	2,223,703	3,161,956	100.0%	85.8%	0.0%
June 30, 2006 ^{1 2}	0	3,990,202	2,304,168	2,709,843	100.0%	67.9%	0.0%
June 30, 2005	0	4,039,591	1,718,059	2,426,206 ³	100.0%	60.1%	0.0%

Healthcare liabilities are calculated using the funding assumptions (i.e., funding investment return and net of Medicare Part D subsidy).

¹ Change in Assumptions

² Change in Methods

³ The pension and postemployment healthcare valuation assets were allocated using a ratio of fair value of assets as of June 30, 2005

Section 4

Projections

Projection Assumptions and Methods

Key Assumptions

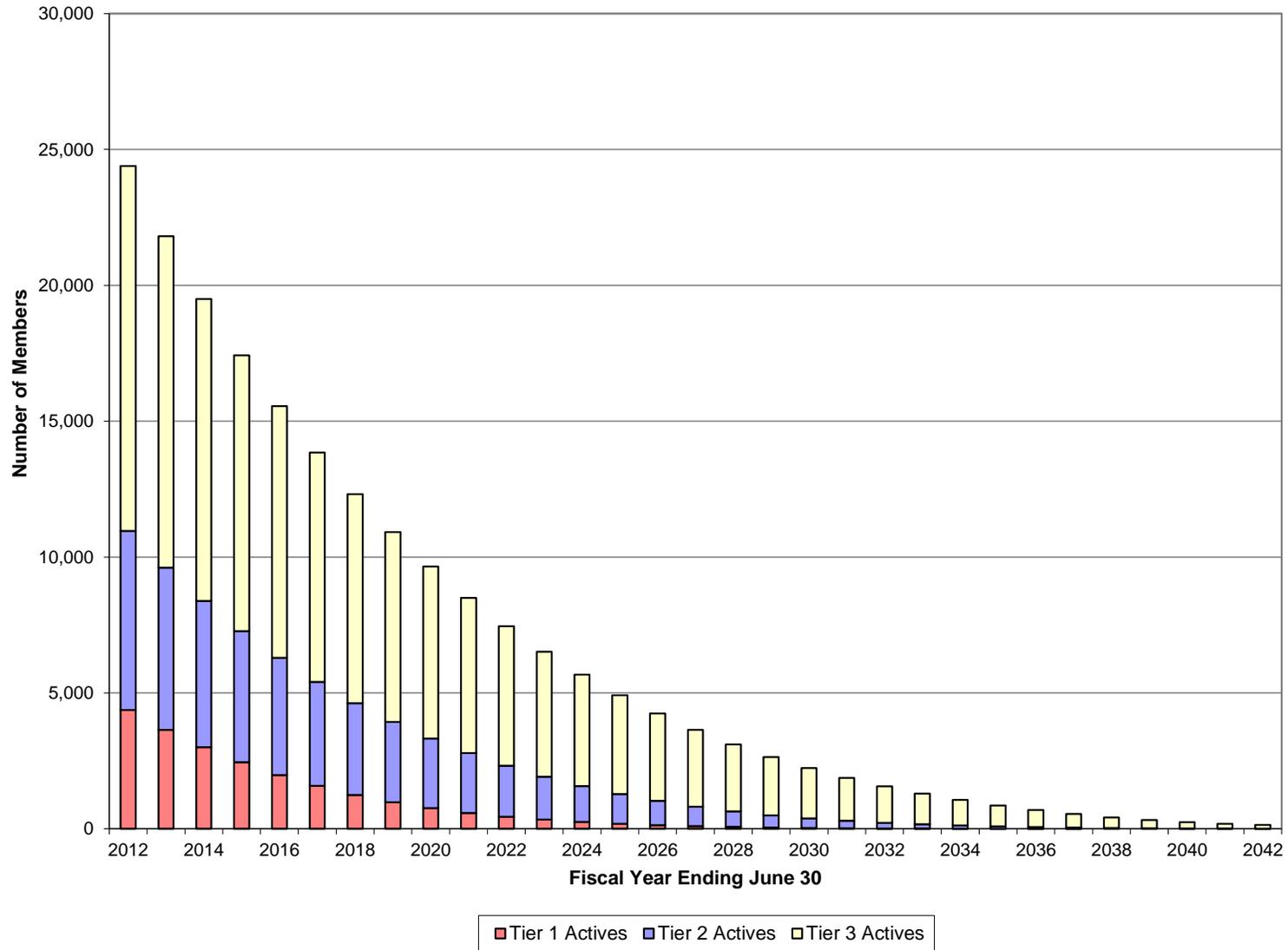
- 8.00% investment return on the Fair Value of Assets in all future years.
- The Actuarial Value of Assets reflects the deferred gains and losses generated by the smoothing method. The current deferred amounts are recognized in the first four years of the projections.
- Actuarial assumptions and methods as described in Section 6. All future demographic experience is assumed to be exactly realized.
- The actuarially calculated contribution rate with a two-year lag is adopted each year.
- No new DB Plan members enter into Tiers 1,2 and 3.
- Projections assume a 1% increase in the total active member population. All new members are expected to enter the DCR plan and contribution rates are determined as a percent of total DB and DCR payroll, combined.
- For the Sensitivity Analysis, all assumptions and methods are the same except investment returns on the Fair Value of Assets are assumed as follows:

Base Case:	8.00% for all future years
Optimistic:	8.75% for all future years
Pessimistic:	7.25% for all future years

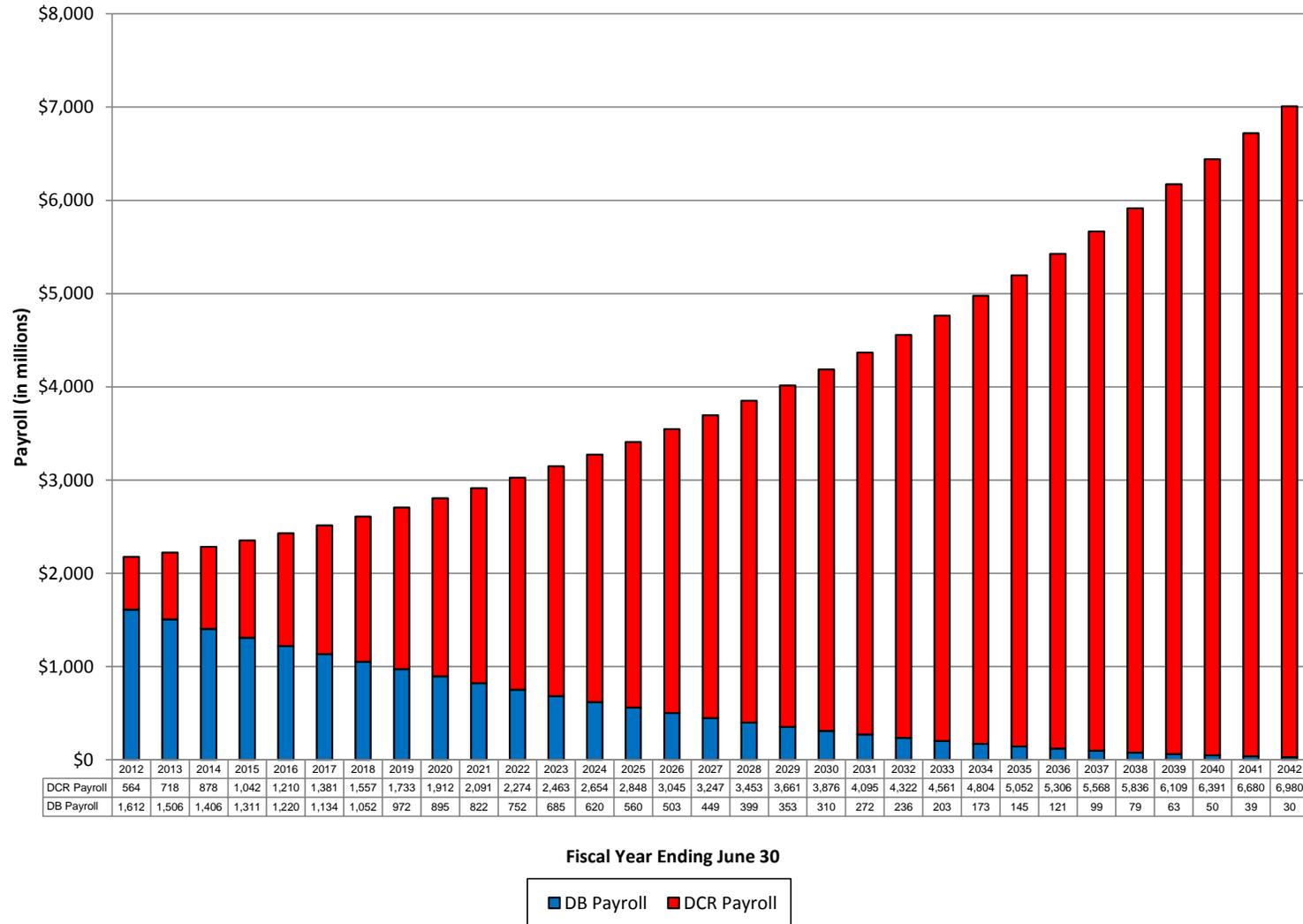
In each case, liabilities have been projected using 8.00% as the discount rate for future benefit payments. These scenarios are intended to illustrate the impact if investment rates are different than the 8.00% assumed investment return. They do not illustrate the effect of changing the assumed discount rate for determining liabilities.

- The actuarial value of assets, contributions, and funded ratios are projected considering the current funding policy of delaying the actuarially calculated contribution rates for a two-year period. We have assumed that once the funded ratio exceeds 100%, contributions to amortize the unfunded actuarial accrued liability will cease. Since the two-year delay does not exactly amortize the unfunded liability over the fixed amortization period, a small additional contribution during the last year of the amortization period creates a small surplus.

Membership Projection Projected Active Member Count

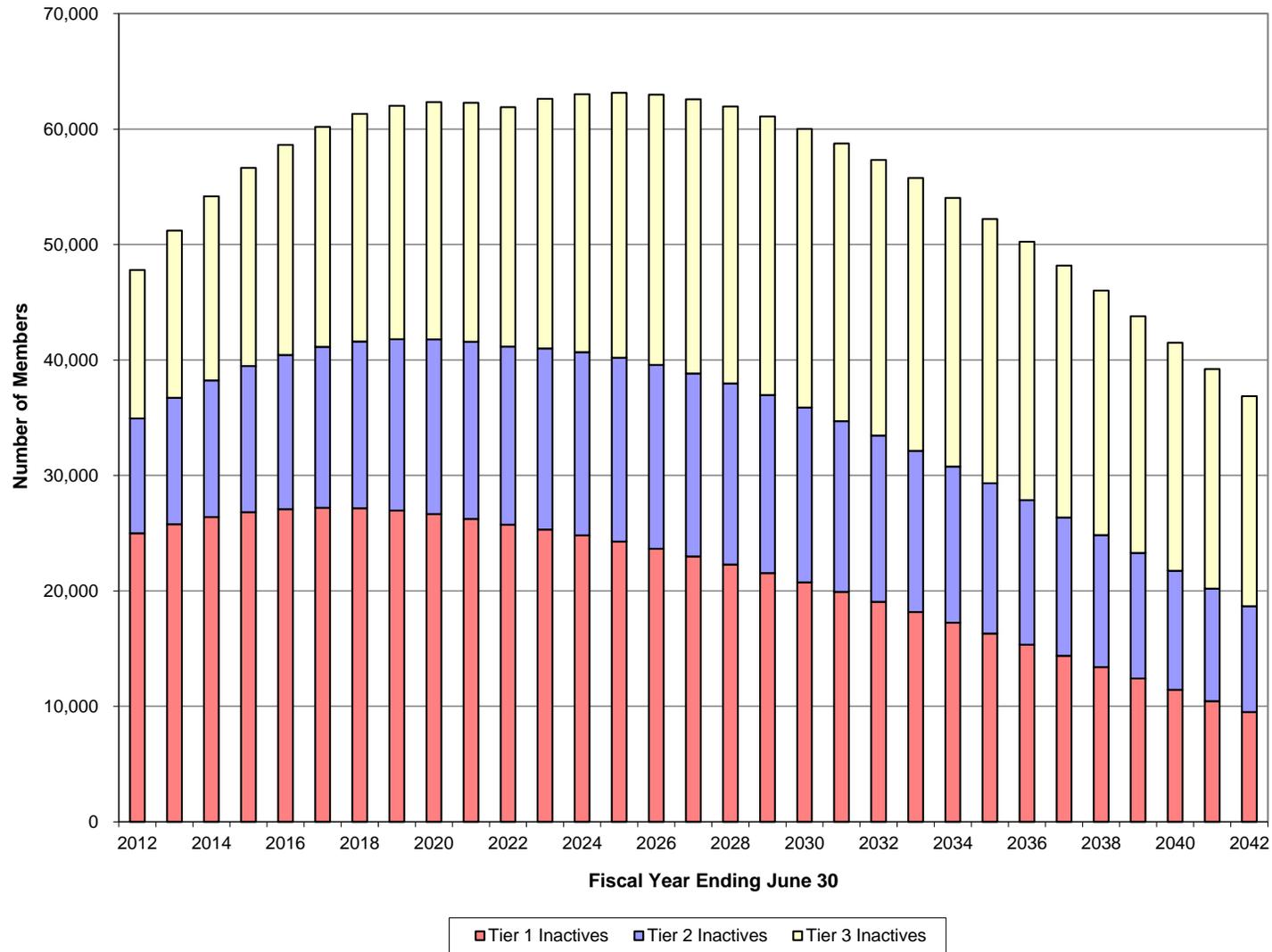


Membership Projection Projected DB and DCR Payroll

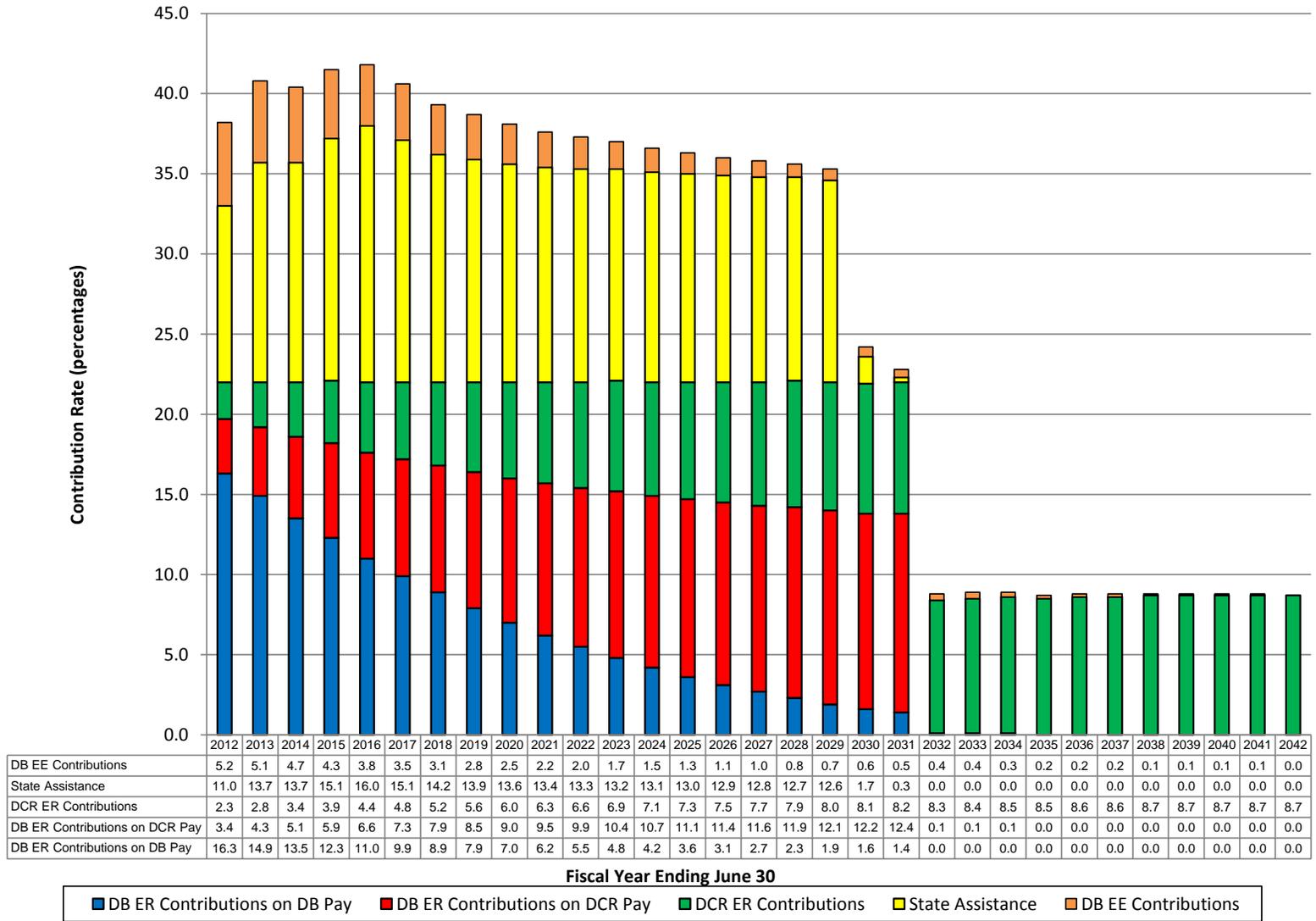


Membership Projection

Projected Inactive Member Count



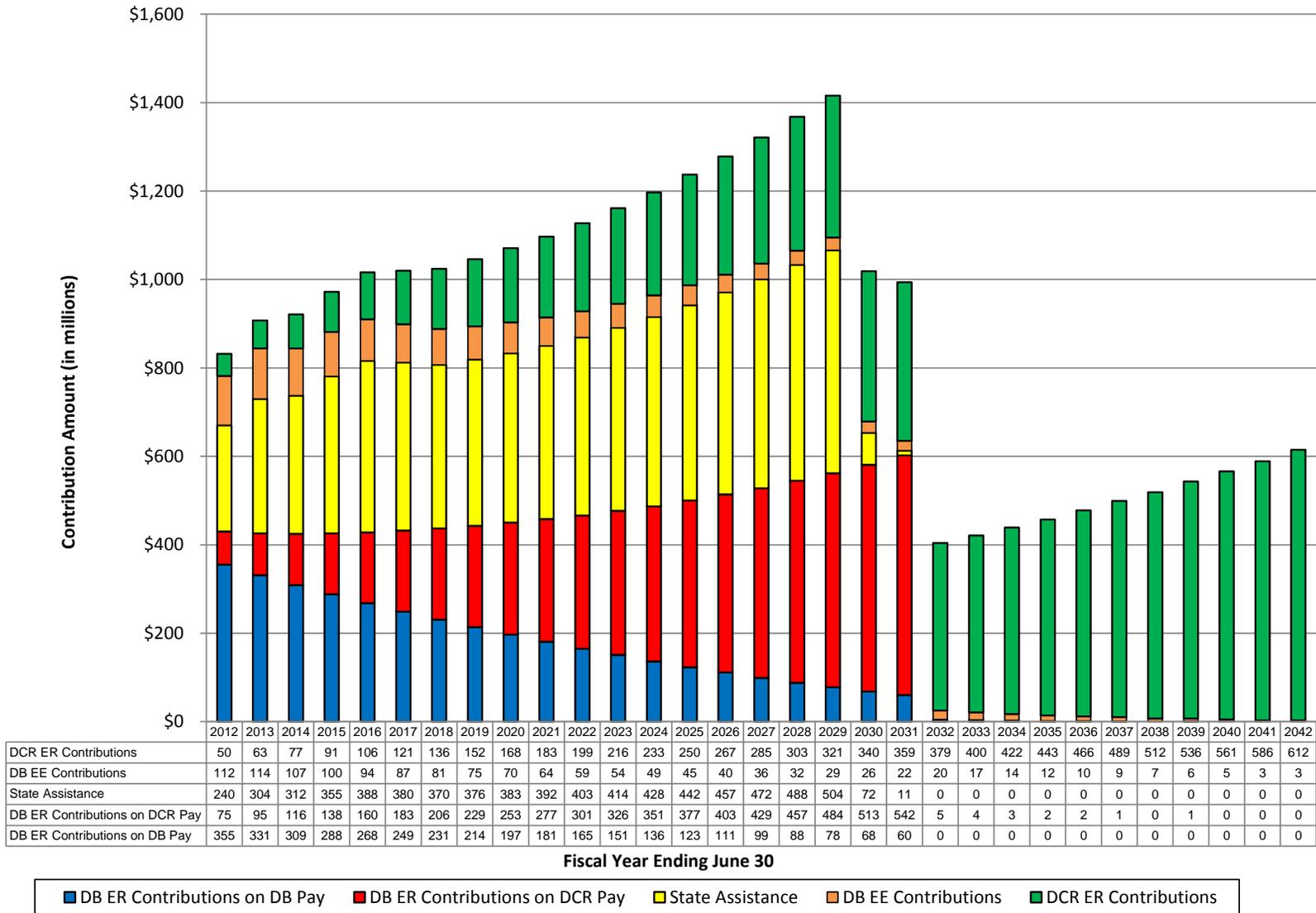
Projected Employer/State Contribution Rates (Based on Total DB and DCR Payroll)



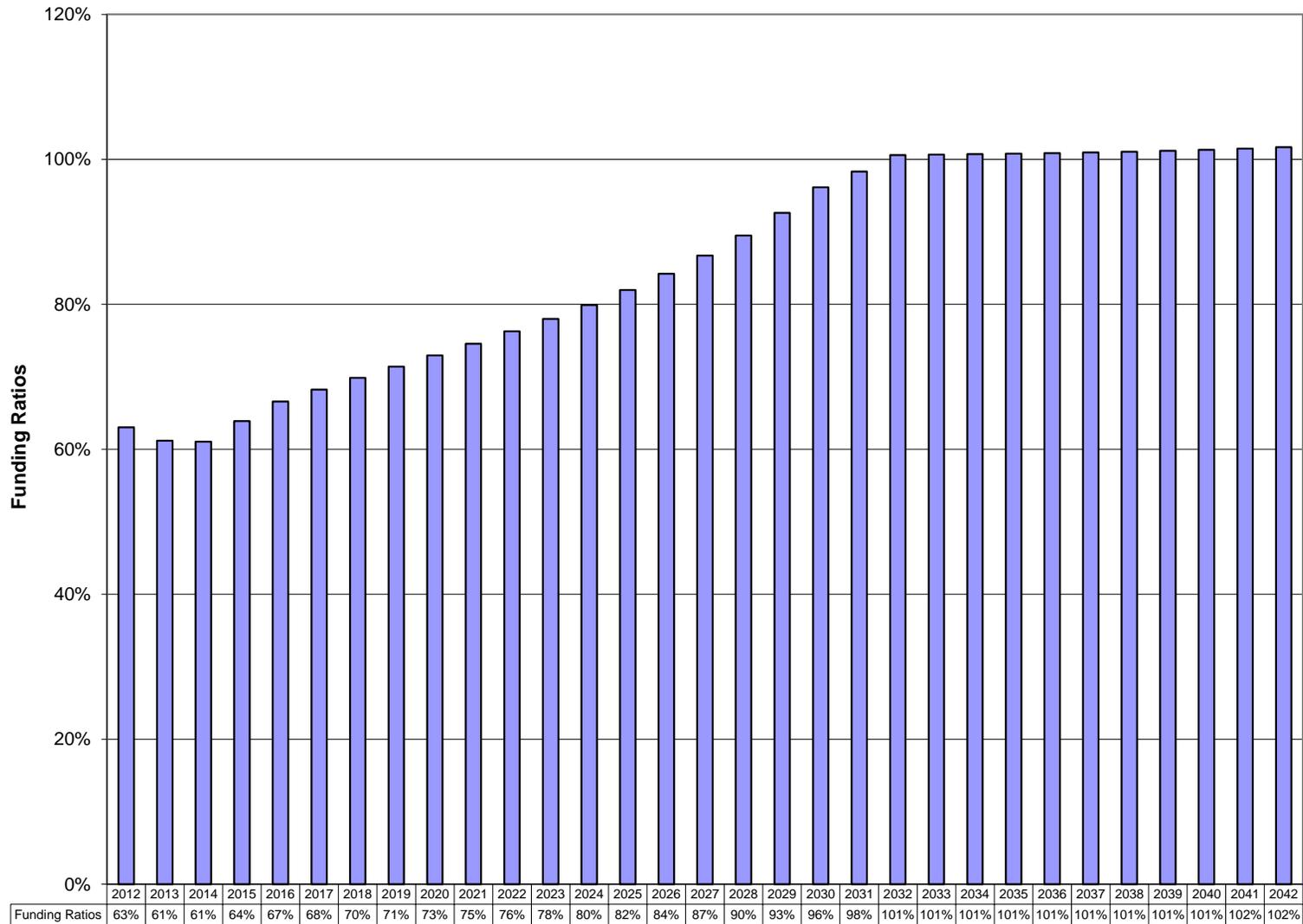
State of Alaska Public Employees' Retirement System

Section 4.4

Projected Employer/State Contribution Amounts



Projection of Funding Ratios



Fiscal Year Ending June 30

State of Alaska Public Employees' Retirement System

Section 4.6

Table of Projected Actuarial Results

State of Alaska PERS Financial Projections (in Thousands)															
Fiscal Year End	Investment Return: 8.00% Valuation Amounts on July 1 (Beginning of Fiscal Year)				Flow Amounts During Following 12 Months									Recognized Asset Gain/(Loss)	Ending Actuarial Assets
	Actuarial Assets	Accrued Liability	Funding Ratio	Surplus (Deficit)	Total Salaries	Employer/State Ctb Rate	Employer Contribs	State Contribs	Employee Contribs	Total Contribs	Benefit Payments	Net Contribs	Investment Earnings		
2012	\$11,813,774	\$18,740,550	63%	(\$6,926,776)	\$2,176,179	30.76%	\$429,257	\$240,136	\$121,713	\$791,106	\$923,509	(\$132,403)	\$902,813	(\$593,594)	\$11,990,590
2013	11,990,590	19,594,822	61%	(7,604,232)	2,224,321	32.83%	426,348	303,897	123,731	853,976	1,001,230	(147,254)	963,604	(343,583)	12,463,357
2014	12,463,357	20,413,494	61%	(7,950,137)	2,284,159	32.31%	425,513	312,499	117,188	855,200	1,077,703	(222,503)	1,025,704	272,773	13,539,331
2015	13,539,331	21,193,684	64%	(7,654,353)	2,352,955	33.22%	426,291	355,361	110,753	892,405	1,159,938	(267,533)	1,087,919	239,251	14,598,968
2016	14,598,968	21,926,590	67%	(7,327,622)	2,429,611	33.61%	428,460	388,132	104,776	921,368	1,240,089	(318,721)	1,151,275	0	15,431,522
2017	15,431,522	22,612,343	68%	(7,180,821)	2,514,198	32.28%	432,069	379,514	98,984	910,567	1,311,244	(400,677)	1,214,426	0	16,245,271
2018	16,245,271	23,259,378	70%	(7,014,107)	2,608,369	30.97%	437,360	370,452	93,650	901,462	1,382,629	(481,167)	1,276,130	0	17,040,234
2019	17,040,234	23,865,957	71%	(6,825,723)	2,705,048	30.29%	443,144	376,215	88,293	907,652	1,469,906	(562,254)	1,336,255	0	17,814,235
2020	17,814,235	24,413,917	73%	(6,599,682)	2,806,928	29.66%	449,897	382,638	83,011	915,546	1,550,220	(634,674)	1,395,066	0	18,574,627
2021	18,574,627	24,904,710	75%	(6,330,083)	2,913,745	29.15%	457,618	391,739	78,105	927,462	1,628,133	(700,671)	1,453,048	0	19,327,004
2022	19,327,004	25,340,970	76%	(6,013,966)	3,025,925	28.71%	466,237	402,506	59,006	927,749	1,702,512	(774,763)	1,510,083	0	20,062,324
2023	20,062,324	25,718,645	78%	(5,656,321)	3,147,128	28.29%	476,364	413,959	54,131	944,454	1,766,742	(822,288)	1,566,830	0	20,806,866
2024	20,806,866	26,035,775	80%	(5,228,909)	3,273,954	27.95%	487,493	427,577	49,109	964,179	1,862,172	(897,993)	1,623,105	0	21,531,978
2025	21,531,978	26,267,533	82%	(4,735,555)	3,407,370	27.63%	499,786	441,670	44,637	986,093	1,930,811	(944,718)	1,679,052	0	22,266,312
2026	22,266,312	26,434,173	84%	(4,167,861)	3,547,971	27.34%	513,375	456,640	40,092	1,010,107	2,004,407	(994,300)	1,735,608	0	23,007,620
2027	23,007,620	26,528,526	87%	(3,520,906)	3,695,845	27.07%	528,184	472,281	36,219	1,036,684	2,067,748	(1,031,064)	1,793,259	0	23,769,815
2028	23,769,815	26,555,553	90%	(2,785,738)	3,851,400	26.81%	544,338	488,222	32,352	1,064,912	2,131,749	(1,066,837)	1,852,617	0	24,555,595
2029	24,555,595	26,510,031	93%	(1,954,436)	4,014,040	26.56%	561,780	504,349	28,901	1,095,030	2,190,427	(1,095,397)	1,914,163	0	25,374,361
2030	25,374,361	26,392,167	96%	(1,017,806)	4,186,025	15.59%	580,796	71,805	25,535	678,136	2,268,668	(1,590,532)	1,959,979	0	25,743,808
2031	25,743,808	26,177,368	98%	(433,560)	4,366,885	14.02%	601,303	10,934	22,271	634,508	2,325,028	(1,690,520)	1,985,424	0	26,038,712
2032	26,038,712	25,878,970	101%	159,742	4,557,421	0.12%	5,469	0	19,597	25,066	2,358,426	(2,333,360)	1,983,686	0	25,689,038
2033	25,689,038	25,519,245	101%	169,793	4,763,757	0.08%	3,811	0	17,150	20,961	2,399,492	(2,378,531)	1,953,803	0	25,264,310
2034	25,264,310	25,080,602	101%	183,708	4,976,457	0.06%	2,986	0	14,432	17,418	2,450,528	(2,433,110)	1,917,513	0	24,748,713
2035	24,748,713	24,552,885	101%	195,828	5,197,428	0.03%	1,559	0	12,474	14,033	2,480,738	(2,466,705)	1,874,847	0	24,156,855
2036	24,156,855	23,947,899	101%	208,956	5,427,477	0.03%	1,628	0	10,312	11,940	2,489,605	(2,477,665)	1,827,038	0	23,506,228
2037	23,506,228	23,279,644	101%	226,584	5,666,666	0.02%	1,133	0	8,500	9,633	2,493,774	(2,484,141)	1,774,720	0	22,796,807
2038	22,796,807	22,553,885	101%	242,922	5,915,417	0.00%	0	0	7,099	7,099	2,482,823	(2,475,724)	1,718,333	0	22,039,416
2039	22,039,416	21,779,066	101%	260,350	6,172,379	0.01%	617	0	5,555	6,172	2,483,271	(2,477,099)	1,657,687	0	21,220,004
2040	21,220,004	20,939,593	101%	280,411	6,440,545	0.00%	0	0	4,508	4,508	2,460,110	(2,455,602)	1,593,054	0	20,357,456
2041	20,357,456	20,055,797	102%	301,659	6,719,346	0.00%	0	0	3,360	3,360	2,418,176	(2,414,816)	1,525,790	0	19,468,430
2042	19,468,430	19,144,114	102%	324,316	7,010,384	0.00%	0	0	2,804	2,804	2,370,544	(2,367,740)	1,456,674	0	18,557,364

Note: A small surplus contribution made in FY31 due to the two-year delay in contribution rates accumulates with interest, thereby increasing the funding ratio over time. Board action to exactly pay off the deficit in FY31 would eliminate this surplus.

State of Alaska Public Employees' Retirement System

Section 4.6 (cont'd)

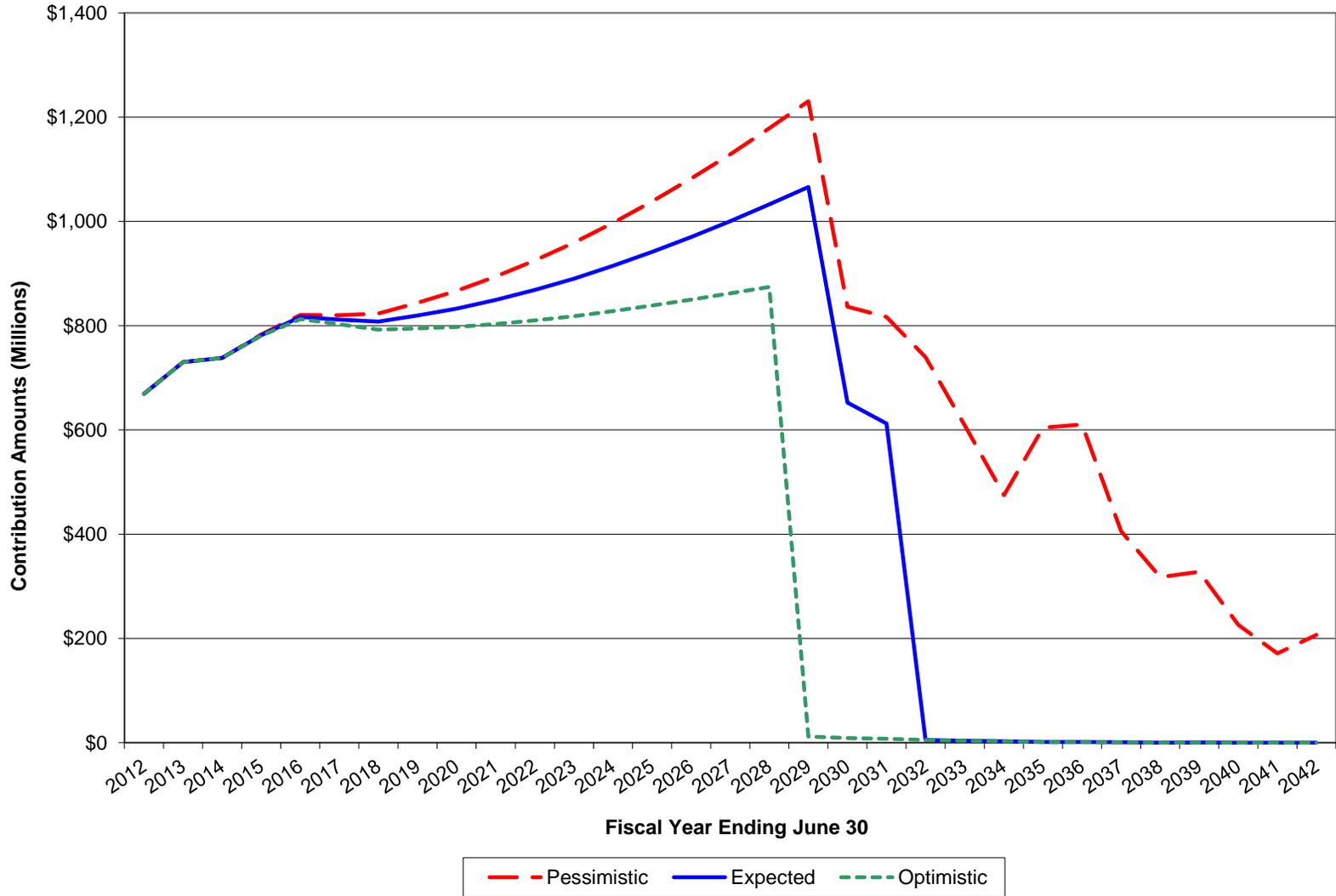
Table of Projected Actuarial Results

State of Alaska PERS Financial Projections (in Thousands)															
Investment Return: 8.00%															
Fiscal Year End	Valuation Amounts on July 1 (Beginning of Fiscal Year)				Flow Amounts During Following 12 Months									Recognized	Ending
	Actuarial Assets	Accrued Liability	Funding Ratio	Surplus (Deficit)	Total Salaries	Employer/State Ctb Rate	Employer Contribs	State Contribs	Employee Contribs	Total Contribs	Benefit Payments	Net Contribs	Investment Earnings	Asset Gain/(Loss)	Actuarial Assets
2043	\$18,557,364	\$18,208,144	102%	\$349,220	\$7,318,587	0.00%	\$0	\$0	\$2,196	\$2,196	\$2,314,374	(\$2,312,178)	\$1,386,156	\$0	\$17,631,342
2044	17,631,342	17,255,060	102%	376,282	7,618,729	0.00%	0	0	1,524	1,524	2,240,237	(2,238,713)	1,315,204	0	16,707,833
2045	16,707,833	16,302,363	102%	405,470	7,926,292	0.00%	0	0	1,585	1,585	2,168,450	(2,166,865)	1,244,381	0	15,785,349
2046	15,785,349	15,347,778	103%	437,571	8,243,609	0.00%	0	0	824	824	2,091,592	(2,090,768)	1,173,825	0	14,868,406
2047	14,868,406	14,396,571	103%	471,835	8,572,937	0.00%	0	0	857	857	2,002,710	(2,001,853)	1,104,254	0	13,970,807
2048	13,970,807	13,461,597	104%	509,210	8,916,072	0.00%	0	0	892	892	1,908,831	(1,907,939)	1,036,444	0	13,099,312
2049	13,099,312	12,549,435	104%	549,877	9,273,495	0.00%	0	0	0	0	1,809,406	(1,809,406)	970,921	0	12,260,827
2050	12,260,827	11,667,748	105%	593,079	9,647,357	0.00%	0	0	0	0	1,714,820	(1,714,820)	907,869	0	11,453,876
2051	11,453,876	10,813,985	106%	639,891	10,036,892	0.00%	0	0	0	0	1,620,476	(1,620,476)	847,329	0	10,680,729
2052	10,680,729	9,990,171	107%	690,558	10,444,500	0.00%	0	0	0	0	1,523,999	(1,523,999)	789,584	0	9,946,314
2053	9,946,314	9,200,956	108%	745,358	10,871,212	0.00%	0	0	0	0	1,428,862	(1,428,862)	734,881	0	9,252,333
2054	9,252,333	8,447,726	110%	804,607	11,318,746	0.00%	0	0	0	0	1,337,483	(1,337,483)	683,252	0	8,598,102
2055	8,598,102	7,729,471	111%	868,631	11,787,266	0.00%	0	0	0	0	1,247,744	(1,247,744)	634,734	0	7,985,092
2056	7,985,092	7,047,285	113%	937,807	12,277,590	0.00%	0	0	0	0	1,159,701	(1,159,701)	589,441	0	7,414,832
2057	7,414,832	6,402,288	116%	1,012,544	12,790,332	0.00%	0	0	0	0	1,074,853	(1,074,853)	547,432	0	6,887,411
2058	6,887,411	5,794,143	119%	1,093,268	13,326,431	0.00%	0	0	0	0	992,908	(992,908)	508,726	0	6,403,229
2059	6,403,229	5,222,758	123%	1,180,471	13,886,568	0.00%	0	0	0	0	914,053	(914,053)	473,349	0	5,962,525
2060	5,962,525	4,687,864	127%	1,274,661	14,470,489	0.00%	0	0	0	0	838,522	(838,522)	441,307	0	5,565,310
2061	5,565,310	4,188,911	133%	1,376,399	15,080,316	0.00%	0	0	0	0	766,486	(766,486)	412,597	0	5,211,421
2062	5,211,421	3,725,135	140%	1,486,286	15,715,455	0.00%	0	0	0	0	698,000	(698,000)	387,201	0	4,900,622
2063	4,900,622	3,295,647	149%	1,604,975	16,376,161	0.00%	0	0	0	0	632,982	(632,982)	365,105	0	4,632,745
2064	4,632,745	2,899,576	160%	1,733,169	17,066,907	0.00%	0	0	0	0	571,274	(571,274)	346,301	0	4,407,772
2065	4,407,772	2,536,147	174%	1,871,625	17,787,135	0.00%	0	0	0	0	513,038	(513,038)	330,783	0	4,225,517
2066	4,225,517	2,204,348	192%	2,021,169	18,537,879	0.00%	0	0	0	0	458,270	(458,270)	318,533	0	4,085,780
2067	4,085,780	1,903,091	215%	2,182,689	19,319,575	0.00%	0	0	0	0	406,869	(406,869)	309,543	0	3,988,454
2068	3,988,454	1,631,313	244%	2,357,141	20,133,127	0.00%	0	0	0	0	358,805	(358,805)	303,803	0	3,933,452
2069	3,933,452	1,387,893	283%	2,545,559	20,984,019	0.00%	0	0	0	0	314,082	(314,082)	301,306	0	3,920,676
2070	3,920,676	1,171,607	335%	2,749,069	21,869,182	0.00%	0	0	0	0	272,760	(272,760)	302,043	0	3,949,959
2071	3,949,959	981,093	403%	2,968,866	22,791,361	0.00%	0	0	0	0	234,830	(234,830)	306,000	0	4,021,129
2072	4,021,129	814,867	493%	3,206,262	23,750,548	0.00%	0	0	0	0	200,309	(200,309)	313,163	0	4,133,983
					\$ 9,632,816		\$ 7,190,526		\$ 1,526,126		\$ 18,349,468				

Note: A small surplus contribution made in FY31 due to the two-year delay in contribution rates accumulates with interest, thereby increasing the funding ratio over time. Board action to exactly pay off the deficit in FY31 would eliminate this surplus.

Sensitivity Analysis

Impact Various Investment Rates of Return Have on the Employer/State Contribution Amount



Section 5

Member Data

State of Alaska Public Employees' Retirement System

Section 5.1

Summary of Members Included – Total PERS

As of June 30	2007	2008	2009	2010	2011
Active Members					
(1) Number	31,362	28,850	27,565	26,442	24,393
(2) Average Age	46.06	47.01	47.85	48.58	49.22
(3) Average Credited Service	9.66	10.48	11.19	11.84	12.60
(4) Average Entry Age	36.40	36.53	36.66	36.74	36.62
(5) Average Annual Earnings	\$ 51,203	\$ 54,691	\$ 57,518	\$ 60,007	\$ 63,201
(6) Number Vested	19,587	20,058	20,671	21,477	21,640
(7) Percent Who Are Vested	62.5%	69.5%	75.0%	81.2%	88.7%
Retirees, Disableds and Beneficiaries					
(1) Number	22,997	24,082	25,015	26,237	27,359
(2) Average Age	65.69	66.01	66.39	66.71	67.05
(3) Average Monthly Pension Benefit					
Base	\$ 1,242	\$ 1,263	\$ 1,280	\$ 1,309	\$ 1,345
COLA	84	84	85	86	88
P.R.P.A.	226	225	244	231	229
Adjustment	0	1	0	0	0
Total	\$ 1,552	\$ 1,573	\$ 1,609	\$ 1,626	\$ 1,662
Vested Terminations (vested at time of termination, not refunded contributions or commenced benefits)					
(1) Number	6,398	6,627	6,566	6,253	6,414
(2) Average Age	49.07	49.41	49.83	49.90	50.29
(3) Average Monthly Pension Benefit	\$ 786	\$ 816	\$ 836	\$ 805	\$ 821
Non-Vested Terminations With Account Balances (not vested at termination, not refunded contributions)					
(1) Number	14,902	14,930	14,626	14,543	14,028
(2) Average Account Balance	\$ 4,035	\$ 4,354	\$ 4,654	\$ 4,895	\$ 5,074
Total Number of Members	75,659	74,489	73,772	73,475	72,194

State of Alaska Public Employees' Retirement System

Section 5.1 (cont'd)

Summary of Members Included – Total PERS

As of June 30, 2011	Tier 1	Tier 2	Tier 3	Total
Retirees, Disableds and Beneficiaries				
(1) Number	22,074	4,269	1,016	27,359
(2) Average Age	67.40	65.97	64.02	67.05
(3) Average Monthly Pension Benefit				
Base	\$ 1,446	\$ 969	\$ 727	\$ 1,345
COLA	102	30	26	88
P.R.P.A.	271	65	23	229
Adjustment	0	0	0	0
Total	\$ 1,819	\$ 1,064	\$ 776	\$ 1,662

State of Alaska Public Employees' Retirement System

Section 5.1 (cont'd)

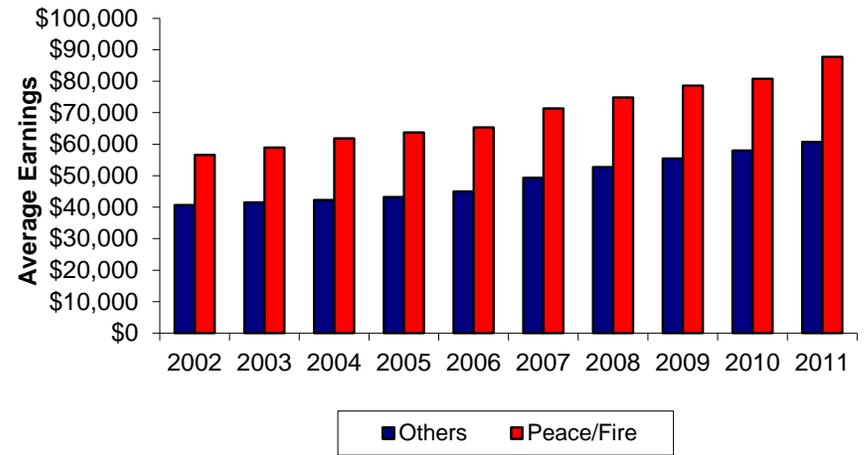
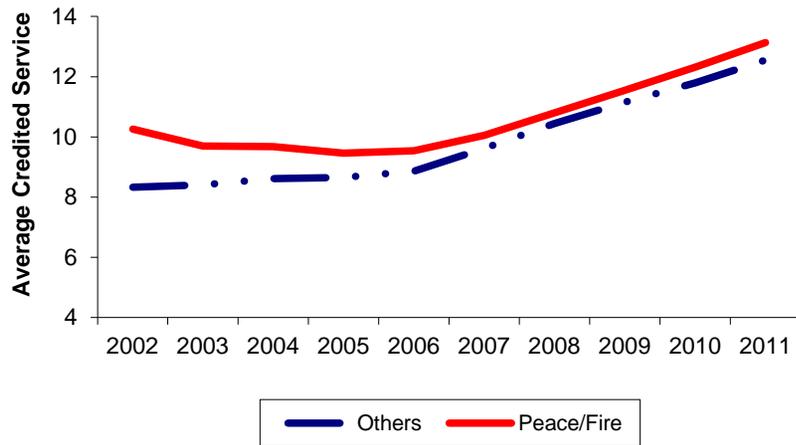
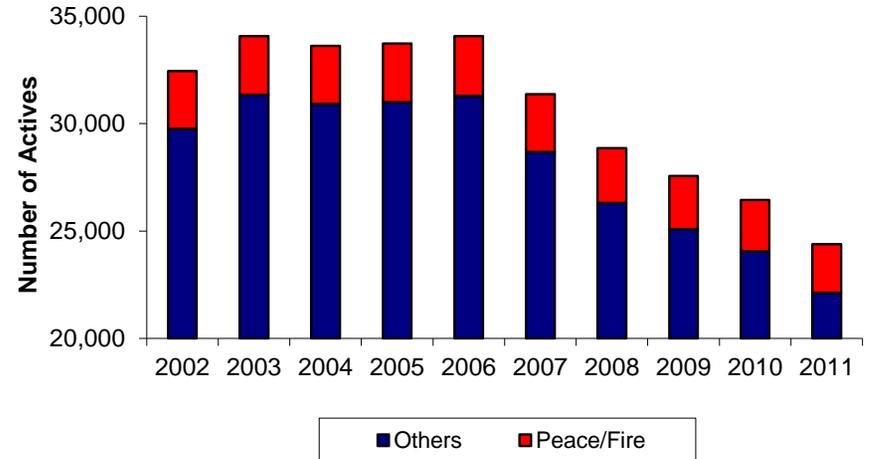
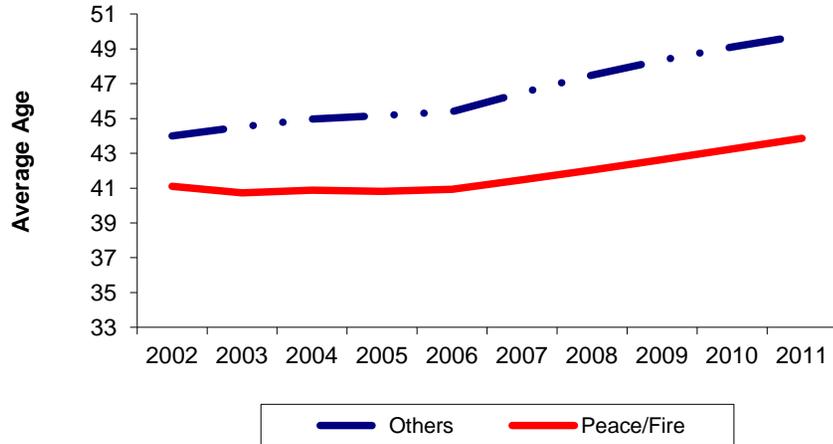
Summary of Members Included

Active Members

As of June 30	2007	2008	2009	2010	2011
Peace Officer/Firefighter					
(1) Number	2,687	2,549	2,476	2,388	2,275
(2) Average Age	41.48	42.04	42.63	43.25	43.86
(3) Average Credited Service	10.05	10.80	11.55	12.32	13.13
(4) Average Entry Age	31.43	31.24	31.08	30.93	30.73
(5) Average Annual Earnings	\$ 71,334	\$ 74,825	\$ 78,562	\$ 80,777	\$ 87,709
(6) Number Vested	1,892	1,928	2,017	2,102	2,183
(7) Percent Who Are Vested	70.4%	75.6%	81.5%	88.0%	96.0%
Others					
(1) Number	28,675	26,301	25,089	24,054	22,118
(2) Average Age	46.49	47.49	48.36	49.11	49.77
(3) Average Credited Service	9.62	10.45	11.15	11.79	12.55
(4) Average Entry Age	36.87	37.04	37.21	37.32	37.22
(5) Average Annual Earnings	\$ 49,316	\$ 52,740	\$ 55,441	\$ 57,945	\$ 60,680
(6) Number Vested	17,695	18,130	18,654	19,375	19,457
(7) Percent Who Are Vested	61.7%	68.9%	74.4%	80.5%	88.0%
Total					
(1) Number	31,362	28,850	27,565	26,442	24,393
(2) Average Age	46.06	47.01	47.85	48.58	49.22
(3) Average Credited Service	9.66	10.48	11.19	11.84	12.60
(4) Average Entry Age	36.40	36.53	36.66	36.74	36.62
(5) Average Annual Earnings	\$ 51,203	\$ 54,691	\$ 57,518	\$ 60,007	\$ 63,201
(6) Number Vested	19,587	20,058	20,671	21,477	21,640
(7) Percent Who Are Vested	62.5%	69.5%	75.0%	81.2%	88.7%

Summary of Members Included

Active Members as of June 30



State of Alaska Public Employees' Retirement System

Section 5.2

Age and Service Distribution of Active Members – Peace Officer/Firefighter

Annual Earnings by Age				Annual Earnings by Credited Service			
Age	Number	Total Annual Earnings	Average Annual Earnings	Years of Service	Number	Total Annual Earnings	Average Annual Earnings
0 – 19	0	\$ 0	\$ 0	0	2	\$ 122,901	\$ 61,451
20 – 24	2	129,764	64,882	1	5	267,353	53,471
25 – 29	95	7,670,196	80,739	2	11	789,338	71,758
30 – 34	250	21,079,033	84,316	3	20	1,365,846	68,292
35 – 39	453	39,834,277	87,934	4	16	1,159,528	72,471
40 – 44	501	45,376,290	90,571	0 – 4	54	3,704,966	68,610
45 – 49	412	36,792,619	89,302	5 – 9	815	67,094,087	82,324
50 – 54	304	26,755,257	88,011	10 – 14	611	53,867,907	88,164
55 – 59	184	15,885,163	86,332	15 – 19	443	41,846,631	94,462
60 – 64	68	5,538,428	81,447	20 – 24	228	21,476,887	94,197
65 – 69	5	386,351	77,270	25 – 29	93	8,532,760	91,750
70 – 74	1	90,021	90,021	30 – 34	29	2,789,263	96,181
75+	0	0	0	35 – 39	1	131,193	131,193
				40+	1	93,705	93,705
Total	2,275	\$ 199,537,399	\$ 87,709	Total	2,275	\$ 199,537,399	\$ 87,709

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	0
20 – 24	1	1	0	0	0	0	0	0	0	0	2
25 – 29	7	88	0	0	0	0	0	0	0	0	95
30 – 34	11	183	55	1	0	0	0	0	0	0	250
35 – 39	9	193	182	69	0	0	0	0	0	0	453
40 – 44	9	134	165	146	46	1	0	0	0	0	501
45 – 49	9	103	96	107	82	15	0	0	0	0	412
50 – 54	4	67	66	58	61	40	8	0	0	0	304
55 – 59	4	32	33	44	26	25	19	1	0	0	184
60 – 64	0	13	14	16	11	12	1	0	1	0	68
65 – 69	0	1	0	2	1	0	1	0	0	0	5
70 – 74	0	0	0	0	1	0	0	0	0	0	1
75+	0	0	0	0	0	0	0	0	0	0	0
Total	54	815	611	443	228	93	29	1	1	1	2,275

Total annual earnings are the annualized earnings for the fiscal year ending on the valuation date.

State of Alaska Public Employees' Retirement System

Section 5.2 (cont'd)

Age and Service Distribution of Active Members – Others

Annual Earnings by Age				Annual Earnings by Credited Service			
Age	Number	Total Annual Earnings	Average Annual Earnings	Years of Service	Number	Total Annual Earnings	Average Annual Earnings
0 – 19	0	\$ 0	\$ 0	0	60	\$ 2,525,891	\$ 42,098
20 – 24	27	1,279,533	47,390	1	228	10,596,479	46,476
25 – 29	548	27,999,685	51,094	2	369	16,588,362	44,955
30 – 34	1,374	76,744,802	55,855	3	562	25,776,125	45,865
35 – 39	1,870	111,909,545	59,845	4	878	40,545,773	46,180
40 – 44	2,495	149,169,811	59,787	0 – 4	2,097	96,032,630	45,795
45 – 49	3,798	227,714,700	59,956	5 – 9	7,999	440,621,847	55,085
50 – 54	4,954	306,827,998	61,935	10 – 14	5,098	311,014,368	61,007
55 – 59	4,304	268,094,546	62,290	15 – 19	3,066	203,828,549	66,480
60 – 64	2,089	132,127,685	63,249	20 – 24	2,238	162,681,269	72,690
65 – 69	517	32,213,204	62,308	25 – 29	1,205	94,399,642	78,340
70 – 74	115	6,718,713	58,424	30 – 34	350	27,896,923	79,705
75+	27	1,322,206	48,971	35 – 39	55	4,685,770	85,196
				40+	10	961,430	96,143
Total	22,118	\$ 1,342,122,428	\$ 60,680	Total	22,118	\$ 1,342,122,428	\$ 60,680

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	21	6	0	0	0	0	0	0	0	27
25 – 29	199	345	4	0	0	0	0	0	0	548
30 – 34	271	940	162	1	0	0	0	0	0	1,374
35 – 39	232	1,008	538	89	3	0	0	0	0	1,870
40 – 44	273	1,107	708	301	102	4	0	0	0	2,495
45 – 49	309	1,345	950	599	448	140	7	0	0	3,798
50 – 54	321	1,408	1,100	800	705	515	103	2	0	4,954
55 – 59	276	1,078	1,033	805	628	338	137	9	0	4,304
60 – 64	151	582	452	366	281	151	77	24	5	2,089
65 – 69	28	146	121	88	55	45	20	11	3	517
70 – 74	11	25	28	12	12	12	5	8	2	115
75+	5	9	2	5	4	0	1	1	0	27
Total	2,097	7,999	5,098	3,066	2,238	1,205	350	55	10	22,118

Total annual earnings are the annualized earnings for the fiscal year ending on the valuation date.

State of Alaska Public Employees' Retirement System

Section 5.3

Member Data Reconciliation – Total PERS

	Active Members	Inactive Members					Total
		Due a Refund	With Deferred Benefits	Retired Members	Disabled Members	Bene-ficiaries	
As of June 30, 2010	26,442	14,543	6,253	23,360	307	2,570	73,475
Vested Terminations	(876)	(12)	888	0	0	0	0
Non-vested Terminations	(439)	447	(7)	0	(1)	0	0
Cash-outs	(203)	(596)	(98)	0	(1)	0	(898)
Disability Retirements	(17)	0	(8)	(2)	27	0	0
Age Retirements	(1,031)	(26)	(404)	1,504	(43)	N/A	0
Deaths With Beneficiary	(10)	0	(1)	(136)	(3)	150	0
Deaths Without Beneficiary	(40)	(46)	(14)	(329)	(2)	(75)	(506)
Data Corrections	(7)	14	(0)	(1)	2	(2)	6
Transfers Out	(28)	(12)	(4)	(2)	(1)	(1)	(48)
Rehires	602	(284)	(191)	(31)	(1)	0	95
Pick Ups	0	0	0	0	0	70	70
Net Change	(2,049)	(515)	161	1,003	(23)	142	(1,281)
New Entrants During the Year	0	0	N/A	N/A	N/A	N/A	0
As of June 30, 2011	24,393	14,028	6,414	24,363	284	2,712	72,194

State of Alaska Public Employees' Retirement System

Section 5.4

Schedule of Active Member Data – Peace Officer/Firefighter

Valuation Date	Number	Annual Earnings (000's) ¹	Annual Average Earnings	Percent Increase/ (Decrease) in Average Earnings	Number of Participating Employers
June 30, 2011	2,275	\$ 199,537	\$ 87,709	8.6%	160
June 30, 2010	2,388	192,895	80,777	2.8%	160
June 30, 2009	2,476	194,519	78,562	5.0%	160
June 30, 2008	2,549	190,729	74,825	4.9%	159
June 30, 2007	2,687	191,674	71,334	9.3%	160
June 30, 2006	2,785	181,830	65,289	2.5%	160
June 30, 2005	2,733	174,155	63,723	3.0%	160
June 30, 2004	2,705	167,317	61,855	4.9%	161
June 30, 2003	2,727	160,743	58,945	0.8%	160
June 30, 2002	2,695	157,632	58,490	3.4%	161

¹ Prior to June 30, 2006, unannualized earnings were used. Starting June 30, 2006, annualized earnings are used.

State of Alaska Public Employees' Retirement System

Section 5.4 (cont'd)

Schedule of Active Member Data – Others

Valuation Date	Number	Annual Earnings (000's) ¹	Annual Average Earnings	Percent Increase/ (Decrease) in Average Earnings	Number of Participating Employers
June 30, 2011	22,118	\$ 1,342,122	\$ 60,680	4.7%	160
June 30, 2010	24,054	1,393,803	57,945	4.5%	160
June 30, 2009	25,089	1,390,971	55,441	5.1%	160
June 30, 2008	26,301	1,387,117	52,740	6.9%	159
June 30, 2007	28,675	1,414,145	49,316	9.5%	160
June 30, 2006	31,286	1,408,863	45,032	4.2%	160
June 30, 2005	30,997	1,338,962	43,197	2.3%	160
June 30, 2004	30,907	1,305,670	42,245	1.8%	161
June 30, 2003	31,338	1,300,041	41,484	1.8%	160
June 30, 2002	30,547	1,245,055	40,759	0.3%	161

¹ Prior to June 30, 2006, unannualized earnings were used. Starting June 30, 2006, annualized earnings are used.

State of Alaska Public Employees' Retirement System

Section 5.5

Summary of New Pension Benefit Recipients – Peace Officer/Firefighter

During the Year Ending June 30	2007	2008	2009	2010	2011
Service					
(1) Number	97	97	80	86	83
(2) Average Age at Commencement	54.23	55.95	55.98	56.91	56.41
(3) Average Monthly Pension Benefit	\$ 2,692	\$ 2,616	\$ 2,402	\$ 2,865	\$ 3,229
Survivor (including surviving spouse and QDROs)					
(1) Number	30	20	25	28	29
(2) Average Age at Commencement	57.01	56.36	58.42	57.70	57.19
(3) Average Monthly Pension Benefit	\$ 1,388	\$ 1,163	\$ 1,337	\$ 1,521	\$ 1,438
Disability					
(1) Number	11	8	3	4	2
(2) Average Age at Commencement	48.51	43.62	44.87	50.61	50.53
(3) Average Monthly Pension Benefit	\$ 2,253	\$ 2,425	\$ 1,461	\$ 2,631	\$ 2,354
Total					
(1) Number	138	125	108	118	114
(2) Average Age at Commencement	54.38	55.23	56.24	56.88	56.51
(3) Average Monthly Pension Benefit	\$ 2,374	\$ 2,371	\$ 2,129	\$ 2,538	\$ 2,758

State of Alaska Public Employees' Retirement System

Section 5.5 (cont'd)

Summary of New Pension Benefit Recipients

Average Pension Benefit Payments – Peace Officer/Firefighter

	Years of Credited Service						
	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30+
Period 7/1/10 - 6/30/11:							
Average Monthly Pension Benefit	\$ 525	\$ 880	\$ 1,469	\$ 2,666	\$ 3,743	\$ 4,806	\$ 5,661
Number of Recipients	1	8	18	10	24	16	8
Period 7/1/09 - 6/30/10:							
Average Monthly Pension Benefit	\$ 1,902	\$ 1,242	\$ 1,459	\$ 2,284	\$ 3,179	\$ 4,527	\$ 4,695
Number of Recipients	4	7	16	14	28	14	7
Period 7/1/08 - 6/30/09:							
Average Monthly Pension Benefit	\$ 489	\$ 820	\$ 979	\$ 2,466	\$ 3,152	\$ 4,213	\$ 4,894
Number of Recipients	2	17	11	18	23	7	5
Period 7/1/07 - 6/30/08:							
Average Monthly Pension Benefit	\$ 1,522	\$ 950	\$ 1,171	\$ 2,378	\$ 3,179	\$ 3,837	\$ 6,014
Number of Recipients	6	13	13	20	32	18	3
Period 7/1/06 - 6/30/07:							
Average Monthly Pension Benefit	\$ 925	\$ 858	\$ 1,304	\$ 2,385	\$ 3,180	\$ 4,198	\$ 4,942
Number of Recipients	4	13	9	26	40	12	4
Period 7/1/05 - 6/30/06:							
Average Monthly Pension Benefit	\$ 1,556	\$ 748	\$ 1,280	\$ 2,236	\$ 2,931	\$ 3,595	\$ 4,190
Number of Recipients	5	11	9	26	29	13	3
Period 7/1/04 - 6/30/05:							
Average Monthly Pension Benefit	\$ 277	\$ 700	\$ 1,209	\$ 1,823	\$ 2,852	\$ 3,804	\$ 3,846
Number of Recipients	1	14	20	23	66	13	3
Period 7/1/03 - 6/30/04:							
Average Monthly Pension Benefit	\$ 1,644	\$ 2,392	\$ 2,298	\$ 2,093	\$ 2,435	\$ 2,895	\$ 2,546
Number of Recipients	4	78	46	43	61	30	8
Period 7/1/02 - 6/30/03:							
Average Monthly Pension Benefit	\$ 1,594	\$ 697	\$ 1,131	\$ 2,043	\$ 3,013	\$ 4,079	\$ 4,313
Number of Recipients	1	9	20	20	79	11	3

“Average Monthly Pension Benefit” includes post-retirement pension adjustments and cost-of-living increases.

State of Alaska Public Employees' Retirement System

Section 5.5 (cont'd)

Summary of New Pension Benefit Recipients – Others

During the Year Ending June 30	2007	2008	2009	2010	2011
Service					
(1) Number	1,270	1,226	1,140	1,409	1,379
(2) Average Age at Commencement	57.70	57.77	58.10	58.74	59.19
(3) Average Monthly Pension Benefit	\$ 1,731	\$ 1,743	\$ 1,698	\$ 1,879	\$ 2,061
Survivor (including surviving spouse and QDROs)					
(1) Number	175	201	181	225	191
(2) Average Age at Commencement	62.74	63.66	64.33	65.35	66.04
(3) Average Monthly Pension Benefit	\$ 847	\$ 1,000	\$ 866	\$ 986	\$ 1,103
Disability					
(1) Number	34	27	19	33	25
(2) Average Age at Commencement	50.60	47.75	51.79	52.43	51.10
(3) Average Monthly Pension Benefit	\$ 2,026	\$ 1,355	\$ 1,264	\$ 1,662	\$ 1,550
Total					
(1) Number	1,479	1,454	1,340	1,667	1,595
(2) Average Age at Commencement	58.13	58.40	58.85	59.51	59.88
(3) Average Monthly Pension Benefit	\$ 1,633	\$ 1,633	\$ 1,579	\$ 1,754	\$ 1,938

State of Alaska Public Employees' Retirement System

Section 5.5 (cont'd)

Summary of New Pension Benefit Recipients

Average Pension Benefit Payments – Others

	Years of Credited Service						
	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30+
Period 7/1/10 - 6/30/11:							
Average Monthly Pension Benefit	\$ 409	\$ 633	\$ 1,150	\$ 1,876	\$ 2,690	\$ 4,294	\$ 5,226
Number of Recipients	73	352	270	227	172	205	105
Period 7/1/09 - 6/30/10:							
Average Monthly Pension Benefit	\$ 485	\$ 579	\$ 1,116	\$ 1,763	\$ 2,674	\$ 4,008	\$ 5,039
Number of Recipients	93	367	273	217	218	200	74
Period 7/1/08 - 6/30/09:							
Average Monthly Pension Benefit	\$ 534	\$ 554	\$ 988	\$ 1,708	\$ 2,693	\$ 3,718	\$ 4,723
Number of Recipients	71	341	216	171	154	159	47
Period 7/1/07 - 6/30/08:							
Average Monthly Pension Benefit	\$ 586	\$ 548	\$ 1,044	\$ 1,655	\$ 2,668	\$ 3,642	\$ 4,561
Number of Recipients	69	315	249	222	172	170	56
Period 7/1/06 - 6/30/07:							
Average Monthly Pension Benefit	\$ 1,026	\$ 564	\$ 1,084	\$ 1,773	\$ 2,509	\$ 3,699	\$ 4,132
Number of Recipients	97	320	263	207	190	183	44
Period 7/1/05 - 6/30/06:							
Average Monthly Pension Benefit	\$ 519	\$ 536	\$ 950	\$ 1,464	\$ 2,212	\$ 3,247	\$ 3,837
Number of Recipients	72	319	271	246	197	184	50
Period 7/1/04 - 6/30/05:							
Average Monthly Pension Benefit	\$ 423	\$ 516	\$ 1,008	\$ 1,571	\$ 2,249	\$ 3,176	\$ 3,369
Number of Recipients	40	363	266	211	213	118	76
Period 7/1/03 - 6/30/04:							
Average Monthly Pension Benefit	\$ 659	\$ 745	\$ 806	\$ 968	\$ 917	\$ 1,163	\$ 1,488
Number of Recipients	28	300	231	218	234	109	58
Period 7/1/02 - 6/30/03:							
Average Monthly Pension Benefit	\$ 984	\$ 678	\$ 1,022	\$ 1,601	\$ 2,201	\$ 3,116	\$ 4,004
Number of Recipients	202	379	290	219	179	99	77

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

State of Alaska Public Employees' Retirement System

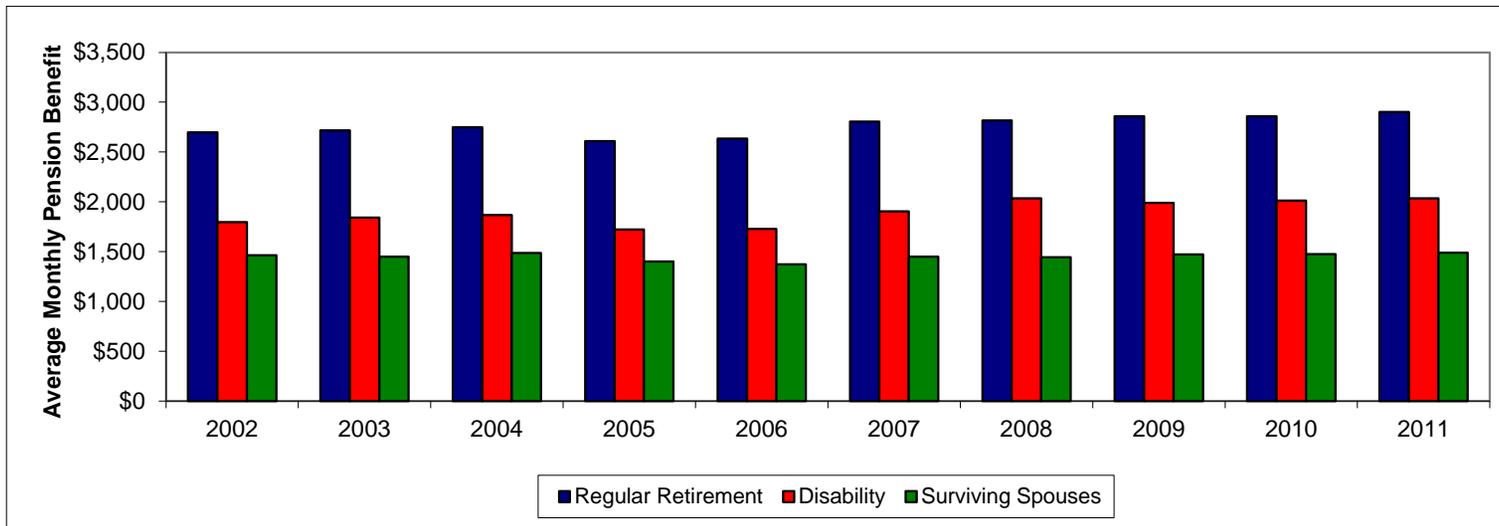
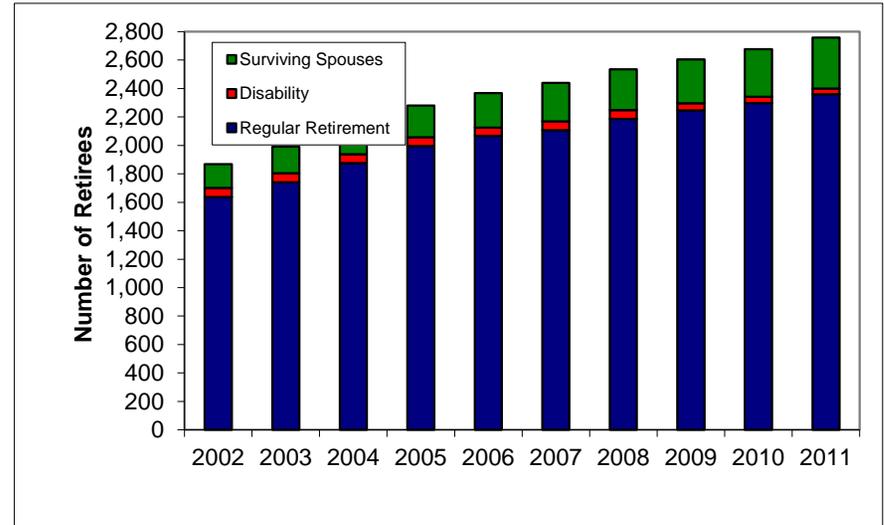
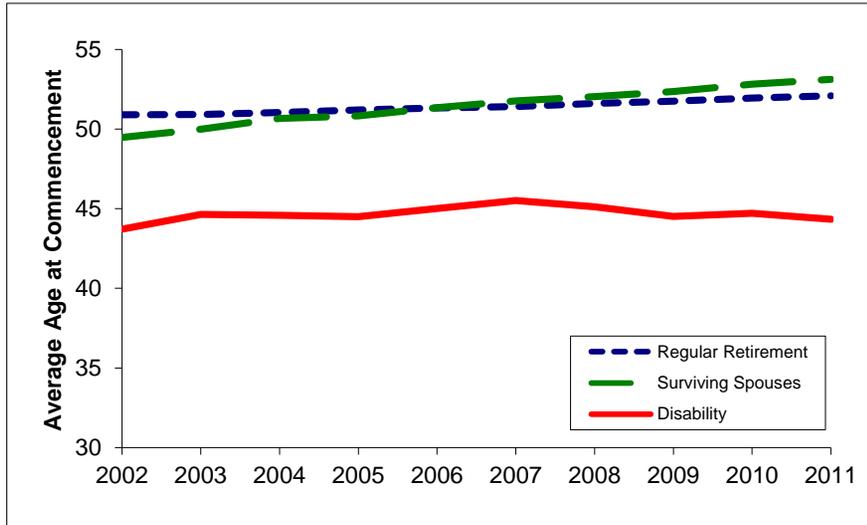
Section 5.6

Summary of All Pension Benefit Recipients

	<u>Peace Officer/ Firefighter</u>	<u>Others</u>
Service Retirements		
(1) Number, June 30, 2010	2,298	21,062
(2) Net Change During FY11	61	942
(3) Number, June 30, 2011	2,359	22,004
(3) Average Age At Commencement	52.09	56.89
(4) Average Current Age	63.95	67.43
(5) Average Monthly Pension Benefit	\$ 2,901	\$ 1,610
Survivors (including surviving spouses and QDROs)		
(1) Number, June 30, 2010	334	2,236
(2) Net Change During FY11	24	118
(3) Number, June 30, 2011	358	2,354
(4) Average Age At Commencement	53.11	59.48
(5) Average Current Age	62.22	69.06
(6) Average Monthly Pension Benefit	\$ 1,488	\$ 952
Disabilities		
(1) Number, June 30, 2010	45	262
(2) Net Change During FY11	(4)	(19)
(3) Number, June 30, 2011	41	243
(4) Average Age At Commencement	44.33	45.46
(5) Average Current Age	51.63	53.17
(6) Average Monthly Pension Benefit	\$ 2,034	\$ 1,451
Total		
(1) Number, June 30, 2010	2,677	23,560
(2) Net Change During FY11	81	1,041
(3) Number, June 30, 2011	2,758	24,601
(4) Average Age At Commencement	52.11	57.02
(5) Average Current Age	63.55	67.44
(6) Average Monthly Pension Benefit	\$ 2,704	\$ 1,545

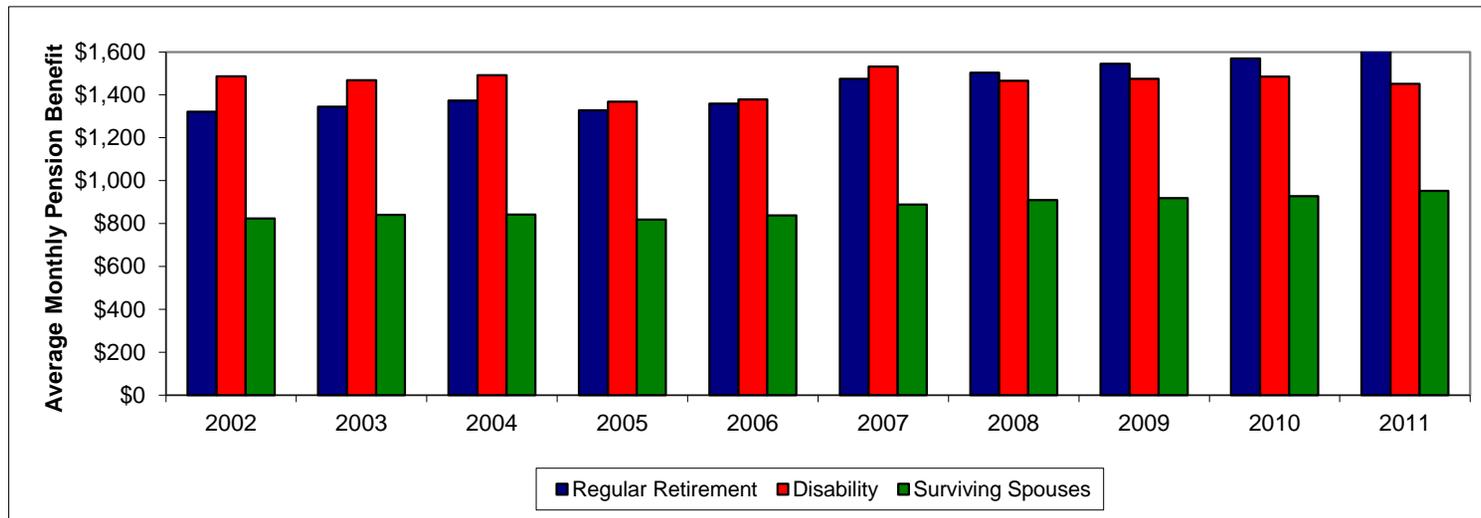
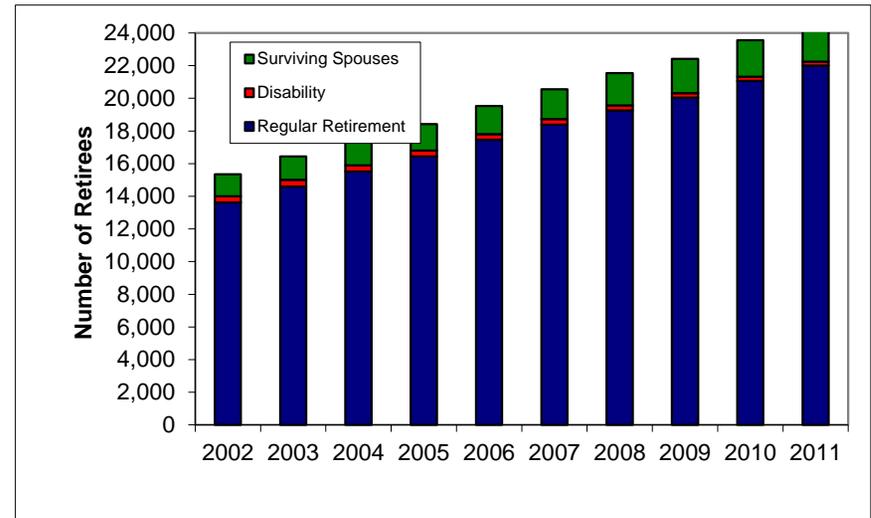
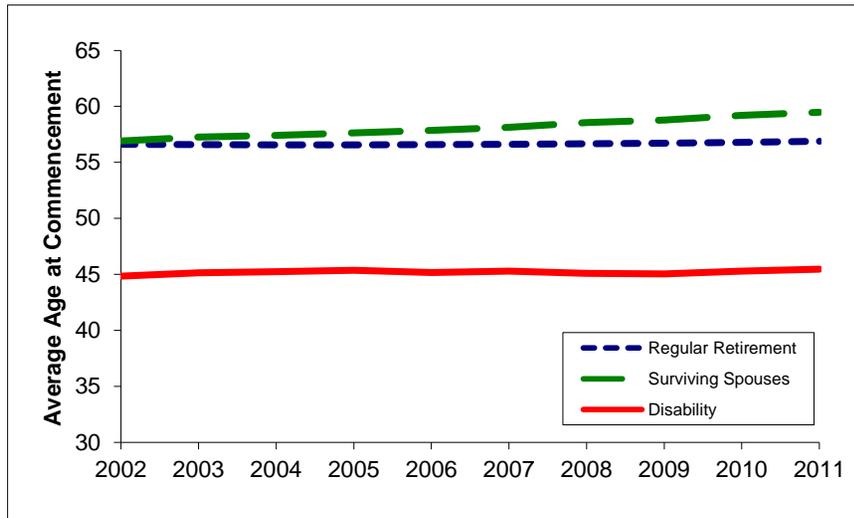
Summary of All Pension Benefit Recipients

Peace Officer/Firefighter



Summary of All Pension Benefit Recipients

Others



State of Alaska Public Employees' Retirement System

Section 5.6 (cont'd)

Summary of All Pension Benefit Recipients – Peace Officer/Firefighter

Annual Pension Benefit by Age

Age	Number	Total Annual Benefit	Average Annual Benefit
0 – 19	0	\$ 0	\$ 0
20 – 24	0	0	0
25 – 29	0	0	0
30 – 34	1	26,551	26,551
35 – 39	4	107,109	26,777
40 – 44	19	412,332	21,702
45 – 49	66	2,136,391	32,370
50 – 54	281	9,593,736	34,141
55 – 59	564	18,540,200	32,873
60 – 64	761	25,091,645	32,972
65 – 69	530	16,505,180	31,142
70 – 74	293	9,276,531	31,661
75+	239	7,810,820	32,681

Total 2,758 \$ 89,500,495 \$ 32,451

Annual Pension Benefit by Years Since Commencement

Years Since Commencement	Number	Total Annual Benefit	Average Annual Benefit
0	111	\$ 3,557,227	\$ 32,047
1	116	3,645,746	31,429
2	122	3,204,400	26,266
3	127	3,502,769	27,581
4	132	3,808,151	28,850
0 – 4	608	17,718,293	29,142
5 – 9	698	20,971,087	30,045
10 – 14	748	24,814,794	33,175
15 – 19	260	8,923,837	34,322
20 – 24	293	11,410,551	38,944
25 – 29	97	3,965,246	40,879
30 – 34	40	1,354,691	33,867
35 – 39	13	315,192	24,246
40+	1	26,804	26,804

Total 2,758 \$ 89,500,495 \$ 32,451

Years Since Benefit Commencement by Age

Age	Years Since Commencement									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	0	0	0	0	0	0	0	0	0	0
25 – 29	0	0	0	0	0	0	0	0	0	0
30 – 34	1	0	0	0	0	0	0	0	0	1
35 – 39	3	1	0	0	0	0	0	0	0	4
40 – 44	15	1	3	0	0	0	0	0	0	19
45 – 49	44	18	2	2	0	0	0	0	0	66
50 – 54	114	128	36	3	0	0	0	0	0	281
55 – 59	180	212	152	15	2	2	0	1	0	564
60 – 64	179	210	239	86	40	4	2	1	0	761
65 – 69	46	94	217	77	84	9	1	2	0	530
70 – 74	14	22	73	61	96	20	4	3	0	293
75+	12	12	26	16	71	62	33	6	1	239
Total	608	698	748	260	293	97	40	13	1	2,758

State of Alaska Public Employees' Retirement System

Section 5.6 (cont'd)

Summary of All Benefit Recipients – Others

Annual Pension Benefit by Age

Age	Number	Total Annual Pension Benefit	Average Annual Pension Benefit
0 – 19	1	\$ 32,024	\$ 32,024
20 – 24	0	0	0
25 – 29	0	0	0
30 – 34	2	38,205	19,103
35 – 39	6	79,274	13,212
40 – 44	32	356,947	11,155
45 – 49	100	1,413,846	14,138
50 – 54	790	17,223,314	21,802
55 – 59	3,817	84,151,173	22,046
60 – 64	6,477	126,055,918	19,462
65 – 69	5,146	91,155,450	17,714
70 – 74	3,498	58,579,925	16,747
75+	4,732	77,156,940	16,305
Total	24,601	\$ 456,243,016	\$ 18,546

Annual Pension Benefit by Years Since Commencement

Years Since Commencement	Number	Total Annual Pension Benefit	Average Annual Pension Benefit
0	1,556	\$ 36,181,272	\$ 23,253
1	1,550	32,785,660	21,152
2	1,370	26,092,107	19,045
3	1,423	28,313,949	19,897
4	1,414	27,135,000	19,190
0 – 4	7,313	150,507,988	20,581
5 – 9	6,293	118,292,362	18,797
10 – 14	5,010	91,146,953	18,193
15 – 19	2,286	35,854,633	15,684
20 – 24	2,400	40,595,716	16,915
25 – 29	852	13,233,508	15,532
30 – 34	372	5,528,534	14,862
35 – 39	74	1,055,602	14,265
40+	1	27,720	27,720
Total	24,601	\$ 456,243,016	\$ 18,546

Years Since Benefit Commencement by Age

Age	Years Since Commencement									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
0 – 19	0	1	0	0	0	0	0	0	0	1
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	4	2	0	0	0	0	0	0	0	6
40 – 44	16	9	4	2	1	0	0	0	0	32
45 – 49	57	18	17	6	2	0	0	0	0	100
50 – 54	646	85	32	19	6	1	1	0	0	790
55 – 59	2,732	970	81	21	10	3	0	0	0	3,817
60 – 64	2,379	2,872	1,171	26	17	5	7	0	0	6,477
65 – 69	917	1,481	2,051	548	133	7	8	1	0	5,146
70 – 74	294	564	1,000	904	700	21	11	4	0	3,498
75+	266	291	654	760	1,531	815	345	69	1	4,732
Total	7,313	6,293	5,010	2,286	2,400	852	372	74	1	24,601

State of Alaska Public Employees' Retirement System

Section 5.7

Schedule of Pension Benefit Recipients by Type of Pension Benefit and Option Elected – Peace Officer/Firefighter

Amount of Monthly Pension Benefit	Number of Recipients	Type of Pension Benefit			Option Selected				
		1	2	3	1	2	3	4	5
\$ 1 – \$ 300	48	25	23	0	28	9	1	1	9
301 – 600	160	107	52	1	72	40	24	11	13
601 – 900	139	86	50	3	77	36	8	9	9
901 – 1,200	163	108	53	2	88	37	17	10	11
1,201 – 1,500	146	112	30	4	72	36	18	11	9
1,501 – 1,800	144	113	28	3	56	44	25	12	7
1,801 – 2,100	184	141	36	7	78	56	27	13	10
2,101 – 2,400	209	171	28	10	83	73	30	16	7
2,401 – 2,700	200	181	14	5	53	90	27	19	11
2,701 – 3,000	239	223	13	3	63	111	43	11	11
3,001 – 3,300	206	194	11	1	57	94	28	19	8
3,301 – 3,600	192	185	7	0	53	88	27	13	11
3,601 – 3,900	159	154	4	1	41	80	17	16	5
3,901 – 4,200	149	146	2	1	38	70	20	12	9
Over \$ 4,200	420	413	7	0	83	244	46	35	12
Totals	2,758	2,359	358	41	942	1,108	358	208	142

Type of Pension Benefit

1. Regular retirement
2. Survivor payment
3. Disability

Option Selected

1. Whole Life Annuity
2. 75% Joint and Contingent Annuity
3. 50% Joint and Contingent Annuity
4. 66 2/3% Joint and Survivor Annuity
5. Level Income Option

State of Alaska Public Employees' Retirement System

Section 5.7 (cont'd)

Schedule of Pension Benefit Recipients by Type of Pension Benefit and Option Elected – Others

Amount of Monthly Pension Benefit	Number of Recipients	Type of Pension Benefit			Option Selected				
		1	2	3	1	2	3	4	5
\$ 1 – \$ 300	1,967	1,566	398	3	854	387	291	64	371
301 – 600	4,487	3,880	572	35	2,189	1,143	693	247	215
601 – 900	3,471	3,027	424	20	1,655	877	531	218	190
901 – 1,200	2,839	2,495	309	35	1,335	728	463	180	133
1,201 – 1,500	2,351	2,088	220	43	1,044	666	381	132	128
1,501 – 1,800	1,800	1,628	131	41	743	525	295	119	118
1,801 – 2,100	1,470	1,339	104	27	600	443	247	100	80
2,101 – 2,400	1,200	1,125	58	17	461	366	224	82	67
2,401 – 2,700	964	907	48	9	358	337	179	48	42
2,701 – 3,000	786	752	31	3	290	279	139	34	44
3,001 – 3,300	667	645	19	3	210	258	129	41	29
3,301 – 3,600	541	523	15	3	176	225	77	36	27
3,601 – 3,900	415	406	8	1	131	158	77	33	16
3,901 – 4,200	399	393	5	1	123	177	69	19	11
Over \$ 4,200	1,244	1,230	12	2	355	520	246	80	43
Totals	24,601	22,004	2,354	243	10,524	7,089	4,041	1,433	1,514

Type of Pension Benefit

1. Regular retirement
2. Survivor payment
3. Disability

Option Selected

1. Whole Life Annuity
2. 75% Joint and Contingent Annuity
3. 50% Joint and Contingent Annuity
4. 66 2/3% Joint and Survivor Annuity
5. Level Income Option

State of Alaska Public Employees' Retirement System

Section 5.8

Pension Benefit Recipients Added to and Removed from Rolls – Peace Officer/Firefighter

Year Ended	Added to Rolls		Removed from Rolls		Rolls – End of Year		Percent Increase in Annual Pension Benefits	Average Annual Pension Benefit
	No. ¹	Annual Pension Benefits ¹	No. ¹	Annual Pension Benefits ¹	No.	Annual Pension Benefits		
June 30, 2011	114	\$ 3,772,720	33	\$ 116,090	2,758	\$ 89,500,495	4.3%	\$ 32,451
June 30, 2010	118	3,593,724	46	1,413,071	2,677	85,843,865	2.6%	32,067
June 30, 2009	108	2,759,299	39	(518,134)	2,605	83,663,212	4.1%	32,116
June 30, 2008	125	3,556,519	28	191,073	2,536	80,385,779	4.4%	31,698
June 30, 2007	138	3,930,564	67	(2,546,491)	2,439	77,020,333	9.2%	31,579
June 30, 2006	118	3,289,370	30	209,287	2,368	70,543,278	4.6%	29,790
June 30, 2005	145	3,904,737	5	3,332,357	2,280	67,463,195	0.9%	29,589
June 30, 2004	174	6,388,270	25	904,310	2,140	66,890,815	8.9%	31,257
June 30, 2003	143	4,923,581	21	802,499	1,991	61,406,855	7.2%	30,842
June 30, 2002	157	6,155,365	19	744,917	1,869	57,285,773	10.4%	30,650

¹ Numbers are estimated, and include other internal transfers.

State of Alaska Public Employees' Retirement System

Section 5.8 (cont'd)

Pension Benefit Recipients Added to and Removed from Rolls – Others

Year Ended	Added to Rolls		Removed from Rolls		Rolls – End of Year		Percent Increase in Annual Pension Benefits	Average Annual Pension Benefit
	No. ¹	Annual Pension Benefits ¹	No. ¹	Annual Pension Benefits ¹	No.	Annual Pension Benefits		
June 30, 2011	1,595	\$ 37,100,217	554	\$ 6,897,899	24,601	\$456,243,016	7.1%	\$ 18,546
June 30, 2010	1,667	35,089,579	517	8,712,630	23,560	426,040,698	6.6%	18,083
June 30, 2009	1,340	25,402,811	476	28,773	22,410	399,663,749	6.8%	17,834
June 30, 2008	1,454	28,498,471	466	5,349,935	21,546	374,289,711	6.6%	17,372
June 30, 2007	1,479	28,985,748	454	(14,280,390)	20,558	351,141,175	14.1%	17,081
June 30, 2006	1,494	26,193,750	384	2,265,651	19,533	307,875,037	8.4%	15,762
June 30, 2005	1,287	22,966,842	296	17,019,851	18,423	283,946,938	2.1%	15,413
June 30, 2004	1,346	27,617,383	354	6,823,010	17,432	277,999,947	8.1%	15,948
June 30, 2003	1,445	27,802,265	351	6,507,821	16,440	257,205,574	9.0%	15,645
June 30, 2002	1,135	27,484,388	332	8,039,486	15,346	235,911,130	9.0%	15,373

¹ Numbers are estimated, and include other internal transfers.

Section 6

Basis of the Actuarial Valuation

Summary of Plan Provisions and Changes in Plan Provisions

(1) **Effective Date**

January 1, 1961, with amendments through June 30, 2008. 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 (Tier 1) are eligible for different benefits than members hired after June 30, 1986 (Tier 2). Chapter 4, 1996 Session Laws of Alaska created a third tier for members who were first hired after June 30, 1996 (Tier 3). Chapter 9, 2005 Session Laws of Alaska, closed the plan to new members hired after June 30, 2006.

(2) **Administration of Plan**

The Commissioner of Administration or the Commissioner's designee is the administrator of the system. The Attorney General of the state is the legal counsel for the system and shall advise the administrator and represent the system in legal proceedings.

Prior to June 30, 2005, the Public Employees' Retirement Board prescribed policies and adopted regulations and performed other activities necessary to carry out the provisions of the system. The Alaska State Pension Investment Board, Department of Revenue, Treasury Division was responsible for investing PERS funds.

On July 27, 2005, Senate Bill 141, enacted as Chapter 9, 2005 Session laws of Alaska, replaced the Public Employees' Retirement Board and the Alaska State Pension Investment Board with the Alaska Retirement Management Board.

(3) **Employers Included**

Currently there are 160 employers participating in the PERS, including the State of Alaska and 159 political subdivisions and public organizations.

(4) **Membership**

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 employer 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.

Senate Bill 141, signed into law on July 27, 2005, closes the Plan effective July 1, 2006, to new members first hired on or after July 1, 2006.

Summary of Plan Provisions and Changes in Plan Provisions

(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. Survivors who are receiving occupational death benefits continue to earn PERS service credit while occupational survivor benefits are being paid.

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;
- leave without pay service after June 13, 1987, while receiving Workers' Compensation;
- Village Public Safety Officer service; and
- service as a temporary employee of the legislature before July 1, 1979, but this service must have been claimed no later than July 1, 2003, or by the date of retirement, if sooner (not more than 10 years may be claimed).

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.

Summary of Plan Provisions and Changes in Plan Provisions

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.

At the election of certain PERS members, certain service may be credited in the same fashion as members in the State of Alaska Teachers' Retirement System (TRS).

Members employed as dispatchers or within a state correctional facility may, at retirement, elect to convert their dispatcher or correctional facility service from "all other" service to Peace Officer/Firefighter service and retire under the 20 year retirement option. Members pay the full actuarial cost of conversion.

(6) Employer Contributions

PERS employers contribute the amounts required, in addition to employees' contributions, to fund the benefits of the system.

The normal cost rate is a uniform rate for all participating employers (less the value of members' contributions).

The past service rate is a uniform rate for all participating employers to amortize the unfunded past service liability with payments that are a level percentage of pay amount over fixed 25-year periods.

Employer rates cannot be less than the normal cost rate.

Pursuant to AS 39.35.255 effective July 1, 2008, each PERS employer will pay a simple uniform contribution rate of 22% of member payroll.

(7) Additional State Contributions

Pursuant to AS 39.35.280 effective July 1, 2008, the State shall contribute an amount (in addition to the State contribution as an employer) that when combined with the employer contribution (22%) will be sufficient to pay the total contribution rate adopted by The Alaska Retirement Management Board.

(8) Member Contributions

Mandatory Contributions: Peace Officer/Firefighter members are required to contribute 7.5% of their compensation; all Others contribute 6.75%. Those all Others who have elected to have their service calculated under the Teachers' Retirement System rules contribute 9.76% of their compensation. 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.

Summary of Plan Provisions and Changes in Plan Provisions

Voluntary Contributions: Members may voluntarily contribute up to 5% of their salary on an after-tax basis. 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 prior to July 1, 2010. Interest accrues on refunds until paid in full or members retire.

(9) Retirement Benefits

Eligibility:

- (a) Members, including deferred vested members, are eligible for normal retirement at age 55 or early retirement at age 50 if they were hired before July 1, 1986 (Tier 1), and 60 or early retirement at age 55 if they were hired after July 1, 1986 (Tiers 2 & 3). Additionally, they must have at least:
 - (i) five years of paid-up PERS service;
 - (ii) 60 days of paid-up PERS service as employees of the legislature during each of five legislative sessions and they were first hired by the legislature before May 30, 1987;

Summary of Plan Provisions and Changes in Plan Provisions

- (iii) 80 days of paid-up PERS service as employees of the legislature during each of five legislative sessions and they were first hired by the legislature after May 29, 1987;
 - (iv) two years of paid-up PERS service and they are vested in the Teachers' Retirement System; or
 - (v) two years of paid-up PERS service and a minimum three years of TRS service to qualify for a public service benefit.
- (b) Members may retire at any age when they have:
- (i) 20 paid-up years of PERS Peace Officer/Firefighter 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 elect an early retirement or a joint and survivor option. Members who entered the PERS prior to July 1, 1996 may also select a 66-2/3 last survivor option and a level income option. Under these options and early retirement, benefits are actuarially adjusted so that members receive the actuarial equivalents of their normal benefit amounts.

Benefit Calculations: 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 five highest (three highest for Peace Officer/Firefighter members or members hired prior to July 1, 1996) 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 Peace Officer/Firefighter members are 2% for the first ten years of service and 2.5% for all service over 10 years.

The percentage multipliers for all Others 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%.

Summary of Plan Provisions and Changes in Plan Provisions

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, if a member is otherwise eligible to retire, when refunds are not completely paid before retirement, benefits are actuarially reduced for life. Indebtedness balances may also be created when a member purchases qualified claimed service.

(10) Reemployment of Retired Members

Retirement and retiree healthcare 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. A member who retired with a normal retirement benefit can elect to waive payment of PERS contributions. The waiver allows the member to continue receiving the retirement benefit during the period of reemployment. Members who elect the waiver option do not earn additional PERS service. The Waiver Option first became effective July 1, 2005 and applies to reemployment periods after that date. The Waiver Option is not available to members who retired early or under the Retirement Incentive Programs (RIPs). The Waiver Option is no longer available after June 30, 2009.

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 150% of the benefits that they received for state and political subdivision members, and 110% for school district employees, under the 1996-2000 RIP, which may include costs for health insurance, excluding amounts that they paid to participate for the 1986 and 1989 RIPs. Under prior RIPs, the penalty is 110% of the benefits received; 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.

Employers make contributions to the unfunded liability of the plan on behalf of rehired retired members at the rate the employer is making contributions to the unfunded liability of the plan for other members.

Summary of Plan Provisions and Changes in Plan Provisions

(11) Postemployment Healthcare Benefits

Major medical benefits are provided to retirees and their surviving spouses by the PERS for all employees hired before July 1, 1986 (Tier 1) and disabled retirees. Employees hired after June 30, 1986 (Tier 2) and their surviving spouses with five years of credited service (or ten years of credited service for those first hired after June 30, 1996 (Tier 3)) must pay the full monthly premium if they are under age sixty and will receive benefits paid by the PERS if they are over age sixty. Tier 3 Members with between five and ten years of credited service must pay the full monthly premium regardless of their age. Tier 2 and Tier 3 Members with less than five years of credited service are not eligible for postemployment healthcare benefits. Tier 2 Members who are receiving a conditional benefit and are age eligible are eligible for postemployment healthcare benefits. In addition, Peace Officers and their surviving spouses with twenty-five years of Peace Officer membership service and Other employees and their surviving spouses with thirty years of membership service receive benefits paid by the PERS, regardless of their age or date of hire. Peace Officers / Firefighters who are disabled between 20 and 25 years must pay the full monthly premium.

(12) 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. Peace Officer/Firefighter members may elect to retain the disability benefit formula for the calculation of their normal retirement benefits.

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.

(13) 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.

Summary of Plan Provisions and Changes in Plan Provisions

Occupational Death: When an active member (vested or nonvested) 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. Survivors of Peace Officer/Firefighter members receive the greater of 50% of the member's gross monthly compensation on the date of death or disability, or 75% of the member's monthly normal retirement benefit (including service projected to Normal Retirement). If the member is unmarried with no children, a refund of contributions is payable to the estate.

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 Nonoccupational Death 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 or is vested, 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 and the member's last benefit check. If the member selected a survivor option at retirement, the eligible spouse receives continuing, lifetime monthly benefits.

(14) Postretirement Pension Adjustments

Postretirement pension adjustments (PRPAs) are granted annually to eligible benefit recipients when the consumer price index (CPI) for urban wage earners and clerical workers for Anchorage increases during the preceding calendar year. PRPAs are calculated by multiplying the recipient's base benefit, including past PRPAs, excluding the Alaska COLA, 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.

Summary of Plan Provisions and Changes in Plan Provisions

Ad hoc PRPAs, up to a maximum of 4%, may be granted to eligible recipients who first entered the PERS before July 1, 1986 (Tier 1) if the CPI increases and the funding ratio is at least 105%.

In a year where an ad hoc PRPA is granted, eligible recipients will receive the higher of the two calculations.

(15) 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 first entered the PERS before July 1, 1986 (Tier 1) and their survivors;
- (b) members who first entered the PERS after June 30, 1986 (Tiers 2 & 3) and their survivors if they are at least age 65; and
- (c) all disabled members.

Changes in Benefit Provisions Since the Prior Valuation

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

Description of Actuarial Methods and Valuation Procedures

The funding method used in this valuation was adopted by the Board in October 2006. The asset smoothing method used to determine valuation assets was changed effective June 30, 2002.

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

(A) Actuarial Method – Entry Age Actuarial Cost

Liabilities and contributions shown in the report are computed using the Entry Age Actuarial Cost method of funding. Any funding surpluses or unfunded accrued liability is amortized over 25 years as a level percent of pay. Payroll is assumed to increase by the payroll growth assumption per year for this purpose. State statutes allow the contribution rate to be determined on payroll for all members, defined benefit and defined contribution member payroll combined. However, for GASB disclosure requirements, the net amortization period will not exceed 30 years and the level dollar amortization method is used since the defined benefit plan membership was closed effective July 1, 2006.

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 for pension benefits (constant dollar amount for healthcare benefits) 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.

Description of Actuarial Methods and Valuation Procedures

(B) Valuation of Assets

Effective June 30, 2002, the asset valuation method recognizes 20% of the difference between actual and expected investment return in each of the current and preceding four years. This method was phased in over the next 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 have been no changes in methods since the prior valuation, except for any described in the healthcare sections below.

(C) Valuation of Medical Benefits

This section outlines the detailed methodology used to develop the initial per capita claims cost rates for the State of Alaska Teachers' Retirement System postemployment healthcare plan. Note that methodology reflects the results of our annual experience rate update for the period July 1, 2011 to June 30, 2012.

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 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.

We analyzed WFIS and Premera management level reporting for fiscal 2008 through fiscal 2011, as well as WFIS and Premera claim level data for the same period and derived recommended base claims cost rates as described in the following steps:

1. Based on analysis described in our Experience Study, dental, vision and audio claims (DVA) are excluded from data analyzed for this valuation.
2. Available management level reporting does not show claims or enrollment separately for Medicare and non-Medicare plan participants, but does include overall statistics as to the percentage of claims and enrollment attributable to both groups. Claim level reporting was used to augment cost data by Medicare status.

Description of Actuarial Methods and Valuation Procedures

- 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 these "no-Part A" individuals, the State is the primary payer for hospital bills and other Part A services. Thus, claims costs are higher for the no-Part A group. To date, claim experience is not available separately for participants with both Medicare Parts A and B and those with Part B only. Therefore, higher no-Part A claims are spread across the entire retired population and have been applied to future claims of current active employees projected to retire in the future. 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 and will be lower. The smaller the no-Part A population, the more accrued liabilities will decrease.

Based on census data received from WFIS, 0.5% of the current retiree population was identified as having coverage only under Medicare Part B. For future retirees, we assume their Part A eligible status based on a combination of date of hire and/or re-hire, date of birth, tier, etc.

All claims cost rates developed from management level reporting have been compared to similar rates developed from claim level data.

- The steps above result in separate paid claims cost rates for medical and prescription benefits for non-Medicare, Medicare Part B only and Medicare Part A&B members for the past four fiscal years. Medical claims cost rates reflect differing average ages and levels of Medicare coordination for each group. Prescription claims cost rates reflect differing average ages. We converted paid claim data to incurred cost rates projected from each historical data period to the valuation year using a weighted average of national and Alaska-specific trend factors and developed weighted average incurred claims cost rates. The assumed lag between medical claim incurred and paid dates is approximately 2.0 months for medical claims and 0.04 months for prescription claims.
- Healthcare Reform legislation passed on March 23, 2010 included several provisions with potential implications for the State of Alaska Retiree Health Plan liability. Buck evaluated the impact due to the following provisions; however, none of the impacts have been included in the valuation results.

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

The Plan will be subject to the high cost plan excise tax (Cadillac tax). Based upon guidance available at the time of disclosure, Buck estimated the year in which the tax would potentially affect Alaska to be sufficiently far into the future to produce a minimal impact. Buck determined the impact to be immaterial based on a blend of pre-Medicare and Medicare retirees.

We have not identified any other specific provisions of healthcare reform that would be expected to have a significant impact on the measured obligation. As additional guidance on the legislation is issued, we will continue to monitor any potential impacts.

State of Alaska Public Employees' Retirement System

Section 6.2 (cont'd)

Description of Actuarial Methods and Valuation Procedures

June 30, 2011 Valuation – FY 2012 Claims Cost Rates

	Medical			Prescription Drugs			Total
	Pre-Medicare	Medicare A&B	Medicare B Only	Pre-Medicare	Medicare A&B	Medicare B Only	
Fiscal 2008 Paid Claims*	\$ 169,598,064	\$ 28,657,490	\$ 6,079,463	\$ 53,506,123	\$ 52,529,773	\$ 2,346,512	\$ 312,717,425
Membership*	33,630	21,434	893	33,630	21,434	893	55,957
Paid Claims Cost Rate	\$ 5,043	\$ 1,337	\$ 6,807	\$ 1,591	\$ 2,451	\$ 2,627	\$ 5,589
Trend to FY2012	1.468	1.468	1.468	1.375	1.375	1.375	
FY 2012 Paid Cost Rate	\$ 7,401	\$ 1,962	\$ 9,991	\$ 2,188	\$ 3,371	\$ 3,614	\$ 8,023
Paid to Incurred Factor	1.013	1.013	1.013	1.000	1.000	1.000	
FY 2012 Incurred Cost Rate	\$ 7,497	\$ 1,988	\$ 10,120	\$ 2,189	\$ 3,372	\$ 3,615	\$ 8,093
Fiscal 2009 Paid Claims*	\$ 185,275,626	\$ 39,286,392	\$ 3,949,927	\$ 61,062,842	\$ 60,195,838	\$ 1,412,907	\$ 351,183,532
Membership*	32,943	24,624	539	32,943	24,624	539	58,106
Paid Claims Cost Rate	\$ 5,624	\$ 1,595	\$ 7,327	\$ 1,854	\$ 2,445	\$ 2,621	\$ 6,044
Trend to FY2012	1.320	1.320	1.320	1.237	1.237	1.237	
FY 2012 Paid Cost Rate	\$ 7,421	\$ 2,105	\$ 9,668	\$ 2,292	\$ 3,023	\$ 3,241	\$ 7,800
Paid to Incurred Factor	1.013	1.013	1.013	1.000	1.000	1.000	
FY 2012 Incurred Cost Rate	\$ 7,517	\$ 2,132	\$ 9,793	\$ 2,293	\$ 3,024	\$ 3,242	\$ 7,868
Fiscal 2010 Paid Claims*	\$ 199,739,865	\$ 51,373,725	\$ 1,215,832	\$ 62,310,224	\$ 73,005,066	\$ 414,101	\$ 388,058,813
Membership*	32,026	27,915	156	32,026	27,915	156	60,097
Paid Claims Cost Rate	\$ 6,237	\$ 1,840	\$ 7,794	\$ 1,946	\$ 2,615	\$ 2,654	\$ 6,457
Trend to FY2012	1.222	1.222	1.222	1.145	1.145	1.145	
FY 2012 Paid Cost Rate	\$ 7,620	\$ 2,249	\$ 9,522	\$ 2,228	\$ 2,995	\$ 3,040	\$ 7,716
Paid to Incurred Factor	1.013	1.013	1.013	1.000	1.000	1.000	
FY 2012 Incurred Cost Rate	\$ 7,719	\$ 2,278	\$ 9,645	\$ 2,228	\$ 2,995	\$ 3,040	\$ 7,783

*Claims and membership information presented covers all AlaskaCare retiree systems.

State of Alaska Public Employees' Retirement System

Section 6.2 (cont'd)

Description of Actuarial Methods and Valuation Procedures

June 30, 2011 Valuation – FY 2012 Claims Cost Rates

	Medical			Prescription Drugs			Total
	Pre-Medicare	Medicare A&B	Medicare B Only	Pre-Medicare	Medicare A&B	Medicare B Only	
Fiscal 2011 Paid Claims*	\$ 224,173,628	\$ 53,570,005	\$ 817,957	\$ 46,903,585	\$ 86,509,883	\$ 386,305	\$ 412,361,363
Membership*	31,362	29,997	138	31,362	29,997	138	61,497
Paid Claims Cost Rate	\$ 7,148	\$ 1,786	\$ 5,927	\$ 1,496	\$ 2,884	\$ 2,799	\$ 6,705
Trend to FY2012	1.081	1.081	1.081	1.045	1.045	1.045	
FY 2012 Paid Cost Rate	\$ 7,726	\$ 1,930	\$ 6,407	\$ 1,563	\$ 3,013	\$ 2,925	\$ 7,170
Paid to Incurred Factor	1.013	1.013	1.013	1.000	1.000	1.000	
FY 2012 Incurred Cost Rate	\$ 7,826	\$ 1,955	\$ 6,490	\$ 1,563	\$ 3,014	\$ 2,925	\$ 7,233
Weighted Average 7/1/2011-6/30/2012 Incurred Claims Cost Rates:							
At average age	\$ 7,688	\$ 2,123	\$ 8,776	\$ 2,038	\$ 3,044	\$ 3,103	\$ 7,666
At age 65	\$ 9,497	\$ 1,551	\$ 6,936	\$ 2,799	\$ 2,799	\$ 2,799	\$ 8,198

*Claims and membership information presented covers all AlaskaCare retiree systems.

Description of Actuarial Methods and Valuation Procedures

Following the development of total projected costs, a distribution of per capita claims cost was developed. This was accomplished by allocating total projected costs to the population census used in the valuation. The allocation was done separately for each of prescription drugs 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.

Below are the results of this analysis:

**Distribution of Per Capita Claims Cost by Age
for the Period July 1, 2011 through June 30, 2012**

<u>Age</u>	<u>Medical and Medicare Parts A & B</u>	<u>Medical and Medicare Part B Only</u>	<u>Prescription Drug</u>	<u>Medicare Retiree Drug Subsidy</u>
45	\$ 5,259	\$ 5,259	\$ 1,476	\$ 0
50	5,951	5,951	1,754	0
55	6,733	6,733	2,083	0
60	7,996	7,996	2,414	0
65	1,551	6,936	2,799	534
70	1,887	8,439	3,015	575
75	2,241	10,020	3,216	614
80	2,414	10,795	3,298	629

Summary of Actuarial Assumptions and Changes in Assumptions

The demographic and economic assumptions used in the June 30, 2011 valuation are described below. Unless noted otherwise, these assumptions were adopted by the Board in December 2010. These assumptions were the result of an experience study performed as of June 30, 2009.

Investment Return / Discount Rate	8.00% per year (geometric), compounded annually, net of expenses.
Salary Scale	Inflation – 3.12% per year. Productivity – 0.50% per year. See Table 1 for salary scale rates
Payroll Growth	3.62% per year. (Inflation + Productivity)
Total Inflation	Total inflation as measured by the Consumer Price Index for urban and clerical workers for Anchorage is assumed to increase 3.12% annually.
Mortality (Pre-termination)*	<u>Peace Officer/Firefighter:</u> Based upon the 2005-2009 experience study, adopted in 2010 (see Table 2). 1994 Group Annuity Mortality (GAM) Table, sex distinct, 1994 Base Year without margin projected to 2013 using Projection Scale AA, 80% of the male table for males and 60% of the female table for females. <u>Others:</u> Based upon the 2005-2009 experience study, adopted in 2010 (see Table 3). 1994 GAM Table, sex distinct, 1994 Base Year without margin projected to 2013 using Projection Scale AA, 75% of the male table for males and 55% of the female table for females. Deaths are assumed to be occupational 75% of the time for Peace Officer/Firefighter, 55% of the time for Others.
Mortality (Post-termination)*	Based on the 2005-2009 experience study, adopted in 2010. 1994 GAM Table, sex-distinct, 1994 Base Year without margin projected to 2013 using Projection Scale AA for males and with a 1-year set-forward for females. (See Table 4.)
Total Turnover	Based upon the 2005-2009 actual withdrawal experience. (See Table 5.)
Disability	Incidence rates based upon the 2005-2009 actual experience, in accordance with Table 6. Post-disability mortality in accordance with the RP-2000 Disabled Retiree Mortality Table. Disabilities are assumed to be occupational 75% of the time for Peace Officer/Firefighter, 55% of the time for Others.
Retirement	Retirement rates based upon the 2005-2009 actual experience in accordance with Tables 7 and 8. Deferred vested members are assumed to retire at their earliest unreduced retirement date for Others. For Peace Officer/Firefighter, Tier 1 deferred vested members are assumed to retire at age 53 and Tiers 2 and 3 deferred vested members are assumed to retire at age 57.
Marriage and Age Difference	Wives are assumed to be three years younger than husbands. 80% of male members and 70% of female members are assumed to be married.

*The mortality assumptions include an allowance for expected future mortality improvement. The mortality table used was set in 2010 with an Actual Deaths to Expected Deaths ratio of 109%.

Summary of Actuarial Assumptions and Changes in Assumptions

Dependent Children	Benefits to dependent children have been valued assuming members who are married and between the ages of 25 and 45 have two dependent children.	
Contribution Refunds	15% 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.	
COLA	Of those benefit recipients who are eligible for the COLA, 70% are assumed to remain in Alaska and receive the COLA.	
Post-Retirement Pension Adjustment	50% and 75% of assumed inflation, or 1.56% and 2.34% respectively, is valued for the annual automatic Post-Retirement Pension Adjustment (PRPA) as specified in the statute.	
Expenses	All expenses are net of the investment return assumption.	
Part-Time Status	Part-time employees are assumed to earn 1.00 years of credited service per year for Peace Officer/Firefighter and 0.65 years of credited service per year for Other members.	
Final Average Earnings	Final Average Earnings is provided on the data for active members. This amount is used as a minimum in the calculation of the average earnings in the future.	
Per Capita Claims Cost	Sample claims cost rates adjusted to age 65 for FY12 medical and prescription are shown below:	
	Medical	Prescription Drugs
	Pre-Medicare	\$ 2,799
	Medicare Parts A & B	\$ 2,799
	Medicare Part B Only	\$ 2,799
	Medicare Part D	\$ 534
Third Party Administrator Fees	\$162.47 per person per year; assumed trend rate of 5% per year.	
Medicare Part B Only	For actives and retirees not yet Medicare-eligible, participation is set based on whether the employee/retiree will have 40 quarters of employment after March 31, 1986, depending upon date of hire and/or re-hire.	

Summary of Actuarial Assumptions and Changes in Assumptions

Health 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, 6.4% is applied to the FY12 medical claims cost to get the FY13 medical claims cost.

	Medical	Prescription Drugs
FY12	6.4%	7.1%
FY13	5.9%	5.9%
FY14	5.9%	5.9%
FY15	5.9%	5.9%
FY16	5.9%	5.9%
FY17	5.9%	5.9%
FY18	5.9%	5.9%
FY25	5.8%	5.8%
FY50	5.7%	5.7%
FY100	5.1%	5.1%

For the June 30, 2008 valuations and later, the Society of Actuaries' Healthcare Cost Trend Model is used to project medical and prescription drug costs. This model effectively begins estimating trend amounts beginning in 2012, and projects out to 2100. This model has been adopted by the Society of Actuaries, and has been populated with assumptions that are specific to the State of Alaska.

Aging Factors

	Medical	Prescription Drugs
Age		
0-44	2.0%	4.5%
45-54	2.5%	3.5%
55-64	3.5%	3.0%
65-73	4.0%	1.5%
74-83	1.5%	0.5%
84-93	0.5%	0.0%
94+	0.0%	0.0%

Summary of Actuarial Assumptions and Changes in Assumptions

Retired Member Contributions
for Medical Benefits

Currently contributions are required for PERS members who are under age 60 and have less than 30 years of service (25 for Peace Officer/Firefighter). Eligible Tier 1 members are exempt from contribution requirements. Annual FY12 contributions based on monthly rates shown below for calendar 2011 and 2012 are assumed based on the coverage category for current retirees. The composite rate shown is used for current active and inactive members in tier 2 or 3 who are assumed to retire prior to age 60 with less than 30 years of service and who are not disabled.

Coverage Category	Calendar 2012 Annual Contribution	Calendar 2012 Monthly Contribution	Calendar 2011 Monthly Contribution
Retiree Only	\$ 9,684	\$ 807	\$ 791
Retiree and Spouse	\$ 19,380	\$ 1,615	\$ 1,583
Retiree and Child(ren)	\$ 13,680	\$ 1,140	\$ 1,118
Retiree and Family	\$ 23,376	\$ 1,948	\$ 1,910
Composite	\$ 14,400	\$ 1,200	\$ 1,176

Trend Rate for Retired Member Medical
Contributions

The table below shows the rate used to project the retired member medical contributions from the shown fiscal year to the next fiscal year. For example, 6.3% is applied to the FY12 retired member medical contributions to get the FY13 retired member medical contributions.

FY12	6.3%
FY13	6.0%
FY14	5.7%
FY15	5.3%
FY16	5.0%
FY17	5.0%
FY18	5.0%
FY19	5.0%
FY20 and later	5.0%

Graded trend rates for retired member medical contributions were reinitialized for the June 30, 2005 valuation. Note that actual FY12 retired member medical contributions are reflected in the valuation so trend on such contribution during FY12 is not applicable.

Healthcare Participation

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

10% of non-system paid members and their spouses are assumed to elect healthcare benefits as soon as they are eligible.

**Summary of Actuarial Assumptions
and Changes in Assumptions**

**Table 1
Alaska PERS
Salary Scale**

Peace Officer/Firefighter:

Year of Employment	Percent Increase
1-4	6.36%
5	6.11
6	5.61
7+	4.12

Others:

Year of Employment	Percent Increase
1	9.60%
2	7.60
3	6.61
4	6.11
5	5.61
6+	Age-based

Rates vary slightly by age after 5 years of employment.

Age	Percent Increase
25	5.11%
30	4.99
35	4.86
40	4.70
45	4.53
50	4.61
55	4.24
60+	3.62

**Summary of Actuarial Assumptions
and Changes in Assumptions**

**Table 2
Alaska PERS Peace Officer/Firefighter
Mortality Table (Pre-termination)**

<u>Age</u>	<u>Male</u>	<u>Female</u>
20	0.0303%	0.0135%
21	0.0323	0.0133
22	0.0345	0.0135
23	0.0380	0.0138
24	0.0419	0.0141
25	0.0470	0.0144
26	0.0534	0.0151
27	0.0569	0.0155
28	0.0590	0.0161
29	0.0609	0.0170
30	0.0627	0.0187
31	0.0642	0.0207
32	0.0656	0.0220
33	0.0663	0.0229
34	0.0664	0.0239
35	0.0666	0.0250
36	0.0674	0.0262
37	0.0697	0.0277
38	0.0721	0.0295
39	0.0753	0.0316
40	0.0792	0.0344
41	0.0837	0.0372
42	0.0890	0.0400
43	0.0943	0.0425
44	0.0997	0.0447
45	0.1059	0.0462
46	0.1133	0.0481
47	0.1226	0.0508
48	0.1331	0.0551
49	0.1445	0.0598
50	0.1571	0.0665
51	0.1716	0.0745
52	0.1883	0.0856
53	0.2100	0.0978
54	0.2331	0.1111
55	0.2644	0.1270
56	0.3015	0.1474
57	0.3466	0.1712
58	0.3989	0.1970
59	0.4489	0.2266
60	0.5050	0.2604

**Summary of Actuarial Assumptions
and Changes in Assumptions**

**Table 3
Alaska PERS Others
Mortality Table (Pre-termination)**

<u>Age</u>	<u>Male</u>	<u>Female</u>
20	.0284%	.0123%
21	.0303	.0122
22	.0324	.0123
23	.0356	.0127
24	.0392	.0129
25	.0441	.0132
26	.0501	.0138
27	.0533	.0142
28	.0553	.0148
29	.0571	.0156
30	.0588	.0171
31	.0602	.0189
32	.0615	.0202
33	.0622	.0210
34	.0623	.0219
35	.0624	.0229
36	.0632	.0240
37	.0653	.0254
38	.0676	.0271
39	.0706	.0289
40	.0742	.0315
41	.0785	.0341
42	.0834	.0366
43	.0884	.0389
44	.0935	.0409
45	.0993	.0423
46	.1063	.0441
47	.1149	.0466
48	.1248	.0505
49	.1354	.0548
50	.1473	.0610
51	.1609	.0683
52	.1765	.0784
53	.1969	.0897
54	.2186	.1018
55	.2479	.1164
56	.2827	.1352
57	.3249	.1570
58	.3739	.1806
59	.4208	.2077
60	.4734	.2387

**Summary of Actuarial Assumptions
and Changes in Assumptions**

**Table 4
Alaska PERS
Mortality Table (Post-termination)**

<u>Age</u>	<u>Male</u>	<u>Female</u>
50	0.1964%	0.1241%
51	0.2145	0.1426
52	0.2354	0.1631
53	0.2625	0.1851
54	0.2914	0.2117
55	0.3305	0.2457
56	0.3769	0.2854
57	0.4333	0.3284
58	0.4986	0.3777
59	0.5611	0.4339
60	0.6312	0.4979
61	0.7251	0.5701
62	0.8188	0.6527
63	0.9436	0.7450
64	1.0644	0.8442
65	1.1956	0.9476
66	1.3618	1.0523
67	1.5123	1.1499
68	1.6336	1.2424
69	1.7873	1.3422
70	1.9147	1.4342
71	2.0940	1.5830
72	2.2981	1.7260
73	2.5175	1.9177
74	2.7475	2.0940
75	3.0609	2.3377
76	3.0609	2.6690
77	3.7879	2.9853
78	4.2924	3.3273
79	4.8681	3.7068
80	5.5102	4.1355
81	6.2135	4.6249
82	6.9722	5.1616
83	7.6164	5.7377
84	8.4319	6.4966
85	9.1495	7.3658

**Summary of Actuarial Assumptions
and Changes in Assumptions**

**Table 5
Alaska PERS
Total Turnover Assumptions**

Peace Officer/Firefighter:

Select Rates of Turnover During the First 5 Years of Employment	
Year of Employment	Unisex Rates
1	15.00%
2	10.00
3	8.00
4	7.00
5	6.00

Ultimate Rates of Turnover After the First 5 Years of Employment		
Age	Male	Female
20	4.11%	5.19%
25	4.08	5.17
30	4.04	5.14
35	4.02	5.09
40	3.95	5.00
45	3.78	4.85
50	3.49	4.58
55	2.91	4.06
60	1.57	2.64
65+	4.32	5.40

**Summary of Actuarial Assumptions
and Changes in Assumptions**

**Table 5
Alaska PERS
Total Turnover Assumptions**

Others:

Year of Employment	Age at Hire	
	20-34	35+
	Unisex Rates	Unisex Rates
1	29.00%	20.00%
2	25.00	17.00
3	20.00	14.00
4	16.00	11.00
5	13.00	10.00

**Ultimate Rates of Turnover
After the First 5 Years of Employment**

Age	Male	Female
20	9.50%	13.68%
25	9.50	13.67
30	9.50	12.60
35	7.00	9.30
40	5.90	7.35
45	5.24	6.04
50	5.09	5.94
55	4.80	5.74
60	4.19	5.23
65+	5.50	6.25

**Summary of Actuarial Assumptions
and Changes in Assumptions**

**Table 6
Alaska PERS
Disability Table**

<u>Age</u>	<u>Peace Officer/ Firefighter Rate</u>	<u>Other Member Rate</u>	
		<u>Male</u>	<u>Female</u>
20	.088%	.031%	.024%
21	.089	.031	.024
22	.090	.032	.024
23	.091	.032	.024
24	.093	.033	.025
25	.094	.033	.025
26	.095	.033	.025
27	.098	.034	.026
28	.100	.035	.027
29	.103	.036	.028
30	.105	.037	.029
31	.108	.037	.029
32	.110	.038	.029
33	.113	.039	.030
34	.116	.041	.031
35	.120	.042	.032
36	.124	.044	.034
37	.129	.045	.035
38	.134	.047	.036
39	.139	.048	.037
40	.144	.050	.039
41	.150	.052	.040
42	.159	.056	.043
43	.170	.059	.045
44	.185	.065	.050
45	.203	.071	.055
46	.220	.077	.059
47	.239	.083	.064
48	.259	.091	.070
49	.279	.097	.075
50	.300	.105	.081
51	.325	.114	.087
52	.358	.125	.096
53	.398	.139	.107
54	.444	.155	.119
55	.500	.175	.134
56	.574	.201	.155
57	.668	.234	.180
58	.763	.267	.205
59	.900	.315	.242
60	1.054	.368	.283

**Summary of Actuarial Assumptions
and Changes in Assumptions**

**Table 7
Alaska PERS Peace Officer/Firefighter
Retirement Table**

Age at Retirement	Retirement Rate	
	Reduced	Unreduced
	Unisex Rates	Unisex Rates
<50	N/A	11.00%
50	10.00%	18.50
51	10.00	18.50
52	10.00	18.50
53	10.00	18.50
54	11.00	18.50
55	10.00	25.00
56	10.00	25.00
57	10.00	25.00
58	10.00	25.00
59	11.00	25.00
60	N/A	30.00
61	N/A	25.00
62	N/A	30.00
63	N/A	25.00
64-74	N/A	50.00
75	N/A	100.00

**Summary of Actuarial Assumptions
and Changes in Assumptions**

**Table 8
Alaska PERS Others
Retirement Table**

Age at Retirement	Retirement Rate	
	Reduced	Unreduced
	Unisex Rates	Unisex Rates
<50	N/A	10.00%
50	8.00%	30.00
51	8.00	30.00
52	8.00	30.00
53	8.00	30.00
54	13.00	30.00
55	8.00	30.00
56	8.00	17.50
57	8.00	17.50
58	8.00	16.50
59	12.00	16.50
60	N/A	20.50
61	N/A	16.50
62	N/A	24.50
63	N/A	20.50
64	N/A	22.50
65	N/A	26.00
66	N/A	26.00
67	N/A	26.00
68	N/A	27.50
69	N/A	30.00
70-89	N/A	50.00
90		100.00

Summary of Actuarial Assumptions and Changes in Assumptions

Changes in Actuarial Assumptions Since the Prior Valuation

There have been no changes in in assumptions since the prior valuation, except for the assumption regarding Medicare Part B only participation for pre-65 retirees and active members. We now determine the Part B only status based on number of quarters worked since date of hire or re-hire where applicable.

State of Alaska Public Employees' Retirement System

Glossary of Terms

Actuarial Accrued Liability	Total accumulated cost to fund pension 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 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 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.
Annual Required Contribution	Disclosure measure of annual pension cost.
GASB 25 and 27	Governmental Accounting Standards Board Statement Number 25 which specifies how the Annual Required Contribution (ARC) is to be calculated, and Number 27 which specifies Employer reporting of Pension Cost.
GASB 43 and 45	Governmental Accounting Standards Board Statement Number 43 which specifies how the Annual Required Contribution (ARC) is to be calculated, and Number 45 which specifies Employer reporting of Other Post-Employment Benefit (OPEB) Cost.
Liquidity Factor	Is calculated as the average annual Fair Value of Assets divided by the total annual benefit payments. This measures the approximate number of years that assets will cover benefit payments without contributions or investment return. Trend shows solvency risk.
Maturity Ratio	The ratio of the actuarial accrued liability for members who are no longer active to the total actuarial accrued liability. A ratio of over 50% indicates a mature plan. The higher the maturity ratio, the more volatile the contribution rate will be from year to year given actuarial gains and losses.
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 status.