

State of Alaska Public Employees' Retirement System

Actuarial Valuation Report as of June 30, 2024



Gallagher

Insurance | Risk Management | Consulting



Insurance | Risk Management | Consulting

April 23, 2025

State of Alaska
The Alaska Retirement Management Board
The Department of Revenue, Treasury Division
The Department of Administration, Division of Retirement and Benefits
P.O. Box 110203
Juneau, AK 99811-0203

Certification of Actuarial Valuation

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

This report summarizes the annual actuarial valuation results of the State of Alaska Public Employees' Retirement System (PERS) as of June 30, 2024 performed by Gallagher Benefit Services, Inc. (Gallagher).

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

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

PERS is funded by Employer, State, and Member Contributions in accordance with the funding policy adopted by the Alaska Retirement Management Board (Board) and as required by Alaska state statutes. The calculations of the Employer and State Contributions are reasonable actuarially determined contributions as defined in Actuarial Standard of Practice No. 4 (ASOP 4), and are consistent with the requirements set out in Alaska Statutes 37.10.220(a)(8). When determining the smoothing period for the actuarial value of assets and the amortization period for the unfunded actuarial accrued liability, the following items were considered: (i) the balance among benefit security, intergenerational equity, and stability of actuarially determined contributions, (ii) the timing and duration of expected benefit payments, and (iii) the nature and frequency of plan amendments.

The funding objective for PERS 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, plan expenses, and amortize the Unfunded Actuarial Accrued Liability (UAAL) as a level percentage of total PERS compensation over a closed 25-year period as required by Alaska state statutes. The closed 25-year period was originally established effective June 30, 2014. Effective June 30, 2018, the Board adopted a 25-year layered UAAL amortization method as described in Section 5.2. The UAAL amortization continues to be on a level percent of pay basis. 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. Absent future gains/losses and/or changes in actuarial assumptions/methods, actuarially determined contributions are expected to remain level as a percent of pay and the funded status of the pension trust is expected to increase to 100% in FY48 based on the projections in Section 3.9A of this report. Absent future gains/losses and/or changes in actuarial assumptions/methods, the funded status of the healthcare trust is expected to remain above 100%.

The Board and staff of the State of Alaska may use this report for the review of the operations of PERS. Use of this report for any other purpose or by anyone other than the Board or staff of the State of Alaska may not be appropriate and may result in mistaken conclusions due to failure to understand applicable assumptions, methodologies, or inapplicability of the report for that purpose. Because of the risk of misinterpretation of actuarial results, Gallagher recommends requesting its advanced review of any statement to be based on information contained in this report. Gallagher will accept no liability for any such statement made without its prior review.

Future actuarial measurements may differ significantly from current measurements due to plan experience differing from that anticipated by the actuarial assumptions, changes in assumptions, changes expected as part of the natural operation of the methodology used for these measurements, and changes in plan provisions or applicable law. In particular, retiree group benefits models necessarily rely on the use of approximations and estimates and are sensitive to changes in these approximations and estimates. Small variations in these approximations and estimates may lead to significant changes in actuarial measurements. An analysis of the potential range of such future differences is beyond the scope of this valuation.

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

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

A summary of the actuarial assumptions and methods used in this actuarial valuation is shown in Sections 5.2 and 5.3. We certify that the assumptions and methods used for funding purposes, as described in Sections 5.2 and 5.3 of this report, meet the requirements of all applicable Actuarial Standards of Practice.

Actuarial Standards of Practice No. 27 (ASOP 27) and No. 35 (ASOP 35) require the actuary to disclose the information and analysis used to support the actuary's determination that the assumptions selected by the plan sponsor do not significantly conflict with those that, in the actuary's professional judgment, are reasonable for the purpose of the measurement. Gallagher provides advice on reasonable assumptions when performing periodic experience studies. The Board selects the assumptions used, and the signing

actuaries review the assumptions annually through discussions with the Board staff and analysis of actuarial experience.

In the case of the Board's selected expected return on assets (EROA), the signing actuaries have used economic information and tools provided by Gallagher's Investments practice. A spreadsheet tool created by this practice converts averages, standard deviations, and correlations from Gallagher's Capital Market Assumptions that are used for stochastic forecasting into approximate percentile ranges for the arithmetic and geometric average returns. The EROA spreadsheet tool is intended to suggest possible reasonable ranges for the expected return on assets without attempting to predict or select a specific best estimate rate of return. It takes into account the duration of investment and the target allocation of assets in the portfolio to various asset classes.

Based on the actuaries' analysis, including consistency with other assumptions used in the valuation, the percentiles generated by the EROA spreadsheet tool described above, and review of actuarial gain/loss analysis, the signing actuaries believe the assumptions, in their professional judgment, do not significantly conflict with what are reasonable for the purpose of the measurement.

ACFR Information

We have prepared the following information in this report for the Actuarial Section and Statistical Section of the ACFR: (i) member data tables in Section 4; (ii) analysis of financial experience in Section 1.6; (iii) summary of actuarial assumptions in Section 5.3; and (iv) historical information in Section 7.

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

Risk Information

Actuarial Standard of Practice No. 51 (ASOP 51) applies to actuaries performing funding calculations related to a pension plan. ASOP 51 does not apply to actuaries performing services in connection with other post-employment benefits, such as medical benefits. Accordingly, ASOP 51 does not apply to the healthcare portion of PERS. See Section 6 of this report for further details regarding ASOP 51. Section 6 also contains information on the Low-Default-Risk Obligation Measure (LDROM) required to be disclosed under Actuarial Standard of Practice No. 4 (ASOP 4).

Use of Models

Actuarial Standard of Practice No. 56 (ASOP 56) provides guidance to actuaries performing actuarial services that involve designing, developing, selecting, modifying, using, reviewing, or evaluating models. In addition to the EROA spreadsheet tool disclosed above, Gallagher uses third-party software to perform annual actuarial valuations and projections. The model is intended to calculate the liabilities associated with the provisions of the plan using data and assumptions as of the measurement date under the funding methods specified in this report. Gallagher also uses internally developed models that apply applicable funding methods and policies to the liabilities derived from the third-party software and other inputs, such as plan assets and contributions, to generate many of the exhibits found in this report.

Gallagher maintains an extensive review process in which the results of the liability calculations are checked using detailed sample life output, changes from year to year are summarized by source, and significant deviations from expectations are investigated. Other funding outputs and the internal models are similarly reviewed in detail and at a higher level for accuracy, reasonability, and consistency with prior results. Gallagher also reviews the third-party model when significant changes are made to the software. This review is performed by experts within Gallagher who are familiar with applicable funding methods, as well as the manner in which the model generates its output. If significant changes are made to the internal models, extra checking and review are completed.

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

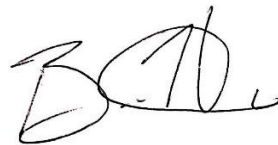
This report was prepared under the overall direction of David Kershner, who meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. He is a Fellow of the Society of Actuaries, an Enrolled Actuary, a Member of the American Academy of Actuaries, and a Fellow of the Conference of Consulting Actuaries.

We are available to discuss this report with you at your convenience. David can be reached at (602) 803-6174 and Brett can be reached at (260) 423-1072.

Respectfully submitted,



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



Brett Hunter, ASA, EA, MAAA
Senior Consultant

The undersigned actuary is responsible for all assumptions related to the average annual per capita health claims cost and the health care cost trend rates, and hereby affirms his qualification to render opinions in such matters in accordance with the Qualification Standards of the American Academy of Actuaries. Robert can be reached at (312) 399-9339.



Robert Besenhofer, ASA, MAAA, FCA
Director

Contents

Executive Summary	1
1 Actuarial Funding Results	12
1.1 Actuarial Liabilities and Normal Cost	12
1.2 Actuarial Contributions as of June 30, 2024	18
1.3 Roll-Forward Contribution Rate Calculation for FY27	24
1.4 Actuarial Gain/(Loss) for FY24	27
1.5 Development of Change in Unfunded Liability During FY24	28
1.6 Analysis of Financial Experience	29
1.7 History of Unfunded Liability and Funded Ratio	31
2 Plan Assets	33
2.1 Summary of Fair Value of Assets	33
2.2 Changes in Fair Value of Assets During FY24	34
2.3 Development of Actuarial Value of Assets	35
2.4 Historical Asset Rates of Return	37
3 Projections	38
3.1 Projection Assumptions and Methods	38
3.2 Membership Projections	39
3.3 Projected Contribution Rates	42
3.4 Projected Contribution Rates by Component	43
3.5 Projected Contribution Amounts	44
3.6 Projected Contribution Amounts by Component	45
3.7 Summary of Projected Contributions by Source	46
3.8 Projected Funded Ratios	47
3.9 Tables of Projected Actuarial Results	49
3.10 Projected Pension Benefit Recipients and Amounts	53
4 Member Data	54
4.1 Summary of Members Included	54
4.2 Age and Service Distribution of Active Members	59
4.3 Member Data Reconciliation	61
4.4 Schedule of Active Member Data	63
4.5 Active Member Payroll Reconciliation	64
4.6 Summary of New Pension Benefit Recipients	65
4.7 Summary of All Pension Benefit Recipients	69
4.8 Pension Benefit Recipients by Type of Benefit and Option Elected	74
4.9 Pension Benefit Recipients Added to and Removed from Rolls	76

Contents

5	Basis of the Actuarial Valuation.....	78
5.1	Summary of Plan Provisions.....	78
5.2	Description of Actuarial Methods and Valuation Procedures	85
5.3	Summary of Actuarial Assumptions.....	92
6	Risk Information	106
6.1	Risk Overview	106
6.2	Assessment of Risks.....	107
6.3	Historical Information	110
6.4	Plan Maturity Measures	111
7	Historical Information	113
7.1	Funding Progress.....	113
7.2	Solvency Test	115
7.3	Member Data	117
	Glossary of Terms.....	118

Executive Summary

Overview

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

Purpose

An actuarial valuation is performed on the plan annually as of the end 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 plan;
2. To disclose the funding assets and liability measures as of the valuation date;
3. To review the current funded status of the plan and assess the funded status as an appropriate measure for determining future actuarially determined contributions;
4. To compare actual and expected experience under the plan during the last fiscal year; and
5. To report trends in contributions, assets, liabilities, and funded status over the last several years.

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

Actuarial projections are also performed to provide a long-term view of the expected future funded status and contribution patterns (see Section 3). The future funded status and contribution patterns would be different than those shown in Section 3 if future experience does not match the actuarial assumptions used in the projections.

Retiree group benefits models necessarily rely on the use of approximations and estimates, and are sensitive to changes in these approximations and estimates. Small variations in these approximations and estimates may lead to significant changes in actuarial measurements.

Funded Status

Where presented, references to "funded ratio" and "unfunded actuarial accrued liability" typically are measured on an actuarial value of assets basis. It should be noted that the same measurements using market value of assets would result in different funded ratios and unfunded accrued liabilities. Moreover, the funded ratio presented is appropriate for evaluating the need and level of future contributions but makes no assessment regarding the funded status of the plan if the plan were to settle (i.e., purchase annuities) for a portion or all of its liabilities.

Funded Status as of June 30 (\$ in thousands)	2023	2024
Pension		
a. Actuarial Accrued Liability	\$ 16,835,581	\$ 17,059,775
b. Valuation Assets	<u>11,272,339</u>	<u>11,608,256</u>
c. Unfunded Actuarial Accrued Liability, (a) - (b)	\$ 5,563,242	\$ 5,451,519
d. Funded Ratio based on Valuation Assets, (b) ÷ (a)	67.0%	68.0%
e. Fair Value of Assets	\$ 11,137,489	\$ 11,555,868
f. Funded Ratio based on Fair Value of Assets, (e) ÷ (a)	66.2%	67.7%

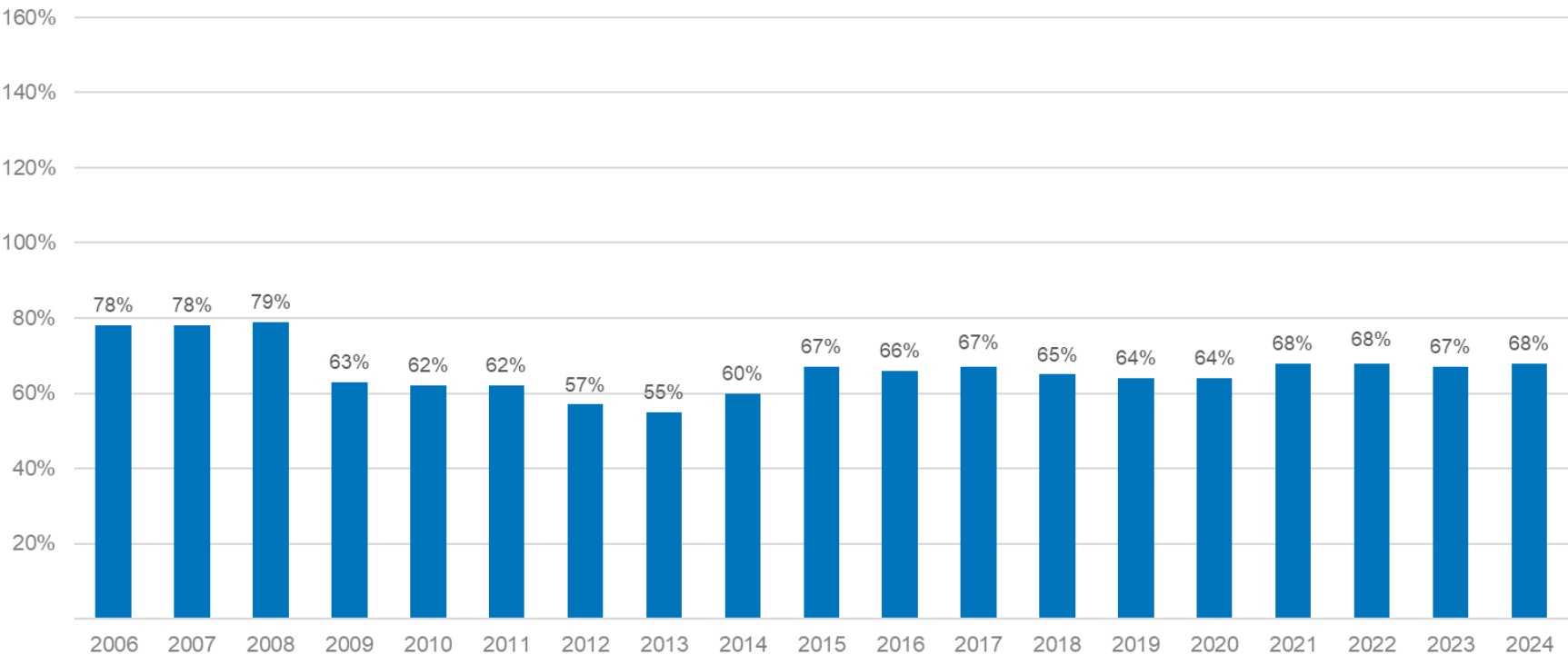
Executive Summary

Funded Status as of June 30 (\$ in thousands)	2023	2024
Healthcare		
a. Actuarial Accrued Liability	\$ 7,085,823	\$ 7,129,523
b. Valuation Assets	<u>9,180,231</u>	<u>9,433,351</u>
c. Unfunded Actuarial Accrued Liability, (a) - (b)	\$ (2,094,408)	\$ (2,303,828)
d. Funded Ratio based on Valuation Assets, (b) ÷ (a)	129.6%	132.3%
e. Fair Value of Assets	\$ 9,076,222	\$ 9,400,625
f. Funded Ratio based on Fair Value of Assets, (e) ÷ (a)	128.1%	131.9%

Executive Summary

Funded Ratio History (Based on Valuation Assets)

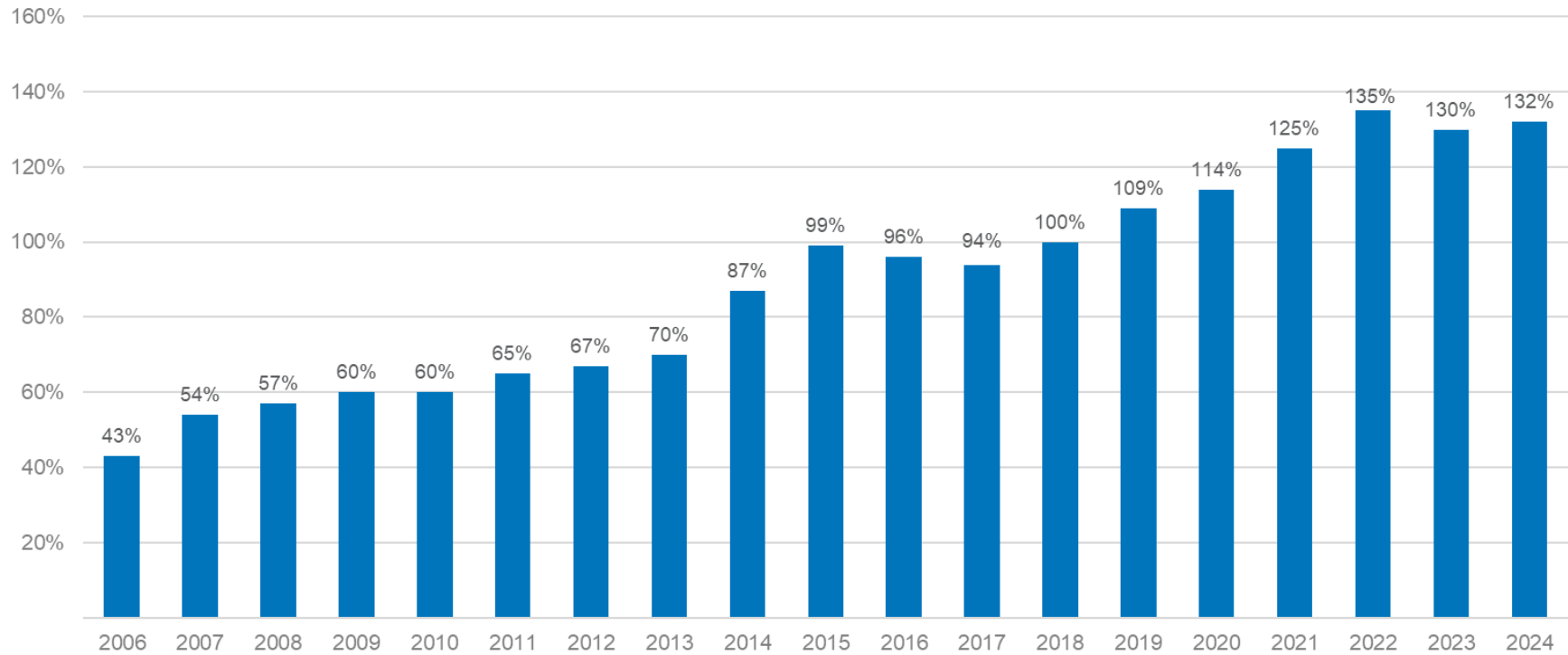
Pension (2006 and later)



Executive Summary

Funded Ratio History (Based on Valuation Assets)

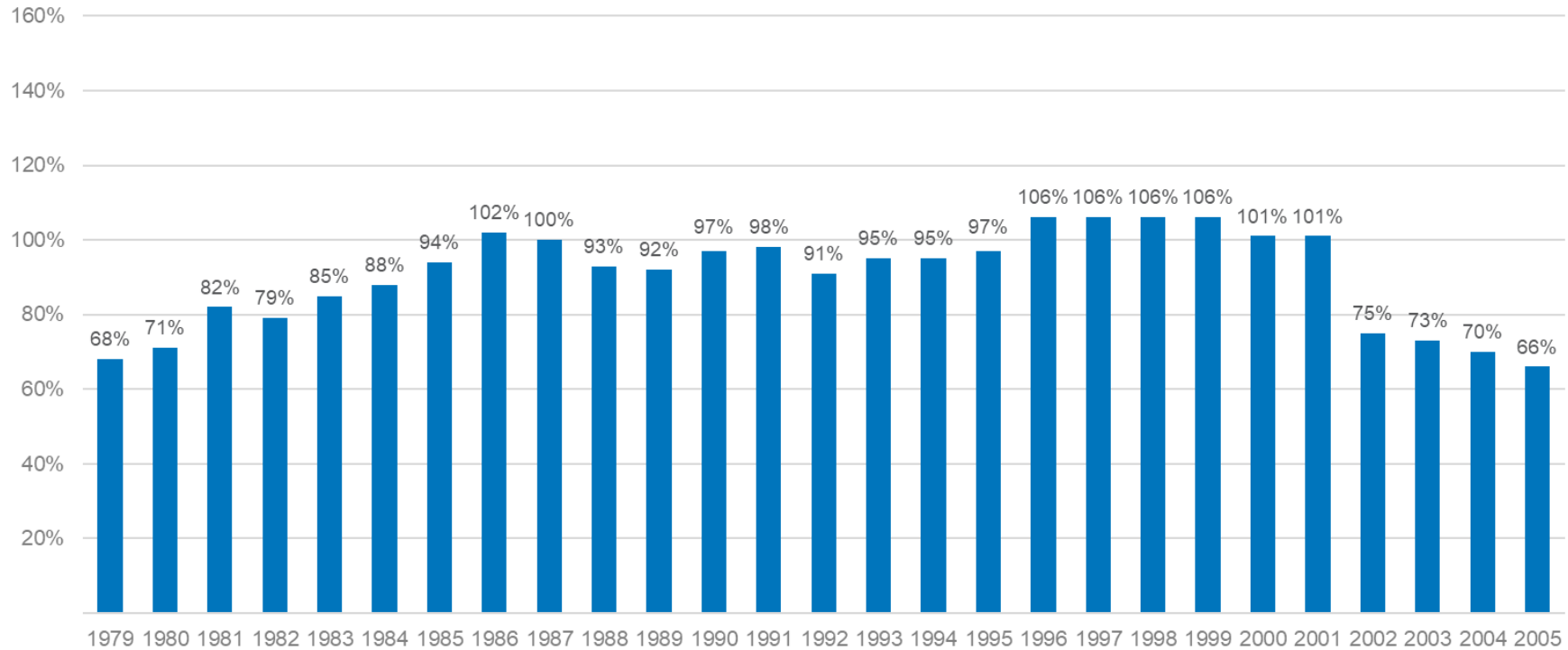
Healthcare (2006 and later)



Executive Summary

Funded Ratio History (Based on Valuation Assets)

Total (1979 – 2005)*



* Prior to 2006, assets and liabilities were provided in aggregate only (Pension and Healthcare combined).

Executive Summary

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

1. Investment Experience

The asset valuation method recognizes 20% of the investment gain or loss each year, for a period of five years. The FY24 investment return based on fair value of assets was approximately 8.8% compared to the expected investment return of 7.25% (net of investment expenses). This resulted in a market asset gain of \$168 million (pension) and \$146 million (healthcare). Due to the recognition of investment gains and losses over a 5-year period, the FY24 investment return based on actuarial value of assets was approximately 8.0%, which resulted in an actuarial asset gain of \$75 million (pension) and \$68 million (healthcare).

2. Salary Increases

Salary increases for continuing active members during FY24 were higher than expected based on the valuation assumptions, resulting in a liability loss of \$123 million.

3. Demographic Experience

Section 4 provides statistics on active and inactive members. The number of active members decreased 7.2% from 8,361 at June 30, 2023 to 7,757 at June 30, 2024 due to active members exiting the plan during the year (due to retirement, termination, death, and disability) and the closure of the plan to new entrants as of July 1, 2006. The average age of active members increased from 54.22 to 54.70 and average credited service increased from 19.53 to 19.90 years.

The number of benefit recipients increased 1.1% from 38,639 to 39,078, and their average age increased from 72.12 to 72.61. The number of vested terminated participants decreased 6.2% from 4,812 to 4,513. Their average age increased from 54.98 to 55.30.

The overall effect of the demographic experience during FY24 was a liability gain of \$6 million (pension) and a liability loss of \$16 million¹ (healthcare).

4. COLA / PRPA Experience

The cost-of-living increases (COLA) for benefit recipients during FY24 were less than expected based on the valuation assumptions, resulting in a liability gain of \$2 million. The CPI-based postretirement pension adjustments (PRPA) were also less than expected, resulting in a liability gain of \$114 million.

5. Retiree Medical Claims Experience

As described in Section 5.2, recent medical claims experience and changes in healthcare enrollment data provided to us for the June 30, 2024 valuation generated a liability loss of \$97 million. Healthcare benefits paid during FY24 were greater than expected, which generated a liability loss of \$25 million. The EGWP subsidy received by the plan during FY24 was \$64 million, as compared to the expected EGWP subsidy for FY24 of \$55 million.

6. Changes in Methods Since the Prior Valuation

The actuarially determined contribution rates were updated to include a half-year interest adjustment that was adopted by the Board in June 2024 to account for the monthly timing of employer contributions². There were no other changes in actuarial methods since the prior valuation.

¹ Includes the effects of changes in dependent coverage elections and Medicare Part B only experience.

² The half-year interest adjustment is backed out when determining the Additional State Contribution because the Additional State Contribution is generally contributed at the beginning of the fiscal year.

Executive Summary

7. Changes in Assumptions Since the Prior Valuation

Healthcare claim costs are updated annually as described in Section 5.2. As a result of changes to the Standard Medicare Part D plan under the Inflation Reduction Act, EGWP subsidies are expected to be higher than originally anticipated for 2025 and beyond. EGWP subsidies were updated based on estimates provided by Segal Consulting. Because of the significant increase in the EGWP subsidy for FY25 and beyond due to the Inflation Reduction Act, and uncertainty regarding future subsidy levels, the ARMB has adopted a smoothing of EGWP subsidy estimates over five years¹. In addition, the prescription drug and EGWP trend assumption was updated to reflect recent survey information indicating higher initial trend rates in part due to the recent higher-than-expected inflationary environment. The effects of these assumption changes are shown on page 11.

The future increase in the IRS 401(a)(17) maximum compensation limit was updated to align with the inflation assumption. This caused a \$21,000 decrease in the pension Normal Cost and a \$2,126,000 decrease in the pension Actuarial Accrued Liability.

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

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

8. Changes in Benefit Provisions Since the Prior Valuation

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

¹ Implementation of 5-year smoothing of the EGWP subsidy increased the June 30, 2024 Healthcare Actuarial Accrued Liability by \$551M (8.4%).

Executive Summary

Comparative Summary of Contribution Rates

	Actual FY 2026	Estimated FY 2027
Pension		
a. Normal Cost Rate Net of Member Contributions	2.14%	1.89%
b. Past Service Cost Rate	<u>18.63%</u>	<u>18.27%</u>
c. Total Employer/State Contribution Rate, (a) + (b), not less than (a) ¹	20.77%	20.16%
Healthcare		
a. Normal Cost Rate	1.97%	1.78%
b. Past Service Cost Rate	<u>(6.98%)</u>	<u>(6.62%)</u>
c. Total Employer/State Contribution Rate, (a) + (b), not less than (a) ¹	1.97%	1.78%
Total		
a. Normal Cost Rate Net of Member Contributions	4.11%	3.67%
b. Past Service Cost Rate	<u>18.63%</u>	<u>18.27%</u>
c. Total Employer/State Contribution Rate, (a) + (b) ¹	22.74%	21.94%
d. Board Adopted Total Employer/State Contribution Rate	21.43% ²	TBD
e. Defined Contribution Retirement (DCR) Rate Paid by Employers	<u>6.90%</u>	<u>7.09%</u>
f. Board Adopted Total Rate, Including DCR Rate Paid by Employers, (d) + (e)	28.33%	TBD

Contribution rates are based on total (DB and DCR) payroll. The contribution rates shown above for FY27 are estimated assuming no actuarial gains/losses during FY25 and FY26. Actual FY27 contribution rates will be adopted by the Board in September 2025 reflecting FY25 asset experience.

Contribution rates include Employer contribution rates as limited by Alaska state statutes and the Additional State Contribution required under SB 125.

¹ Beginning with the June 30, 2014 valuation, contribution rates for FY17 and beyond are determined using new methodology in accordance with 2014 legislation under HB 385 and SB 119, 2014 Alaska Laws, which changed the amortization methodology to a closed 25-year period as a level percentage of pay, and eliminated the time lag on the contribution rate calculation by using a 2-year "roll-forward" approach assuming 0% population growth. Investment gains and losses are recognized over a 5-year period beginning in FY15. Beginning with the June 30, 2018 valuation, the UAAL amortization was changed as described in Section 5.2.

² The FY26 contribution rates adopted by the Board in September 2024 were 21.43% for Pension and 0.00% for Healthcare. The FY26 adopted rates reflect a single 25-year amortization base that was established June 30, 2014.

Executive Summary

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

The following table summarizes the sources of change in the total Employer/State contribution rate as of June 30, 2023 and June 30, 2024 based on DB and DCR payroll combined:

	Pension	Healthcare
1. Total Employer/State Contribution Rate as of June 30, 2023	20.16%	2.42%
2. Change due to:		
a. Health Claims Experience	N/A	0.01%
b. Salary Increases	0.28%	N/A
c. Investment Experience	(0.17%)	0.00%
d. Demographic Experience and Miscellaneous ¹	(1.43%)	(0.22%)
e. Actual vs Expected Contributions	0.06%	0.00%
f. Assumption Changes	0.00%	(0.02%)
g. Method Changes ²	0.79%	0.09%
h. Plan Changes	<u>0.00%</u>	<u>0.00%</u>
i. Total Change, (a) + (b) + (c) + (d) + (e) + (f) + (g) + (h)	(0.47%)	(0.14%)
3. Total Employer/State Contribution Rate as of June 30, 2024, (1) + (2)(i)	19.69%	2.28%

¹ Includes the effects of census data changes between the two valuations.

² Effective beginning with the June 30, 2024 valuation, the actuarially determined contribution rate method was updated to include a half-year interest adjustment to account for the monthly timing of employer contributions.

Executive Summary

The following table shows the FY24 gain/(loss) on actuarial accrued liability as of June 30, 2024 (\$ in thousands):

	Pension	Healthcare
Retirement Experience	\$ 5,600	\$ 5,406
Termination Experience	(1,400)	(8,008)
Disability Experience	(453)	848
Active Mortality Experience	5,944	2,258
Inactive Mortality Experience	(3,272)	709
Transfers between PF and Others	896	(586)
Salary Increases	(123,162)	N/A
Rehires (Net of Rehire Load)	(8,894)	(6,093)
Metcalf Transfers ¹	(20,509)	(11,987)
COLA Increases	1,741	N/A
PRPA Increases	113,545	N/A
Benefit Payments Different than Expected	18,942	(25,431)
Per Capita Claims Cost	N/A	(97,344)
Medicare Part B Only Experience	N/A	(1,836)
Changes in Dependent Coverage Elections	N/A	(15,857)
Programming Changes ²	2,234	5,797
Miscellaneous ³	<u>(10,629)</u>	<u>(5,145)</u>
Total	\$ (19,417)	\$ (157,269)

The rehire gain/(loss) amount shown above is the difference between (i) the increase in Actuarial Accrued Liability at June 30, 2024 due to rehires during the most recent plan year, and (ii) the load that was added to the June 30, 2023 Normal Cost based on the rehire load assumption used in the June 30, 2023 valuation. The development of the FY24 rehire gain/(loss) amount is shown in the table below (\$ in thousands):

	Pension	Healthcare
1. Increase/(Decrease) in Actuarial Accrued Liability at June 30, 2024 due to Rehires	\$ 25,313	\$ 7,572
2. June 30, 2023 Normal Cost Rehire Load, with interest to June 30, 2024	\$ 16,419	\$ 1,479
3. Rehire Gain/(Loss), (2) - (1)	\$ (8,894)	\$ (6,093)

¹ These liability losses would be offset, in whole or in part, by amounts that were deposited in FY24 to the DB trusts on behalf of Metcalfe transfers from DCR to DB. During FY24, 15 members transferred from the DCR plan to the DB plan under the 2021 Alaska Supreme Court Metcalfe decision.

² Includes adjustments to the early retirement factors for deferred vested members (pension), the IRS 401(a)(17) compensation limit increase rate in the projection of compensation (pension), adjustments to the spouse participation rates (healthcare), and adjustments to assumed service for tier 3 inactive members with no service provided (healthcare).

³ Includes the effects of various data changes that are typical when new census data is received for the annual valuation, as well as other items that do not fit neatly into any of the other categories.

Executive Summary

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

	Pension	Healthcare
Updated EGWP Estimates - Inflation Reduction Act	N/A	\$ (453,391)
Updated Healthcare Cost Trend Rates	N/A	<u>252,598</u>
Total	N/A	\$ (200,793)

1 Actuarial Funding Results

1.1 Actuarial Liabilities and Normal Cost (\$ in thousands)

Peace Officer / Firefighter

As of June 30, 2024	Present Value of Projected Benefits	Actuarial Accrued (Past Service) Liability
Active Members		
Retirement Benefits	\$ 923,172	\$ 824,235
Termination Benefits	2,916	(2,519)
Disability Benefits	562	(1,826)
Death Benefits	4,754	2,654
Return of Contributions	399	(3,052)
Medical and Prescription Drug Benefits	349,251	301,458
Medicare Part D Subsidy	(43,213)	(37,389)
Indebtedness	<u>(4,360)</u>	<u>(4,360)</u>
Subtotal	\$ 1,233,481	\$ 1,079,201
Inactive Members		
Not Vested	\$ 2,774	\$ 2,774
Vested Terminations		
- Retirement Benefits	35,176	35,176
- Medical and Prescription Drug Benefits	103,429	103,429
- Medicare Part D Subsidy	(15,318)	(15,318)
- Indebtedness	(919)	(919)
Retirees & Beneficiaries		
- Retirement Benefits	2,071,817	2,071,817
- Medical and Prescription Drug Benefits	750,475	750,475
- Medicare Part D Subsidy	<u>(143,998)</u>	<u>(143,998)</u>
Subtotal	\$ 2,803,436	\$ 2,803,436
Total	\$ 4,036,917	\$ 3,882,637
Total Pension	\$ 3,036,291	\$ 2,923,980
Total Medical, Net of Part D Subsidy	\$ 1,000,626	\$ 958,657
Total Medical, Gross of Part D Subsidy	\$ 1,203,155	\$ 1,155,362

1 Actuarial Funding Results

1.1 Actuarial Liabilities and Normal Cost (\$ in thousands) (continued)

Peace Officer / Firefighter

As of June 30, 2024	Present Value of Projected Benefits	Actuarial Accrued (Past Service) Liability
By Tier		
Tier 1		
- Pension	\$ 961,293	\$ 960,670
- Medical, Net of Part D Subsidy	246,504	246,108
Tier 2		
- Pension	757,971	748,857
- Medical, Net of Part D Subsidy	271,707	267,869
Tier 3		
- Pension	1,317,027	1,214,453
- Medical, Net of Part D Subsidy	482,415	444,680
Total	\$ 4,036,917	\$ 3,882,637

As of June 30, 2024	Normal Cost, with half year interest
Active Members	
Retirement Benefits	\$ 21,859
Termination Benefits	1,260
Disability Benefits	552
Death Benefits	481
Return of Contributions	779
Medical and Prescription Drug Benefits	10,550
Medicare Part D Subsidy	(1,314)
Rehire Assumption (Pension)	3,814
Rehire Assumption (Medical)	222
Administrative Expenses (Pension)	2,094
Administrative Expenses (Medical)	792
Total	\$ 41,089
Total Pension	\$ 30,839
Total Medical, Net of Part D Subsidy	\$ 10,250
Total Medical, Gross of Part D Subsidy	\$ 11,564

By Tier	
Tier 1	
- Pension	\$ 366
- Medical, Net of Part D Subsidy	219
Tier 2	
- Pension	3,347
- Medical, Net of Part D Subsidy	1,221
Tier 3	
- Pension	27,126
- Medical, Net of Part D Subsidy	8,810
Total	\$ 41,089

1 Actuarial Funding Results

1.1 Actuarial Liabilities and Normal Cost (\$ in thousands) (continued)

Others

As of June 30, 2024	Present Value of Projected Benefits	Actuarial Accrued (Past Service) Liability
Active Members		
Retirement Benefits	\$ 3,323,439	\$ 3,061,216
Termination Benefits	179,798	100,048
Disability Benefits	14,508	4,705
Death Benefits	23,919	18,526
Return of Contributions	9,438	(24,150)
Medical and Prescription Drug Benefits	1,818,845	1,519,823
Medicare Part D Subsidy	(331,821)	(283,220)
Indebtedness	<u>(34,258)</u>	<u>(34,258)</u>
Subtotal	\$ 5,003,868	\$ 4,362,690
Inactive Members		
Not Vested	\$ 78,827	\$ 78,827
Vested Terminations		
- Retirement Benefits	662,568	662,568
- Medical and Prescription Drug Benefits	887,415	887,415
- Medicare Part D Subsidy	(145,862)	(145,862)
- Indebtedness	(16,150)	(16,150)
Retirees & Beneficiaries		
- Retirement Benefits	10,284,463	10,284,463
- Medical and Prescription Drug Benefits	5,486,983	5,486,983
- Medicare Part D Subsidy	<u>(1,294,273)</u>	<u>(1,294,273)</u>
Subtotal	\$ 15,943,971	\$ 15,943,971
Total	\$ 20,947,839	\$ 20,306,661
Total Pension	\$ 14,526,552	\$ 14,135,795
Total Medical, Net of Part D Subsidy	\$ 6,421,287	\$ 6,170,866
Total Medical, Gross of Part D Subsidy	\$ 8,193,243	\$ 7,894,221

1 Actuarial Funding Results

1.1 Actuarial Liabilities and Normal Cost (\$ in thousands) (continued)

Others

As of June 30, 2024	Present Value of Projected Benefits	Actuarial Accrued (Past Service) Liability
By Tier		
Tier 1		
- Pension	\$ 5,902,079	\$ 5,886,948
- Medical, Net of Part D Subsidy	2,169,656	2,155,407
Tier 2		
- Pension	4,236,817	4,171,442
- Medical, Net of Part D Subsidy	1,909,147	1,861,249
Tier 3		
- Pension	4,387,656	4,077,405
- Medical, Net of Part D Subsidy	2,342,484	2,154,210
Total	\$ 20,947,839	\$ 20,306,661

As of June 30, 2024	Normal Cost, with half year interest
Active Members	
Retirement Benefits	\$ 53,098
Termination Benefits	14,002
Disability Benefits	1,810
Death Benefits	1,073
Return of Contributions	6,203
Medical and Prescription Drug Benefits	57,780
Medicare Part D Subsidy	(9,534)
Rehire Assumption (Pension)	11,656
Rehire Assumption (Medical)	1,158
Administrative Expenses (Pension)	6,399
Administrative Expenses (Medical)	4,137
Total	\$ 147,782
Total Pension	\$ 94,241
Total Medical, Net of Part D Subsidy	\$ 53,541
Total Medical, Gross of Part D Subsidy	\$ 63,075

By Tier

Tier 1	
- Pension	\$ 6,097
- Medical, Net of Part D Subsidy	5,089
Tier 2	
- Pension	19,777
- Medical, Net of Part D Subsidy	12,579
Tier 3	
- Pension	68,367
- Medical, Net of Part D Subsidy	35,873
Total	\$ 147,782

1 Actuarial Funding Results

1.1 Actuarial Liabilities and Normal Cost (\$ in thousands) (continued)

All Members

As of June 30, 2024	Present Value of Projected Benefits	Actuarial Accrued (Past Service) Liability
Active Members		
Retirement Benefits	\$ 4,246,611	\$ 3,885,451
Termination Benefits	182,714	97,529
Disability Benefits	15,070	2,879
Death Benefits	28,673	21,180
Return of Contributions	9,837	(27,202)
Medical and Prescription Drug Benefits	2,168,096	1,821,281
Medicare Part D Subsidy	(375,034)	(320,609)
Indebtedness	<u>(38,618)</u>	<u>(38,618)</u>
Subtotal	\$ 6,237,349	\$ 5,441,891
Inactive Members		
Not Vested	\$ 81,601	\$ 81,601
Vested Terminations		
- Retirement Benefits	697,744	697,744
- Medical and Prescription Drug Benefits	990,844	990,844
- Medicare Part D Subsidy	(161,180)	(161,180)
- Indebtedness	(17,069)	(17,069)
Retirees & Beneficiaries		
- Retirement Benefits	12,356,280	12,356,280
- Medical and Prescription Drug Benefits	6,237,458	6,237,458
- Medicare Part D Subsidy	<u>(1,438,271)</u>	<u>(1,438,271)</u>
Subtotal	\$ 18,747,407	\$ 18,747,407
Total	\$ 24,984,756	\$ 24,189,298
Total Pension	\$ 17,562,843	\$ 17,059,775
Total Medical, Net of Part D Subsidy	\$ 7,421,913	\$ 7,129,523
Total Medical, Gross of Part D Subsidy	\$ 9,396,398	\$ 9,049,583

1 Actuarial Funding Results

1.1 Actuarial Liabilities and Normal Cost (\$ in thousands) (continued)

All Members

As of June 30, 2024	Present Value of Projected Benefits	Actuarial Accrued (Past Service) Liability
By Tier		
Tier 1		
- Pension	\$ 6,863,372	\$ 6,847,618
- Medical, Net of Part D Subsidy	2,416,160	2,401,515
Tier 2		
- Pension	4,994,788	4,920,299
- Medical, Net of Part D Subsidy	2,180,854	2,129,118
Tier 3		
- Pension	5,704,683	5,291,858
- Medical, Net of Part D Subsidy	2,824,899	2,598,890
Total	\$ 24,984,756	\$ 24,189,298
As of June 30, 2024	Normal Cost, with half year interest	

Active Members

Retirement Benefits	\$ 74,957
Termination Benefits	15,262
Disability Benefits	2,362
Death Benefits	1,554
Return of Contributions	6,982
Medical and Prescription Drug Benefits	68,330
Medicare Part D Subsidy	(10,848)
Rehire Assumption (Pension)	15,470
Rehire Assumption (Medical)	1,380
Administrative Expenses (Pension)	8,493
Administrative Expenses (Medical)	4,929
Total	\$ 188,871
Total Pension	\$ 125,080
Total Medical, Net of Part D Subsidy	\$ 63,791
Total Medical, Gross of Part D Subsidy	\$ 74,639
By Tier	
Tier 1	
- Pension	\$ 6,463
- Medical, Net of Part D Subsidy	5,308
Tier 2	
- Pension	23,124
- Medical, Net of Part D Subsidy	13,800
Tier 3	
- Pension	95,493
- Medical, Net of Part D Subsidy	44,683
Total	\$ 188,871

1 Actuarial Funding Results

1.2 Actuarial Contributions as of June 30, 2024 (\$ in thousands)

Peace Officer / Firefighter

Normal Cost Rate	Pension	Healthcare
1. Total Normal Cost, with half year interest	\$ 30,839	\$ 10,250
2. DB Rate Payroll Projected for FY25	135,062	135,062
3. DCR Rate Payroll Projected for FY25	318,945	318,945
4. Total Rate Payroll Projected for FY25	454,007	454,007
5. Normal Cost Rate		
a. Based on DB Rate Payroll, (1) ÷ (2)	22.83%	7.59%
b. Based on Total Rate Payroll, (1) ÷ (4)	6.79%	2.26%
6. Average Member Contribution Rate	2.23%	0.00%
7. Employer Normal Cost, (5)(b) - (6)	4.56%	2.26%

Past Service Rate	Pension	Healthcare
1. Actuarial Accrued Liability	\$ 2,923,980	\$ 958,657
2. Valuation Assets ¹	1,989,611	1,268,437
3. Unfunded Actuarial Accrued Liability, (1) - (2)	\$ 934,369	\$ (309,780)
4. Funded Ratio, (2) ÷ (1)	68.0%	132.3%
5. Past Service Cost Amortization Payment, with half year interest	81,068	(22,647)
6. Total Rate Payroll Projected for FY25	454,007	454,007
7. Past Service Rate, (5) ÷ (6)	17.86%	(4.99%)
Total Employer / State Contribution Rate, not less than Normal Cost Rate	22.42%	2.26%

Normal Cost Rate by Tier (Total Employer and Member)²

Tier 1	26.52%	15.87%
Tier 2	22.71%	8.28%
Tier 3	22.81%	7.41%

¹ Allocated between Peace Officer / Firefighter and Others in proportion to Actuarial Accrued Liability.

² Rates determined considering the payroll for members in each tier. DCR payroll is excluded from these calculations.

1 Actuarial Funding Results

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

Peace Officer / Firefighter

Schedule of Past Service Cost Amortizations - Pension (\$ in thousands)

Layer	Amortization Period		Balances		Beginning-of-Year Payment
	Date Created	Years Remaining	Initial	Outstanding	
Initial Amount	6/30/2018	15	\$ 731,232	\$ 688,850	\$ 60,942
Change in Assumptions	6/30/2018	19	88,162	88,045	6,631
FY19 Loss	6/30/2019	20	61,980	62,223	4,535
FY20 Loss	6/30/2020	21	31,158	31,371	2,218
FY21 Gain	6/30/2021	22	(83,489)	(84,129)	(5,782)
Change in Assumptions	6/30/2022	23	42,593	42,871	2,869
FY22 Loss	6/30/2022	23	9,774	9,837	658
FY23 Loss	6/30/2023	24	85,343	85,690	5,596
FY24 Loss	6/30/2024	25	9,611	9,611	613
Total				\$ 934,369	\$ 78,280

Schedule of Past Service Cost Amortizations - Healthcare (\$ in thousands)

Layer	Amortization Period		Balances		Beginning-of-Year Payment
	Date Created	Years Remaining	Initial	Outstanding	
Initial Amount	6/30/2018	15	(30,991)	(29,195)	(2,583)
Change in Assumptions/Methods/EGWP	6/30/2018	19	27,556	27,519	2,073
FY19 Gain	6/30/2019	20	(77,575)	(77,881)	(5,676)
FY20 Gain	6/30/2020	21	(38,036)	(38,297)	(2,708)
Medical/Prescription Drug Plan Changes	6/30/2021	22	(7,361)	(7,417)	(510)
FY21 Gain	6/30/2021	22	(94,266)	(94,989)	(6,528)
Change in Assumptions	6/30/2022	23	4,475	4,505	302
FY22 Gain	6/30/2022	23	(88,254)	(88,831)	(5,946)
FY23 Loss	6/30/2023	24	26,134	26,240	1,713
Change in Assumptions	6/30/2024	25	(14,815)	(14,815)	(945)
FY24 Gain	6/30/2024	25	(16,619)	(16,619)	(1,060)
Total				\$ (309,780)	\$ (21,868)

1 Actuarial Funding Results

1.2 Actuarial Contributions as of June 30, 2024 (\$ in thousands) (continued)

Others

Normal Cost Rate	Pension	Healthcare
1. Total Normal Cost, with half year interest	\$ 94,241	\$ 53,541
2. DB Rate Payroll Projected for FY25	644,551	644,551
3. DCR Rate Payroll Projected for FY25	1,701,979	1,701,979
4. Total Rate Payroll Projected for FY25	2,346,530	2,346,530
5. Normal Cost Rate		
a. Based on DB Rate Payroll, (1) ÷ (2)	14.62%	8.31%
b. Based on Total Rate Payroll, (1) ÷ (4)	4.02%	2.28%
6. Average Member Contribution Rate	1.87%	0.00%
7. Employer Normal Cost, (5)(b) - (6)	2.15%	2.28%

Past Service Rate	Pension	Healthcare
1. Actuarial Accrued Liability	\$ 14,135,795	\$ 6,170,866
2. Valuation Assets ¹	9,618,645	8,164,914
3. Unfunded Actuarial Accrued Liability, (1) - (2)	\$ 4,517,150	\$ (1,994,048)
4. Funded Ratio, (2) ÷ (1)	68.0%	132.3%
5. Past Service Cost Amortization Payment, with half year interest	399,206	(144,453)
6. Total Rate Payroll Projected for FY25	2,346,530	2,346,530
7. Past Service Rate, (5) ÷ (6)	17.01%	(6.16%)
Total Employer / State Contribution Rate, not less than Normal Cost Rate	19.16%	2.28%

Normal Cost Rate by Tier (Total Employer and Member)²

Tier 1	19.42%	16.21%
Tier 2	14.62%	9.30%
Tier 3	14.31%	7.51%

¹ Allocated between Peace Officer / Firefighter and Others in proportion to Actuarial Accrued Liability.

² Rates determined considering the payroll for members in each tier. DCR payroll is excluded from these calculations.

1 Actuarial Funding Results

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

Others

Schedule of Past Service Cost Amortizations - Pension (\$ in thousands)

Layer	Amortization Period		Balances		Beginning-of-Year Payment
	Date Created	Years Remaining	Initial	Outstanding	
Initial Amount	6/30/2018	15	\$ 3,889,167	\$ 3,663,750	\$ 324,132
Change in Assumptions	6/30/2018	19	467,280	466,650	35,146
FY19 Loss	6/30/2019	20	235,559	236,483	17,236
FY20 Loss	6/30/2020	21	93,343	93,985	6,644
FY21 Gain	6/30/2021	22	(495,211)	(499,003)	(34,292)
Change in Assumptions	6/30/2022	23	163,298	164,367	11,002
FY22 Loss	6/30/2022	23	14,404	14,499	971
FY23 Loss	6/30/2023	24	413,408	415,087	27,105
FY24 Gain	6/30/2024	25	(38,668)	(38,668)	(2,467)
Total				\$ 4,517,150	\$ 385,477

Schedule of Past Service Cost Amortizations - Healthcare (\$ in thousands)

Layer	Amortization Period		Balances		Beginning-of-Year Payment
	Date Created	Years Remaining	Initial	Outstanding	
Initial Amount	6/30/2018	15	(47,263)	(44,525)	(3,939)
Change in Assumptions/Methods/EGWP	6/30/2018	19	22,293	22,262	1,676
FY19 Gain	6/30/2019	20	(553,265)	(555,435)	(40,483)
FY20 Gain	6/30/2020	21	(253,711)	(255,450)	(18,059)
Medical/Prescription Drug Plan Changes	6/30/2021	22	(54,446)	(54,863)	(3,770)
FY21 Gain	6/30/2021	22	(613,647)	(618,348)	(42,494)
Change in Assumptions	6/30/2022	23	(92,867)	(93,475)	(6,257)
FY22 Gain	6/30/2022	23	(417,035)	(419,761)	(28,095)
FY23 Loss	6/30/2023	24	205,161	205,995	13,452
Change in Assumptions	6/30/2024	25	(185,978)	(185,978)	(11,868)
FY24 Loss	6/30/2024	25	5,530	5,530	352
Total				\$ (1,994,048)	\$ (139,485)

1 Actuarial Funding Results

1.2 Actuarial Contributions as of June 30, 2024 (\$ in thousands) (continued)

All Members

Normal Cost Rate	Pension	Healthcare
1. Total Normal Cost, with half year interest	\$ 125,080	\$ 63,791
2. DB Rate Payroll Projected for FY25	779,613	779,613
3. DCR Rate Payroll Projected for FY25	2,020,924	2,020,924
4. Total Rate Payroll Projected for FY25	2,800,537	2,800,537
5. Normal Cost Rate		
a. Based on DB Rate Payroll, (1) ÷ (2)	16.04%	8.18%
b. Based on Total Rate Payroll, (1) ÷ (4)	4.47%	2.28%
6. Average Member Contribution Rate ¹	1.93%	0.00%
7. Employer Normal Cost, (5)(b) - (6)	2.54%	2.28%

Past Service Rate	Pension	Healthcare
1. Actuarial Accrued Liability	\$ 17,059,775	\$ 7,129,523
2. Valuation Assets	11,608,256	9,433,351
3. Unfunded Actuarial Accrued Liability, (1) - (2)	\$ 5,451,519	\$ (2,303,828)
4. Funded Ratio, (2) ÷ (1)	68.0%	132.3%
5. Past Service Cost Amortization Payment, with half year interest	480,274	(167,100)
6. Total Rate Payroll Projected for FY25	2,800,537	2,800,537
7. Past Service Rate, (5) ÷ (6)	17.15%	(5.97%)
Total Employer / State Contribution Rate, not less than Normal Cost Rate	19.69%	2.28%

Normal Cost Rate by Tier (Total Employer and Member)²

Tier 1	19.72%	16.20%
Tier 2	15.42%	9.20%
Tier 3	16.00%	7.49%

¹ 7.5% for Peace Officer / Firefighter and 6.81% weighted average for Others

² Rates determined considering the payroll for members in each tier. DCR payroll is excluded from these calculations.

1 Actuarial Funding Results

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

All Members

Schedule of Past Service Cost Amortizations - Pension (\$ in thousands)

Layer	Amortization Period		Balances		Beginning-of-Year Payment
	Date Created	Years Remaining	Initial	Outstanding	
Initial Amount	6/30/2018	15	\$ 4,620,399	\$ 4,352,600	\$ 385,074
Change in Assumptions	6/30/2018	19	555,442	554,695	41,777
FY19 Loss	6/30/2019	20	297,539	298,706	21,771
FY20 Loss	6/30/2020	21	124,501	125,356	8,862
FY21 Gain	6/30/2021	22	(578,700)	(583,132)	(40,074)
Change in Assumptions	6/30/2022	23	205,891	207,238	13,871
FY22 Loss	6/30/2022	23	24,178	24,336	1,629
FY23 Loss	6/30/2023	24	498,751	500,777	32,701
FY24 Gain	6/30/2024	25	(29,057)	(29,057)	(1,854)
Total				\$ 5,451,519	\$ 463,757

Schedule of Past Service Cost Amortizations - Healthcare (\$ in thousands)

Layer	Amortization Period		Balances		Beginning-of-Year Payment
	Date Created	Years Remaining	Initial	Outstanding	
Initial Amount	6/30/2018	15	(78,254)	(73,720)	(6,522)
Change in Assumptions/Methods/EGWP	6/30/2018	19	49,849	49,781	3,749
FY19 Gain	6/30/2019	20	(630,840)	(633,316)	(46,159)
FY20 Gain	6/30/2020	21	(291,747)	(293,747)	(20,767)
Medical/Prescription Drug Plan Changes	6/30/2021	22	(61,807)	(62,280)	(4,280)
FY21 Gain	6/30/2021	22	(707,913)	(713,337)	(49,022)
Change in Assumptions	6/30/2022	23	(88,392)	(88,970)	(5,955)
FY22 Gain	6/30/2022	23	(505,289)	(508,592)	(34,041)
FY23 Loss	6/30/2023	24	231,295	232,235	15,165
Change in Assumptions	6/30/2024	25	(200,793)	(200,793)	(12,813)
FY24 Gain	6/30/2024	25	(11,089)	(11,089)	(708)
Total				\$ (2,303,828)	\$ (161,353)

1 Actuarial Funding Results

1.3 Roll-Forward Contribution Rate Calculation for FY27 (\$ in thousands)

	Pension	Healthcare
1. Liability Roll Forward		
a. Actuarial Accrued Liability as of June 30, 2024	\$ 17,059,775	\$ 7,129,523
b. Normal Cost	112,577	56,838
c. Interest on (a) and (b) at 7.25%	1,244,996	521,011
d. Estimated Benefit Payments	(1,142,863)	(460,800)
e. Interest on (d) at 7.25%, adjusted for timing	(47,991)	(16,395)
f. Expected Actuarial Accrued Liability as of June 30, 2025	\$ 17,226,494	\$ 7,230,177
g. Projected Normal Cost	99,107	50,359
h. Interest on (f) and (g) at 7.25%	1,256,106	527,839
i. Estimated Benefit Payments	(1,193,312)	(468,695)
j. Interest on (i) at 7.25%, adjusted for timing	(47,520)	(17,044)
k. Expected Actuarial Accrued Liability as of June 30, 2026	\$ 17,340,875	\$ 7,322,636
2. Asset Roll Forward		
a. Actuarial Value of Assets as of June 30, 2024	\$ 11,608,256	\$ 9,433,351
b. Interest on (a) at 7.25%	841,599	683,918
c. Employee Contributions	59,817	0
d. Employer Contributions	494,108	0
e. State Assistance Contributions	59,149	0
f. Interest on (c) thru (e) at 7.25%, adjusted for timing*	24,017	0
g. Estimated Benefit Payments	(1,142,863)	(460,800)
h. Administrative Expenses	(8,201)	(4,759)
i. Interest on (g) and (h) at 7.25%, adjusted for timing	(48,283)	(16,565)
j. AVA Adjustments	143,406	121,741
k. Expected Actuarial Value of Assets as of June 30, 2025	\$ 12,031,005	\$ 9,756,886
l. Interest on (k) at 7.25%	872,248	707,374
m. Employee Contributions	54,540	0
n. Employer Contributions	510,344	0
o. State Assistance Contributions**	79,807	0
p. Interest on (m) thru (o) at 7.25%, adjusted for timing*	25,905	0
q. Estimated Benefit Payments	(1,193,312)	(468,695)
r. Administrative Expenses	(7,268)	(4,222)
s. Interest on (q) and (r) at 7.25%, adjusted for timing	(47,779)	(17,194)
t. AVA Adjustments	(288,024)	(233,279)
u. Expected Actuarial Value of Assets as of June 30, 2026	\$ 12,037,466	\$ 9,740,870
3. Expected Unfunded Actuarial Accrued Liability as of June 30, 2026, 1(k) - 2(u)	\$ 5,303,409	\$ (2,418,234)

* Employee and Employer Contributions are paid throughout the year. State Assistance Contributions are assumed to be paid on July 1, 2024 for FY25, and July 1, 2025 for FY26.

** The FY26 State Assistance Contribution is expected to be contributed 100% to pension.

1 Actuarial Funding Results

1.3 Roll-Forward Contribution Rate Calculation for FY27 (\$ in thousands) (continue

	Pension	Healthcare
4. Expected Annual Rate Payroll for FY27		
a. Defined Benefit Members	\$ 625,433	\$ 625,433
b. Defined Contribution Retirement Members	<u>2,175,792</u>	<u>2,175,792</u>
c. Total Rate Payroll	\$ 2,801,225	\$ 2,801,225
5. Expected FY27 Contribution Rate Calculation		
a. Projected Normal Cost for FY27	\$ 96,391	\$ 49,898
b. Projected Normal Cost Rate for FY27	3.44%	1.78%
c. Expected Member Contribution Rate for FY27	(1.55%)	0.00%
d. Expected Employer Normal Cost Rate for FY27	1.89%	1.78%
e. Expected Unfunded Liability as of June 30, 2026	\$ 5,303,409	\$ (2,418,234)
f. FY27 Layered Amortization of Expected Unfunded Liability	511,919	(185,469)
g. Expected Past Service Cost Contribution Rate for FY27	18.27%	(6.62%)
h. Expected Total Contribution Rate for FY27, not less than Normal Cost Rate	20.16%	1.78%

1 Actuarial Funding Results

1.3 Roll-Forward Contribution Rate Calculation for FY27 (continued)

The components of the expected FY27 amortization amounts are shown below (totals may not add due to rounding):

Expected FY27 Schedule of Past Service Cost Amortizations - Pension (\$ in thousands)

Layer	Amortization Period		Balances		Beginning-of-Year Payment for FY27
	Date Created	Years Remaining at 6/30/26	Initial	Outstanding at 6/30/26	
Initial Amount	6/30/2018	13	\$ 4,620,399	\$ 4,139,323	\$ 406,544
Change in Assumptions	6/30/2018	17	555,442	543,949	44,106
FY19 Loss	6/30/2019	18	297,539	294,555	22,985
FY20 Loss	6/30/2020	19	124,501	124,232	9,357
FY21 Gain	6/30/2021	20	(578,700)	(580,495)	(42,309)
Change in Assumptions	6/30/2022	21	205,891	207,136	14,644
FY22 Loss	6/30/2022	21	24,178	24,323	1,720
FY23 Loss	6/30/2023	22	498,751	502,372	34,524
FY24 Gain	6/30/2024	23	(29,057)	(29,247)	(1,958)
Expected FY25 Gain	6/30/2025	24	(153,887)	(154,511)	(10,090)
Expected FY26 Loss	6/30/2026	25	231,772	231,772	14,790
Total				\$ 5,303,409	\$ 494,313

Expected FY27 Schedule of Past Service Cost Amortizations - Healthcare (\$ in thousands)

Layer	Amortization Period		Balances		Beginning-of-Year Payment for FY27
	Date Created	Years Remaining at 6/30/26	Initial	Outstanding at 6/30/26	
Initial Amount	6/30/2018	13	\$ (78,254)	\$ (70,108)	\$ (6,886)
Change in Assumptions/Methods/EGWP	6/30/2018	17	49,849	48,817	3,958
FY19 Gain	6/30/2019	18	(630,840)	(624,515)	(48,732)
FY20 Gain	6/30/2020	19	(291,747)	(291,112)	(21,925)
Medical/Prescription Drug Plan Changes	6/30/2021	20	(61,807)	(61,998)	(4,519)
FY21 Gain	6/30/2021	20	(707,913)	(710,111)	(51,756)
Change in Assumptions	6/30/2022	21	(88,392)	(88,926)	(6,287)
FY22 Gain	6/30/2022	21	(505,288)	(508,341)	(35,938)
FY23 Loss	6/30/2023	22	231,295	232,975	16,011
FY24 Gain	6/30/2024	23	(11,089)	(11,162)	(747)
Expected FY25 Gain	6/30/2025	24	(228,902)	(229,833)	(15,008)
Expected FY26 Loss	6/30/2026	25	98,186	98,186	6,265
Total				\$ (2,216,128)	\$ (165,564)

The components of the expected FY27 amortization amounts are shown below (totals may not add due to rounding):

1 Actuarial Funding Results

1.4 Actuarial Gain/(Loss) for FY24 (\$ in thousands)

	Pension	Healthcare
1. Expected Actuarial Accrued Liability		
a. Actuarial Accrued Liability as of June 30, 2023	\$ 16,835,581	\$ 7,085,823
b. Normal Cost	115,370	58,838
c. Interest on (a) and (b) at 7.25%	1,228,944	517,988
d. Employer Group Waiver Plan	0	64,852
e. Benefit Payments	(1,088,046)	(537,616)
f. Refund of Contributions	(9,097)	0
g. Interest on (d) thru (f) at 7.25%, adjusted for timing	(42,394)	(16,838)
h. Assumptions/Methods Changes	0	(200,793)
i. Expected Actuarial Accrued Liability as of June 30, 2024 (a) + (b) + (c) + (d) + (e) + (f) + (g) + (h)	\$ 17,040,358	\$ 6,972,254
2. Actual Actuarial Accrued Liability as of June 30, 2024	17,059,775	7,129,523
3. Liability Gain/(Loss), (1)(i) - (2)	\$ (19,417)	\$ (157,269)
4. Expected Actuarial Asset Value		
a. Actuarial Value of Assets as of June 30, 2023	\$ 11,272,339	\$ 9,180,231
b. Interest on (a) at 7.25%	817,245	665,567
c. Employee Contributions	70,329	0
d. Employer Contributions	461,837	13,766
e. State Assistance Contributions	37,942	0
f. Employer Group Waiver Plan	0	64,852
g. Interest on (c) thru (f) at 7.25%, adjusted for timing	21,704	2,800
h. Benefit Payments	(1,088,046)	(537,616)
i. Refund of Contributions	(9,097)	0
j. Administrative Expenses	(8,560)	(4,562)
k. Interest on (h) thru (j) at 7.25%, adjusted for timing	(42,699)	(19,310)
l. Expected Actuarial Asset Value as of June 30, 2024 (a) + (b) + (c) + (d) + (e) + (f) + (g) + (h) + (i) + (j) + (k)	\$ 11,532,994	\$ 9,365,728
5. Actual Actuarial Asset Value as of June 30, 2024	11,608,256	9,433,351
6. Actuarial Asset Value Gain/(Loss), (5) - (4)(l)	\$ 75,262	\$ 67,623
7. Total Actuarial Gain/(Loss), (3) + (6)	\$ 55,845	\$ (89,646)
8. Contribution Gain/(Loss)	\$ (26,975)	\$ 101,313
9. Administrative Expense Gain/(Loss)	\$ 187	\$ (578)
10. FY24 Gain/(Loss), (7) + (8) + (9)	\$ 29,057	\$ 11,089

1 Actuarial Funding Results

1.5 Development of Change in Unfunded Liability During FY24 (\$ in thousands)

	Pension	Healthcare
1. 2023 Unfunded Liability	\$ 5,563,242	\$ (2,094,408)
a. Interest on Unfunded Liability at 7.25%	\$ 403,335	\$ (151,845)
b. Normal Cost	115,370	58,838
c. Employee Contributions	(70,329)	0
d. Employer Contributions	(461,837)	(13,766)
e. State Assistance Contributions	(37,942)	0
f. Administrative Expenses	8,560	4,562
g. Interest on (b) thru (f) at 7.25%, adjusted for timing	(13,035)	3,938
h. Assumptions/Methods Changes	<u>0</u>	<u>(200,793)</u>
i. Expected Change in Unfunded Liability During FY24 (a) + (b) + (c) + (d) + (e) + (f) + (g) + (h)	\$ (55,878)	\$ (299,066)
2. Expected 2024 Unfunded Liability, (1) + (1)(i)	\$ 5,507,364	\$ (2,393,474)
a. Liability (Gain)/Loss During FY24	\$ 19,417	\$ 157,269
b. Actuarial Assets (Gain)/Loss During FY24	<u>(75,262)</u>	<u>(67,623)</u>
c. Total Actuarial (Gain)/Loss During FY24	\$ (55,845)	\$ 89,646
3. Actual 2024 Unfunded Liability, (2) + (2)(c)	\$ 5,451,519	\$ (2,303,828)

1 Actuarial Funding Results

1.6 Analysis of Financial Experience

Pension

Change in Employer / State Contribution Rate as of Valuation Date
During the Last Five Fiscal Years Due to (Gains) and Losses Resulting
from Differences Between Assumed Experience and Actual Experience

Type of (Gain) or Loss	Change in Employer / State Contribution Rate During Fiscal Year				
	Pension				
	2020	2021	2022	2023	2024
1. Health Claims	N/A	N/A	N/A	N/A	N/A
2. Salary Experience	(0.03%)	0.05%	0.13%	0.23%	0.28%
3. Investment Experience	0.44%	(1.06%)	(0.34%)	(0.03%)	(0.17%)
4. Demographic Experience and Miscellaneous	(0.19%)	(0.54%)	0.52%	0.32%	(1.43%)
5. Actual vs Expected Contributions	<u>0.15%</u>	<u>(0.06%)</u>	<u>(0.14%)</u>	<u>0.00%</u>	<u>0.06%</u>
6. (Gain) or Loss During Year From Experience, (1) + (2) + (3) + (4) + (5)	0.37%	(1.61%)	0.17%	0.52%	(1.26%)
7. Assumptions Changes	0.00%	0.00%	0.54%	0.00%	0.00%
8. Method Changes	0.00%	0.00%	0.00%	0.00%	0.79%
9. Plan Changes	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
10. Composite (Gain) or Loss During Year, (6) + (7) + (8) + (9)	0.37%	(1.61%)	0.71%	0.52%	(0.47%)
11. Beginning Total Employer / State Contribution Rate	<u>20.17%</u>	<u>20.54%</u>	<u>18.93%</u>	<u>19.64%</u>	<u>20.16%</u>
12. Ending Valuation Year Employer / State Contribution Rate, (10) + (11)	20.54%	18.93%	19.64%	20.16%	19.69%
13. Fiscal Year Rates Adopted by ARMB					
a. Fiscal Year Employer / State Contribution Rate	18.38%	18.47%	21.66%	20.77%	20.16% *
b. Fiscal Year for which Rate Applies	FY23	FY24	FY25	FY26	FY27

* Expected rate. Actual rate to be determined

1 Actuarial Funding Results

1.6 Analysis of Financial Experience (continued)

Healthcare

Change in Employer / State Contribution Rate as of Valuation Date
During the Last Five Fiscal Years Due to (Gains) and Losses Resulting
from Differences Between Assumed Experience and Actual Experience

Type of (Gain) or Loss	Change in Employer / State Contribution Rate During Fiscal Year				
	Healthcare				
	2020	2021	2022	2023	2024
1. Health Claims	(0.87%)	(0.12%)	(0.11%)	0.10%	0.01%
2. Salary Experience	N/A	N/A	N/A	N/A	N/A
3. Investment Experience	0.31%	0.00%	0.00%	0.00%	0.00%
4. Demographic Experience and Miscellaneous	0.38%	(0.26%)	(0.37%)	(0.14%)	(0.22%)
5. Actual vs Expected Contributions	<u>(0.16%)</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
6. (Gain) or Loss During Year From Experience, (1) + (2) + (3) + (4) + (5)	(0.34%)	(0.38%)	(0.48%)	(0.04%)	(0.21%)
7. Assumptions Changes	0.00%	0.00%	(0.22%)	0.00%	(0.02%)
8. Method Changes	0.00%	0.00%	0.00%	0.00%	0.09%
9. Plan Changes	<u>0.00%</u>	<u>(0.03%)</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
10. Composite (Gain) or Loss During Year, (6) + (7) + (8) + (9)	(0.34%)	(0.41%)	(0.70%)	(0.04%)	(0.14%)
11. Beginning Total Employer / State Contribution Rate	<u>3.91%</u>	<u>3.57%</u>	<u>3.16%</u>	<u>2.46%</u>	<u>2.42%</u>
12. Ending Valuation Year Employer / State Contribution Rate, (10) + (11)	3.57%	3.16%	2.46%	2.42%	2.28%
13. Fiscal Year Rates Adopted by ARMB					
a. Fiscal Year Employer / State Contribution Rate	0.00%	0.00%	0.00%	0.00%	1.78% *
b. Fiscal Year for which Rate Applies	FY23	FY24	FY25	FY26	FY27

* Expected rate. Actual rate to be determined

1 Actuarial Funding Results

1.7 History of Unfunded Liability and Funded Ratio (\$ in thousands)

Pension

Valuation Date	Total Actuarial Accrued Liability	Valuation Assets	Assets as a Percent of Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)
June 30, 2006	\$ 8,094,043	\$ 6,331,065	78.2%	\$ 1,762,978
June 30, 2007	8,662,324	6,739,004	77.8%	1,923,320
June 30, 2008	9,154,282	7,210,772	78.8%	1,943,510
June 30, 2009	9,702,086	6,108,528	63.0%	3,593,558
June 30, 2010	10,371,672	6,469,832	62.4%	3,901,840
June 30, 2011	10,919,047	6,762,149	61.9%	4,156,898
June 30, 2012	11,428,944	6,530,421	57.1%	4,898,523
June 30, 2013	11,945,881	6,510,749	54.5%	5,435,132
June 30, 2014	12,947,759	7,731,438	59.7%	5,216,321
June 30, 2015	13,337,929	8,931,160	67.0%	4,406,769
June 30, 2016	13,633,033	9,056,662	66.4%	4,576,371
June 30, 2017	13,832,130	9,229,703	66.7%	4,602,427
June 30, 2018	14,606,033	9,430,192	64.6%	5,175,841
June 30, 2019	15,039,180	9,576,693	63.7%	5,462,487
June 30, 2020	15,279,525	9,713,710	63.6%	5,565,815
June 30, 2021	15,419,975	10,466,709	67.9%	4,953,266
June 30, 2022	16,093,679	10,961,498	68.1%	5,132,181
June 30, 2023	16,835,581	11,272,339	67.0%	5,563,242
June 30, 2024	17,059,775	11,608,256	68.0%	5,451,519

1 Actuarial Funding Results

1.7 History of Unfunded Liability and Funded Ratio (\$ in thousands) (continued)

Healthcare

Valuation Date	Total Actuarial Accrued Liability	Valuation Assets	Assets as a Percent of Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)
June 30, 2006	\$ 6,294,370	\$ 2,709,843	43.1%	\$ 3,584,527
June 30, 2007	5,908,609	3,161,956	53.5%	2,746,653
June 30, 2008	6,733,859	3,829,334	56.9%	2,904,525
June 30, 2009	6,877,285	4,134,450	60.1%	2,742,835
June 30, 2010	7,760,820	4,687,632	60.4%	3,073,188
June 30, 2011	7,821,503	5,051,625	64.6%	2,769,878
June 30, 2012	7,863,417	5,301,609	67.4%	2,561,808
June 30, 2013	8,046,878	5,651,877	70.2%	2,395,001
June 30, 2014	7,949,613	6,913,160	87.0%	1,036,453
June 30, 2015	7,310,734	7,242,299	99.1%	68,435
June 30, 2016	7,736,457	7,411,330	95.8%	325,127
June 30, 2017	8,049,265	7,557,068	93.9%	492,197
June 30, 2018	7,658,104	7,686,509	100.4%	(28,405)
June 30, 2019	7,151,694	7,810,491	109.2%	(658,797)
June 30, 2020	7,036,550	7,989,358	113.5%	(952,808)
June 30, 2021	6,856,170	8,581,155	125.2%	(1,724,985)
June 30, 2022	6,657,069	8,979,943	134.9%	(2,322,874)
June 30, 2023	7,085,823	9,180,231	129.6%	(2,094,408)
June 30, 2024	7,129,523	9,433,351	132.3%	(2,303,828)

2 Plan Assets

2.1 Summary of Fair Value of Assets (\$ in thousands)

As of June 30, 2024	Pension	Healthcare	Allocation Percent
Cash and Short-Term Investments			
- Cash and Cash Equivalents	\$ 138,363	\$ 124,781	1.3%
- Subtotal	\$ 138,363	\$ 124,781	1.3%
Fixed Income Investments			
- Domestic Fixed Income Pool	\$ 2,311,085	\$ 1,890,219	20.0%
- International Fixed Income Pool	0	0	0.0%
- Alternative Fixed Income Pool	300,715	245,953	2.6%
- High Yield Pool	0	0	0.0%
- Treasury Inflation Protection Pool	0	0	0.0%
- Emerging Debt Pool	0	0	0.0%
- Subtotal	\$ 2,611,800	\$ 2,136,172	22.6%
Equity Investments			
- Domestic Equity Pool	\$ 2,922,926	\$ 2,390,640	25.3%
- International Equity Pool	1,538,102	1,258,003	13.3%
- Private Equity Pool	1,812,930	1,482,783	15.7%
- Emerging Markets Equity Pool	371,692	304,004	3.2%
- Alternative Equity Strategies	528,974	432,640	4.6%
- Subtotal	\$ 7,174,624	\$ 5,868,070	62.1%
Other Investments			
- Real Estate Pool	\$ 756,581	\$ 617,327	6.6%
- Other Investments Pool	857,660	701,474	7.4%
- Absolute Return Pool	0	0	0.0%
- Other Assets	14	967	0.0%
- Subtotal	\$ 1,614,255	\$ 1,319,768	14.0%
Total Cash and Investments	\$ 11,539,042	\$ 9,448,791	100.0%
Net Accrued Receivables	16,826	(48,166)	
Net Assets	\$ 11,555,868	\$ 9,400,625	

2 Plan Assets

2.2 Changes in Fair Value of Assets During FY24 (\$ in thousands)

Fiscal Year 2024	Pension	Healthcare
1. Fair Value of Assets as of June 30, 2023	\$ 11,137,489	\$ 9,076,222
2. Additions:		
a. Employee Contributions	\$ 70,329	\$ 0
b. Employer Contributions	460,974	47
c. State Assistance Contributions	37,942	0
d. Interest and Dividend Income	183,659	150,892
e. Net Appreciation / Depreciation in Fair Value of Investments	800,796	661,366
f. Employer Group Waiver Plan	0	64,852
g. Pharmacy Rebates	0	72,022
h. Other	155	507
i. Transfer In	863	13,719
j. Total Additions	\$ 1,554,718	\$ 963,405
3. Deductions:		
a. Medical Benefits	\$ 0	\$ 593,597
b. Retirement Benefits	1,088,046	0
c. Refund of Contributions	9,097	0
d. Investment Expenses	30,636	24,802
e. Administrative Expenses	8,560	20,603
f. Transfer Out	0	0
g. Total Deductions	\$ 1,136,339	\$ 639,002
4. Fair Value of Assets as of June 30, 2024	\$ 11,555,868	\$ 9,400,625
5. Approximate Fair Value Investment Return Rate during FY24 Net of Investment Expenses	8.8%	8.9%

2 Plan Assets

2.3 Development of Actuarial Value of Assets (\$ in thousands)

The actuarial value of asset was set equal to the fair value as of June 30, 2014 and the 20% corridor was eliminated. Investment gains and losses after June 30, 2014 are recognized 20% per year over 5 years.

	Pension	Healthcare
1. Deferral of Investment Gain / (Loss) for FY24		
a. Fair Value of Assets as of June 30, 2023	\$ 11,137,489	\$ 9,076,222
b. Contributions	569,245	47
c. Employer Group Waiver Plan	0	64,852
d. Benefit Payments	1,097,143	537,616
e. Administrative Expenses	8,560	4,562
f. Actual Investment Return (net of investment expenses)	953,974	787,963
g. Expected Return Rate (net of investment expenses)	7.25%	7.25%
h. Expected Return, Weighted for Timing	786,473	641,516
i. Investment Gain / (Loss) for the Year, (f) - (h)	167,501	146,447
2. Actuarial Value as of June 30, 2024		
a. Fair Value as of June 30, 2024	\$ 11,555,868	\$ 9,400,625
b. Deferred Investment Gain / (Loss)	(52,388)	(32,726)
c. Actuarial Value as of June 30, 2024, (a) - (b)	11,608,256	9,433,351
3. Ratio of Actuarial Value of Assets to Fair Value of Assets	100.5%	100.3%
4. Approximate Actuarial Value Investment Return Rate during FY24 Net of Investment Expenses	7.9%	8.0%

2 Plan Assets

2.3 Development of Actuarial Value of Assets (\$ in thousands) (continued)

The tables below show the development of the gains/(losses) to be recognized in the current year (\$ in thousands):

Pension				
Fiscal Year Ending	Asset Gain / (Loss)	Gain / (Loss) Recognized in Prior Years	Gain / (Loss) Recognized This Year	Gain / (Loss) Deferred to Future Years
June 30, 2020	\$ (310,824)	\$ (248,660)	\$ (62,164)	\$ 0
June 30, 2021	2,103,782	1,262,268	420,756	420,758
June 30, 2022	(1,570,061)	(628,024)	(314,012)	(628,025)
June 30, 2023	34,796	6,959	6,959	20,878
June 30, 2024	167,501	0	33,500	134,001
Total	\$ 425,194	\$ 392,543	\$ 85,039	\$ (52,388)

Healthcare				
Fiscal Year Ending	Asset Gain / (Loss)	Gain / (Loss) Recognized in Prior Years	Gain / (Loss) Recognized This Year	Gain / (Loss) Deferred to Future Years
June 30, 2020	\$ (244,753)	\$ (195,803)	\$ (48,950)	\$ 0
June 30, 2021	1,730,106	1,038,063	346,022	346,021
June 30, 2022	(1,288,435)	(515,374)	(257,687)	(515,374)
June 30, 2023	32,449	6,490	6,490	19,469
June 30, 2024	146,447	0	29,289	117,158
Total	\$ 375,814	\$ 333,376	\$ 75,164	\$ (32,726)

2 Plan Assets

2.4 Historical Asset Rates 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%
June 30, 2012	1.2%	5.8%	0.2%	4.9%
June 30, 2013	4.0%	5.6%	12.1%	5.7%
June 30, 2014	21.9%	7.1%	18.1%	6.9%
June 30, 2015	7.0%	7.1%	2.9%	6.5%
June 30, 2016	5.0%	6.9%	(0.7%)	5.9%
June 30, 2017	5.4%	6.8%	12.8%	6.4%
June 30, 2018	6.1%	6.8%	8.2%	6.5%
June 30, 2019	5.5%	6.7%	6.0%	6.5%
June 30, 2020	5.8%	6.6%	4.1%	6.3%
June 30, 2021	11.6%	6.9%	30.0%	7.6%
June 30, 2022	8.7%	7.0%	(6.0%)	6.8%
June 30, 2023	7.4%	7.0%	7.6%	6.8%
June 30, 2024	8.0%	7.1%	8.8%	6.9%

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

Cumulative since fiscal year ending June 30, 2005.

3 Projections

3.1 Projection Assumptions and Methods

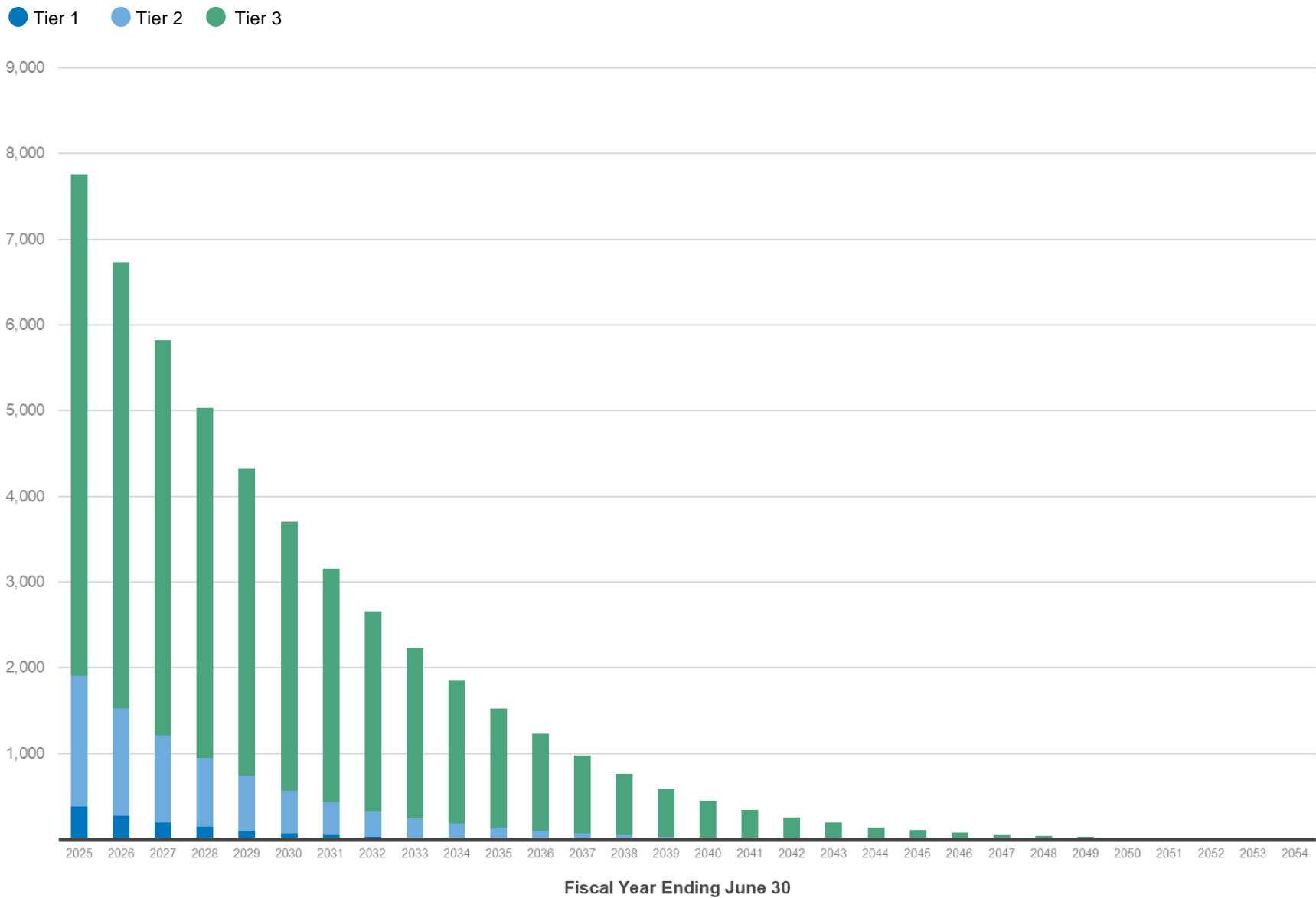
Key Assumptions

- 7.25% investment return (net of investment expenses) on the Fair Value of Assets in all future years.
- The Actuarial Value of Assets was re-initialized to Fair Value as of June 30, 2014. The Actuarial Value of Assets after June 30, 2014 reflects the deferred gains and losses generated by the smoothing method. The current deferred amount is recognized in the first four years of the projections.
- Actuarial assumptions and methods as described in Section 5. Experience after June 30, 2024 is assumed to match the assumptions.
- The actuarially calculated contribution rate using a two-year roll-forward approach is adopted each year.
- Projections assume a 0% increase in the total active member population. All new members are expected to enter the DCR plan.
- Contribution rates are determined as a percent of total DB and DCR payroll.
- The DCR contribution rate determined as of June 30, 2024 is assumed to remain constant in all future years.
- The active rehire assumption shown in Section 5 is assumed to grade to zero on a uniform basis over 20 years.
- The Normal Cost is increased by the administrative expenses shown in Section 5. For future years, the percent increase is assumed to remain constant.
- The % of total DB/DCR payroll represented by the State's employees based on the June 30, 2024 data was assumed to remain constant in all future years.
- Board-adopted contribution rates for FY25 and FY26 are reflected.
- Outstanding amortization bases for the pension trust are eliminated in the year that the pension trust is projected to reach 100% funding.
- For the projections in Section 3.9A, the healthcare Normal Cost is assumed to be contributed to the healthcare trust in FY27 and beyond. For the projections in Section 3.9B, zero healthcare Normal Cost is assumed to be contributed to the healthcare trust in all years.

3 Projections

3.2 Membership Projections

Active Member Counts

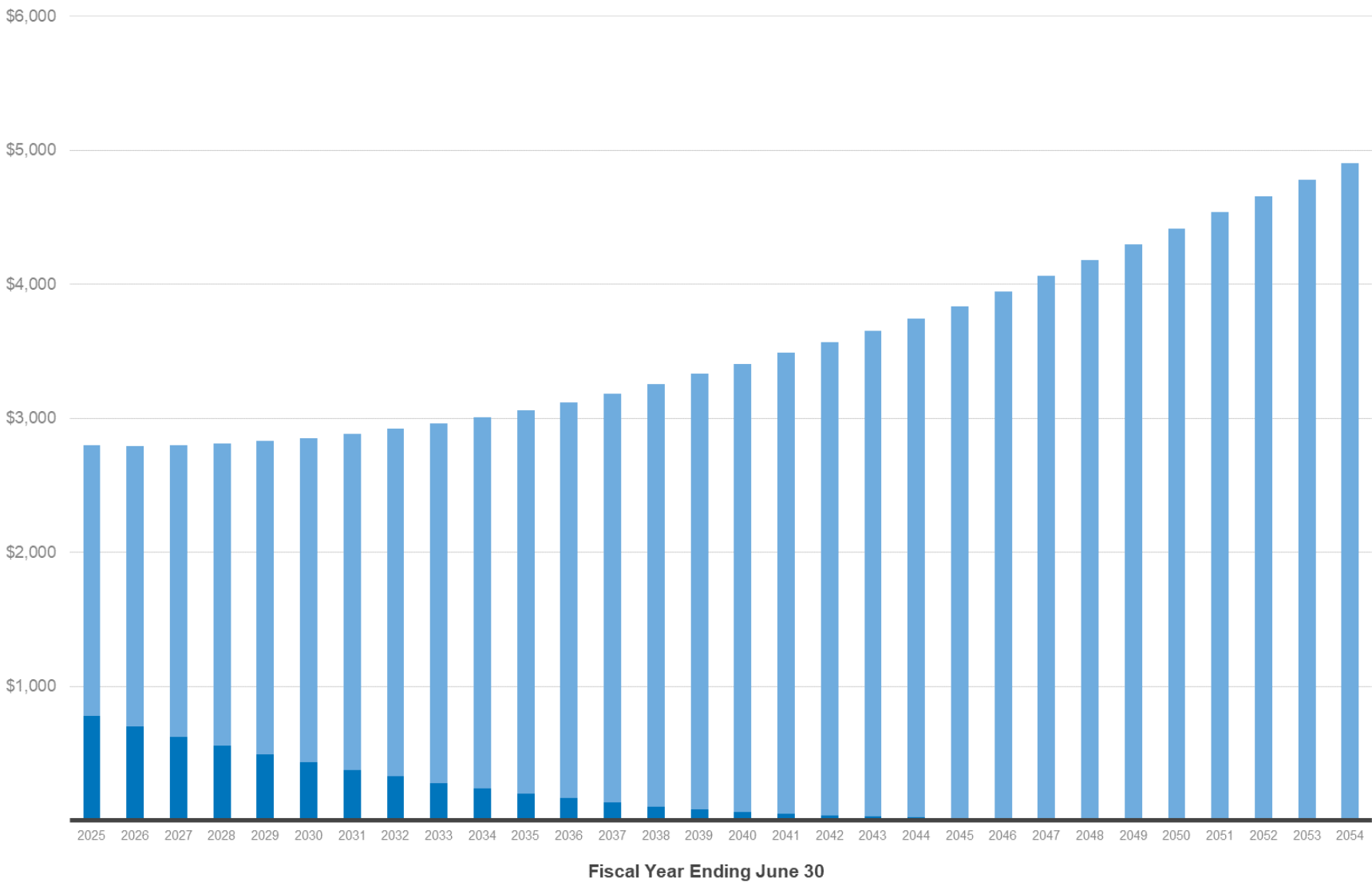


3 Projections

3.2 Membership Projections (continued)

Total Payroll (\$ in millions)

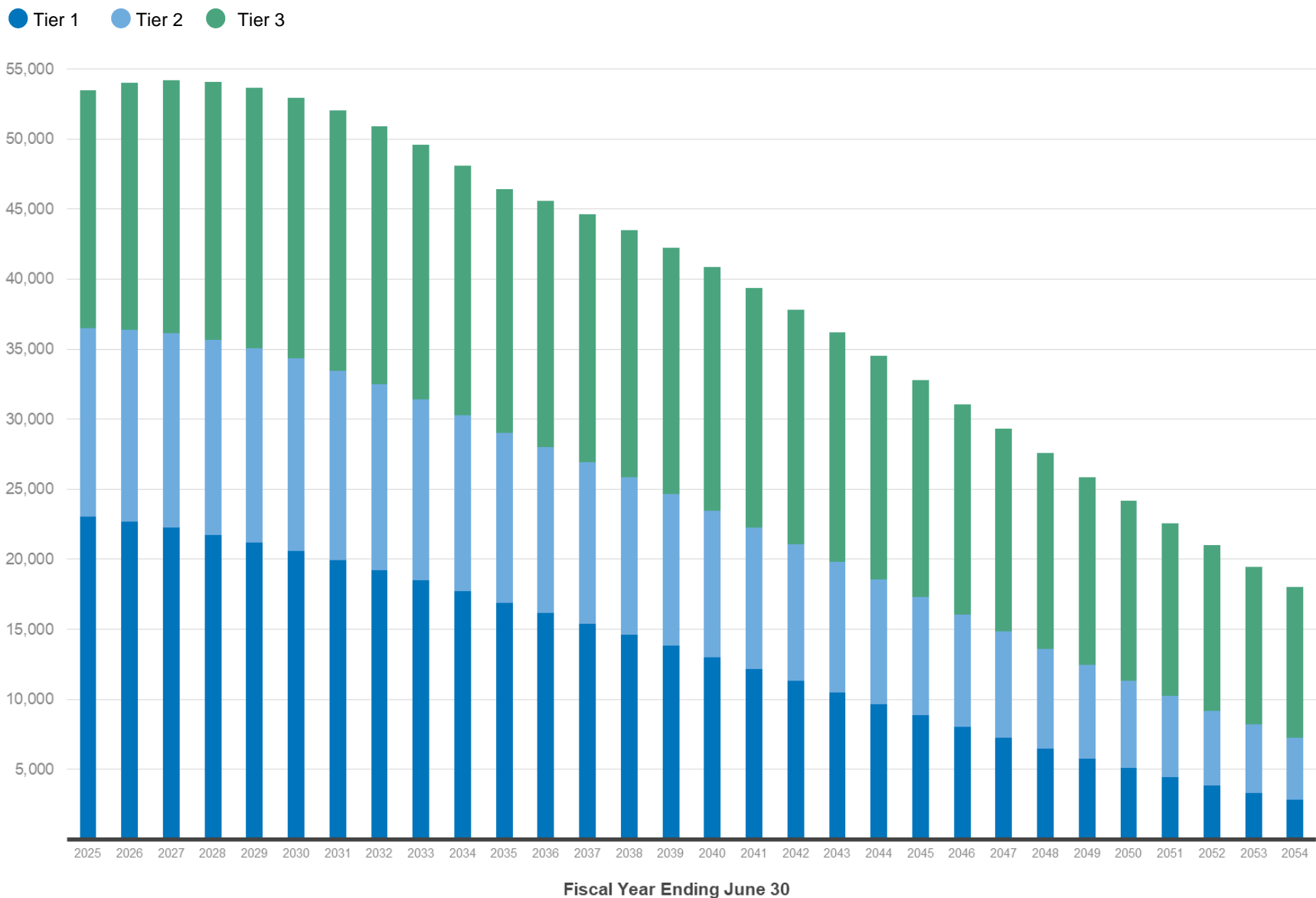
DB DCR



3 Projections

3.2 Membership Projections (continued)

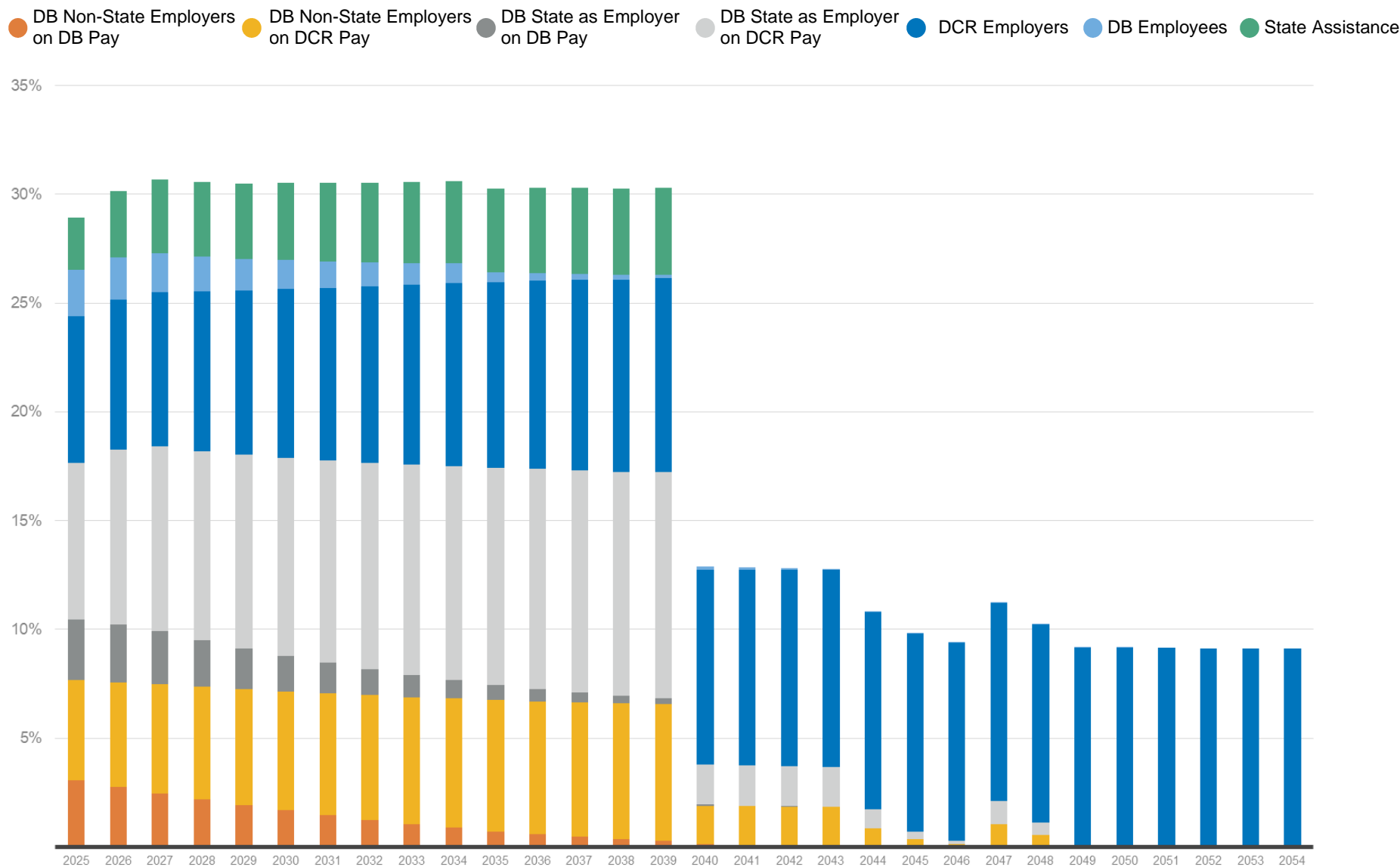
Inactive Member Counts



3 Projections

3.3 Projected Contribution Rates

Based on Total Payroll (DB and DCR)



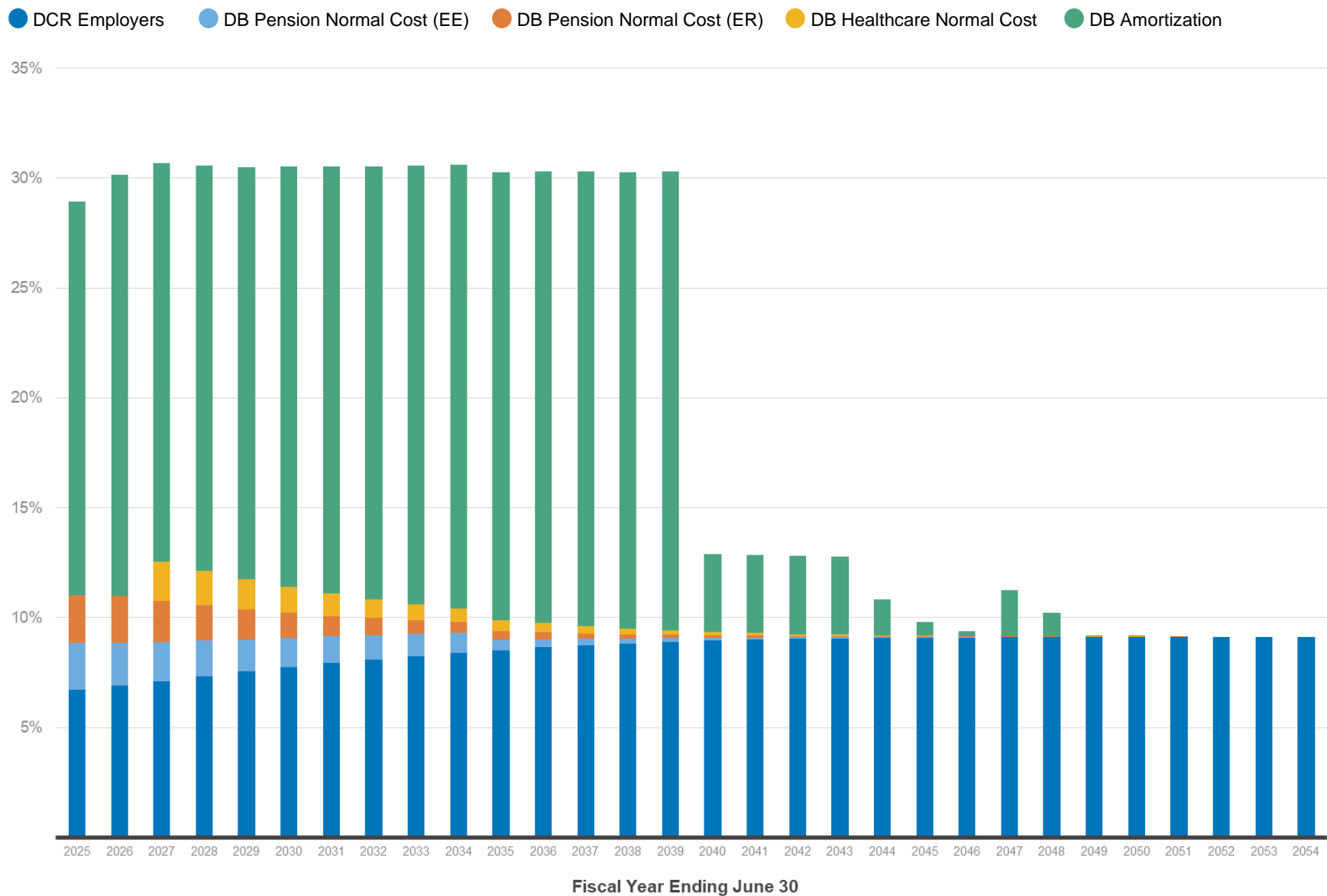
These projections reflect the DB contribution rates shown in Section 3.9A.

Fiscal Year Ending June 30

3 Projections

3.4 Projected Contribution Rates by Component

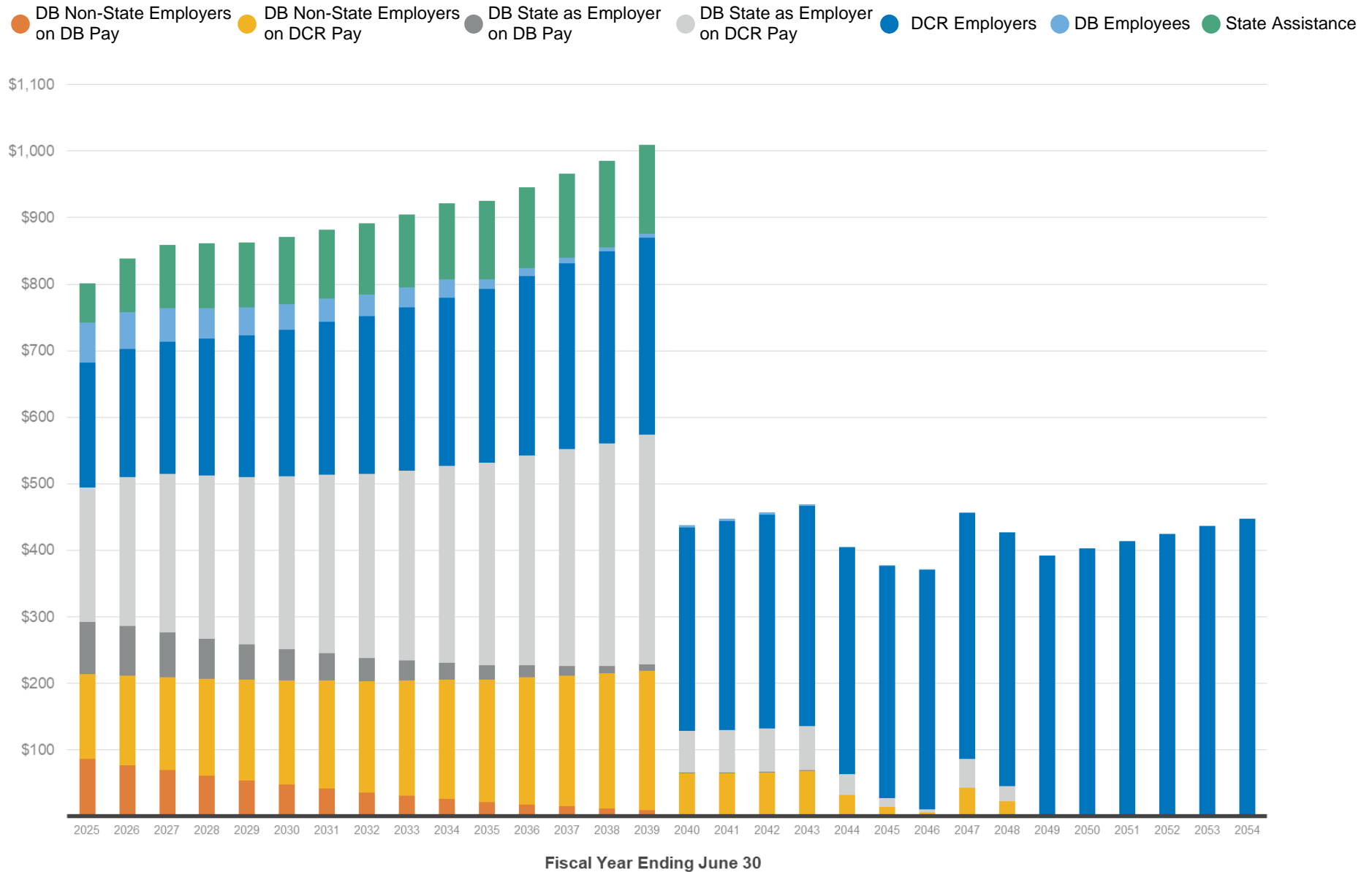
Based on Total Payroll (DB and DCR)



These projections reflect the DB contribution rates shown in Section 3.9A.

3 Projections

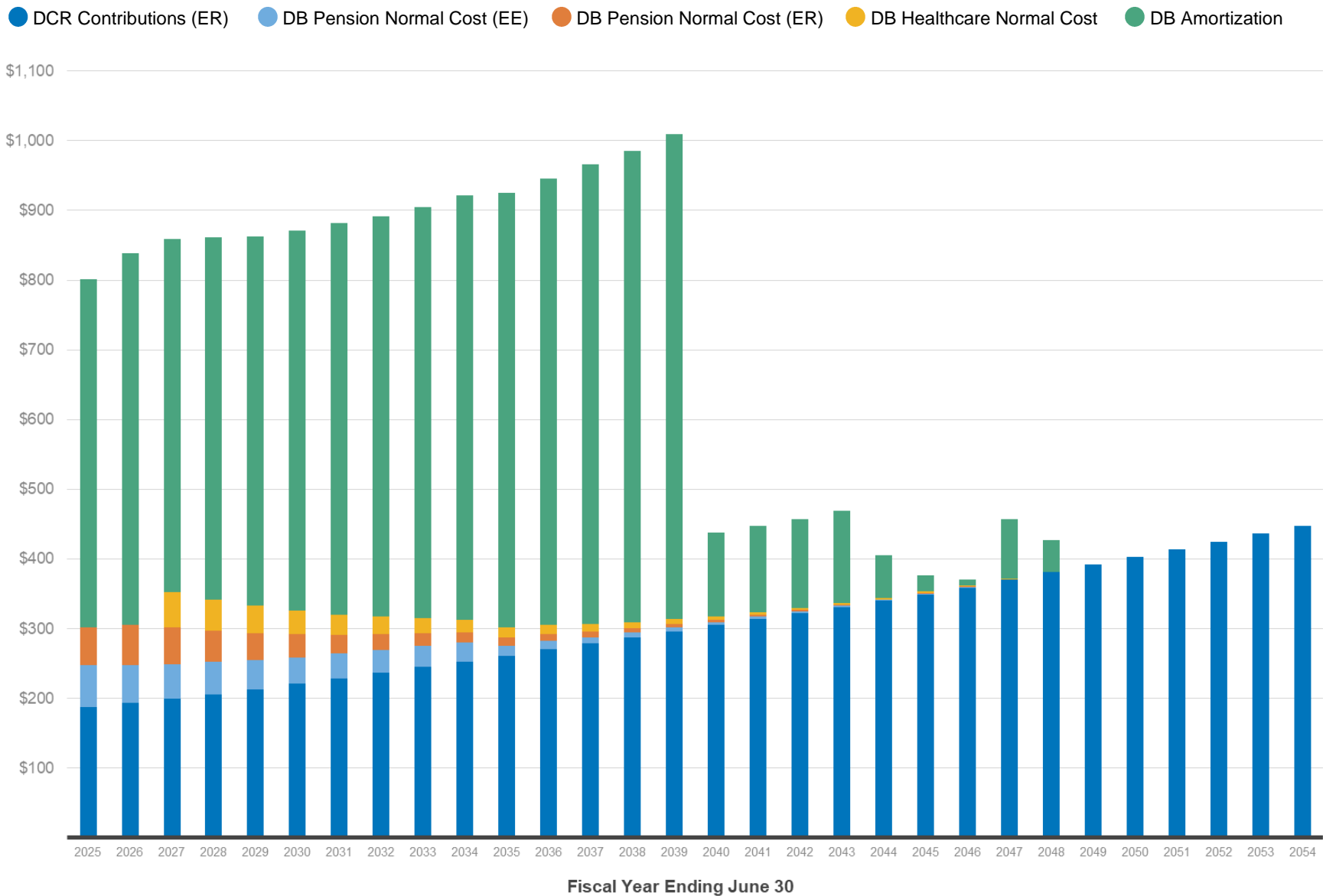
3.5 Projected Contribution Amounts (\$ in millions)



These projections reflect the DB contribution rates shown in Section 3.9A.

3 Projections

3.6 Projected Contribution Amounts by Component (\$ in millions)



These projections reflect the DB contribution rates shown in Section 3.9A.

3 Projections

3.7 Summary of Projected Contributions by Source (\$ in millions)

- State Assistance FY25-FY39

● Non-State Employers FY25-FY39

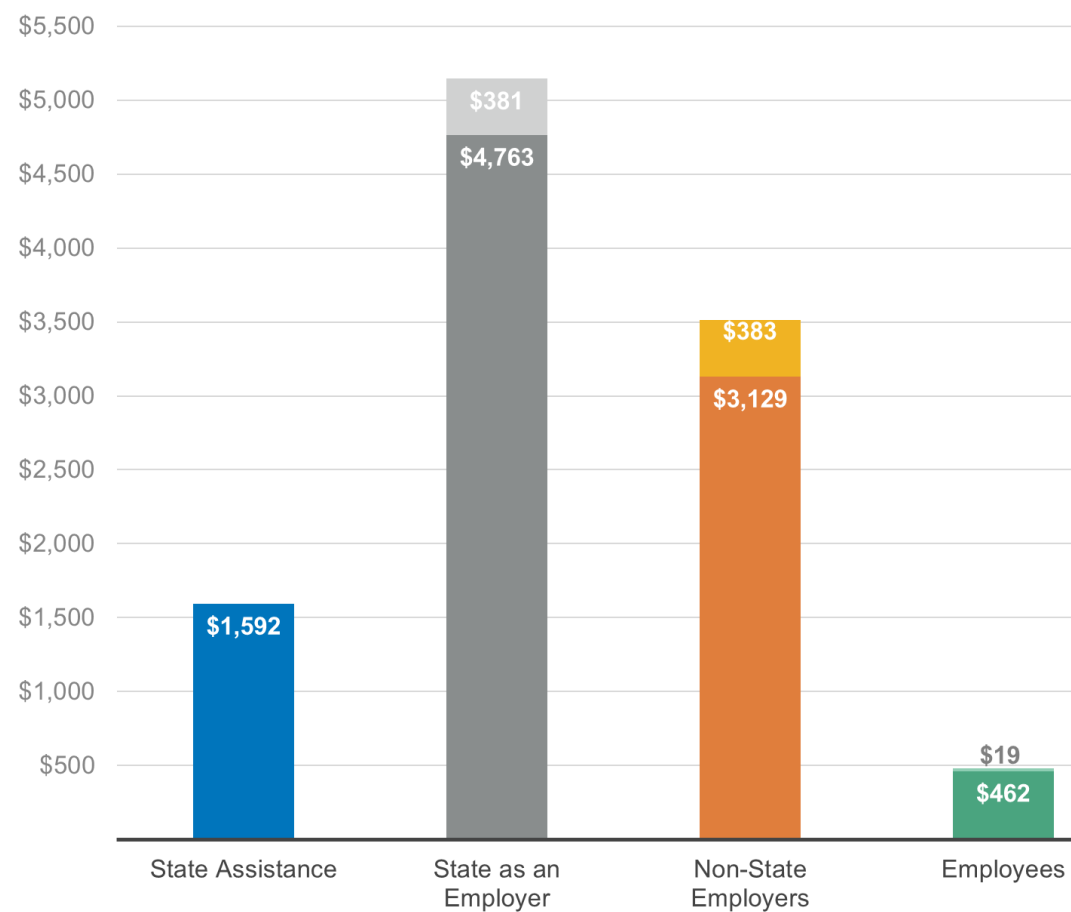
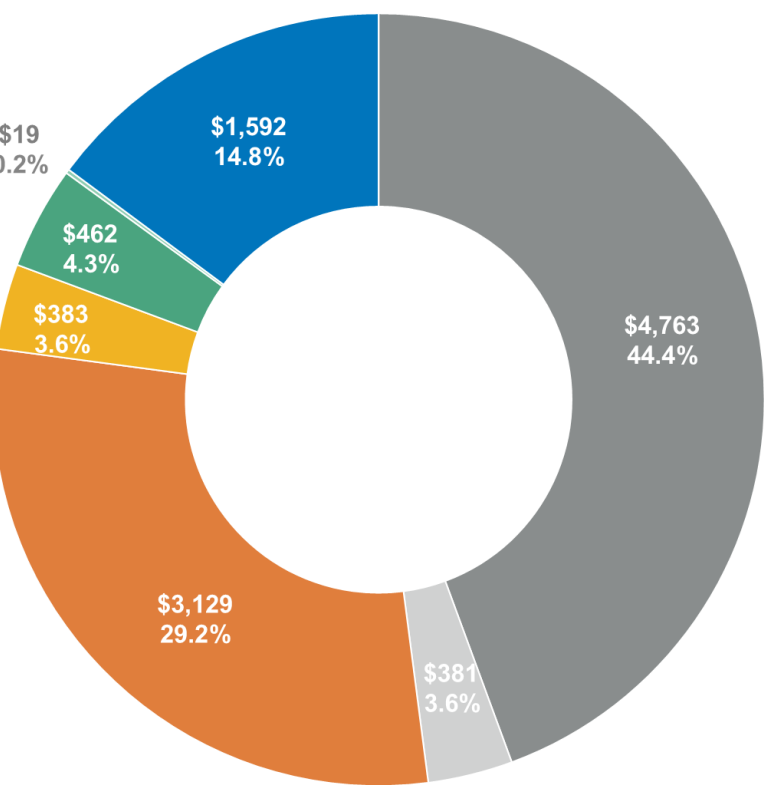
● State as Employer FY25-FY39

● Employees FY25-FY39
- State Assistance FY40-FY54

● Non-State Employers FY40-FY54

● State as Employer FY40-FY54

● Employees FY40-FY54

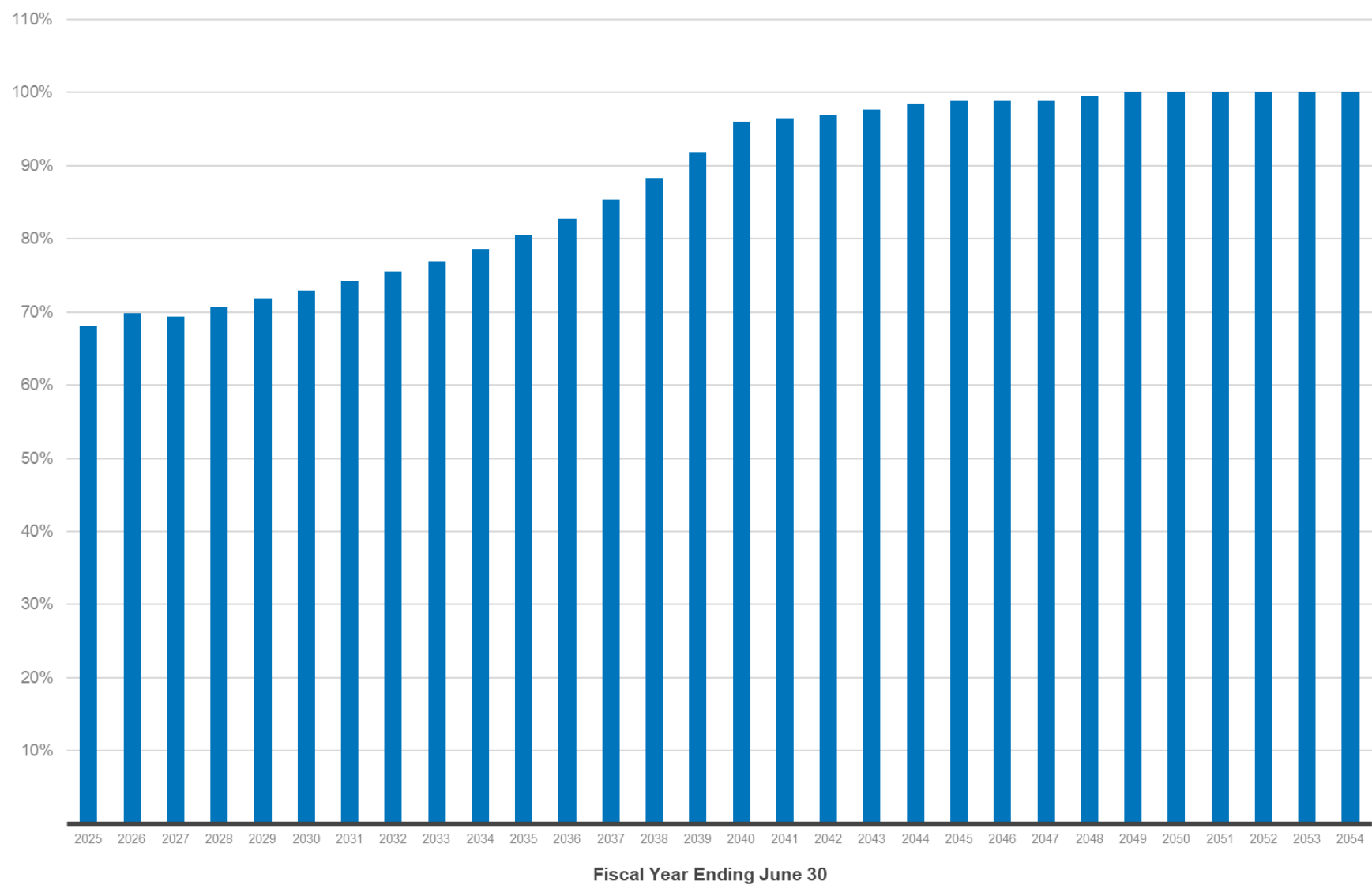


These projections reflect the DB contribution rates shown in Section 3.9A.

3 Projections

3.8 Projected Funded Ratios

Pension

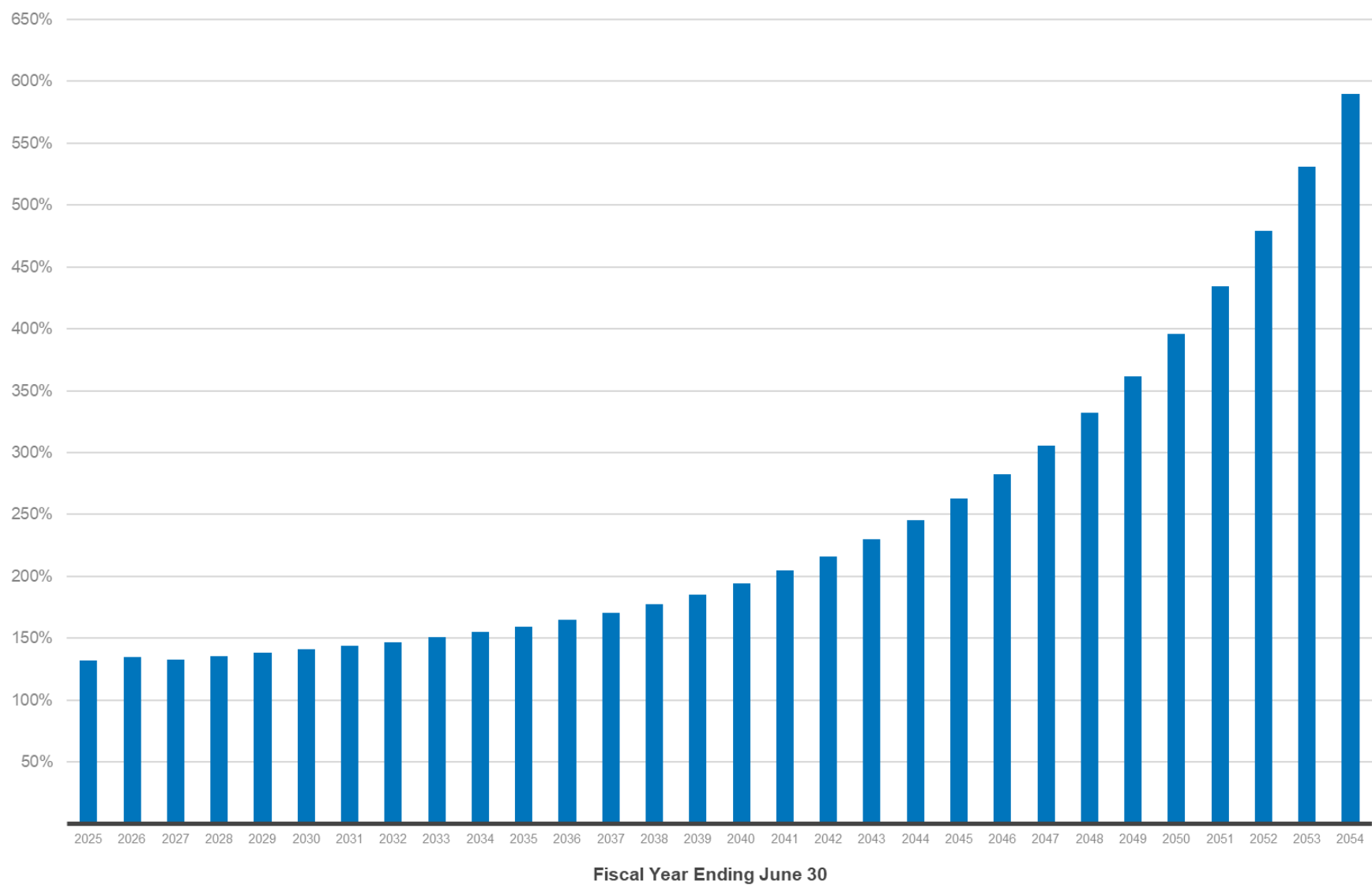


These projections reflect the DB contribution rates shown in Section 3.9A.

3 Projections

3.8 Projected Funded Ratios (continued)

Healthcare



These projections reflect the DB contribution rates shown in Section 3.9A.

3 Projections

3.9A Tables of Projected Actuarial Results (\$ in thousands)

Fiscal Year End	Valuation Amounts on July 1 (Beginning of FY)				Cash Flow Amounts during Following 12 Months											Deferred Assed Gain / (Loss)	
	Pension		Healthcare		Total Salaries	Actuarial Contrib. Rates			DB Contributions					Benefit Payments			
	Actuarial Assets	Accrued Liability	Actuarial Assets	Accrued Liability		DB	DCR	Total	Non-State Employers	State as an Employer	State Assistance	Employee	Total		Pension	Healthcare	
2025	\$ 11,608,256	\$ 17,059,775	\$ 9,433,351	\$ 7,129,523	\$ 2,800,537	20.03%	6.73%	26.76%	\$ 214,420	\$ 279,688	\$ 59,149	\$ 59,817	\$ 613,074	\$ 1,603,663	\$ (199,593)	\$ (156,839)	
2026	12,031,005	17,226,494	9,756,885	7,230,177	2,795,465	21.43%	6.90%	28.33%	211,649	298,695	79,807	54,540	644,691	1,662,007	73,960	65,069	
2027	12,037,466	17,340,875	9,740,870	7,322,636	2,801,225	21.94%	7.09%	29.03%	209,416	306,434	95,368	50,037	661,255	1,728,909	33,500	29,289	
2028	12,295,027	17,406,416	10,029,987	7,395,832	2,813,407	21.76%	7.33%	29.09%	206,941	305,241	96,629	45,633	654,444	1,791,156	0	0	
2029	12,515,002	17,414,752	10,306,598	7,449,924	2,831,451	21.60%	7.54%	29.14%	205,287	304,941	97,817	41,855	649,900	1,849,938	0	0	
2030	12,674,814	17,372,037	10,547,178	7,483,221	2,853,980	21.56%	7.74%	29.30%	204,059	306,798	100,884	38,102	649,843	1,905,693	0	0	
2031	12,812,990	17,278,667	10,781,327	7,494,996	2,885,717	21.49%	7.93%	29.42%	203,579	309,202	103,598	34,974	651,353	1,960,595	0	0	
2032	12,932,112	17,134,964	11,006,854	7,482,124	2,922,100	21.45%	8.11%	29.56%	203,508	312,518	106,955	32,127	655,108	2,012,033	0	0	
2033	13,035,950	16,941,733	11,223,787	7,443,377	2,963,155	21.43%	8.26%	29.69%	204,139	316,612	110,389	29,557	660,697	2,058,086	0	0	
2034	13,129,196	16,700,604	11,433,357	7,378,943	3,008,573	21.44%	8.40%	29.84%	205,156	321,616	114,193	27,259	668,224	2,095,412	0	0	
2035	13,216,716	16,413,509	11,640,421	7,291,874	3,058,914	21.43%	8.53%	29.96%	206,595	326,845	117,945	14,071	665,456	2,113,055	0	0	
2036	13,305,849	16,083,975	11,846,851	7,183,016	3,121,738	21.40%	8.65%	30.05%	208,959	333,091	121,619	11,550	675,219	2,137,388	0	0	
2037	13,400,273	15,711,515	12,054,987	7,052,916	3,187,243	21.39%	8.75%	30.14%	211,746	339,921	125,609	9,243	686,519	2,157,294	0	0	
2038	13,506,365	15,298,211	12,264,956	6,900,053	3,256,545	21.35%	8.83%	30.18%	215,044	346,663	128,994	7,490	698,191	2,167,496	0	0	
2039	13,631,713	14,848,011	12,480,702	6,726,980	3,330,552	21.37%	8.90%	30.27%	218,762	354,873	133,428	5,662	712,725	2,170,481	0	0	
2040	13,785,942	14,365,136	12,705,056	6,534,090	3,408,502	3.79%	8.96%	12.75%	64,772	64,410	0	4,431	133,613	2,162,473	0	0	
2041	13,358,206	13,854,707	12,943,021	6,324,723	3,489,061	3.74%	9.00%	12.74%	65,428	65,063	0	3,489	133,980	2,145,668	0	0	
2042	12,915,861	13,320,386	13,200,210	6,101,936	3,570,988	3.70%	9.03%	12.73%	66,248	65,878	0	2,857	134,983	2,119,449	0	0	
2043	12,464,464	12,766,751	13,481,714	5,868,721	3,656,201	3.68%	9.06%	12.74%	67,462	67,086	0	2,194	136,742	2,085,768	0	0	
2044	12,009,523	12,198,447	13,791,735	5,626,619	3,744,621	1.73%	9.08%	10.81%	32,482	32,301	0	1,498	66,281	2,040,088	0	0	
2045	11,480,930	11,619,598	14,139,644	5,382,485	3,835,941	0.70%	9.09%	9.79%	13,463	13,388	0	1,151	28,002	1,987,928	0	0	
2046	10,911,540	11,034,885	14,530,016	5,137,774	3,948,835	0.28%	9.10%	9.38%	5,544	5,513	0	790	11,847	1,929,151	0	0	
2047	10,325,149	10,447,894	14,968,837	4,895,471	4,063,259	2.11%	9.11%	11.22%	42,987	42,747	0	813	86,547	1,863,923	0	0	
2048	9,818,398	9,862,347	15,462,479	4,658,719	4,179,344	1.11%	9.12%	10.23%	23,261	23,130	0	418	46,809	1,796,205	0	0	
2049	9,281,583	9,281,467	16,014,424	4,427,517	4,297,228	0.01%	9.12%	9.13%	491	488	0	430	1,409	1,724,893	0	0	
2050	8,708,820	8,708,248	16,630,469	4,203,472	4,416,790	0.01%	9.12%	9.13%	416	414	0	442	1,272	1,654,609	0	0	
2051	8,146,566	8,145,495	17,312,009	3,983,888	4,537,475	0.01%	9.13%	9.14%	329	326	0	0	655	1,581,903	0	0	
2052	7,596,878	7,595,541	18,064,515	3,770,105	4,658,641	0.00%	9.13%	9.13%	168	167	0	0	335	1,509,818	0	0	
2053	7,061,801	7,060,366	18,891,665	3,560,910	4,781,791	0.00%	9.13%	9.13%	116	116	0	0	232	1,437,917	0	0	
2054	6,543,251	6,541,713	19,798,048	3,355,812	4,906,723	0.00%	9.13%	9.13%	79	79	0	0	158	1,367,334	0	0	
Total									\$ 3,512,506	\$ 5,144,244	\$ 1,592,384	\$ 480,430	\$ 10,729,564				

The contribution rates, contribution amounts, and benefit payments are determined separately for Pension and Healthcare. They are aggregated solely for purposes of display in this exhibit.

For these projections, the healthcare Normal Cost is assumed to be contributed to the healthcare trust in FY27 and beyond.

3 Projections

3.9A Tables of Projected Actuarial Results (\$ in thousands) (continued)

Fiscal Year End	Valuation Amounts on July 1 (Beginning of FY)			
	Funding Ratio		Unfunded Liability / (Surplus)	
	Pension	Healthcare	Pension	Healthcare
2025	68%	132%	\$ 5,451,519	\$ (2,303,828)
2026	70%	135%	5,195,489	(2,526,708)
2027	69%	133%	5,303,409	(2,418,234)
2028	71%	136%	5,111,389	(2,634,155)
2029	72%	138%	4,899,750	(2,856,674)
2030	73%	141%	4,697,223	(3,063,957)
2031	74%	144%	4,465,677	(3,286,331)
2032	76%	147%	4,202,852	(3,524,730)
2033	77%	151%	3,905,783	(3,780,410)
2034	79%	155%	3,571,408	(4,054,414)
2035	81%	160%	3,196,793	(4,348,547)
2036	83%	165%	2,778,126	(4,663,835)
2037	85%	171%	2,311,242	(5,002,071)
2038	88%	178%	1,791,846	(5,364,903)
2039	92%	186%	1,216,298	(5,753,722)
2040	96%	194%	579,194	(6,170,966)
2041	96%	205%	496,501	(6,618,298)
2042	97%	216%	404,525	(7,098,274)
2043	98%	230%	302,287	(7,612,993)
2044	99%	245%	188,924	(8,165,116)
2045	99%	263%	138,668	(8,757,159)
2046	99%	283%	123,345	(9,392,242)
2047	99%	306%	122,745	(10,073,366)
2048	100%	332%	43,949	(10,803,760)
2049	100%	362%	(116)	(11,586,907)
2050	100%	396%	(572)	(12,426,997)
2051	100%	435%	(1,071)	(13,328,121)
2052	100%	479%	(1,337)	(14,294,410)
2053	100%	531%	(1,435)	(15,330,755)
2054	100%	590%	(1,538)	(16,442,236)

For these projections, the healthcare Normal Cost is assumed to be contributed to the healthcare trust in FY27 and beyond.

3 Projections

3.9B Tables of Projected Actuarial Results (\$ in thousands)

Fiscal Year End	Valuation Amounts on July 1 (Beginning of FY)				Cash Flow Amounts during Following 12 Months											Deferred Assed Gain / (Loss)	
	Pension		Healthcare		Total Salaries	Actuarial Contrib. Rates			DB Contributions					Benefit Payments			
	Actuarial Assets	Accrued Liability	Actuarial Assets	Accrued Liability		DB	DCR	Total	Non-State Employers	State as an Employer	State Assistance	Employee	Total		Pension	Healthcare	
2025	\$ 11,608,256	\$ 17,059,775	\$ 9,433,351	\$ 7,129,523	\$ 2,800,537	20.03%	6.73%	26.76%	\$ 214,420	\$ 279,688	\$ 59,149	\$ 59,817	\$ 613,074	\$ 1,603,663	\$ (199,593)	\$ (156,839)	
2026	12,031,005	17,226,494	9,756,885	7,230,177	2,795,465	21.43%	6.90%	28.33%	211,649	298,695	79,807	54,540	644,691	1,662,007	73,960	65,069	
2027	12,037,466	17,340,875	9,740,870	7,322,636	2,801,225	20.16%	7.09%	27.25%	209,416	281,573	71,210	50,037	612,236	1,728,909	33,500	29,289	
2028	12,295,009	17,406,416	9,978,349	7,395,832	2,813,407	20.20%	7.33%	27.53%	206,941	283,359	75,328	45,633	611,261	1,791,156	0	0	
2029	12,514,928	17,414,752	10,205,764	7,449,924	2,831,451	20.24%	7.54%	27.78%	205,287	285,741	79,219	41,855	612,102	1,849,938	0	0	
2030	12,674,784	17,372,037	10,399,154	7,483,221	2,853,980	20.38%	7.74%	28.12%	204,059	290,006	84,571	38,102	616,738	1,905,693	0	0	
2031	12,812,948	17,278,667	10,587,695	7,494,996	2,885,717	20.48%	7.93%	28.41%	203,579	294,670	89,563	34,974	622,786	1,960,595	0	0	
2032	12,932,149	17,134,964	10,768,999	7,482,124	2,922,100	20.59%	8.11%	28.70%	203,508	299,988	94,795	32,127	630,418	2,012,033	0	0	
2033	13,035,997	16,941,733	10,942,662	7,443,377	2,963,155	20.71%	8.26%	28.97%	204,139	305,976	99,989	29,557	639,661	2,058,086	0	0	
2034	13,129,171	16,700,604	11,109,757	7,378,943	3,008,573	20.83%	8.40%	29.23%	205,156	312,465	105,293	27,259	650,173	2,095,412	0	0	
2035	13,216,673	16,413,509	11,274,354	7,291,874	3,058,914	20.93%	8.53%	29.46%	206,595	319,219	110,429	14,071	650,314	2,113,055	0	0	
2036	13,305,685	16,083,975	11,438,405	7,183,016	3,121,738	21.00%	8.65%	29.65%	208,959	326,865	115,671	11,550	663,045	2,137,388	0	0	
2037	13,400,525	15,711,515	11,603,674	7,052,916	3,187,243	21.06%	8.75%	29.81%	211,746	334,677	120,496	9,243	676,162	2,157,294	0	0	
2038	13,506,613	15,298,211	11,770,030	6,900,053	3,256,545	21.10%	8.83%	29.93%	215,044	342,603	125,075	7,490	690,212	2,167,496	0	0	
2039	13,632,002	14,848,011	11,941,462	6,726,980	3,330,552	21.17%	8.90%	30.07%	218,762	351,551	130,088	5,662	706,063	2,170,481	0	0	
2040	13,786,128	14,365,136	12,119,823	6,534,090	3,408,502	3.64%	8.96%	12.60%	62,208	61,861	0	4,431	128,500	2,162,473	0	0	
2041	13,358,406	13,854,707	12,310,063	6,324,723	3,489,061	3.62%	9.00%	12.62%	63,329	62,975	0	3,489	129,793	2,145,668	0	0	
2042	12,916,075	13,320,386	12,517,027	6,101,936	3,570,988	3.61%	9.03%	12.64%	64,637	64,276	0	2,857	131,770	2,119,449	0	0	
2043	12,464,693	12,766,751	12,745,673	5,868,721	3,656,201	3.61%	9.06%	12.67%	66,179	65,810	0	2,194	134,183	2,085,768	0	0	
2044	12,009,769	12,198,447	12,999,681	5,626,619	3,744,621	1.68%	9.08%	10.76%	31,543	31,367	0	1,498	64,408	2,040,088	0	0	
2045	11,481,194	11,619,598	13,288,226	5,382,485	3,835,941	0.66%	9.09%	9.75%	12,694	12,623	0	1,151	26,468	1,987,928	0	0	
2046	10,911,824	11,034,885	13,615,282	5,137,774	3,948,835	0.25%	9.10%	9.35%	4,950	4,922	0	790	10,662	1,929,151	0	0	
2047	10,325,453	10,447,894	13,986,558	4,895,471	4,063,259	2.09%	9.11%	11.20%	42,580	42,342	0	813	85,735	1,863,923	0	0	
2048	9,818,724	9,862,347	14,408,144	4,658,719	4,179,344	1.09%	9.12%	10.21%	22,841	22,714	0	418	45,973	1,796,205	0	0	
2049	9,281,500	9,281,467	14,883,217	4,427,517	4,297,228	0.00%	9.12%	9.12%	276	274	0	430	980	1,724,893	0	0	
2050	8,708,731	8,708,248	15,416,805	4,203,472	4,416,790	0.00%	9.12%	9.12%	195	194	0	442	831	1,654,609	0	0	
2051	8,146,470	8,145,495	16,009,898	3,983,888	4,537,475	0.01%	9.13%	9.14%	228	226	0	0	454	1,581,903	0	0	
2052	7,596,775	7,595,541	16,667,793	3,770,105	4,658,641	0.00%	9.13%	9.13%	96	96	0	0	192	1,509,818	0	0	
2053	7,061,690	7,060,366	17,393,533	3,560,910	4,781,791	0.00%	9.13%	9.13%	66	66	0	0	132	1,437,917	0	0	
2054	6,543,132	6,541,713	18,191,198	3,355,812	4,906,723	0.00%	9.13%	9.13%	45	45	0	0	90	1,367,334	0	0	
Total									\$ 3,501,127	\$ 4,976,867	\$ 1,440,683	\$ 480,430	\$ 10,399,107				

The contribution rates, contribution amounts, and benefit payments are determined separately for Pension and Healthcare. They are aggregated solely for purposes of display in this exhibit.

For these projections, zero healthcare Normal Cost is assumed to be contributed to the healthcare trust in all years.

3 Projections

3.9B Tables of Projected Actuarial Results (\$ in thousands) (continued)

Fiscal Year End	Valuation Amounts on July 1 (Beginning of FY)			
	Funding Ratio		Unfunded Liability / (Surplus)	
	Pension	Healthcare	Pension	Healthcare
2025	68%	132%	\$ 5,451,519	\$ (2,303,828)
2026	70%	135%	5,195,489	(2,526,708)
2027	69%	133%	5,303,409	(2,418,234)
2028	71%	135%	5,111,407	(2,582,517)
2029	72%	137%	4,899,824	(2,755,840)
2030	73%	139%	4,697,253	(2,915,933)
2031	74%	141%	4,465,719	(3,092,699)
2032	76%	144%	4,202,815	(3,286,875)
2033	77%	147%	3,905,736	(3,499,285)
2034	79%	151%	3,571,433	(3,730,814)
2035	81%	155%	3,196,836	(3,982,480)
2036	83%	159%	2,778,290	(4,255,389)
2037	85%	165%	2,310,990	(4,550,758)
2038	88%	171%	1,791,598	(4,869,977)
2039	92%	178%	1,216,009	(5,214,482)
2040	96%	186%	579,008	(5,585,733)
2041	96%	195%	496,301	(5,985,340)
2042	97%	205%	404,311	(6,415,091)
2043	98%	217%	302,058	(6,876,952)
2044	99%	231%	188,678	(7,373,062)
2045	99%	247%	138,404	(7,905,741)
2046	99%	265%	123,061	(8,477,508)
2047	99%	286%	122,441	(9,091,087)
2048	100%	309%	43,623	(9,749,425)
2049	100%	336%	(33)	(10,455,700)
2050	100%	367%	(483)	(11,213,333)
2051	100%	402%	(975)	(12,026,010)
2052	100%	442%	(1,234)	(12,897,688)
2053	100%	489%	(1,324)	(13,832,623)
2054	100%	542%	(1,419)	(14,835,386)

For these projections, zero healthcare Normal Cost is assumed to be contributed to the healthcare trust in all years.

3 Projections

3.10 Projected Pension Benefit Recipients and Amounts (\$ in thousands)

Fiscal Year End	Pension		Fiscal Year End	Pension	
	Recipient Counts	Benefit Amounts		Recipient Counts	Benefit Amounts
2025	39,078	\$ 1,142,863	2067	3,193	\$ 330,599
2026	40,270	1,193,312	2068	2,773	295,407
2027	41,184	1,241,532	2069	2,397	262,239
2028	41,832	1,286,084	2070	2,060	231,153
2029	42,230	1,326,289	2071	1,758	202,201
2030	42,394	1,363,735	2072	1,491	175,425
2031	42,360	1,398,394	2073	1,254	150,857
2032	42,134	1,429,756	2074	1,047	128,508
2033	41,746	1,457,134	2075	868	108,370
2034	41,196	1,480,191	2076	711	90,413
2035	40,501	1,485,534	2077	577	74,577
2036	39,661	1,499,323	2078	464	60,781
2037	38,735	1,508,613	2079	369	48,912
2038	37,681	1,511,769	2080	290	38,838
2039	36,492	1,508,970	2081	225	30,410
2040	35,180	1,499,555	2082	173	23,463
2041	33,778	1,485,164	2083	131	17,826
2042	32,300	1,465,061	2084	98	13,328
2043	30,775	1,439,450	2085	72	9,802
2044	29,188	1,409,096	2086	53	7,089
2045	27,586	1,373,703	2087	38	5,040
2046	25,963	1,334,621	2088	28	3,526
2047	24,353	1,291,918	2089	20	2,426
2048	22,744	1,246,317	2090	14	1,647
2049	21,165	1,198,233	2091	10	1,104
2050	19,634	1,148,045	2092	7	735
2051	18,148	1,096,387	2093	5	488
2052	16,712	1,043,753	2094	4	325
2053	15,336	990,497	2095	2	219
2054	14,023	937,035	2096	2	151
2055	12,775	883,686	2097	2	107
2056	11,598	830,771	2098	1	77
2057	10,493	778,557	2099	1	57
2058	9,461	727,263	2100	1	44
2059	8,501	677,086	2101	0	0
2060	7,614	628,183	2102	0	0
2061	6,798	580,690	2103	0	0
2062	6,049	534,718	2104	0	0
2063	5,364	490,361	2105	0	0
2064	4,740	447,701	2106	0	0
2065	4,173	406,810	2107	0	0
2066	3,659	367,753	2108	0	0

Counts include retirees, disabilitants, and beneficiaries.

4 Member Data

4.1 Summary of Members Included

As of June 30	2020	2021	2022	2023	2024
Active Members					
1. Number	11,033	9,888	8,795	8,361	7,757 ¹
2. Average Age	53.21	53.51	53.78	54.22	54.70
3. Average Credited Service	18.38	18.96	19.52	19.53	19.90
4. Average Entry Age	34.83	34.55	34.26	34.69	34.80
5. Average Annual Earnings	\$ 83,757	\$ 86,316	\$ 89,603	\$ 93,767	\$ 99,264
6. Number Vested	10,791	9,675	8,604	7,976	7,307
7. Percent Who Are Vested	97.8%	97.8%	97.8%	95.4%	94.2%
Retirees, Disabilitants, and Beneficiaries					
1. Number	37,106	37,717	38,243	38,639	39,078
2. Average Age	70.77	71.17	71.61	72.12	72.61
3. Average Years Since Retirement	12.45	12.66	12.94	13.29	13.63
4. Average Monthly Pension Benefit					
a. Base	\$ 1,704	\$ 1,752	\$ 1,802	\$ 1,846	\$ 1,883
b. COLA ²	93	94	95	95	96
c. PRPA ²	244	230	282	378	377
d. Adjustment	0	0	1	0	1
e. Total	\$ 2,041	\$ 2,076	\$ 2,180	\$ 2,319	\$ 2,357
Vested Terminations (vested at termination, not refunded contributions, or commenced benefit)					
1. Number	5,327	5,135	4,955	4,812	4,513
2. Average Age	53.52	53.92	54.37	54.98	55.30
3. Average Monthly Pension Benefit	\$ 1,158	\$ 1,205	\$ 1,258	\$ 1,306	\$ 1,314
Non-Vested Terminations (not vested at termination, not refunded contributions)					
1. Number	10,642	10,432	10,223	10,070	9,903
2. Average Account Balance	\$ 7,060	\$ 7,325	\$ 7,573	\$ 7,917	\$ 8,240
Total Number of Members	64,108	63,172	62,216	61,882	61,251

¹ Includes 3,541 male active members and 4,216 female active members.

² Calculated by taking the average of the data field, as provided by the State of Alaska, for all participants in the group.

4 Member Data

4.1 Summary of Members Included (continued)

As of June 30, 2024	DB				DCR Tier 4	Grand Total
	Tier 1	Tier 2	Tier 3	Total		
Active Members						
1. Number	384	1,521	5,852	7,757	26,800	34,557
2. Average Age	65.77	58.52	52.98	54.70	41.46	44.43
3. Average Credited Service	22.53	22.88	18.95	19.90	5.46	8.70
4. Average Entry Age	43.24	35.64	34.03	34.80	36.00	35.73
5. Annual Earnings						
a. Total (000's)	\$ 32,767	\$ 149,066	\$ 588,156	\$ 769,989	\$ 1,988,382	\$ 2,758,371
b. Average	\$ 85,331	\$ 98,005	\$ 100,505	\$ 99,264	\$ 74,193	\$ 79,821

Total and average annual earnings ("valuation pay") are the annualized earnings for the fiscal year ending on the valuation date.

As of June 30, 2024	Tier 1	Tier 2	Tier 3	Total
Retirees, Disabilitants, and Beneficiaries				
1. Number	21,947	10,280	6,851	39,078
2. Average Age	74.95	70.47	68.32	72.61
3. Average Years Since Retirement	17.59	9.83	6.65	13.63
4. Average Monthly Pension Benefit				
a. Base	\$ 1,816	\$ 2,136	\$ 1,718	\$ 1,883
b. COLA	121	71	55	96
c. PRPA	513	246	138	377
d. Adjustment	0	1	2	1
e. Total	\$ 2,450	\$ 2,454	\$ 1,913	\$ 2,357

4 Member Data

4.1 Summary of Members Included (continued)

As of June 30, 2024	Active Members	Inactive Members				Total Inactive Members
		Retirees	Covered Spouses	Covered Children / Dependents	Deferred	
Retiree Medical Participants						
1. Retiree Coverage Only	7,667	20,497	0	0	2,058	22,555
2. Retiree + Spouse	0	12,847	12,847	0	2,359	28,053
3. Retiree + Children / Dependents	0	388	0	421	0	809
4. Family	0	669	669	916	0	2,254
5. Total	7,667	34,401	13,516	1,337	4,417	53,671

As of June 30, 2024	Retirees	Covered Spouses	Covered Children / Dependents	Deferred	Total Inactive Members
Retiree Medical Participants					
1. Pre-Medicare	5,604	3,868	1,337	4,172	14,981
2. Medicare Part A & B	28,507	9,584	0	245	38,336
3. Medicare Part B Only	290	64	0	0	354
4. Total	34,401	13,516	1,337	4,417	53,671

As of June 30, 2024	Retirees
Summary of Retiree Medical Data Received	
1. Retiree records on pension data	39,078
2. Remove duplicates on pension data	(1,348)
3. Valued in a different retiree healthcare plan ¹	(1,194)
4. Records without medical coverage	(2,311)
5. Medical only retirees	176
6. Total	34,401

As of June 30	2020	2021	2022	2023	2024
Retiree Medical Retirees					
1. Number	32,290	32,857	33,254	30,872	34,401
2. Average Age	70.41	70.87	71.31	72.27	72.67

¹ Each member's retiree medical benefits are valued in the plan indicated in the data from Aetna

4 Member Data

4.1 Summary of Members Included (continued)

Active Members – DB Only

As of June 30	2020	2021	2022	2023	2024
Peace Officer / Firefighter					
1. Number	1,266	1,137	1,014	913	842 ¹
2. Average Age	48.74	49.18	49.64	50.18	50.89
3. Average Credited Service	19.45	20.15	20.82	21.44	21.93
4. Average Entry Age	29.29	29.03	28.82	28.74	28.96
5. Average Annual Earnings	\$ 123,436	\$ 127,327	\$ 135,357	\$ 142,982	\$ 154,737
6. Number Vested	1,260	1,134	1,011	909	830
7. Percent Who Are Vested	99.5%	99.7%	99.7%	99.6%	98.6%
Others					
1. Number	9,767	8,751	7,781	7,448	6,915 ²
2. Average Age	53.79	54.07	54.32	54.72	55.17
3. Average Credited Service	18.24	18.80	19.35	19.29	19.65
4. Average Entry Age	35.55	35.27	34.97	35.43	35.52
5. Average Annual Earnings	\$ 78,613	\$ 80,987	\$ 83,641	\$ 87,735	\$ 92,509
6. Number Vested	9,531	8,541	7,593	7,067	6,477
7. Percent Who Are Vested	97.6%	97.6%	97.6%	94.9%	93.7%
Total					
1. Number	11,033	9,888	8,795	8,361	7,757
2. Average Age	53.21	53.51	53.78	54.22	54.70
3. Average Credited Service	18.38	18.96	19.52	19.53	19.90
4. Average Entry Age	34.83	34.55	34.26	34.69	34.80
5. Average Annual Earnings	\$ 83,757	\$ 86,316	\$ 89,603	\$ 93,767	\$ 99,264
6. Number Vested	10,791	9,675	8,604	7,976	7,307
7. Percent Who Are Vested	97.8%	97.8%	97.8%	95.4%	94.2%

Average annual earnings ("valuation pay") are the annualized earnings for the fiscal year ending on the valuation date.

¹ Includes 731 male active members and 111 female active members.

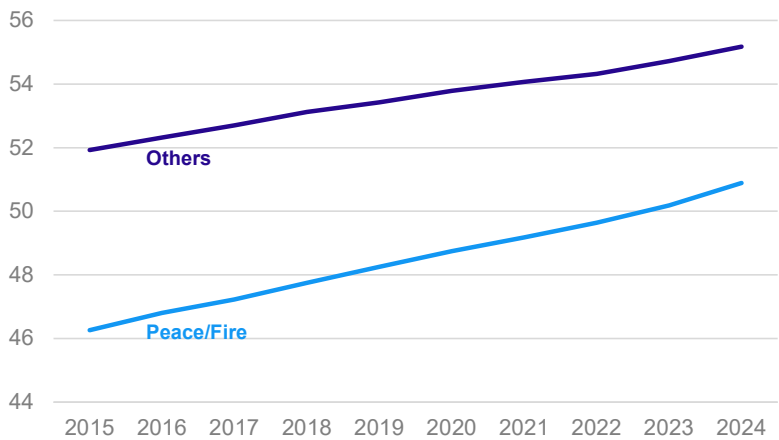
² Includes 2,810 male active members and 4,105 female active members.

4 Member Data

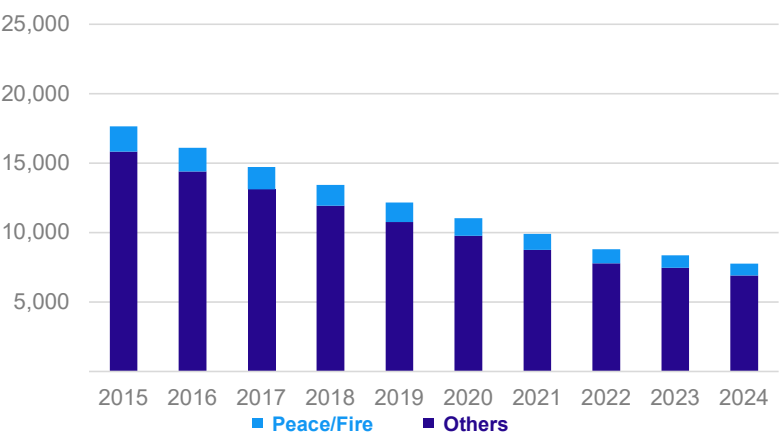
4.1 Summary of Members Included (continued)

Active Members at June 30

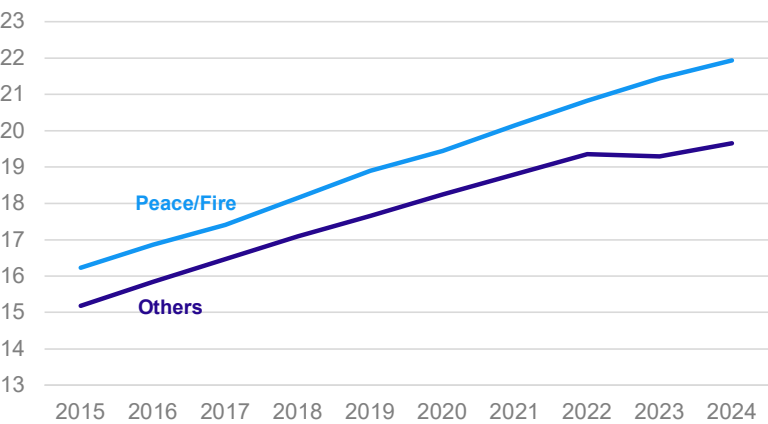
Average Age



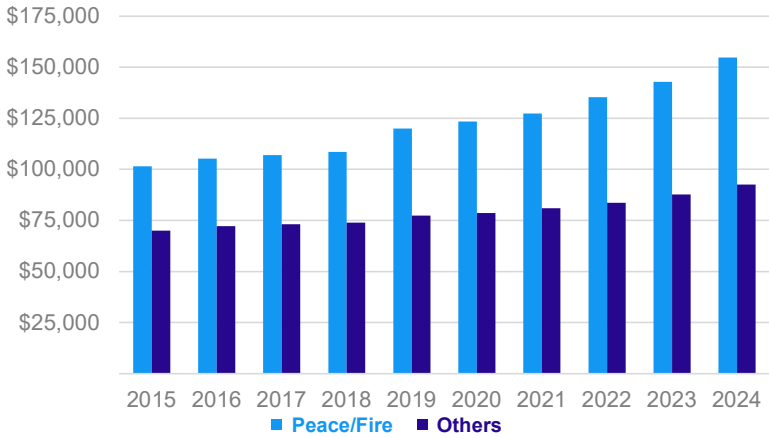
Number of Actives



Average Credited Service



Average Annual Earnings



Average annual earnings ("valuation pay") are the annualized earnings for the fiscal year ending on the valuation date.

4 Member Data

4.2 Age and Service Distribution of Active Members

Peace Officer / Firefighter

Annual Earnings by Age

Age	Number	Total Annual Earnings	Average Annual Earnings
0 - 19	0	\$ 0	\$ 0
20 - 24	0	0	0
25 - 29	0	0	0
30 - 34	0	0	0
35 - 39	10	1,443,084	144,308
40 - 44	139	21,979,790	158,128
45 - 49	250	40,238,298	160,953
50 - 54	237	37,097,580	156,530
55 - 59	151	22,130,812	146,562
60 - 64	39	5,455,878	139,894
65 - 69	13	1,553,515	119,501
70 - 74	3	389,975	129,992
75+	0	0	0
Total	842	\$ 130,288,932	\$ 154,737

Annual Earnings by Credited Service

Years of Service	Number	Total Annual Earnings	Average Annual Earnings
0	1	\$ 52,668	\$ 52,668
1	1	69,668	69,668
2	2	143,563	71,782
3	2	156,863	78,432
4	0	0	0
0 - 4	6	\$ 422,762	\$ 70,460
5 - 9	13	1,369,939	105,380
10 - 14	24	2,622,136	109,256
15 - 19	257	39,042,272	151,915
20 - 24	370	58,157,103	157,181
25 - 29	141	23,954,963	169,893
30 - 34	26	3,973,310	152,820
35 - 39	4	594,556	148,639
40+	1	151,890	151,890
Total	842	\$ 130,288,931	\$ 154,737

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	0	0	0	0	0	0	0	0	0	0
25 - 29	0	0	0	0	0	0	0	0	0	0
30 - 34	0	0	0	0	0	0	0	0	0	0
35 - 39	0	1	1	8	0	0	0	0	0	10
40 - 44	1	7	3	87	40	1	0	0	0	139
45 - 49	2	0	5	69	141	33	0	0	0	250
50 - 54	2	2	2	46	111	64	10	0	0	237
55 - 59	1	2	10	34	58	35	10	1	0	151
60 - 64	0	1	2	10	15	7	2	1	1	39
65 - 69	0	0	0	3	4	1	4	1	0	13
70 - 74	0	0	1	0	1	0	0	1	0	3
75+	0	0	0	0	0	0	0	0	0	0
Total	6	13	24	257	370	141	26	4	1	842

Total and average annual earnings ("valuation pay") are the annualized earnings for the fiscal year ending on the valuation date.

4 Member Data

4.2 Age and Service Distribution of Active Members (continued)

Others

Annual Earnings by Age

Age	Number	Total Annual Earnings	Average Annual Earnings
0 - 19	0	\$ 0	\$ 0
20 - 24	0	0	0
25 - 29	0	0	0
30 - 34	1	36,717	36,717
35 - 39	86	7,714,488	89,703
40 - 44	612	58,193,767	95,088
45 - 49	1,151	109,193,854	94,869
50 - 54	1,519	151,896,031	99,997
55 - 59	1,752	161,029,156	91,912
60 - 64	1,120	96,408,841	86,079
65 - 69	470	38,988,420	82,954
70 - 74	151	12,001,272	79,479
75+	53	4,236,990	79,943
Total	6,915	\$ 639,699,536	\$ 92,509

Annual Earnings by Credited Service

Years of Service	Number	Total Annual Earnings	Average Annual Earnings
0	28	\$ 1,512,515	\$ 54,018
1	70	3,707,931	52,970
2	66	4,134,917	62,650
3	69	4,582,417	66,412
4	73	5,344,686	73,215
0 - 4	306	\$ 19,282,466	\$ 63,015
5 - 9	454	31,795,267	70,034
10 - 14	732	53,648,057	73,290
15 - 19	1,967	176,797,961	89,882
20 - 24	2,046	207,608,557	101,470
25 - 29	1,028	109,829,880	106,838
30 - 34	287	30,973,475	107,922
35 - 39	72	7,409,069	102,904
40+	23	2,354,804	102,383
Total	6,915	\$ 639,699,536	\$ 92,509

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	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	6	12	25	41	2	0	0	0	0	86
40 - 44	28	56	92	295	139	2	0	0	0	612
45 - 49	62	83	118	372	425	89	2	0	0	1,151
50 - 54	61	88	140	390	533	285	22	0	0	1,519
55 - 59	64	101	181	446	497	359	89	14	1	1,752
60 - 64	48	70	110	280	303	180	106	19	4	1,120
65 - 69	19	29	48	113	106	80	44	24	7	470
70 - 74	16	13	10	25	29	23	18	10	7	151
75+	1	2	8	5	12	10	6	5	4	53
Total	306	454	732	1,967	2,046	1,028	287	72	23	6,915

Total and average annual earnings ("valuation pay") are the annualized earnings for the fiscal year ending on the valuation date.

4 Member Data

4.3 Member Data Reconciliation

Pension

	Active Members	Inactive Members					Total
		Due a Refund	Deferred Benefits	Retired Members	Disabled Members	Bene-ficiaries	
As of June 30, 2023	8,361	10,070	4,812	33,639 *	104	4,909	61,895
Vested Terminations	(287)	(1)	288	0	0	0	0
Non-Vested Terminations	(53)	62	(9)	0	0	0	0
Refund of Contributions	(12)	(177)	(29)	0	0	(14)	(232)
Disability Retirements	(2)	0	(2)	0	4	0	0
Age Retirements	(612)	(1)	(439)	1,068	(16)	0	0
Deaths With Beneficiary	(12)	0	(4)	(324)	(1)	342	1
Deaths Without Beneficiary	(10)	(27)	(11)	(495)	(1)	(163)	(707)
Expired Benefits	0	0	0	0	0	0	0
Data Corrections	1	1	(1)	4	0	0	5
Converted To/From DCR Plan	67	10	12	6	0	0	95
Transfers In/Out	(9)	(1)	(2)	3	0	0	(9)
Rehires	318	(40)	(106)	(16)	(1)	0	155
Pick Ups***	7	7	4	2	0	44	64
Net Change	(604)	(167)	(299)	248	(15)	209	(628)
As of June 30, 2024	7,757	9,903	4,513	33,887 **	89	5,118	61,267

* Includes 13 medical only retirees

** Includes 16 medical only retirees

*** Pickup beneficiaries are primarily new DROs.

4 Member Data

4.3 Member Data Reconciliation (continued)

Healthcare

	Active Members	Inactive Members				Total Inactive Members
		Retirees	Covered Spouses	Covered Children / Dependents	Deferred	
As of June 30, 2023	8,271	30,872	16,680	1,393	4,654	53,599
Vested Terminations	(258)	0	0	0	256	256
Non-Vested Terminations	(48)	0	0	0	0	0
Refund of Contributions	(12)	0	0	0	(26)	(26)
Disability Retirements	(2)	2	1	1	0	4
Age Retirements	(578)	578	311	97	0	986
Deferred Retirements	0	243	153	39	(243)	192
Retired without Medical Coverage	(50)	0	0	0	(16)	(16)
Deceased	(21)	(831)	(167)	(13)	(11)	(1,022)
New Beneficiaries	0	142	(142)	3	0	3
Added Retiree Medical Coverage	0	146	39	21	(75)	131
Added Dependent Coverage	0	0	195	49	0	244
Dropped Retiree Medical Coverage	0	(11)	(1)	(5)	2	(15)
Dropped Dependent Coverage	0	0	(302)	(246)	0	(548)
Change in Double Coverage	0	3,251	(3,251)	1	0	1
Removal of Spouse Duplicates	0	0	0	0	(24)	(24)
Rehires	302	(10)	(6)	(2)	(104)	(122)
Transfers In/Out	63	19	6	(1)	4	28
Net Change	(604)	3,529	(3,164)	(56)	(237)	72
As of June 30, 2024	7,667	34,401	13,516	1,337	4,417	53,671

4 Member Data

4.4 Schedule of Active Member Data

Peace Officer / Firefighter

Valuation Date	Number	Annual Earnings (000's)	Annual Average Earnings	Percent Increase in Average Earnings	Number of Participating Employers
June 30, 2024	842	\$ 130,289	\$ 154,737	8.2%	150
June 30, 2023	913	130,542	142,982	5.6%	150
June 30, 2022	1,014	137,252	135,357	6.3%	150
June 30, 2021	1,137	144,771	127,327	3.2%	151
June 30, 2020	1,266	156,271	123,436	2.8%	153
June 30, 2019	1,382	165,963	120,089	10.6%	155
June 30, 2018	1,507	163,630	108,580	1.5%	155
June 30, 2017	1,606	171,821	106,987	1.6%	155
June 30, 2016	1,704	179,461	105,317	3.8%	155
June 30, 2015	1,827	185,350	101,450	3.4%	159

Others

Valuation Date	Number	Annual Earnings (000's)	Annual Average Earnings	Percent Increase in Average Earnings	Number of Participating Employers
June 30, 2024	6,915	\$ 639,700	\$ 92,509	5.4%	150
June 30, 2023	7,448	653,448	87,735	4.9%	150
June 30, 2022	7,781	650,807	83,641	3.3%	150
June 30, 2021	8,751	708,718	80,987	3.0%	151
June 30, 2020	9,767	767,817	78,613	1.7%	153
June 30, 2019	10,770	832,832	77,329	4.6%	155
June 30, 2018	11,927	881,716	73,926	1.0%	155
June 30, 2017	13,113	960,106	73,218	1.4%	155
June 30, 2016	14,401	1,039,960	72,214	3.2%	155
June 30, 2015	15,833	1,108,218	69,994	2.1%	159

Total and average annual earnings ("valuation pay") are the annualized earnings for the fiscal year ending on the valuation date.

4 Member Data

4.5 Active Member Payroll Reconciliation

Payroll Field	Payroll Data (000's)
a) DRB actual reported salaries FY24 in employer list	\$ 2,585,068
b) DRB actual reported salaries FY24 in valuation data	2,526,607
c) Annualized valuation data	2,758,371
d) Valuation payroll as of June 30, 2024	2,882,574
e) Rate payroll for FY25	2,800,537
f) Rate payroll for FY27	2,801,225

- a) Actual reported salaries from DRB employer listing showing all payroll paid during FY24, including those who were not active as of June 30, 2024
- b) Payroll from valuation data for people who are in active status as of June 30, 2024
- c) Payroll from (b) annualized for both new entrants and part-timers
- d) Payroll from (c) with one year of salary scale applied to estimate salaries payable for the upcoming year
- e) Payroll from (d) with the part-timer annualization removed
- f) Payroll from (e) with two years of assumed decrements and salary scale, and 0% population growth

4 Member Data

4.6 Summary of New Pension Benefit Recipients

Peace Officer / Firefighter

During the Year Ending June 30	2020	2021	2022	2023	2024
Service					
1. Number	118	129	117	106	98
2. Average Age at Commencement	55.52	55.30	55.39	55.01	55.10
3. Average Monthly Pension Benefit	\$ 5,199	\$ 5,248	\$ 5,647	\$ 6,208	\$ 6,700
Survivor (including surviving spouse and DROs)					
1. Number	43	58	39	36	50
2. Average Age at Commencement	67.92	64.58	70.91	65.75	66.91
3. Average Monthly Pension Benefit	\$ 1,785	\$ 1,971	\$ 1,996	\$ 1,951	\$ 2,376
Disability					
1. Number	3	4	1	1	0
2. Average Age at Commencement	51.72	52.10	54.74	47.86	0.00
3. Average Monthly Pension Benefit	\$ 5,276	\$ 2,890	\$ 5,427	\$ 3,376	\$ 0
Total					
1. Number	164	191	157	143	148
2. Average Age at Commencement	58.70	58.05	59.24	57.66	59.09
3. Average Monthly Pension Benefit	\$ 4,305	\$ 4,204	\$ 4,739	\$ 5,117	\$ 5,239

4 Member Data

4.6 Summary of New Pension Benefit Recipients (continued)

Peace Officer / Firefighter

	Years of Credited Service						
	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30+
Period 7/1/2023 – 6/30/2024:							
Average Monthly Pension	\$ 0	\$ 751	\$ 1,717	\$ 5,058	\$ 6,096	\$ 8,572	\$ 9,309
Average Final Avg Salary	\$ 0	\$ 64,072	\$ 87,007	\$ 147,018	\$ 143,933	\$ 170,525	\$ 162,048
Number of Recipients	0	3	5	13	35	33	9
Period 7/1/2022 – 6/30/2023:							
Average Monthly Pension	\$ 2,787	\$ 760	\$ 2,484	\$ 4,297	\$ 6,322	\$ 7,866	\$ 8,927
Average Final Avg Salary	\$ 93,744	\$ 80,385	\$ 104,037	\$ 129,639	\$ 143,492	\$ 150,864	\$ 149,341
Number of Recipients	2	2	5	14	56	21	7
Period 7/1/2021 – 6/30/2022:							
Average Monthly Pension	\$ 0	\$ 860	\$ 2,227	\$ 4,341	\$ 5,743	\$ 7,831	\$ 7,566
Average Final Avg Salary	\$ 0	\$ 60,646	\$ 97,870	\$ 122,607	\$ 137,018	\$ 144,961	\$ 119,732
Number of Recipients	0	2	7	33	42	27	7
Period 7/1/2020 – 6/30/2021:							
Average Monthly Pension	\$ 2,612	\$ 767	\$ 1,619	\$ 3,711	\$ 5,196	\$ 6,960	\$ 7,970
Average Final Avg Salary	\$ 68,013	\$ 63,962	\$ 79,481	\$ 116,789	\$ 129,218	\$ 141,383	\$ 135,765
Number of Recipients	2	5	9	26	42	40	9
Period 7/1/2019 – 6/30/2020:							
Average Monthly Pension	\$ 0	\$ 694	\$ 2,212	\$ 3,626	\$ 5,531	\$ 6,829	\$ 8,636
Average Final Avg Salary	\$ 0	\$ 60,557	\$ 107,689	\$ 111,341	\$ 131,016	\$ 140,297	\$ 127,620
Number of Recipients	0	6	11	23	40	32	9
Period 7/1/2018 – 6/30/2019:							
Average Monthly Pension	\$ 3,792	\$ 651	\$ 1,933	\$ 3,362	\$ 4,786	\$ 6,196	\$ 5,688
Average Final Avg Salary	\$ 94,797	\$ 56,617	\$ 89,247	\$ 99,086	\$ 114,079	\$ 125,509	\$ 110,542
Number of Recipients	2	5	11	25	38	26	6
Period 7/1/2017 – 6/30/2018:							
Average Monthly Pension	\$ 0	\$ 1,063	\$ 2,133	\$ 3,747	\$ 4,847	\$ 6,024	\$ 7,717
Average Final Avg Salary	\$ 0	\$ 86,908	\$ 91,941	\$ 107,039	\$ 115,635	\$ 121,972	\$ 132,459
Number of Recipients	0	4	18	19	35	30	3
Period 7/1/2016 – 6/30/2017:							
Average Monthly Pension	\$ 0	\$ 686	\$ 2,075	\$ 3,234	\$ 4,462	\$ 5,151	\$ 6,376
Average Final Avg Salary	\$ 0	\$ 74,166	\$ 83,315	\$ 99,520	\$ 109,258	\$ 104,716	\$ 108,035
Number of Recipients	0	8	9	28	41	23	14
Period 7/1/2015 – 6/30/2016:							
Average Monthly Pension	\$ 0	\$ 958	\$ 1,742	\$ 3,347	\$ 4,622	\$ 5,778	\$ 7,221
Average Final Avg Salary	\$ 0	\$ 76,190	\$ 87,241	\$ 97,297	\$ 109,236	\$ 118,513	\$ 115,323
Number of Recipients	0	6	11	19	30	28	16
Period 7/1/2014 – 6/30/2015:							
Average Monthly Pension	\$ 0	\$ 1,173	\$ 1,621	\$ 3,632	\$ 4,436	\$ 5,457	\$ 6,863
Average Final Avg Salary	\$ 0	\$ 85,992	\$ 76,254	\$ 104,320	\$ 105,430	\$ 108,874	\$ 102,705
Number of Recipients	0	8	9	26	24	25	7

"Average Monthly Pension" includes postretirement pension adjustments and cost-of-living increases.

Beneficiaries are not included in the table above.

4 Member Data

4.6 Summary of New Pension Benefit Recipients (continued)

Others

During the Year Ending June 30	2020	2021	2022	2023	2024
Service					
1. Number	1,166	1,171	1,121	909	968
2. Average Age at Commencement	61.70	62.03	62.03	61.77	62.34
3. Average Monthly Pension Benefit	\$ 2,701	\$ 2,693	\$ 2,915	\$ 3,081	\$ 2,799
Survivor (including surviving spouse and DROs)					
1. Number	297	391	326	346	331
2. Average Age at Commencement	72.09	72.34	70.13	72.93	73.93
3. Average Monthly Pension Benefit	\$ 1,204	\$ 1,265	\$ 1,380	\$ 1,352	\$ 1,416
Disability					
1. Number	9	14	6	8	4
2. Average Age at Commencement	54.21	53.39	47.91	52.27	51.05
3. Average Monthly Pension Benefit	\$ 2,422	\$ 2,587	\$ 2,533	\$ 2,566	\$ 3,973
Total					
1. Number	1,472	1,576	1,453	1,263	1,303
2. Average Age at Commencement	63.75	64.51	63.79	64.77	65.25
3. Average Monthly Pension Benefit	\$ 2,397	\$ 2,338	\$ 2,569	\$ 2,604	\$ 2,451

4 Member Data

4.6 Summary of New Pension Benefit Recipients (continued)

Others

	Years of Credited Service						
	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30+
Period 7/1/2023 – 6/30/2024:							
Average Monthly Pension	\$ 1,166	\$ 657	\$ 1,307	\$ 2,241	\$ 3,322	\$ 4,966	\$ 6,328
Average Final Avg Salary	\$ 62,445	\$ 51,775	\$ 63,828	\$ 75,209	\$ 85,610	\$ 97,054	\$ 99,584
Number of Recipients	19	164	154	199	201	152	83
Period 7/1/2022 – 6/30/2023:							
Average Monthly Pension	\$ 1,389	\$ 742	\$ 1,284	\$ 2,272	\$ 3,416	\$ 4,947	\$ 6,593
Average Final Avg Salary	\$ 56,785	\$ 53,321	\$ 61,779	\$ 72,666	\$ 84,997	\$ 99,220	\$ 106,748
Number of Recipients	16	113	148	194	184	165	97
Period 7/1/2021 – 6/30/2022:							
Average Monthly Pension	\$ 1,453	\$ 623	\$ 1,340	\$ 2,181	\$ 3,373	\$ 4,644	\$ 6,822
Average Final Avg Salary	\$ 61,752	\$ 48,643	\$ 63,167	\$ 73,283	\$ 84,361	\$ 91,984	\$ 105,569
Number of Recipients	6	147	181	286	227	165	115
Period 7/1/2020 – 6/30/2021:							
Average Monthly Pension	\$ 553	\$ 628	\$ 1,317	\$ 2,213	\$ 3,091	\$ 4,607	\$ 6,054
Average Final Avg Salary	\$ 37,456	\$ 50,287	\$ 62,986	\$ 73,819	\$ 78,565	\$ 91,034	\$ 98,834
Number of Recipients	17	163	228	281	194	188	114
Period 7/1/2019 – 6/30/2020:							
Average Monthly Pension	\$ 492	\$ 601	\$ 1,311	\$ 2,065	\$ 3,040	\$ 4,686	\$ 6,213
Average Final Avg Salary	\$ 42,520	\$ 47,573	\$ 61,357	\$ 69,829	\$ 78,632	\$ 93,182	\$ 100,366
Number of Recipients	32	165	218	258	183	197	122
Period 7/1/2018 – 6/30/2019:							
Average Monthly Pension	\$ 652	\$ 646	\$ 1,301	\$ 2,071	\$ 3,058	\$ 4,596	\$ 5,685
Average Final Avg Salary	\$ 49,840	\$ 52,459	\$ 60,651	\$ 69,110	\$ 76,946	\$ 92,620	\$ 94,857
Number of Recipients	21	190	266	289	222	205	105
Period 7/1/2017 – 6/30/2018:							
Average Monthly Pension	\$ 414	\$ 607	\$ 1,299	\$ 1,982	\$ 3,034	\$ 4,475	\$ 6,085
Average Final Avg Salary	\$ 34,603	\$ 48,524	\$ 61,668	\$ 67,811	\$ 78,675	\$ 88,707	\$ 97,703
Number of Recipients	26	221	351	280	223	214	127
Period 7/1/2016 – 6/30/2017:							
Average Monthly Pension	\$ 381	\$ 640	\$ 1,271	\$ 2,067	\$ 3,119	\$ 4,579	\$ 6,224
Average Final Avg Salary	\$ 39,320	\$ 50,209	\$ 61,150	\$ 70,810	\$ 79,613	\$ 91,169	\$ 98,661
Number of Recipients	27	254	375	233	212	191	115
Period 7/1/2015 – 6/30/2016:							
Average Monthly Pension	\$ 434	\$ 660	\$ 1,240	\$ 2,017	\$ 3,059	\$ 4,158	\$ 6,583
Average Final Avg Salary	\$ 44,649	\$ 48,729	\$ 60,599	\$ 66,996	\$ 78,592	\$ 83,505	\$ 103,143
Number of Recipients	30	323	387	266	192	161	135
Period 7/1/2014 – 6/30/2015:							
Average Monthly Pension	\$ 430	\$ 685	\$ 1,260	\$ 2,008	\$ 3,086	\$ 4,544	\$ 6,195
Average Final Avg Salary	\$ 41,184	\$ 52,565	\$ 61,224	\$ 67,225	\$ 77,440	\$ 86,942	\$ 96,468
Number of Recipients	42	284	304	213	198	169	98

“Average Monthly Pension” includes postretirement pension adjustments and cost-of-living increases.

Beneficiaries are not included in the table above.

4 Member Data

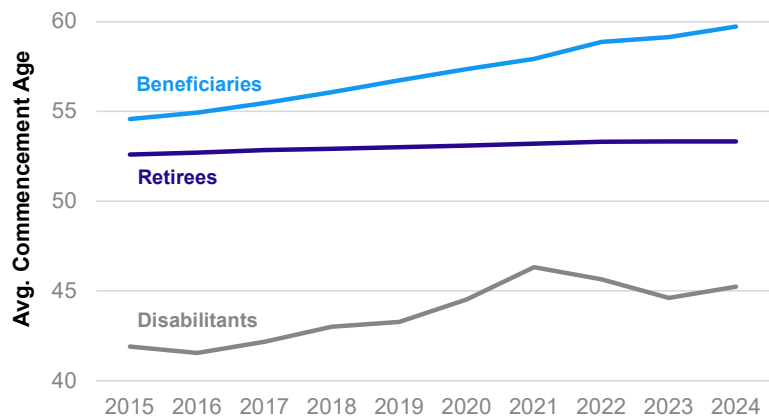
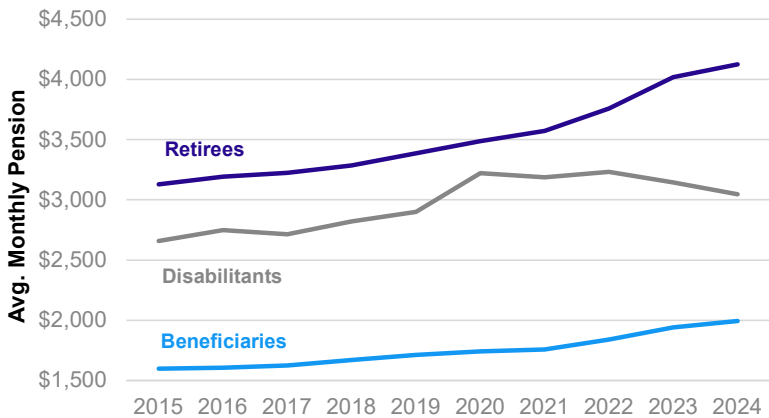
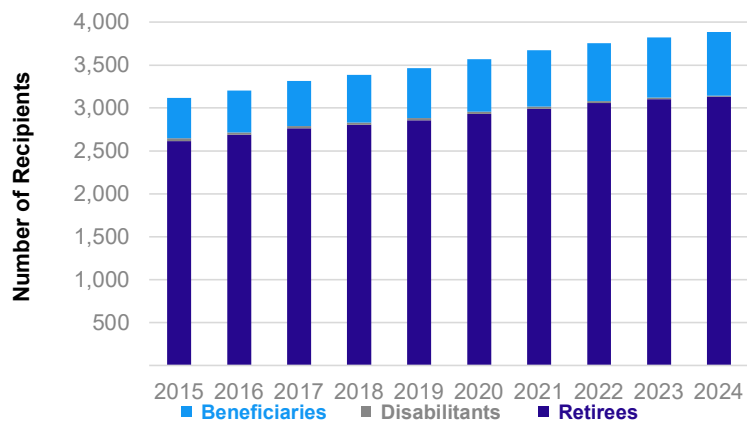
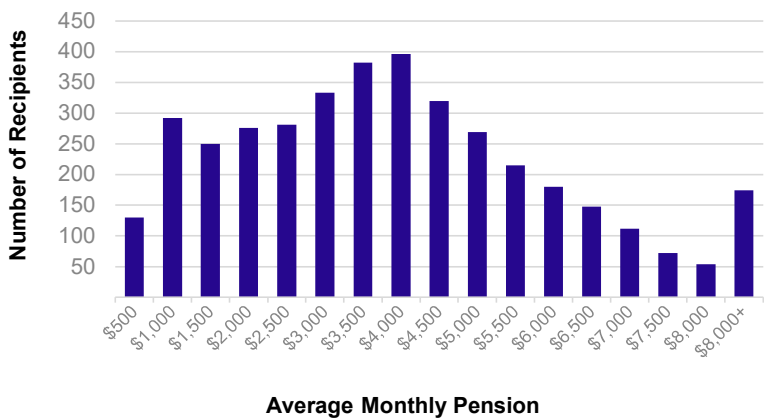
4.7 Summary of All Pension Benefit Recipients

	Peace Officer / Firefighter	Others
Service		
1. Number as of June 30, 2023	3,100	30,526
2. Net Change During FY24	33	212
3. Number as of June 30, 2024	3,133	30,738
4. Average Age at Commencement	53.34	58.77
5. Average Current Age	69.38	72.68
6. Average Monthly Pension Benefit	\$ 4,125	\$ 2,340
Survivors (including surviving spouses and DROs)		
1. Number as of June 30, 2023	702	4,207
2. Net Change During FY24	36	173
3. Number as of June 30, 2024	738	4,380
4. Average Age at Commencement	59.73	64.61
5. Average Current Age	71.37	75.00
6. Average Monthly Pension Benefit	\$ 1,994	\$ 1,262
Disability		
1. Number as of June 30, 2023	19	85
2. Net Change During FY24	(6)	(9)
3. Number as of June 30, 2024	13	76
4. Average Age at Commencement	45.25	45.41
5. Average Current Age	52.86	55.18
6. Average Monthly Pension Benefit	\$ 3,047	\$ 2,363
Total		
1. Number as of June 30, 2023	3,821	34,818
2. Net Change During FY24	63	376
3. Number as of June 30, 2024	3,884	35,194
4. Average Age at Commencement	54.53	59.47
5. Average Current Age	69.70	72.93
6. Average Monthly Pension Benefit	\$ 3,717	\$ 2,206

4 Member Data

4.7 Summary of All Pension Benefit Recipients (continued)

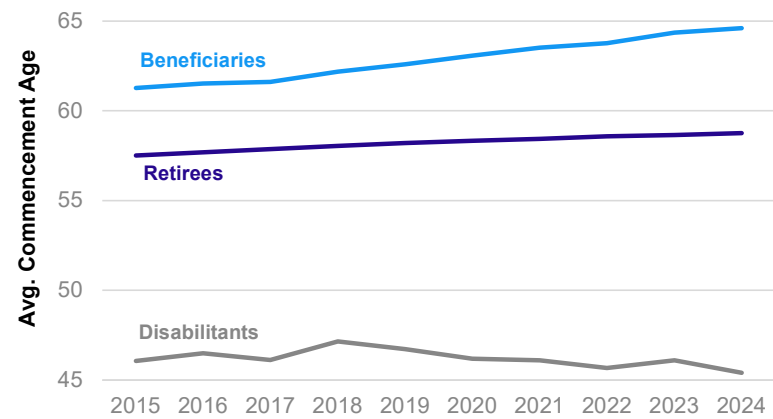
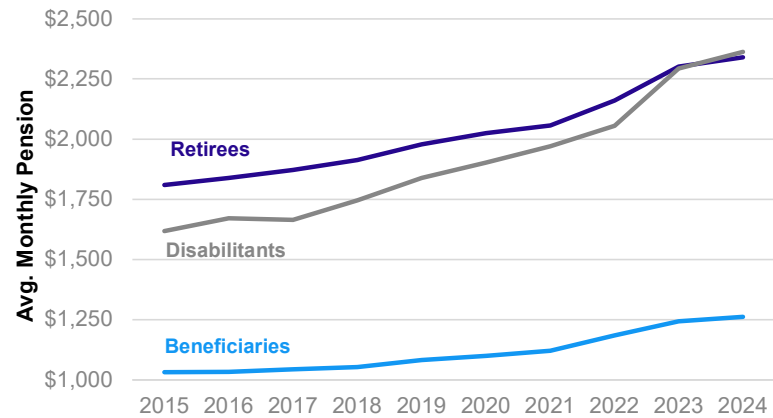
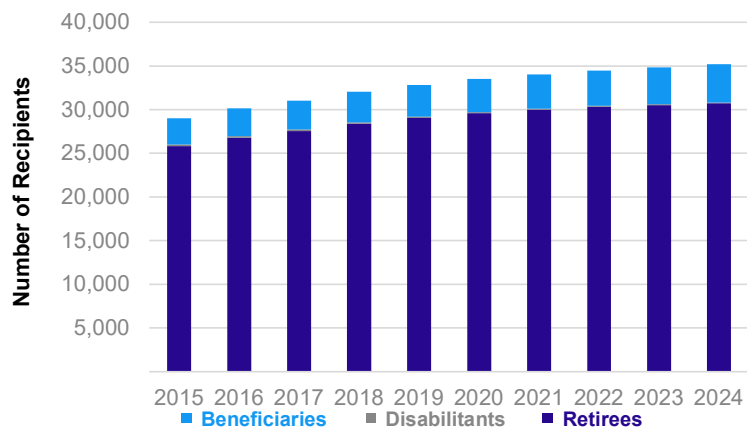
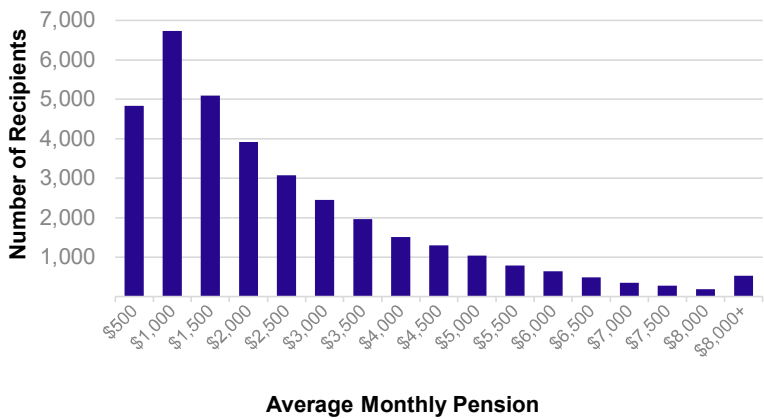
Peace Officer / Firefighter



4 Member Data

4.7 Summary of All Pension Benefit Recipients (continued)

Others



4 Member Data

4.7 Summary of All Pension Benefit Recipients (continued)

Peace Officer / Firefighter

Annual Pension Benefit by Age

Age	Number	Total Annual Pension Benefit	Average Annual Pension Benefit
0 - 19	0	\$ 0	\$ 0
20 - 24	0	0	0
25 - 29	0	0	0
30 - 34	0	0	0
35 - 39	0	0	0
40 - 44	15	699,031	46,602
45 - 49	62	4,124,043	66,517
50 - 54	239	16,157,599	67,605
55 - 59	353	21,824,143	61,825
60 - 64	514	24,162,677	47,009
65 - 69	699	29,002,398	41,491
70 - 74	798	31,051,893	38,912
75+	1,204	46,204,099	38,375
Total	3,884	\$ 173,225,883	\$ 44,600

Annual Pension Benefit by Years Since Commenced

Years Since Comm.	Number	Total Annual Pension Benefit	Average Annual Pension Benefit
0	148	\$ 9,316,164	\$ 62,947
1	173	9,784,997	56,561
2	163	9,392,379	57,622
3	184	9,678,815	52,602
4	150	8,072,670	53,818
0 - 4	818	\$ 46,245,025	\$ 56,534
5 - 9	706	34,184,464	48,420
10 - 14	482	18,974,281	39,366
15 - 19	547	18,390,274	33,620
20 - 24	597	22,540,390	37,756
25 - 29	433	18,397,670	42,489
30 - 34	155	6,767,910	43,664
35 - 39	109	6,116,300	56,113
40+	37	1,609,569	43,502
Total	3,884	\$ 173,225,883	\$ 44,600

Years Since 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	0	0	0	0	0	0	0	0	0	0
35 - 39	0	0	0	0	0	0	0	0	0	0
40 - 44	12	3	0	0	0	0	0	0	0	15
45 - 49	57	4	0	1	0	0	0	0	0	62
50 - 54	172	58	8	0	0	1	0	0	0	239
55 - 59	172	131	38	8	3	1	0	0	0	353
60 - 64	181	177	68	62	22	2	2	0	0	514
65 - 69	86	181	128	136	146	19	2	0	1	699
70 - 74	46	85	153	183	211	102	14	2	2	798
75+	92	67	87	157	215	308	137	107	34	1,204
Total	818	706	482	547	597	433	155	109	37	3,884

4 Member Data

4.7 Summary of All Pension Benefit Recipients (continued)

Others

Annual Pension Benefit by Age

Age	Number	Total Annual Pension Benefit	Average Annual Pension Benefit
0 - 19	0	\$ 0	\$ 0
20 - 24	0	0	0
25 - 29	0	0	0
30 - 34	2	93,462	46,731
35 - 39	2	20,165	10,083
40 - 44	12	242,477	20,206
45 - 49	27	564,460	20,906
50 - 54	102	3,565,023	34,951
55 - 59	663	26,090,060	39,352
60 - 64	4,600	145,656,297	31,664
65 - 69	7,886	232,301,791	29,457
70 - 74	8,912	235,093,290	26,379
75+	12,988	288,096,843	22,182
Total	35,194	\$ 931,723,868	\$ 26,474

Annual Pension Benefit by Years Since Commenced

Years Since Comm.	Number	Total Annual Pension Benefit	Average Annual Pension Benefit
0	1,324	\$ 38,969,876	\$ 29,433
1	1,303	40,823,457	31,330
2	1,432	45,208,893	31,570
3	1,415	43,379,859	30,657
4	1,362	43,090,174	31,637
0 - 4	6,836	\$ 211,472,259	\$ 30,935
5 - 9	7,420	220,125,608	29,667
10 - 14	7,109	191,565,305	26,947
15 - 19	5,734	134,710,981	23,493
20 - 24	4,070	89,787,375	22,061
25 - 29	2,456	54,914,312	22,359
30 - 34	1,005	18,412,089	18,320
35 - 39	460	9,143,992	19,878
40+	104	1,591,947	15,307
Total	35,194	\$ 931,723,868	\$ 26,474

Years Since 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	1	0	0	0	0	0	0	0	2
35 - 39	1	1	0	0	0	0	0	0	0	2
40 - 44	8	2	2	0	0	0	0	0	0	12
45 - 49	14	6	5	2	0	0	0	0	0	27
50 - 54	61	17	12	8	4	0	0	0	0	102
55 - 59	463	142	30	17	8	2	1	0	0	663
60 - 64	3,087	1,086	356	49	13	5	3	1	0	4,600
65 - 69	1,581	3,403	2,174	655	43	17	9	3	1	7,886
70 - 74	770	1,773	2,872	2,550	861	65	10	10	1	8,912
75+	850	989	1,658	2,453	3,141	2,367	982	446	102	12,988
Total	6,836	7,420	7,109	5,734	4,070	2,456	1,005	460	104	35,194

4 Member Data

4.8 Pension Benefit Recipients by Type of 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 – 500	130	60	70	0	87	17	8	4	14
501 – 1,000	292	159	133	0	179	63	24	15	11
1,001 – 1,500	250	131	118	1	168	49	15	8	10
1,501 – 2,000	276	168	108	0	174	49	38	8	7
2,001 – 2,500	281	202	77	2	132	81	51	8	9
2,501 – 3,000	333	258	72	3	154	99	51	15	14
3,001 – 3,500	382	327	51	4	147	148	66	14	7
3,501 – 4,000	396	342	51	3	149	154	61	18	14
4,001 – 4,500	320	297	22	1	105	137	58	18	2
4,501 – 5,000	269	257	12	0	78	110	59	19	3
5,001 – 5,500	215	208	7	0	57	104	34	17	3
5,501 – 6,000	180	172	8	0	44	88	40	7	1
6,001 – 6,500	148	145	3	0	47	62	31	5	3
6,501 – 7,000	112	106	6	0	38	47	20	7	0
7,001 – 7,500	72	72	0	0	24	31	13	4	0
7,501 – 8,000	54	54	0	0	16	22	15	1	0
8,000+	174	174	0	0	34	82	51	7	0
Total	3,884	3,132	738	14	1,633	1,343	635	175	98

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

4 Member Data

4.8 Pension Benefit Recipients by Type of 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 – 500	4,830	3,716	1,113	1	2,615	982	673	196	364
501 – 1,000	6,733	5,539	1,184	10	3,669	1,517	1,089	290	168
1,001 – 1,500	5,097	4,347	741	9	2,652	1,170	975	194	106
1,501 – 2,000	3,920	3,417	495	8	1,929	1,029	766	118	78
2,001 – 2,500	3,077	2,737	324	16	1,480	805	605	115	72
2,501 – 3,000	2,451	2,240	197	14	1,122	655	518	93	63
3,001 – 3,500	1,963	1,829	129	5	894	574	397	66	32
3,501 – 4,000	1,514	1,431	78	5	637	478	307	61	31
4,001 – 4,500	1,304	1,256	45	3	539	405	288	53	19
4,501 – 5,000	1,036	999	34	3	397	332	247	41	19
5,001 – 5,500	795	778	17	0	314	250	187	34	10
5,501 – 6,000	643	635	7	1	232	221	147	36	7
6,001 – 6,500	484	479	5	0	171	176	116	16	5
6,501 – 7,000	347	343	4	0	127	114	82	22	2
7,001 – 7,500	273	273	0	0	87	102	66	17	1
7,501 – 8,000	193	193	0	0	71	55	40	25	2
8,000+	534	530	4	0	176	181	132	43	2
Total	35,194	30,742	4,377	75	17,112	9,046	6,635	1,420	981

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

4 Member Data

4.9 Pension Benefit Recipients Added to and Removed from Rolls

Peace Officer / Firefighter

Year Ended	Added to Rolls		Removed from Rolls		Rolls at 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, 2024	148	\$ 9,304,464	85	\$ 2,647,883	3,884	\$ 173,225,883	4.0%	\$ 44,600
June 30, 2023	143	8,780,772	77	(4,050,263)	3,821	166,569,302	8.3%	43,593
June 30, 2022	157	8,928,276	75	(1,692,346)	3,755	153,738,267	7.4%	40,942
June 30, 2021	191	9,635,568	86	2,931,719	3,673	143,117,645	4.9%	38,965
June 30, 2020	164	8,472,240	61	1,078,932	3,568	136,413,796	5.7%	38,233
June 30, 2019	149	6,713,940	71	233,335	3,465	129,020,488	5.3%	37,235
June 30, 2018	153	7,002,504	81	2,573,694	3,387	122,539,883	3.7%	36,179
June 30, 2017	165	6,971,580	54	2,132,027	3,315	118,111,073	4.3%	35,629
June 30, 2016	137	6,618,744	49	1,594,394	3,204	113,271,520	4.6%	35,353
June 30, 2015	136	5,617,344	46	633,046	3,116	108,247,168	4.8%	34,739

¹ Numbers are estimated, and include other internal transfers.

4 Member Data

4.9 Pension Benefit Recipients Added to and Removed from Rolls

Others

Year Ended	Added to Rolls		Removed from Rolls		Rolls at 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, 2024	1,303	\$ 38,323,836	927	\$ 15,026,825	35,194	\$ 931,723,868	2.6%	\$ 26,474
June 30, 2023	1,263	39,466,224	933	(22,497,890)	34,818	908,426,857	7.3%	26,091
June 30, 2022	1,453	44,793,084	1,009	(5,580,072)	34,488	846,462,743	6.3%	24,544
June 30, 2021	1,576	44,216,256	1,070	20,522,550	34,044	796,089,587	3.1%	23,384
June 30, 2020	1,472	42,340,608	779	9,911,423	33,538	772,395,881	4.4%	23,030
June 30, 2019	1,543	43,301,707	765	3,096,594	32,845	739,966,696	5.7%	22,529
June 30, 2018	1,708	46,316,673	673	10,533,376	32,067	699,761,583	5.4%	21,823
June 30, 2017	1,699	44,619,382	816	14,610,212	31,032	663,978,286	4.7%	21,397
June 30, 2016	1,780	44,409,702	660	12,099,362	30,149	633,969,116	5.4%	21,028
June 30, 2015	1,583	39,939,292	627	7,232,812	29,029	601,658,776	5.7%	20,726

¹ Numbers are estimated, and include other internal transfers.

5 Basis of the Actuarial Valuation

5.1 Summary of Plan Provisions

Effective Date

January 1, 1961, with amendments through June 30, 2024. Chapter 82, 1986 Session Laws of Alaska, created a two-tier retirement system. Members who were first hired under 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. The 2021 Alaska Supreme Court Metcalfe decision allows certain members the option of transferring from the DCR plan to the DB plan.

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.

Employers Included

Currently there are 150 employers participating in PERS, including the State of Alaska and 149 political subdivisions and public organizations. Two additional political subdivisions participate in PERS for healthcare benefits only.

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 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 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.

The 2021 Alaska Supreme Court Metcalfe decision allows certain members the option of transferring from the DCR plan to the DB plan.

5 Basis of the Actuarial Valuation

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 on 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 PERS and 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 ten 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.

Past employment with participating political subdivisions that occurred before the employers joined 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 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.

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 payroll amount over a closed 25-year period starting June 30, 2014. Effective June 30, 2018, each future year's difference between actual and expected unfunded service liability is separately amortized on a level percent of pay basis over 25 years.

Employer rates cannot be less than the normal cost rate.

5 Basis of the Actuarial Valuation

Pursuant to AS 39.35.255 effective July 1, 2008 and subsequently amended on July 1, 2021, each non-state PERS employer will pay a simple uniform contribution rate of 22% of non-state member payroll and the State as an employer will pay the total contribution rate, adopted by the Board, of State member payroll.

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 total employer contributions, will be sufficient to pay the total contribution rate adopted by the Board.

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 TRS 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 above.

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 PERS. Interest accrues on refunds until paid in full or members retire.

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 age 60 or early retirement at age 55 if they were hired on or 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;

5 Basis of the Actuarial Valuation

- (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 TRS; 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, reduced benefits when they reach early retirement age and complete the service required. Benefits are reduced by 6% per year prior to a member's normal retirement date.

Members may select a joint and survivor option. Members who entered PERS prior to July 1, 1996 may also select a 66-2/3 last survivor option or 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. 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 ten 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%.

Salaries are subject to compensation limits under IRC 401(a)(17) for members first hired on or after July 1, 1996. Retirement benefit amounts are subject to IRC 415(b) limits regardless of hire date.

Indebtedness

Members who terminate and refund their PERS contributions are not eligible to retire unless they return to PERS employment and pay back their refunds plus interest or accrue additional service which qualifies them for retirement. PERS refunds must be paid in full if the corresponding service is to count toward the minimum service requirements for retirement. Refunded PERS service is included in total service for the purpose of calculating retirement benefits. However, when refunds are not completely paid before retirement, benefits are actuarially reduced for life. Indebtedness balances may also be created when a member purchases qualified claimed service.

Reemployment of Retired Members

Retirement and retiree healthcare benefits are suspended while retired members are reemployed under 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

5 Basis of the Actuarial Valuation

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 will:

- a. forfeit the three years of incentive credits that they received;
- b. owe 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.

Postemployment Healthcare Benefits

Major medical benefits are provided to retirees and their surviving spouses by 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 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, Other employees and their surviving spouses with thirty years of membership service, and any disabled member receive benefits paid by PERS, regardless of their age or date of hire.

Medical, prescription drug, dental, vision, and audio coverage is provided through the AlaskaCare Retiree Health Plan. Health plan provisions do not vary by retirement tier or age, except for Medicare coordination. Participants in dental, vision, and audio coverage pay a full self-supporting rate and those benefits are not included in this valuation.

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

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

Surviving spouses continue coverage only if a pension payment form that provided survivor benefits was elected. Alternate payees (i.e., individuals who are the subject of a domestic relations order or DRO) are allowed to participate in the plan, but must pay the full cost.

Where premiums are required prior to age 60, the valuation bases this payment upon the age of the retiree.

5 Basis of the Actuarial Valuation

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

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

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

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.

At the time a disabled Peace Officer/Firefighter member retires, the retirement benefit will be increased by a percentage equal to the total cumulative percentage that has been applied to the disability benefit.

Non-Occupational Disability

Members must be vested (five paid up years of PERS service) to be eligible for non-occupational 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 non-occupational disability.

Death Benefits

Death benefits may be paid to a spouse, dependent children, or a designated beneficiary upon the death of a member.

Occupational Death

When an active member dies from occupational causes, a monthly survivor's pension may be paid to the spouse or to the member's dependent children if there is no spouse, unless benefits are payable under the supplemental contributions provision. The pension equals 40% of the member's base salary on the date of death or disability. On the member's normal retirement date, the benefit converts to a normal retirement benefit based on the member's average base salary on the date of death and PERS service, including service accumulated from the date of death to normal retirement date. Survivors of Peace Officer/Firefighter members receive the greater of 50% of the member's base salary 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.

5 Basis of the Actuarial Valuation

Death after Occupational Disability

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

Non-Occupational Death

When a vested member dies from non-occupational causes, the surviving spouse may elect to receive a monthly 50% joint and survivor benefit or a lump sum benefit (see below). The monthly benefit is based on the member's average base salary and PERS service accrued on the date of death.

Lump Sum Non-Occupational Death Benefit

Upon the death of a member who has less than one year of service or an inactive member who is not vested, 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

If a joint and survivor option was selected at retirement, the eligible spouse receives continuing, lifetime monthly benefits after the member dies. If a joint and survivor option was not selected, the designated beneficiary receives the member's contribution account, less any benefits already paid and the member's last benefit check.

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, but excluding the Alaska COLA, times:

- a. The lesser of 75% of the CPI increase in the preceding calendar year or 9% if the recipient is at least age 65 or on PERS disability; or
- b. The lesser of 50% of the CPI increase in the preceding calendar year or 6% if the recipient is at least age 60, or under age 60 if the recipient has been receiving benefits for at least five years.

Ad hoc PRPAs, up to a maximum of 4%, may be granted to eligible recipients who were first hired before July 1, 1986 (Tier 1) if the CPI increases and the funded 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.

Alaska Cost-of-Living Allowance (COLA)

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

- a. members who first entered PERS before July 1, 1986 (Tier 1) and their survivors;
- b. members who first entered 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 Valued Since the Prior Valuation

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

5 Basis of the Actuarial Valuation

5.2 Description of Actuarial Methods and Valuation Procedures

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

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

Actuarial Cost Method

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

Effective June 30, 2018, the Board adopted a layered UAAL amortization method: Layer #1 equals the sum of (i) the UAAL at June 30, 2018 based on the 2017 valuation, plus (ii) the FY18 experience gain/loss. Layer #1 is amortized over the remainder of the 25-year closed period that was originally established in 2014¹. Layer #2 equals the change in UAAL at June 30, 2018 due to the experience study and EGWP implementation. Layer #2 is amortized over a separate closed 25-year period starting in 2018. Future layers will be created each year based on the difference between actual and expected UAAL occurring that year, and will be amortized over separate closed 25-year periods. The UAAL amortization continues to be on a level percent of pay basis. State statutes allow the contribution rate to be determined on payroll for all members, defined benefit and defined contribution member payroll combined.

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

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

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

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

Valuation of Assets

The actuarial asset value was reinitialized to equal Fair Value of Assets as of June 30, 2014. Beginning in FY15, the asset valuation method recognizes 20% of the gain or loss each year, for a period of five years.

¹ Layer #1 is referred to as "initial amount" in Sections 1.2 and 1.3.

5 Basis of the Actuarial Valuation

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.

Changes in Methods Since the Prior Valuation

The actuarially determined contribution rates were updated to include a half-year interest adjustment that was adopted by the Board effective beginning with the June 30, 2024 valuation to account for the monthly timing of employer contributions. There were no changes in the asset or valuation methods since the prior valuation.

Valuation of Retiree Medical and Prescription Drug Benefits

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

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

Benefits

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

Administration and Data Sources

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

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

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

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

5 Basis of the Actuarial Valuation

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

Methodology

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

1. Develop historical annual incurred claim cost rates – An analysis of medical costs was completed based on claims information and enrollment data provided by the State of Alaska and Aetna for each year in the experience period of FY23 through FY24.
 - Costs for medical services and prescriptions were analyzed separately, and separate trend rates were developed to project expected future medical and prescription costs for the valuation year (e.g., from the experience period up through FY25).
 - Because the reports provided reflected incurred claims, no additional adjustment was needed to determine incurred claims to be used in the valuation.
 - An offset for costs expected to be reimbursed by Medicare was incorporated beginning at age 65. Alaska retirees who do not have 40 quarters of Medicare-covered compensation do not qualify for Medicare Part A coverage free of charge. This is a relatively small and closed group. Medicare was applied to State employment for all employees hired after March 31, 1986. For the “no-Part A” individuals who are required to enroll in Medicare Part B, the State is the primary payer for hospital bills and other Part A services. Claims experience is not available separately for participants with both Medicare Parts A and B and those with Part B only. For Medicare Part B only participants, a lower average claims cost was applied to retirees covered by both Medicare Part A and B vs. retirees covered only by Medicare Part B based upon manual rate models that estimate the Medicare covered proportion of medical costs. To the extent that no-Part A claims can be isolated and applied strictly to the appropriate closed group, actuarial accrued liability will be more accurate.
 - Based on census data received from Aetna, approximately 2% of the current retiree population was identified as having coverage only under Medicare Part B. We assume that 2% of actives hired before April 1, 1986 and current retirees who are not yet Medicare eligible will not be eligible for Medicare Part A.
 - Based upon a reconciliation of valuation census data to the snapshot eligibility files provided by Aetna as of July 1, 2023, and July 1, 2024, Gallagher adjusted member counts used for duplicate records where participants have double coverage (i.e., primary coverage as a retiree and secondary coverage as the covered spouse of another retiree). This adjustment is to reflect the total cost per distinct individual/member which is then applied to distinct members in the valuation census.
 - Gallagher understands that pharmacy claims reported do not reflect rebates. Based on actual pharmacy rebate information provided by Optum, rebates were assumed to be 31.8% of pre-Medicare and 16.4% of Medicare prescription drug claims for FY23; and 29.8% of pre-Medicare and 19.8% of Medicare prescription drug claims for FY24.
2. Develop estimated EGWP reimbursements – Segal Consulting provided estimated calendar year 2025 EGWP subsidies, developed with the assistance of OptumRx. These amounts are applicable only to Medicare-eligible participants. The EGWP estimates increased significantly from 2024 to 2025, as a result of the Inflation Reduction Act, primarily due to increases in Direct Subsidy payments. It is uncertain whether future subsidy levels will remain at the higher level. In addition, retiree cost sharing is expected to decrease in 2025 based on the 2025 Standard Medicare Part D plan design. The estimated reimbursements under EGWP from fiscal years 2021 through 2025, trended to fiscal year 2025, were blended to develop the EGWP subsidies for the June 30, 2024 valuation. The first-year trend rate applied to EGWP per capita costs was also adjusted to reflect the increase in EGWP subsidies from CY 2024 to CY 2025.

5 Basis of the Actuarial Valuation

3. Adjust for claim fluctuation, anomalous experience, etc. – Explicit adjustments are often made for anticipated large claims or other anomalous experience. FY23 and FY24 experience was thoroughly reviewed to assess the impact of COVID-19 and whether an adjustment to FY23 and FY24 claims was appropriate for use in the June 30, 2024 valuation. Total medical and prescription drug claims experience for FY23 and FY24 was reasonable when compared to pre-COVID levels, so no adjustments were used in the per capita claims cost development. In addition, we did not make any large claim adjustments due to group size and demographics. We do blend both Alaska plan-specific and national trend factors as described below. Gallagher compared data utilized to lag reports and quarterly plan experience presentations provided by the State and Aetna to assess accuracy and reasonableness of data.
4. Trend all data points to the projection period – Project prior years' experience forward to FY25 for retiree benefits on an incurred claim basis. Trend factors derived from historical Alaska-specific experience and national trend factors are shown below in item 5.
5. Apply credibility to prior experience – Adjust prior year's data by assigning weighting factors to recent periods, as shown at the right of the table below. The Board approved a change in the weighting of experience periods beginning with the June 30, 2017 valuation. For both experience periods, we averaged projected plan costs by applying 75% weight to Alaska-specific trends and 25% weight to national trends.

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

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

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

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

Healthcare Reform

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

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

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

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

The Tax Cuts and Jobs Act passed in December 2017 included the elimination of the individual mandate penalty and changed the inflation measure for purposes of determining the limits for the High Cost Excise Tax to use chained CPI. It is our understanding the law does not directly impact other provisions of the ACA. While the nullification of the ACA's individual mandate penalty does not directly impact employer group health plans, it could contribute to the destabilization of the individual market and increase the

5 Basis of the Actuarial Valuation

number of uninsured. Such destabilization could translate to increased costs for employers. We have considered this when setting our healthcare cost trend assumptions and will continue to monitor this issue.

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

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

[Data](#)

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

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

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

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

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

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

5 Basis of the Actuarial Valuation

A. Fiscal 2023

	Medical		Prescription Drugs (Rx)	
	Pre-Medicare	Medicare	Pre-Medicare	Medicare
1. Incurred Claims	\$ 211,125,808	\$ 110,136,448	\$ 66,184,443	\$ 264,456,476
2. Adjustments for Rx Rebates	<u>0</u>	<u>0</u>	<u>(21,046,653)</u>	<u>(43,370,862)</u>
3. Net incurred claims	\$ 211,125,808	\$ 110,136,448	\$ 45,137,790	\$ 221,085,614
4. Average Enrollment	16,250	50,465	16,250	50,465
5. Claim Cost Rate (3) / (4)	12,992	2,182	2,778	4,381
6. Trend to Fiscal 2025	1.187	1.170	1.235	1.235
7. Fiscal 2025 Incurred Cost Rate (5) x (6)	\$ 15,419	\$ 2,553	\$ 3,429	\$ 5,409
8. Adjustment Factor for 2022 Plan Changes	1.000	1.000	0.976	0.976
9. Adjusted Fiscal 2025 Incurred Cost Rate (7) x (8)	\$ 15,419	\$ 2,553	\$ 3,347	\$ 5,278

B. Fiscal 2024

1. Incurred Claims	\$ 212,627,066	\$ 124,820,031	\$ 71,496,388	\$ 303,126,812
2. Adjustments for Rx Rebates	<u>0</u>	<u>0</u>	<u>(21,305,924)</u>	<u>(60,019,109)</u>
3. Net incurred claims	\$ 212,627,066	\$ 124,820,031	\$ 50,190,464	\$ 243,107,703
4. Average Enrollment	15,367	51,897	15,367	51,897
5. Claim Cost Rate (3) / (4)	13,837	2,405	3,266	4,684
6. Trend to Fiscal 2025	1.068	1.089	1.120	1.120
7. Fiscal 2025 Incurred Cost Rate (5) x (6)	\$ 14,780	\$ 2,620	\$ 3,659	\$ 5,248
8. Adjustment Factor for 2022 Plan Changes	1.000	1.000	0.976	0.976
9. Adjusted Fiscal 2025 Incurred Cost Rate (7) x (8)	\$ 14,780	\$ 2,620	\$ 3,571	\$ 5,121

C. Adjusted Incurred Cost Rate by Fiscal Year

1. Fiscal 2023 A.(9)	15,419	2,553	3,347	5,278
2. Fiscal 2024 B.(9)	14,780	2,620	3,571	5,121

D. Weighting by Fiscal Year

1. Fiscal 2023	50%	50%	50%	50%
2. Fiscal 2024	50%	50%	50%	50%

E. Fiscal 2025 Incurred Cost Rate

1. Rate at Average Age C x D	\$ 15,099	\$ 2,586	\$ 3,459	\$ 5,200
2. Average Aging Factor	0.816	1.214	0.843	1.146
3. Rate at Age 65 (1) / (2)	<u>\$ 18,503</u>	\$ 2,130	<u>\$ 4,103</u>	<u>\$ 4,539</u>

F. Development of Part A&B and Part B Only Cost from Pooled Rate Above

1. Part A&B Average Enrollment	51,410
2. Part B Only Average Enrollment	488
3. Total Medicare Average Enrollment B(4)	51,897
4. Cost ratio for those with Part B only to those with Parts A&B	3.300
5. Factor to determine cost for those with Parts A&B (2) / (3) x (4) + (1) / (3) x 1.00	1.022
6. Medicare per capita cost for all participants: E(3)	\$ 2,130
7. Cost for those eligible for Parts A&B: (6) / (5)	<u>\$ 2,085</u>
8. Cost for those eligible for Part B only: (7) x (4)	<u>\$ 6,880</u>

5 Basis of the Actuarial Valuation

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

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

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

5 Basis of the Actuarial Valuation

5.3 Summary of Actuarial Assumptions

The demographic and economic assumptions used in the June 30, 2024 valuation are described below. Unless noted otherwise, these assumptions were adopted by the Board at the June 2022 meeting based on the experience study for the period July 1, 2017 to June 30, 2021.

Investment Return

7.25% per year, net of investment expenses.

Salary Scale

Salary scale rates based on the 2017-2021 actual experience (see Table 1).

Inflation – 2.50% per year.

Productivity – 0.25% per year.

Payroll Growth

2.75% 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 2.50% annually.

Mortality (Pre-Commencement)

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

Employee mortality for Peace Officer/Firefighters in accordance with the following tables:

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

Employee mortality for Others in accordance with the following tables:

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

Deaths are assumed to result from occupational causes 70% of the time for Peace Officer/Firefighters, and 35% of the time for Others.

Mortality (Post-Commencement)

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

Retiree mortality for Peace Officer/Firefighters in accordance with the following tables:

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

5 Basis of the Actuarial Valuation

Retiree mortality for Others in accordance with the following tables:

- Pension: 98% of male and 106% of female rates of the Pub-2010 General Retiree table, amount-weighted, and projected with MP-2021 generational improvement.
- Healthcare: 101% of male and 110% of female rates of the Pub-2010 General Retiree table, headcount-weighted, and projected with MP-2021 generational improvement.

Beneficiary mortality for Peace Officer/Firefighters in accordance with the following tables. These tables are applied only after the death of the original member.

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

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

- Pension: 102% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement.
- Healthcare: 101% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement.

Turnover

Select and ultimate rates based on the 2017-2021 actual experience (see Tables 2a and 2b).

Disability

No changes to the incidence rates from the prior valuation due to insufficient 2017-2021 actual experience (see Tables 3a and 3b). Disability rates cease once a member is eligible for retirement.

Disabilities are assumed to be occupational 70% of the time for Peace Officer/Firefighters, and 35% of the time for Others.

Post-disability mortality for Peace Officer/Firefighters in accordance with the following tables:

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

Post-disability mortality for Others in accordance with the following tables:

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

Retirement

Retirement rates based on the 2017-2021 actual experience (see Tables 4a and 4b).

Deferred vested members are assumed to retire at their earliest unreduced retirement date.

The modified cash refund annuity is valued as a three-year certain and life annuity.

5 Basis of the Actuarial Valuation

Spouse Age Difference

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

Percent Married for Pension

For Peace Officer/Firefighters, 85% of male members and 60% of female members are assumed to be married at termination from active service. For Others, 75% of male members and 70% of female members are assumed to be married at termination from active service.

Dependent Spouse Medical Coverage Election

Applies to members who do not have double medical coverage. For Peace Officer/Firefighters, 75% of male members and 50% of female members are assumed to be married and cover a dependent spouse. For Others, 60% of male members and 50% of female members are assumed to be married and cover a dependent spouse.

Dependent Children

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

Imputed Data

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

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

Active Data Adjustment

No adjustment was made to reflect participants who terminate employment before the valuation date and are subsequently rehired after the valuation date.

Administrative Expenses

The Normal Cost as of June 30, 2024 was increased by the following amounts, payable at the beginning of the year. These amounts are based on the average of actual administrative expenses during the last two fiscal years. For projections, the percent increase was assumed to remain constant in future years.

- Pension: \$8,201,000
- Healthcare: \$4,759,000

Rehire Assumption

The Normal Cost used for determining contribution rates and in the projections includes a rehire assumption to account for anticipated rehires. The Normal Cost shown in the report includes the following assumptions based on the four years of rehire loss experience through June 30, 2021. For projections, these assumptions were assumed to grade to zero uniformly over a 20-year period.

- Pension: 15.30%
- Healthcare: 2.40%

Re-Employment Option

All re-employed retirees are assumed to return to work under the Standard Option.

5 Basis of the Actuarial Valuation

Service

Total credited service is provided by the State. This service is assumed to be the only service that should be used to calculate benefits. Additionally, the State provides claimed service (including Bureau of Indian Affairs Service). Claimed service is used for vesting and eligibility purposes as described in Section 5.1.

Part-Time Service

Peace Officer/Firefighter members are assumed to be full-time employees. For Other members, part-time employees are assumed to earn 0.75 years of service per year.

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.

Contribution Refunds

5% of terminating members with vested benefits are assumed to have their contributions refunded. 100% of those with non-vested benefits are assumed to have their contributions refunded.

Early Retirement Factors

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

Alaska Cost-of-Living Adjustments (COLA)

Of those benefit recipients who are eligible for the Alaska COLA, 60% of Peace Officers/Firefighters and 65% of Others are assumed to remain in Alaska and receive the COLA.

Postretirement Pension Adjustment (PRPA)

50% and 75% of assumed inflation, or 1.25% and 1.875% respectively, is valued for the annual automatic PRPA as specified in the statute.

Healthcare Participation

100% of system paid members and their spouses are assumed to elect healthcare benefits as soon as they are eligible. For Peace Officer/Firefighters, 20% of non-system paid members and their spouses are assumed to elect healthcare benefits as soon as they are eligible. For Others, 25% of non-system paid members and their spouses are assumed to elect healthcare benefits as soon as they are eligible.

Medicare Part B Only

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

Healthcare Per Capita Claims Cost

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

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

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

5 Basis of the Actuarial Valuation

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

Healthcare Morbidity

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

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

Healthcare Third Party Administrator Fees

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

5 Basis of the Actuarial Valuation

Healthcare Cost Trend

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

Fiscal Year	Medical Pre-65	Medical Post-65	Prescription Drugs / EGWP
FY25	6.40%	5.40%	8.80% ¹
FY26	6.20%	5.40%	8.50%
FY27	6.05%	5.35%	8.20%
FY28	5.85%	5.35%	7.90%
FY29	5.65%	5.30%	7.45%
FY30	5.45%	5.30%	7.05%
FY31	5.30%	5.30%	6.60%
FY32	5.30%	5.30%	6.15%
FY33	5.30%	5.30%	5.70%
FY34-FY38	5.30%	5.30%	5.30%
FY39	5.25%	5.25%	5.30%
FY40	5.20%	5.20%	5.30%
FY41	5.10%	5.10%	5.20%
FY42	5.05%	5.05%	5.10%
FY43	4.95%	4.95%	5.00%
FY44	4.90%	4.90%	4.90%
FY45	4.80%	4.80%	4.85%
FY46	4.75%	4.75%	4.75%
FY47	4.70%	4.70%	4.70%
FY48	4.60%	4.60%	4.65%
FY49	4.55%	4.55%	4.55%
FY50+	4.50%	4.50%	4.50%

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

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

5 Basis of the Actuarial Valuation

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 FY25 contributions based on monthly rates shown below for calendar 2025 are assumed based on the coverage category for current retirees. The retiree only rate shown is used for current active and inactive members and spouses 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. For dependent children, we value 1/3 of the annual retiree contribution to estimate the per child rate based on the assumed number of children in rates where children are covered.

Coverage Category	Calendar 2025 Annual Contribution	Calendar 2025 Monthly Contribution	Calendar 2024 Monthly Contribution
Retiree Only	\$ 8,868	\$ 739	\$ 704
Retiree and Spouse	\$ 17,736	\$ 1,478	\$ 1,408
Retiree and Child(ren)	\$ 12,540	\$ 1,045	\$ 995
Retiree and Family	\$ 21,408	\$ 1,784	\$ 1,699
Composite	\$ 13,176	\$ 1,098	\$ 1,046

Tier 3 members who retire with between five and ten years of credited service pay the full monthly premium regardless of their age. Such future retirees, current retirees under the age of 60 who have not elected retiree medical coverage, and current retirees over the age of 60 who have elected retiree medical coverage are not valued with post-65 benefits because the cost of the premium is assumed to offset the entire employer cost.

Trend Rate for Retired Member Medical Contributions

Calendar 2025 contributions are trended back to FY25 using half a year of 4.0% trend. Thereafter, a rate of 4.0% is used to project retired member medical contributions to each subsequent fiscal year.

Changes in Assumptions Since the Prior Valuation

The healthcare per capita claims cost assumption is updated annually as described in Section 5.2. As a result of changes to the Standard Medicare Part D plan under the Inflation Reduction Act, EGWP subsidies are expected to be higher than originally anticipated for 2025 and beyond. EGWP subsidies were updated based on estimates provided by Segal Consulting. Because of the significant increase in the EGWP subsidy for FY25 and beyond due to the Inflation Reduction Act, and uncertainty regarding future subsidy levels, the ARMB has adopted a smoothing of EGWP subsidy estimates over five years. In addition, the prescription drug and EGWP trend assumption was updated to reflect recent survey information indicating higher than initial trend rates in part due to the recent higher-than-expected inflationary environment.

The future increase in the IRS 401(a)(17) maximum compensation limit was updated to align with the inflation assumption. This caused a \$21,000 decrease in the pension Normal Cost and a \$2,126,000 decrease in the pension Actuarial Accrued Liability.

The amounts included in the Normal Cost for administrative expenses were changed from \$8,440,000 to \$8,201,000 for pension, and from \$3,866,000 to \$4,759,000 for healthcare (based on the most recent two years of actual administrative expenses paid from plan assets).

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

5 Basis of the Actuarial Valuation

Table 1: Salary Scales

Peace Officer / Firefighter		Others	
Years of Service	Percent Increase	Years of Service	Percent Increase
< 1	8.50%	< 1	6.75%
1	7.75%	1	6.00%
2	7.25%	2	5.50%
3	7.00%	3	5.00%
4	6.75%	4	4.75%
5	6.25%	5	4.25%
6	5.75%	6	4.05%
7	5.50%	7	3.95%
8	5.25%	8	3.75%
9	5.05%	9	3.55%
10	4.95%	10	3.45%
11	4.85%	11	3.25%
12	4.75%	12	3.10%
13	4.65%	13	3.05%
14	4.55%	14	3.00%
15	4.45%	15	2.95%
16	4.35%	16	2.90%
17	4.25%	17+	2.85%
18	4.05%		
19	4.05%		
20+	3.85%		

5 Basis of the Actuarial Valuation

Table 2a: Turnover Rates for Peace Officer / Firefighter

Select Rates during the First 5 Years of Employment

Years of Service	Male	Female
< 1	15.00%	15.00%
1	12.00%	8.00%
2	7.20%	6.40%
3	5.67%	5.60%
4	6.48%	7.20%

Ultimate Rates after the First 5 Years of Employment

Age	Male	Female
< 30	2.40%	5.80%
30 - 34	2.00%	5.10%
35 - 39	1.60%	3.00%
40 - 44	1.30%	3.00%
45 - 49	1.50%	2.90%
50 - 54	3.00%	5.00%
55+	2.25%	1.80%

5 Basis of the Actuarial Valuation

Table 2b: Turnover Rates for Others

Select Rates during the First 5 Years of Employment

Hire Age Under 35			Hire Age Over 35		
Years of Service	Male	Female	Years of Service	Male	Female
< 1	29.00%	29.00%	< 1	20.00%	20.00%
1	16.25%	20.00%	1	12.00%	15.00%
2	13.00%	16.00%	2	10.00%	12.50%
3	10.40%	12.80%	3	8.50%	10.00%
4	8.45%	10.40%	4	8.50%	9.00%

Ultimate Rates after the First 5 Years of Employment

Age	Male	Female
< 30	7.80%	8.20%
30 - 34	7.00%	7.10%
35 - 39	5.70%	5.50%
40 - 44	4.50%	5.20%
45 - 49	4.20%	4.40%
50 - 54	3.60%	4.70%
55+	2.90%	4.90%

5 Basis of the Actuarial Valuation

Table 3a: Disability Rates for Peace Officer / Firefighter

Age	Male	Female	Age	Male	Female
< 23	0.0179%	0.0112%	46	0.1247%	0.0780%
23	0.0244%	0.0153%	47	0.1337%	0.0836%
24	0.0310%	0.0194%	48	0.1462%	0.0914%
25	0.0374%	0.0234%	49	0.1588%	0.0993%
26	0.0440%	0.0275%	50	0.1714%	0.1071%
27	0.0505%	0.0316%	51	0.1839%	0.1150%
28	0.0526%	0.0329%	52	0.1965%	0.1228%
29	0.0548%	0.0343%	53	0.2294%	0.1434%
30	0.0570%	0.0356%	54	0.2624%	0.1640%
31	0.0591%	0.0370%	55	0.2954%	0.1846%
32	0.0612%	0.0383%	56	0.3283%	0.2052%
33	0.0634%	0.0397%	57	0.3613%	0.2258%
34	0.0657%	0.0411%	58	0.4112%	0.2570%
35	0.0679%	0.0425%	59	0.4611%	0.2882%
36	0.0702%	0.0439%	60	0.5110%	0.3194%
37	0.0724%	0.0453%	61	0.5610%	0.3506%
38	0.0757%	0.0473%	62	0.6109%	0.3818%
39	0.0789%	0.0493%	63	0.6109%	0.3818%
40	0.0822%	0.0514%	64	0.6109%	0.3818%
41	0.0854%	0.0534%	65	0.6109%	0.3818%
42	0.0886%	0.0554%	66	0.6109%	0.3818%
43	0.0977%	0.0611%	67	0.6109%	0.3818%
44	0.1066%	0.0667%	68	0.4073%	0.2546%
45	0.1157%	0.0723%	69	0.2036%	0.1273%
			70+	0.2036%	0.1273%

5 Basis of the Actuarial Valuation

Table 3b: Disability Rates for Others

Age	Male	Female	Age	Male	Female
< 23	0.0327%	0.0376%	46	0.1125%	0.1154%
23	0.0360%	0.0400%	47	0.1208%	0.1236%
24	0.0392%	0.0424%	48	0.1329%	0.1360%
25	0.0425%	0.0448%	49	0.1451%	0.1484%
26	0.0456%	0.0472%	50	0.1572%	0.1608%
27	0.0489%	0.0496%	51	0.1694%	0.1734%
28	0.0501%	0.0510%	52	0.1815%	0.1858%
29	0.0513%	0.0524%	53	0.2132%	0.2168%
30	0.0524%	0.0538%	54	0.2450%	0.2478%
31	0.0536%	0.0554%	55	0.2766%	0.2788%
32	0.0548%	0.0568%	56	0.3084%	0.3098%
33	0.0566%	0.0586%	57	0.3401%	0.3408%
34	0.0584%	0.0606%	58	0.4068%	0.4096%
35	0.0602%	0.0624%	59	0.4736%	0.4784%
36	0.0620%	0.0644%	60	0.5405%	0.5470%
37	0.0638%	0.0662%	61	0.6072%	0.6158%
38	0.0669%	0.0696%	62	0.6740%	0.6844%
39	0.0701%	0.0728%	63	0.8526%	0.8450%
40	0.0734%	0.0762%	64	1.0314%	1.0054%
41	0.0765%	0.0794%	65	1.2101%	1.1660%
42	0.0797%	0.0826%	66	1.3889%	1.3264%
43	0.0879%	0.0908%	67	1.5675%	1.4870%
44	0.0962%	0.0990%	68	1.0451%	0.9914%
45	0.1043%	0.1072%	69	0.5225%	0.4956%
			70+	0.5225%	0.4956%

5 Basis of the Actuarial Valuation

Table 4a: Retirement Rates for Peace Officer / Firefighter

Age	Reduced		Unreduced	
	Male	Female	Male	Female
< 47	N/A	N/A	9.00%	7.50%
47	N/A	N/A	13.00%	18.50%
48	N/A	N/A	13.00%	18.50%
49	N/A	N/A	13.00%	18.50%
50	5.00%	5.00%	20.00%	21.00%
51	5.00%	5.00%	20.00%	21.00%
52	7.00%	7.00%	20.00%	21.00%
53	7.00%	7.00%	20.00%	21.00%
54	7.00%	7.00%	20.00%	21.00%
55	7.50%	7.50%	29.00%	20.00%
56	7.50%	7.50%	29.00%	20.00%
57	7.50%	7.50%	29.00%	20.00%
58	7.50%	7.50%	29.00%	20.00%
59	20.00%	20.00%	29.00%	20.00%
60 - 64	N/A	N/A	29.00%	31.50%
65 - 69	N/A	N/A	45.00%	45.00%
70+	N/A	N/A	100.00%	100.00%

5 Basis of the Actuarial Valuation

Table 4b: Retirement Rates for Others

Age	Reduced		Unreduced	
	Male	Female	Male	Female
< 50	N/A	N/A	11.50%	11.50%
50	7.00%	8.50%	37.50%	40.50%
51	7.00%	8.50%	37.50%	40.50%
52	11.00%	8.50%	37.50%	40.50%
53	11.00%	8.50%	37.50%	40.50%
54	24.00%	16.50%	37.50%	40.50%
55	7.00%	6.50%	25.50%	24.00%
56	7.00%	6.50%	25.50%	24.00%
57	7.00%	6.50%	25.50%	24.00%
58	7.00%	6.50%	25.50%	24.00%
59	18.00%	22.00%	25.50%	24.00%
60 - 64	N/A	N/A	26.50%	24.50%
65 - 69	N/A	N/A	30.50%	28.50%
70 - 74	N/A	N/A	27.50%	27.50%
75 - 79	N/A	N/A	50.00%	50.00%
80+	N/A	N/A	100.00%	100.00%

6 Risk Information

6.1 Risk Overview

Funding future retirement benefits prior to when those benefits become due involves assumptions regarding future economic and demographic experience. These assumptions are applied to calculate actuarial liabilities, current contribution requirements, and the funded status of the plan. However, to the extent future experience deviates from the assumptions used, variations will occur in these calculated values. These variations create risk to the plan. Understanding the risks to the funding of the plan is important.

Actuarial Standard of Practice No. 51 (ASOP 51)¹ requires certain disclosures of potential risks to the plan and provides useful information for intended users of actuarial reports that determine plan contributions or evaluate the adequacy of specified contribution levels to support benefit provisions.

Under ASOP 51, risk is defined as the potential of actual future measurements deviating from expected future measurements resulting from actual future experience deviating from actuarially assumed experience.

It is important to note that not all risk is negative, but all risk should be understood and accepted based on knowledge, judgment, and educated decisions. Future measurements may deviate in ways that produce positive or negative financial impacts to the plan.

In the actuary's professional judgment, the following risks may reasonably be anticipated to significantly affect the pension plan's future financial condition and contribution requirements.

- Investment Risk – potential that the investment return will differ from the rate assumed in the actuarial valuation
- Contribution Risk – potential that actual contributions will differ from actuarially determined contributions
- Long-Term Return on Investment Risk – potential that changes in long-term capital market assumptions or the plan's asset allocation will create the need to update the long-term return on investment assumption
- Longevity Risk – potential that participants live longer than projected under valuation mortality assumptions
- Salary Increase Risk – potential that future salaries will differ from the valuation assumptions
- Inflation Risk – potential that the consumer price index (CPI) for urban wage earners and clerical workers for Anchorage will differ from the rate assumed in the actuarial valuation
- Other Demographic Risk – potential that other demographic experience will differ from the valuation assumptions

The following information is provided to comply with ASOP 51 and furnish beneficial information on potential risks to the plan. This list is not all-inclusive. It is an attempt to identify the more significant risks and how those risks might affect the results shown in this report.

Note that ASOP 51 does not require the actuary to evaluate the ability or willingness of the plan sponsor to make contributions to the plan when due, or to assess the likelihood or consequences of potential future changes in law. In addition, this valuation report is not intended to provide investment advice or to provide guidance on the management or reduction of risk.

¹ ASOP 51 does not apply to the healthcare portion of the plan. Accordingly, all figures in this section relate to the pension portion.

6 Risk Information

6.2 Assessment of Risks

Investment Risk

Plan costs are very sensitive to the market return.

- Any return on assets lower than assumed will increase costs.
- The plan uses an actuarial value of assets that smooths gains and losses on market returns over a five-year period to help control some of the volatility in costs due to investment risk.
- Historical experience of actual returns is shown in Section 2.4 of this report. This historical experience illustrates how returns can vary over time.

The plan invests in a diversified portfolio of assets with the objective of maximizing investment returns at a reasonable level of risk. Actuarial Standard of Practice No. 4 (ASOP 4) requires the actuary to disclose a Low-Default-Risk Obligation Measure (LDROM) of the plan's pension liability and provide commentary to help the intended users of this report understand the significance of the LDROM with respect to funded status, contributions, and participant benefit security.

The LDROM is based on discount rates derived from low-default-risk fixed income securities whose cash flows are reasonably consistent with the pattern of pension benefits expected to be paid in the future. The LDROM shown here represents what the plan's pension liability would be if the plan invested its assets solely in a portfolio of high-quality bonds whose cash flows approximately match future pension benefit payments. Consequently, the difference between the LDROM and the Actuarial Accrued Liability represents the taxpayer savings from investing in a diversified portfolio of assets versus only investing in high-quality bonds. Furthermore, this difference also represents the cost of reducing investment risk.

As of June 30, 2024, the LDROM is \$20.3 billion for the pension plan based on an interest rate of 5.57%. The interest rate used for the LDROM was determined by calculating a single equivalent discount rate using projected pension benefit payments and the Gallagher Above Median Yield Curve as of June 30, 2024. Please note that the interest rate used for the LDROM is based on bond yields as of the measurement date and will therefore vary for different measurement dates. All other assumptions are the same as those used for funding purposes as shown in this report.

Actuaries play a role in helping to determine funding methods and policies that can achieve affordable and appropriate contributions and risk management. The funded status based on the Actuarial Accrued Liability, as well as the actuarially determined contributions, are calculated using the expected return on assets, which reflects the actual investment portfolio. Since the assets are not invested solely in an all-bond portfolio, the LDROM does not indicate the plan's pension funded status or progress, nor does it provide information on necessary plan contributions.

Regarding participant benefit security, if this plan were to be funded on an LDROM basis, participant benefits currently accrued as of the measurement date might be considered more secure, since the investment risk would be significantly reduced. However, the fact that assets are invested in a diversified portfolio does not mean that the participants' benefits are not secure. The security of participant benefits relies on a combination of the assets in the plan, the investment returns generated from those assets, and the promise of future contributions from the plan sponsor. Reducing investment risk by investing solely in bonds may significantly increase the actuarially determined contributions, and thereby increase contribution risk by decreasing the ability of the plan sponsor to make necessary contributions to fund the benefits. Unnecessarily high contribution requirements in the near term may not be affordable and could imperil plan sustainability and benefit security. Participant benefits will remain secure if reasonable and appropriate contributions with managed risk are calculated and paid.

Since this plan is closed to new entrants, the investment horizon of the funds will decrease over the long term. As this change happens, the asset allocation may shift to less risky assets, and the difference between the Actuarial Accrued Liability and LDROM will become smaller. Monitoring this difference may help the plan sponsor decide when the cost of less investment risk is advantageous.

6 Risk Information

Contribution Risk

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

- If the actual contribution is lower than the actuarially determined contribution, the plan may not be sustainable in the long term.
- Any underpayment of the actuarially determined contribution will increase future contribution amounts to help pay off the additional Unfunded Actuarial Accrued Liability associated with the underpayment.
- As long as the Board consistently adopts the actuarially determined contributions, this risk is mitigated due to Alaska statutes requiring the State to contribute additional funds necessary to pay the total contributions adopted by the Board.

Long-Term Return on Investment Risk

Inherent in the long-term return on investment assumption is the expectation that the current rate will be used until the last benefit payment of the plan is made. There is a risk that sustained changes in economic conditions, changes in long-term future capital market assumptions, or changes to the plan's asset allocation will necessitate an update to the long-term return on investment assumption used.

- Under a lower long-term return on investment assumption, less investment return is available to pay plan benefits. This may lead to a need for increased employer contributions.
- The liabilities will be higher at a lower assumed rate of return because future benefits will have a lower discount rate applied when calculating the present value.
- A 1% decrease in the long-term return on investment assumption will increase the actuarial accrued liability by approximately 11%.
- This risk may be increased due to the plan being closed to new entrants. As the plan continues to mature, the magnitude of negative cash flow discussed in the Plan Maturity Measures later in this section will grow, thereby creating a need for more liquid assets that may not garner the same long-term return as currently assumed.

Longevity Risk

Plan costs will be increased as participants are expected to live longer.

- Benefits are paid over a longer lifetime when life expectancy is expected to increase. The longer duration of payments leads to higher liabilities.
- Health care has been improving, which affects the life expectancy of participants. As health care improves, leading to longer life expectancies, costs to the plan could increase.
- The mortality assumption for the plan mitigates this risk by assuming future improvement in mortality. However, any improvement in future mortality greater than that expected under the current mortality assumption would lead to increased costs for the plan.
- The Postretirement Pension Adjustments increase longevity risk because members who live longer than expected will incur more benefit payment increases than expected and therefore increase costs.

Salary Increase Risk

Plan costs will be increased if actual salary increases are larger than expected.

- Higher-than-expected salary increases will produce higher benefits.
- The higher benefits may be partially offset by increased employee contributions due to higher salaries.

6 Risk Information

- If future payroll grows at a rate different than assumed, contributions as a percentage of payroll will be affected.

Inflation Risk

Plan costs will be increased if the actual CPI for Anchorage is greater than the 2.5% assumed in the valuation.

- Retirement benefits will be greater than expected if the CPI is greater than the assumed rate, which will increase costs.
- This risk is mitigated by the 75% and 50% of CPI provisions and the 9% and 6% maximums.
- This risk is also mitigated by the age and time in payment requirements to receive an increase.
- Inflation risk may be associated with the interaction of inflation with other assumptions, but this is not significant as a standalone assumption, and therefore is considered as part of the associated assumption risk instead of being discussed here.

Other Demographic Risk

The plan is subject to risks associated with other demographic assumptions (e.g., retirement, termination, and retired members remaining in Alaska assumptions). Differences between actual and expected experience for these assumptions tend to have less impact on the overall costs of the plan. The demographic assumptions used in the valuation are re-evaluated regularly as part of the four-year experience studies to ensure the assumptions are consistent with long-term expectations.

6 Risk Information

6.3 Historical Information

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

- Funded Ratio History shown in the Executive Summary illustrates how the plan's funded status (comparison of actuarial accrued liabilities to actuarial value of assets) has changed over time.
- Section 1.6 shows historical analysis of financial experience including how contribution rates have changed over time.
- Section 2.4 shows the volatility of asset returns over time.
- Section 4 includes various historical information showing how member census data has changed over time.
- Section 7 includes historical information for the plan's funding progress, solvency test results, and changes in member demographics.

6 Risk Information

6.4 Plan Maturity Measures

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

Ratio of Retired Liability to Total Liability (\$ in thousands)

As of June 30	2020	2021	2022	2023	2024
1. Retiree and Beneficiary Accrued Liability	\$ 10,472,466	\$ 10,774,140	\$ 11,426,889	\$ 12,144,404	\$ 12,356,280
2. Total Accrued Liability	\$ 15,279,525	\$ 15,419,975	\$ 16,093,679	\$ 16,835,581	\$ 17,059,775
3. Ratio, (1) ÷ (2)	68.5%	69.9%	71.0%	72.1%	72.4%

A high percentage of liability concentrated on participants in pay status indicates a mature plan (often a ratio above 60% - 65%). Because the plan was closed to new entrants in 2006, we expect the percentage in item #3 to continue to increase over time. An increasing percentage may indicate a need for a less risky asset allocation, which may lead to a lower long-term return on asset assumption and increased costs. Higher percentages may also indicate greater investment risk as benefit payments may be greater than contributions creating an increased reliance on investment returns. This ratio should be monitored each year in the future.

Ratio of Cash Flow to Assets (\$ in thousands)

During FYE June 30	2020	2021	2022	2023	2024
1. Contributions	\$ 504,029	\$ 586,737	\$ 579,650	\$ 551,912	\$ 569,245
2. Benefit Payments	<u>895,523</u>	<u>930,006</u>	<u>962,357</u>	<u>1,022,795</u>	<u>1,097,143</u>
3. Cash Flow, (1) - (2)	\$ (391,494)	\$ (343,269)	\$ (382,707)	\$ (470,883)	\$ (527,898)
4. Fair Value of Assets	\$ 9,469,161	\$ 11,912,309	\$ 10,816,140	\$ 11,137,489	\$ 11,555,868
5. Ratio, (3) ÷ (4)	(4.1%)	(2.9%)	(3.5%)	(4.2%)	(4.6%)

When this cash flow ratio is negative, more cash is being paid out than deposited in the trust. Negative cash flow indicates the trust needs to rely on investment returns to cover benefit payments and / or may need to invest in more liquid assets to cover the benefit payments. More liquid assets may not generate the same returns as less liquid assets, which can increase the investment risk. Currently, the low magnitude of the ratio implies there may already be enough liquid assets to cover the benefit payments, less investment return is needed to cover the shortfall, or only a small portion of assets will need to be converted to cash. Therefore, the investment risk is likely not amplified at this time. However, due to the plan being closed, we expect this measure to become more negative over time. This maturity measure should be monitored in the future.

6 Risk Information

Contribution Volatility (\$ in thousands)

As of June 30	2020	2021	2022	2023	2024
1. Fair Value of Assets	\$ 9,469,161	\$ 11,912,309	\$ 10,816,140	\$ 11,137,489	\$ 11,555,868
2. DB/DCR Payroll	\$ 2,373,078	\$ 2,406,757	\$ 2,442,007	\$ 2,588,883	2,800,537
3. Asset to Payroll Ratio, (1) ÷ (2)	4.0	4.9	4.4	4.3	4.1
4. Accrued Liability	\$ 15,279,525	\$ 15,419,975	\$ 16,093,679	\$ 16,835,581	\$ 17,059,775
5. Liability to Payroll Ratio, (4) ÷ (2)	6.4	6.4	6.6	6.5	6.1

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

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

7 Historical Information¹

7.1 Funding Progress

Funding Progress - Pension (\$ in thousands)

Valuation Date	Actuarial Accrued Liability	Valuation Assets	Assets as Pct. of Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Active Member Payroll	UAAL as Pct. of Active Member Payroll
June 30, 2024	\$ 17,059,775	\$ 11,608,256	68.0%	\$ 5,451,519	\$ 779,613	699.3%
June 30, 2023	16,835,581	11,272,339	67.0%	5,563,242	792,805	701.7%
June 30, 2022	16,093,679	10,961,498	68.1%	5,132,181	796,666	644.2%
June 30, 2021	15,419,975	10,466,709	67.9%	4,953,266	858,641	576.9%
June 30, 2020	15,279,525	9,713,710	63.6%	5,565,815	930,061	598.4%
June 30, 2019	15,039,180	9,576,693	63.7%	5,462,487	1,004,467	543.8%
June 30, 2018	14,606,033	9,430,192	64.6%	5,175,841	1,049,152	493.3%
June 30, 2017	13,832,130	9,229,703	66.7%	4,602,427	1,159,599	396.9%
June 30, 2016	13,633,033	9,056,662	66.4%	4,576,371	1,247,884	366.7%
June 30, 2015	13,337,929	8,931,160	67.0%	4,406,769	1,322,925	333.1%
June 30, 2014	12,947,759	7,731,438	59.7%	5,216,321	1,412,237	369.4%
June 30, 2013	11,945,881	6,510,749	54.5%	5,435,132	1,514,034	359.0%
June 30, 2012	11,428,944	6,530,421	57.1%	4,898,523	1,569,710	312.1%
June 30, 2011	10,919,047	6,762,149	61.9%	4,156,898	1,611,744	257.9%
June 30, 2010	10,371,672	6,469,832	62.4%	3,901,840	1,661,170	234.9%
June 30, 2009	9,702,086	6,108,528	63.0%	3,593,558	1,662,781	216.1%
June 30, 2008	9,154,282	7,210,772	78.8%	1,943,510	1,657,186	117.3%
June 30, 2007	8,662,324	6,739,004	77.8%	1,923,320	1,689,969	113.8%
June 30, 2006	8,094,043	6,331,065	78.2%	1,762,978	1,676,318	105.2%

Change in assumptions reflected in 2024, 2022, 2018, 2014, 2010, and 2006 valuations.

Change in methods reflected in 2014 and 2006 valuations.

¹ GASB 67 replaced GASB 25 effective for the fiscal year ending June 30, 2014, and GASB 74 replaced GASB 43 effective for the fiscal year ending June 30, 2017. At the request of the State, historical accounting information has been included in this section as if GASB 25 and GASB 43 were still effective.

7 Historical Information

7.1 Funding Progress (continued)

Funding Progress - Healthcare (\$ in thousands)

Valuation Date	Actuarial Accrued Liability	Valuation Assets	Assets as Pct. of Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Active Member Payroll	UAAL as Pct. of Active Member Payroll
June 30, 2024	\$ 7,129,523	\$ 9,433,351	132.3%	\$ (2,303,828)	\$ 779,613	(295.5%)
June 30, 2023	7,085,823	9,180,231	129.6%	(2,094,408)	792,805	(264.2%)
June 30, 2022	6,657,069	8,979,943	134.9%	(2,322,874)	796,666	(291.6%)
June 30, 2021	6,856,170	8,581,155	125.2%	(1,724,985)	858,641	(200.9%)
June 30, 2020	7,036,550	7,989,358	113.5%	(952,808)	930,061	(102.4%)
June 30, 2019	7,151,694	7,810,491	109.2%	(658,797)	1,004,467	(65.6%)
June 30, 2018	7,658,104	7,686,509	100.4%	(28,405)	1,049,152	(2.7%)
June 30, 2017	8,049,265	7,557,068	93.9%	492,197	1,159,599	42.4%
June 30, 2016	7,736,457	7,411,330	95.8%	325,127	1,247,884	26.1%
June 30, 2015	7,310,734	7,242,299	99.1%	68,435	1,322,925	5.2%
June 30, 2014	7,949,613	6,913,160	87.0%	1,036,453	1,412,237	73.4%
June 30, 2013	8,046,878	5,651,877	70.2%	2,395,001	1,514,034	158.2%
June 30, 2012	7,863,417	5,301,609	67.4%	2,561,808	1,569,710	163.2%
June 30, 2011	7,821,503	5,051,625	64.6%	2,769,878	1,611,744	171.9%
June 30, 2010	7,760,820	4,687,632	60.4%	3,073,188	1,661,170	185.0%
June 30, 2009	6,877,285	4,134,450	60.1%	2,742,835	1,662,781	165.0%
June 30, 2008	6,733,859	3,829,334	56.9%	2,904,525	1,657,186	175.3%
June 30, 2007	5,908,609	3,161,956	53.5%	2,746,653	1,689,969	162.5%
June 30, 2006	6,294,370	2,709,843	43.1%	3,584,527	1,676,318	213.8%

Change in assumptions reflected in 2024, 2022, 2018, 2016, 2014, 2012, 2010, 2008, and 2006 valuations.

Change in methods reflected in 2018, 2014, 2006 valuations.

7 Historical Information

7.2 Solvency Test

Solvency Test - Pension (\$ in thousands)

Valuation Date	Actuarial Accrued Liability (AAL)			Valuation Assets	Portion of AAL Covered by Valuation Assets		
	(1)	(2)	(3)		(1)	(2)	(3)
	Active Member Contributions	Inactive Members	Active Members Employer Financed				
June 30, 2024	\$ 1,168,473	\$ 13,118,556	\$ 2,772,746	\$ 11,608,256	100.0%	79.6%	0.0%
June 30, 2023	1,188,514	12,944,910	2,702,157	11,272,339	100.0%	77.9%	0.0%
June 30, 2022	1,220,552	12,209,639	2,663,488	10,961,498	100.0%	79.8%	0.0%
June 30, 2021	1,291,313	11,524,330	2,604,332	10,466,709	100.0%	79.6%	0.0%
June 30, 2020	1,336,269	11,210,836	2,732,420	9,713,710	100.0%	74.7%	0.0%
June 30, 2019	1,375,913	10,801,729	2,861,538	9,576,693	100.0%	75.9%	0.0%
June 30, 2018	1,411,881	10,300,818	2,893,334	9,430,192	100.0%	77.8%	0.0%
June 30, 2017	1,435,091	9,505,267	2,891,772	9,229,703	100.0%	82.0%	0.0%
June 30, 2016	1,458,830	9,147,818	3,026,385	9,056,662	100.0%	83.1%	0.0%
June 30, 2015	1,475,852	8,762,863	3,099,214	8,931,160	100.0%	85.1%	0.0%
June 30, 2014	1,486,335	8,264,683	3,196,741	7,731,438	100.0%	75.6%	0.0%
June 30, 2013	1,479,538	7,514,255	2,952,088	6,510,749	100.0%	67.0%	0.0%
June 30, 2012	1,459,943	7,057,967	2,911,034	6,530,421	100.0%	71.8%	0.0%
June 30, 2011	1,421,967	6,657,517	2,839,563	6,762,149	100.0%	80.2%	0.0%
June 30, 2010	1,388,029	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	1,157,755	4,933,609	2,002,679	6,331,065	100.0%	100.0%	12.0%

Change in assumptions reflected in 2024, 2022, 2018, 2014, 2010, and 2006 valuations.

Change in methods reflected in 2014 and 2006 valuations.

7 Historical Information

7.2 Solvency Test (continued)

Solvency Test - Healthcare (\$ in thousands)

Valuation Date	Actuarial Accrued Liability (AAL)			Valuation Assets	Portion of AAL Covered by Valuation Assets		
	(1)	(2)	(3)		(1)	(2)	(3)
	Active Member Contributions	Inactive Members	Active Members Employer Financed				
June 30, 2024	\$ 0	\$ 5,628,851	\$ 1,500,672	\$ 9,433,351	100.0%	100.0%	100.0%
June 30, 2023	0	5,564,308	1,521,515	9,180,231	100.0%	100.0%	100.0%
June 30, 2022	0	5,188,441	1,468,628	8,979,943	100.0%	100.0%	100.0%
June 30, 2021	0	5,260,804	1,595,366	8,581,155	100.0%	100.0%	100.0%
June 30, 2020	0	5,306,689	1,729,861	7,989,358	100.0%	100.0%	100.0%
June 30, 2019	0	5,304,790	1,846,904	7,810,491	100.0%	100.0%	100.0%
June 30, 2018	0	5,546,497	2,111,607	7,686,509	100.0%	100.0%	100.0%
June 30, 2017	0	5,671,509	2,377,756	7,557,068	100.0%	100.0%	79.3%
June 30, 2016	0	5,393,537	2,342,920	7,411,330	100.0%	100.0%	86.1%
June 30, 2015	0	5,159,283	2,151,451	7,242,299	100.0%	100.0%	96.8%
June 30, 2014	0	5,455,114	2,494,499	6,913,160	100.0%	100.0%	58.5%
June 30, 2013	0	5,298,380	2,748,498	5,651,877	100.0%	100.0%	12.9%
June 30, 2012	0	5,026,080	2,837,337	5,301,609	100.0%	100.0%	9.7%
June 30, 2011	0	4,812,845	3,008,658	5,051,625	100.0%	100.0%	7.9%
June 30, 2010	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	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	0	3,990,202	2,304,168	2,709,843	100.0%	67.9%	0.0%

Change in assumptions reflected in 2024, 2022, 2018, 2016, 2014, 2012, 2010, 2008, and 2006 valuations.

Change in methods reflected in 2018, 2014, 2006 valuations.

7 Historical Information

7.3 Member Data

As of June 30	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Active Members										
1. Number	17,660	16,105	14,719	13,434	12,152	11,033	9,888	8,795	8,361	7,757
2. Average Age	51.34	51.74	52.10	52.52	52.84	53.21	53.51	53.78	54.22	54.70
3. Average Credited Service	15.29	15.95	16.57	17.21	17.80	18.38	18.96	19.52	19.53	19.90
4. Average Entry Age	36.05	35.79	35.53	35.30	35.04	34.83	34.55	34.26	34.69	34.80
5. Average Annual Earnings	\$ 73,248	\$ 75,717	\$ 76,902	\$ 77,813	\$ 82,192	\$ 83,757	\$ 86,316	\$ 89,603	\$ 93,767	\$ 99,264
6. Number Vested	16,996	15,607	14,314	13,103	11,868	10,791	9,675	8,604	7,976	7,307
7. Percent Who Are Vested	96.2%	96.9%	97.2%	97.5%	97.7%	97.8%	97.8%	97.8%	95.4%	94.2%
Retirees, Disabilitants, and Beneficiaries										
1. Number	32,145	33,353	34,347	35,454	36,310	37,106	37,717	38,243	38,639	39,078
2. Average Age	68.60	69.02	69.42	69.85	70.29	70.77	71.17	71.61	72.12	72.61
3. Average Years Since Retirement	11.27	11.48	11.71	11.87	12.14	12.45	12.66	12.94	13.29	13.63
4. Average Monthly Pension Benefit	\$ 1,841	\$ 1,868	\$ 1,898	\$ 1,933	\$ 1,994	\$ 2,041	\$ 2,076	\$ 2,180	\$ 2,319	\$ 2,357
Vested Terminations (vested at termination, not refunded contributions, and not commenced benefit)										
1. Number	6,304	6,160	5,962	5,660	5,499	5,327	5,135	4,955	4,812	4,513
2. Average Age	51.80	52.08	52.45	52.56	53.06	53.52	53.92	54.37	54.98	55.30
3. Average Monthly Pension Benefit	\$ 991	\$ 1,042	\$ 1,080	\$ 1,087	\$ 1,123	\$ 1,158	\$ 1,205	\$ 1,258	\$ 1,306	\$ 1,314
Non-Vested Terminations (not vested at termination and not refunded contributions)										
1. Number	12,339	11,880	11,506	11,192	10,921	10,642	10,432	10,223	10,070	9,903
2. Average Account Balance	\$ 5,981	\$ 6,212	\$ 6,462	\$ 6,558	\$ 6,923	\$ 7,060	\$ 7,325	\$ 7,573	\$ 7,917	\$ 8,240
Total Number of Members	68,448	67,498	66,534	65,740	64,882	64,108	63,172	62,216	61,882	61,251

Average annual earnings ("valuation pay") are the annualized earnings for the fiscal year ending on the valuation date.

Glossary of Terms

Actuarial Accrued Liability

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

Actuarial Cost Method

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

Actuarial Present Value of Projected Benefits

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

Actuarial Valuation

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

Actuary

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

GASB 67 and 68

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

GASB 74 and 75

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

Normal Cost

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

Rate Payroll

Members' earnings used to determine contribution rates.

Unfunded Actuarial Accrued Liability (UAAL)

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

Valuation Payroll

Members' earnings used to determine Normal Cost and Actuarial Accrued Liability.

Vested Benefits

Benefits which are unconditionally guaranteed regardless of employment.

© 2025 Arthur J. Gallagher & Co.

Consulting and insurance brokerage services to be provided by Gallagher Benefit Services, Inc. and/or its affiliate Gallagher Benefit Services (Canada) Group Inc. Gallagher Benefit Services, Inc. is a licensed insurance agency that does business in California as "Gallagher Benefit Services of California Insurance Services" and in Massachusetts as "Gallagher Benefit Insurance Services." Neither Arthur J. Gallagher & Co., nor its affiliates provide accounting, legal or tax advice.



Gallagher

Insurance | Risk Management | Consulting