

**State of Alaska
Teachers' Retirement System**

**Actuarial Valuation Report
as of June 30, 2000**

March 15, 2001

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

Dear Members of the Board:

Actuarial Certification

The annual actuarial valuation required for the State of Alaska Teachers' Retirement System has been prepared as of June 30, 2000 by William M. Mercer, Incorporated. The purposes of the report include:

- (1) a review of experience under the Plan for the year ended June 30, 2000;
- (2) a determination of the appropriate contribution rate for all employers in the System;
- (3) the provision of reporting and disclosure information for financial statements, governmental agencies, and other interested parties.

The following schedules that we have prepared are included in this report:

- (1) Summary of actuarial assumptions and methods (Section 2.3)
- (2) Schedule of active member valuation data (Section 2.2(c))
- (3) Schedule of retirants and beneficiaries added to and removed from rolls (Section 2.2(i))
- (4) Solvency test (Section 3.3)
- (5) Analysis of financial experience (Section 3.1)

In preparing this valuation, we have employed generally accepted actuarial methods and assumptions, in conjunction with employee data provided to us by the System's staff and financial information provided by the audited report from KPMG LLP, to determine a sound value for the System liability. This data has not been audited, but it has been reviewed and found to be consistent, both internally and with prior years' data. The actuarial assumptions are based on the results of an experience study presented to the Board in October 2000 and adopted in December 2000.

The contribution requirements are determined as a percentage of payroll, and reflect the cost of benefits accruing in FY01 and a rolling amortization of the unfunded accrued liability. The amortization period is set by the Board. Contribution levels are recommended by the Actuary and adopted by the Board each year. Over time, the contribution rate is expected to remain constant as a

percentage of payroll. The ratio of assets to liabilities decreased from 102.5% to 99.7% during the year, primarily due to assumption changes. Over the years, progress has been made toward achieving the funding objectives of the System.

There were significant changes in the actuarial assumptions and actuarial methods used in the determination of system liabilities this year. The member data used to determine system liabilities is as of June 30, 1999, projected using standard actuarial techniques to June 30, 2000. A summary of the actuarial assumptions and methods is presented in Section 2.3 of this report. The assumptions, when applied in combination, fairly represent past and anticipated future experience of the System.

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

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

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

We believe that the assumptions and methods used for funding purposes and for the disclosures presented in this report satisfy the parameter requirements set forth in the Government Accounting Standards Board (GASB) Statement Nos. 25 and 27.

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

Sincerely,



Brian R. McGee, FSA, MAAA

James W. Jacobson, ASA, MAAA

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Highlights

This report has been prepared by William M. Mercer, Incorporated for the State of Alaska Teachers' Retirement System to:

- (1) present the results of a valuation of the Alaska Teachers' Retirement System as of June 30, 2000;
- (2) review experience under the plan for the year ended June 30, 2000;
- (3) determine the appropriate contribution rate for each employer in the System;
- (4) provide reporting and disclosure information for financial statements, governmental agencies, and other interested parties.

The report is divided into three sections. Section 1 contains the results of the valuation. It includes the experience of the plan during the 2000 Fiscal Year, the current annual costs, and reporting and disclosure information.

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

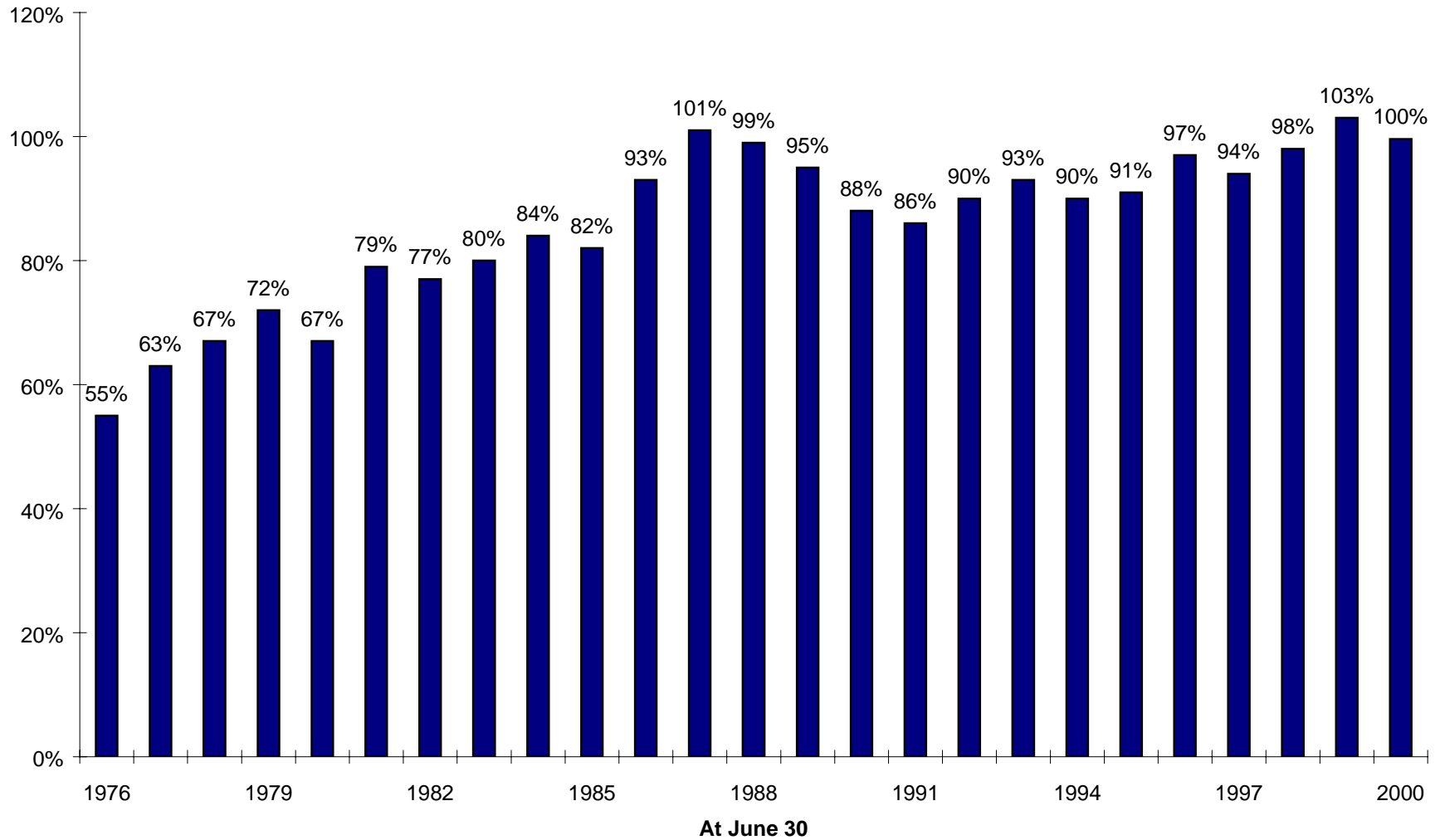
Section 3 contains additional exhibits showing historical information on system experience and unfunded liabilities.

The principle results are as follows:

	<u>1999</u>	<u>2000</u>
Funding Status as of June 30:		
(a) Valuation Assets*	\$ 3,815,633	\$ 4,184,015
(b) Accrued Liability*		
i) Non-Medical Benefits	3,043,509	3,350,552
ii) Total Benefits (including medical)	3,720,954	4,198,868
(c) Funding Ratio, (a) / (b)		
i) Non-Medical Benefits	125.4%	124.9%
ii) Total Benefits (including medical)	102.5%	99.6%

* In thousands.

State of Alaska - TRS Funding Ratio History



Highlights (continued)

Employer Contribution Rates
for Fiscal Year:

	<u>2002</u>	<u>2003</u>
(a) Normal Cost Rate	8.88%	8.02%
(b) Past Service Rate	(1.79%)	0.27%
(c) Total Contribution Rate	7.09%	8.29%
(d) Actuarial Projection Rate	11.00%	11.00%

Analysis of the Valuation

As shown in the Highlights section of the report, the funding ratio as of June 30, 2000 has decreased from 102.5% to 99.6%, a decrease of 2.9%. The total employer contribution rate has increased from 7.09% of payroll for FY02 to 8.29% for FY03, an increase of 1.20% of payroll. The reasons for the change in the funded status and contribution rate are explained below.

(1) Retiree Medical Insurance

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

<u>Time Period</u>	<u>Monthly Premium Per Retiree For Health Coverage</u>	<u>Annual Percentage Increase</u>	<u>Average Compound Annual Increase Since FY78</u>
2/1/76-1/31/77	\$ 34.75	--	--
2/1/77-1/31/78	57.64	66%	--
2/1/78-1/31/79	69.10	20%	20%
2/1/79-1/31/80	64.70	- 6%	6%
2/1/80-1/31/81	96.34	49%	19%
2/1/81-1/31/82	96.34	0%	14%
2/1/82-1/31/83	115.61	20%	15%
2/1/83-1/31/84	156.07	35%	18%
2/1/84-1/31/85	191.85	23%	19%
2/1/85-1/31/86	168.25	-12%	14%
2/1/86-1/31/87	165.00	- 2%	12%
2/1/87-1/31/88	140.25	-15%	9%
2/1/88-1/31/89	211.22	51%	13%
2/1/89-1/31/90	252.83	20%	13%
2/1/90-1/31/91	243.98	- 4%	12%
2/1/91-1/31/92	243.98	0%	11%
2/1/92-1/31/93	226.90	- 7%	10%
2/1/93-1/31/94	309.72	37%	11%
2/1/94-1/31/95	336.05	9%	11%
2/1/95-1/31/96	350.50	4%	11%
2/1/96-1/31/97	350.50	0%	10%
2/1/97-1/31/98	368.00	5%	10%
2/1/98-12/31/98	368.00	0%	9%
1/1/99-12/31/99	442.00	22%	10%
1/1/00-12/31/00	530.00	20%	10%
1/1/01-12/31/01	610.00	15%	10%

As you can see from the above table, the monthly retiree medical premium for the January 1, 2001 to December 31, 2001 time period has increased to \$610.00. Since the 86/87 time period, annual premium rate changes have ranged from 51% up to 15% down, but the average compound annual increase has been about 9%.

Effective June 30, 2000, the Board adopted a health cost trend assumption which varies by year, declining to an ultimate rate equal to inflation plus 0.5%, or 4.0% for FY14 and later. If the long-term assumption remains reasonable, short-term gains and losses from the annually-determined medical premium rate will offset each other over time.

Analysis of the Valuation (continued)

To help avoid the volatility in the funding and solvency of the System from bringing large health-related gains and losses into the System every year, we have been using the health cost trend assumption to determine actuarial liabilities for retiree medical benefits. On June 30, 1999, the assumed total blended premium was reset to the actual total blended premium for FY00. The difference between the assumed rate and the actual rate will be tracked annually and reduced if the gap becomes too wide. Also, adjustments will be made, if necessary, to the assumed medical premium rate every four to five years when a formal experience analysis is performed.

The net effect of the medical trend assumption change and the resetting of the FY00 assumed blended premium was a 1.3% decrease in the funding ratio and a 1.01% increase in the total employer contribution rate.

(2) Investment Performance

The approximate FY00 investment return based on market values was 9.78%. The Asset Valuation Method was changed six years ago to smooth over five years the difference between actual and expected investment return. One purpose of this change was to adopt a method which better accomplished the goal of smoothing volatility in investment returns.

The approximate rate of return in FY00 based on valuation assets, after applying the smoothing technique, was 13.12%, 4.87% higher than the 8.25% investment return assumption. This excess, along with returns in each of the preceding four years, produced a gain of approximately \$182,717,000 to the System which increased the funding ratio by 4.3% and lowered the average employer contribution rate by 3.35% of total payroll.

Prospectively, in the development of valuation assets, we will use an expected investment return equal to the investment return assumption of 8.25%. The valuation assets, plus (minus) the outstanding balance of previously amortized amounts, will be compared to a 5% corridor around the market value of assets. Any amount outside the corridor will be amortized and applied to the employer contribution rates as a level percentage of the present value of pay over 20 years under the 1% population projection scenario.

As of June 30, 2000, there is \$76,642,000 outside the corridor, resulting in a 1.38% reduction in the employer rate.

(3) Salary Increase

For the June 30, 2000 actuarial valuation, data from the June 30, 1999 actuarial valuation was projected one year using standard actuarial techniques. Since the salaries for active participants were estimated based on the actuarial assumptions, there is no gain or loss as a result of salary increases. Therefore, there is no change in the funding ratio or contribution rate due to salary increases.

Analysis of the Valuation (continued)

(4) Employee Data

For the June 30, 2000 actuarial valuation, member data from the June 30, 1999 actuarial valuation was projected one year using standard actuarial techniques. Active member counts from the three prior fiscal year-ends were used to estimate the active population counts at June 30, 2000. The PRPA for retirees for FY00 was calculated using actual CPI data. All other participant data was projected using the actuarial assumptions adopted by the TRS Board in December 2000.

The overall effect of these participant data projections was an actuarial gain to the System, resulting in a 0.3% increase in the funding ratio and a decrease in the total employer contribution rate equal to 0.91% of total payroll.

(5) Ad hoc PRPA

An ad hoc Post Retirement Pension Adjustment (PRPA) was granted during FY00. This increased benefit payments to many Tier I (hired before July 1, 1990) retirees.

The overall effect of the ad hoc PRPA was an actuarial loss to the System of approximately \$8,410,000 which lowered the funding ratio by 0.2% and increased the average employer contribution rate by 0.16% of total payroll.

(6) Actuarial Assumptions

Last year, an experience study was performed to compare recent System experience to the actuarial assumptions.

Based on this review as well as anticipation of future trends, a new set of actuarial assumptions was presented to the Board and adopted in December 2000. The results of the study can be found in the State of Alaska Teachers' Retirement System Analysis Study of Actuarial Assumptions dated October 2000.

The net effect of the change in actuarial assumptions (excluding changes in asset components) was a 7.3% decrease in the funding ratio and a 6.68% increase in the total employer contribution rate.

(7) Actuarial Projections

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

This type of information can be especially useful to multi-tiered systems, such as TRS. All of the projected new entrants will be covered under the cost savings provisions of the second tier, so that the ultimate effect of the second tier on plan liabilities can be anticipated. As you can see in Section 1.5, based on the new actuarial assumptions and asset valuation method, future contribution rates are expected to remain fairly stable.

Analysis of the Valuation (continued)

Summary

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

▪ Last year's total employer contribution rate.....	7.09%
▪ Change due to:	
• Asset (gain)/loss (investment performance)	(3.35%)
• Recognition of investment gains outside of the 5% corridor (method change)....	(1.38%)
• Assumptions changes (excluding asset components).....	6.68%
• Data roll forward	(0.91%)
• Ad hoc PRPA	0.16%
▪ Total employer contribution rate this year.....	8.29%

Section 1

Valuation Results

This section sets forth the results of the actuarial valuation.

Section 1.1(a) shows the distribution of the assets as of June 30, 2000.

Section 1.1(b) shows the transactions of the plan's fund during FY00.

Section 1.1(c) develops the expected valuation assets and investment return as of June 30, 2000.

Section 1.1(d) develops the actual valuation assets as of June 30, 2000.

Section 1.1(e) develops the contribution rate adjustment.

Section 1.2 shows the actuarial present values as of June 30, 2000.

Section 1.3 calculates the total contribution rate for FY03.

Section 1.4 calculates the actuarial gain or loss for FY00.

Section 1.5 contains the financial projections.

1.1(a) Statement of Net Assets as of June 30, 2000
(in thousands)

	<u>Pension</u>	<u>Postemployment Health</u>	<u>Total Market Value</u>
Cash and Cash Equivalents	\$ 500	\$ 112	\$ 612
Retirement Fixed Income Pool	874,540	195,983	1,070,523
External Domestic Fixed Income Pool	36,514	8,183	44,697
Domestic Equity Pool	1,541,916	391,379	1,933,295
International Equity Pool	667,801	149,653	817,454
International Fixed Income Pool	172,328	38,618	210,946
Emerging Markets Equity Pool	42,955	9,626	52,581
Real Estate Pool	200,656	44,967	245,623
Private Equity Pool	70,902	15,889	86,791
Mortgages (Net of Reserves)	433	97	530
Net Accrued Receivables	<u>17,851</u>	<u>3,999</u>	<u>21,850</u>
Total Assets	\$ 3,626,396	\$ 858,506	\$ 4,484,902

1.1(b) Changes in Net Assets During Fiscal Year 2000 (in thousands)

	<u>Pension</u>	<u>Postemployment Health</u>	<u>Total Market Value</u>
(1) Net Assets, June 30, 1999, (market value)	\$ 3,401,258	\$ 802,761	\$ 4,204,019
(2) Additions:			
(a) Employee Contributions	38,728	8,679	47,407
(b) Employer Contributions	51,183	11,470	62,653
(c) Retirement Incentive Program - Employee	897	201	1,098
(d) Retirement Incentive Program - Employer	9,853	2,208	12,061
(e) Interest and Dividend Income	123,129	27,593	150,722
(f) Net Appreciation in Fair Value of Investments	217,207	48,675	265,882
(g) Net Recognized Mortgage Loan Recovery	<u>113</u>	<u>26</u>	<u>139</u>
(h) Total Additions	\$ 441,110	\$ 98,852	\$ 539,962
(3) Deductions:			
(a) Medical Benefits	0	40,183	40,183
(b) Retirement Benefits	202,927	0	202,927
(c) Refunds to Terminated Employees	3,364	754	4,118
(d) Investment Expenses	8,279	1,855	10,134
(e) Administrative Expenses	<u>1,402</u>	<u>315</u>	<u>1,717</u>
(f) Total Deductions	\$ 215,972	\$ 43,107	\$ 259,079
(4) Net Assets, June 30, 2000, (market value)	\$ 3,626,396	\$ 858,506	\$ 4,484,902

Approximate Market Value Investment Return
Rate During the Year, Net of Expenses

9.78%

1.1(c) Development of Expected Valuation Assets as of June 30, 2000 (in thousands)

(1)	June 30, 1999 Valuation Assets	\$ 3,815,633
(2)	Total Contributions for FY 2000 (Item (2a) + (2b) + (2c) + (2d) from 1.1(b))	123,219
(3)	Total Benefit Payments for FY 2000 (Item (3a) + (3b) + (3c) from 1.1(b))	247,228
(4)	Expected Investment Return, Net of Expenses, for the period July 1, 1999 through June 30, 2000 $((1) + .5 \times [(2) - (3)]) \times 8.25\%$	309,674
(5)	Actual Investment Return, Net of Expenses, for the period July 1, 1999 through June 30, 2000 [Item (2e) + (2f) + (2g) - (3d) - (3e) from 1.1(b)]	404,892
(6)	Total Investment Gain/(Loss) (5) - (4)	95,218
(7)	Expected Valuation Assets, (1) + (2) - (3) + (4)	\$ 4,001,298

**1.1(d) Development of Valuation Assets as of June 30, 2000
(in thousands)**

	A	B	C
	Total Investment Gain/(Loss)	Gain/(Loss) Recognized in Prior Fiscal Years	Gain/(Loss) Recognized this Fiscal Year (A/5)
(1) Fiscal Year Ending June 30, 2000	\$ 95,218	\$ 0	\$ 19,044
(2) Fiscal Year Ending June 30, 1999	115,891	23,178	23,178
(3) Fiscal Year Ending June 30, 1998	240,319	96,128	48,064
(4) Fiscal Year Ending June 30, 1997	295,258	177,156	59,052
(5) Fiscal Year ending June 30, 1996	166,896	133,516	33,379
(6) Total Gain/(Loss) Recognized this Fiscal Year			182,717
(7) Expected Valuation Assets, June 30, 2000, (Item (7) from 1.1(c))			\$ 4,001,298
(8) Valuation Assets at June 30, 2000, (6) + (7), but not outside a corridor of 80% to 120% of the market value of assets			\$ 4,184,015
Approximate Valuation Assets Investment Return Rate During the Year, Net of Expenses			13.12%

1.1(e) Determination of Contribution Adjustment Rate due to Investment Returns Outside of 5% Corridor (in thousands)

(1)	Market Value of Assets at June 30, 2000	\$ 4,484,902
(2)	5% Corridor Around Market Value of Assets	
	(a) Upper End (105%)	4,709,147
	(b) Lower End (95%)	4,260,657
(3)	Valuation Assets at June 30, 2000	4,184,015
(4)	Amount Outside of Corridor, (2(b)-(3))	76,642
(5)	Outstanding Balance of Amounts Previously Recognized Outside of the Corridor and Recognized Over FY02 through FY21	N/A
(6)	Amount to be Recognized Over FY03 through FY22, (4) – (5) but not less than zero	76,642
(7)	Present Value of Total Projected System Payroll Over 20-Year Period (1% population projection scenario)	\$ 5,549,320
(8)	Contribution Adjustment Rate, (6) / (7)	1.38%
(9)	Previous Rate Adjustments for FY03	N/A
(10)	Total Rate Adjustment for FY03, (8) + (9)	1.38%

1.2 Actuarial Present Values as of June 30, 2000 (in thousands)

	<u>Normal Cost</u>	<u>Accrued Liabilities</u>
<u>Active Members</u>		
Retirement Benefits	\$ 57,069	\$ 972,220
Termination Benefits	4,648	50,438
Disability Benefits	760	17,701
Death Benefits	748	12,516
Return of Contributions	3,114	12,513
Medical Benefits	21,044	306,875
Indebtedness	0	(37,084)
Retirement Incentive Program Receivable	<u>0</u>	<u>(8,561)</u>
Subtotal	87,383	1,326,618
<u>Inactive Members</u>		
Not Vested	0	17,766
Vested Terminations		
- Retirement Benefits	0	194,990
- Medical Benefits	0	100,734
Retirees & Beneficiaries		
- Retirement Benefits	0	2,118,053
- Medical Benefits	<u>0</u>	<u>440,707</u>
Subtotal	0	2,872,250
<u>Totals</u>	\$ 87,383	\$ 4,198,868

1.3 Development of Total Employer Contribution Rate - FY03 (in thousands)

Normal Cost Rate

(1)	Total Normal Cost	\$	87,383
(2)	Total Salaries		482,571
(3)	Normal Cost Rate, (1) ÷ (2)		18.11%
(4)	Average Member Contribution Rate		8.71%
(5)	Preliminary Employer Normal Cost Rate, (3) - (4)		9.40%
(6)	Net Adjustment Due to Investment Returns Outside of 5% Corridor (Section 1.1(e))		(1.38%)
(7)	Employer Normal Cost Rate (5) + (6)		8.02%

Past Service Rate

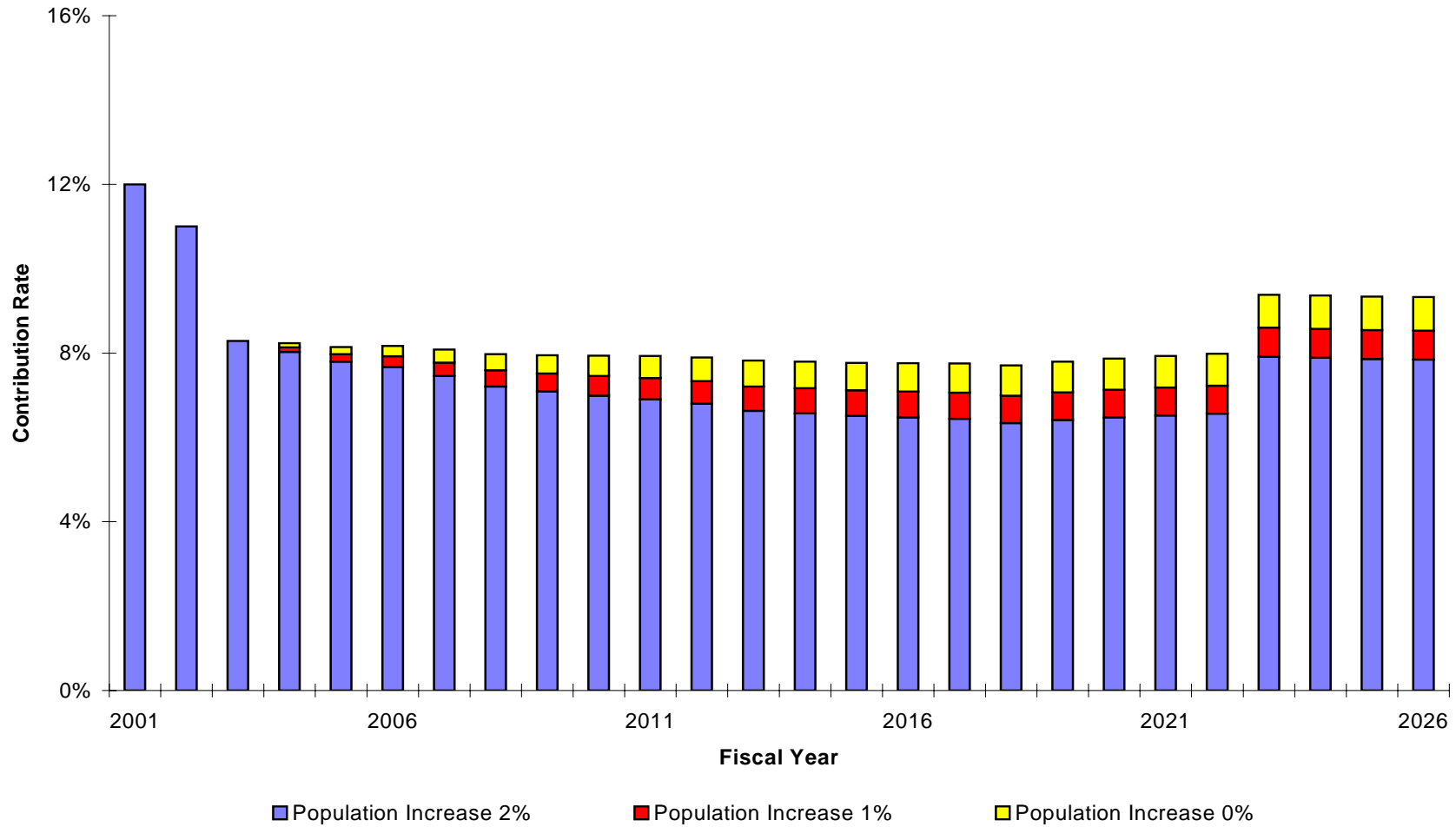
(1)	Accrued Liability	\$	4,198,868
(2)	Valuation Assets		4,184,015
(3)	Total Unfunded Liability, (1) - (2)		14,853
(4)	Amortization Factor (25 year)		11.312888
(5)	Past Service Cost, (3) ÷ (4)		1,313
(6)	Total Salaries		482,571
(7)	Past Service Rate, (5) ÷ (6)		0.27%
	Total Employer Contribution Rate		8.29%

1.4 Development of Actuarial Gain/(Loss) for FY00 (in thousands)

(1)	Unfunded Liability, June 30, 1999	\$ (94,679)
(2)	Normal Cost for FY00	82,085
(3)	Interest on (1) and (2) at 8.25%	(1,039)
(4)	Employee Contributions for FY00	48,505
(5)	Employer Contributions for FY00	74,714
(6)	Interest on (4) and (5) at 8.25% for one-half year	5,083
(7)	Net Increase in Unfunded Liability Due to Assumption and Method Changes	308,925
(8)	Expected Unfunded Liability, June 30, 2000, (1) + (2) + (3) - (4) - (5) - (6) + (7)	166,990
(9)	Actual Unfunded Liability, June 30, 2000	14,853
(10)	Actuarial Gain/(Loss) for the Year, (8) - (9)	\$ 152,137

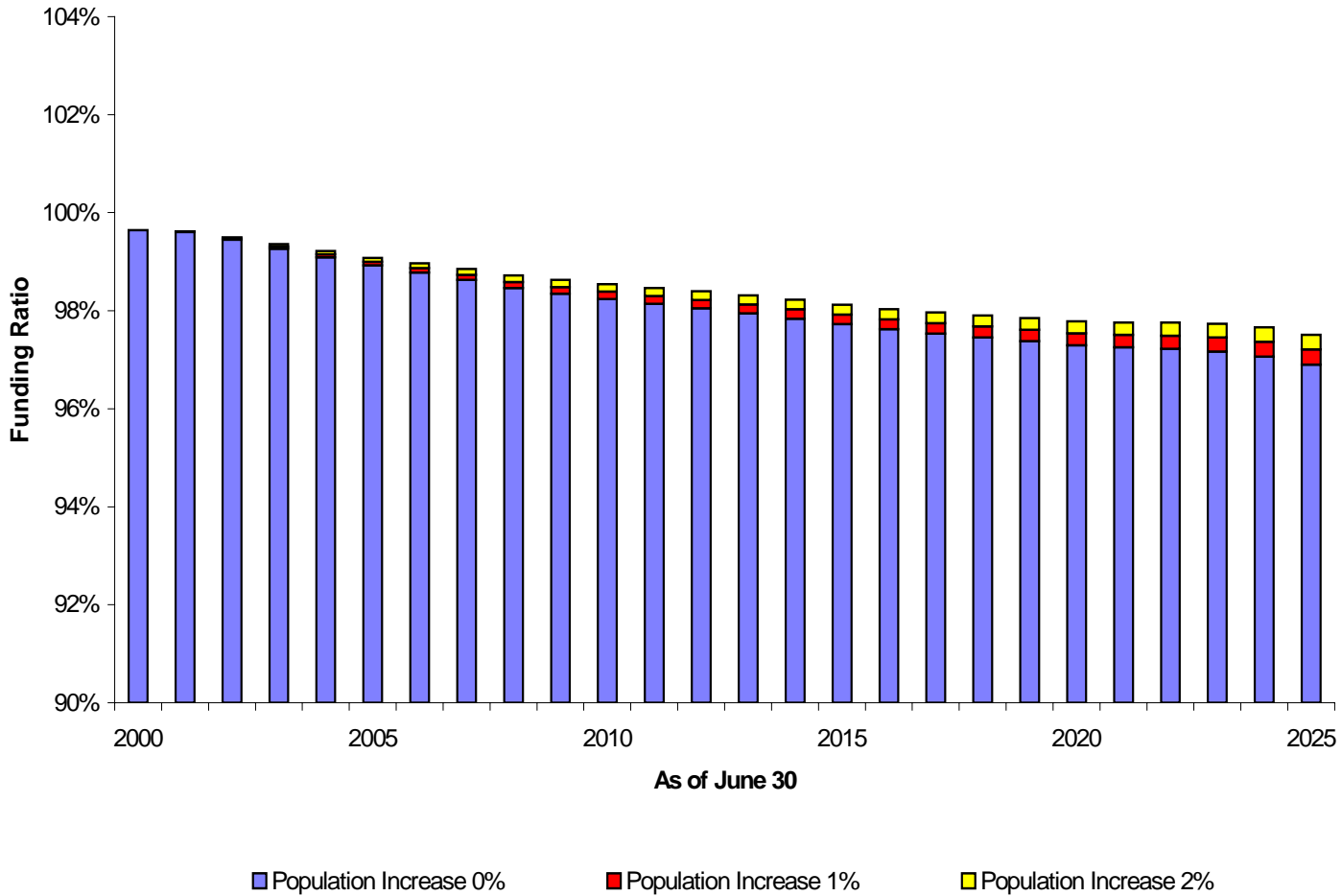
1.5 Actuarial Projections

State of Alaska TRS Projected Contribution Rates



1.5 Actuarial Projections (continued)

State of Alaska TRS Projected Funding Ratios



1.5 Actuarial Projections (continued)

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

Investment Return					8.25%					Annual Population Increase					0.00%				
As of June 30	-----Valuation Amounts on July 1-----				-----Flow Amounts During Following 12 Months-----										Ending Asset Value				
	Total Assets	Accrued Liability	Funding Ratio	Surplus* (Deficit)	Total Salaries	Employer Ctb Rate	Employer Contribs	Employee Contribs	Total Contribs	Benefit Payments	Net Contribs	Investment Earnings	Recognized Gain						
2000	4,184,015	4,198,868	99.6%	(14,853)	482,571	12.00%	58,508	42,467	100,975	266,308	(165,334)	338,361	0	4,357,042					
2001	4,357,042	4,374,346	99.6%	(17,303)	492,558	11.00%	54,731	43,287	98,019	279,211	(181,192)	351,982	0	4,527,832					
2002	4,527,832	4,552,786	99.5%	(24,954)	502,554	8.29%	42,066	44,096	86,163	296,203	(210,041)	364,882	7,003	4,689,965					
2003	4,689,965	4,724,563	99.3%	(34,598)	512,318	8.23%	42,619	44,929	87,549	313,386	(225,837)	377,606	7,143	4,849,171					
2004	4,849,171	4,893,648	99.1%	(44,476)	522,914	8.14%	43,030	45,811	88,840	331,583	(242,743)	390,043	7,292	5,004,064					
2005	5,004,064	5,058,535	98.9%	(54,470)	533,851	8.17%	44,150	46,804	90,954	350,018	(259,064)	402,149	7,458	5,154,915					
2006	5,154,915	5,218,671	98.8%	(63,756)	547,081	8.08%	44,754	47,895	92,649	368,209	(275,559)	413,914	7,641	5,301,226					
2007	5,301,226	5,375,120	98.6%	(73,895)	560,312	7.97%	45,190	48,982	94,172	386,395	(292,223)	425,297	7,824	5,442,446					
2008	5,442,446	5,527,351	98.5%	(84,905)	573,542	7.95%	46,101	50,126	96,226	402,236	(306,009)	436,379	8,006	5,581,152					
2009	5,581,152	5,674,982	98.3%	(93,830)	586,772	7.94%	47,095	51,269	98,364	419,779	(321,415)	447,187	8,189	5,715,450					
2010	5,715,450	5,817,782	98.2%	(102,332)	600,002	7.93%	48,299	52,615	100,914	437,761	(336,848)	457,630	8,404	5,844,983					
2011	5,844,983	5,955,672	98.1%	(110,689)	617,933	7.89%	49,492	54,164	103,656	455,254	(351,598)	467,708	8,651	5,970,101					
2012	5,970,101	6,088,721	98.1%	(118,620)	635,865	7.82%	50,424	55,713	106,137	473,392	(367,255)	477,384	8,899	6,089,495					
2013	6,089,495	6,217,151	97.9%	(127,655)	653,796	7.80%	51,674	57,263	108,936	490,380	(381,444)	486,649	9,146	6,204,224					
2014	6,204,224	6,341,333	97.8%	(137,109)	671,727	7.77%	52,884	58,812	111,696	506,390	(394,695)	495,567	9,394	6,314,878					
2015	6,314,878	6,461,789	97.7%	(146,911)	689,659	7.76%	54,479	60,673	115,152	521,565	(406,413)	504,213	9,691	6,422,768					
2016	6,422,768	6,579,193	97.6%	(156,425)	714,805	7.75%	56,393	62,846	119,238	535,906	(416,668)	512,691	10,038	6,529,242					
2017	6,529,242	6,694,367	97.5%	(165,124)	739,952	7.71%	58,000	65,018	123,018	549,081	(426,063)	521,087	10,385	6,635,080					
2018	6,635,080	6,808,285	97.5%	(173,205)	765,099	7.80%	60,626	67,191	127,817	562,648	(434,831)	529,457	10,732	6,740,881					
2019	6,740,881	6,922,072	97.4%	(181,191)	790,245	7.87%	63,171	69,364	132,535	576,029	(443,495)	537,829	11,079	6,846,751					
2020	6,846,751	7,037,003	97.3%	(190,253)	815,392	7.93%	65,993	71,906	137,899	584,904	(447,006)	546,418	11,485	6,958,121					
2021	6,958,121	7,154,504	97.3%	(196,383)	849,091	7.99%	69,149	74,817	143,967	596,098	(452,131)	555,395	11,950	7,073,828					
2022	7,073,828	7,276,150	97.2%	(202,323)	882,791	9.38%	84,425	77,729	162,154	607,365	(445,212)	565,226	0	7,193,842					
2023	7,193,842	7,403,669	97.2%	(209,827)	916,490	9.36%	87,363	80,641	168,004	619,056	(451,052)	574,886	0	7,317,676					
2024	7,317,676	7,538,938	97.1%	(221,262)	950,190	9.34%	90,285	83,552	173,837	630,727	(456,890)	584,862	0	7,445,648					
2025	7,445,648	7,683,985	96.9%	(238,337)	983,889	9.33%	93,415	86,515	179,931	641,542	(461,612)	595,224	0	7,579,261					

* Surpluses reduce employer contributions over 25 years

* Deficits increase employer contributions over 25 years

1.5 Actuarial Projections (continued)

Table 2
State of Alaska TRS
Financial Projections ('000 omitted)

Investment Return 8.25%					Annual Population Increase 1.00%									
-----Valuation Amounts on July 1-----					-----Flow Amounts During Following 12 Months-----								Ending	
As of June 30	Total Assets	Accrued Liability	Funding Ratio	Surplus* (Deficit)	Total Salaries	Employer Ctb Rate	Employer Contribs	Employee Contribs	Total Contribs	Total Benefit Payments	Net Contribs	Investment Earnings	Recognized Gain	Asset Value
2000	4,184,015	4,198,868	99.6%	(14,853)	482,571	12.00%	58,726	42,625	101,351	266,308	(164,957)	338,377	0	4,357,434
2001	4,357,434	4,374,403	99.6%	(16,968)	496,195	11.00%	55,352	43,778	99,130	279,211	(180,080)	352,060	0	4,529,414
2002	4,529,414	4,553,325	99.5%	(23,911)	510,204	8.29%	42,884	44,953	87,837	296,233	(208,397)	365,080	7,139	4,693,531
2003	4,693,531	4,726,064	99.3%	(32,533)	524,385	8.13%	43,286	46,187	89,473	313,474	(224,001)	377,976	7,343	4,855,152
2004	4,855,152	4,896,675	99.2%	(41,523)	539,826	7.97%	43,690	47,507	91,197	331,759	(240,562)	390,627	7,562	5,013,090
2005	5,013,090	5,063,741	99.0%	(50,650)	556,064	7.92%	44,854	49,023	93,877	350,305	(256,428)	403,002	7,812	5,167,799
2006	5,167,799	5,226,852	98.9%	(59,053)	576,118	7.77%	45,548	50,702	96,250	368,627	(272,377)	415,108	8,089	5,318,952
2007	5,318,952	5,387,152	98.7%	(68,200)	596,171	7.59%	46,017	52,376	98,392	386,961	(288,569)	426,910	8,366	5,466,004
2008	5,466,004	5,544,293	98.6%	(78,288)	616,225	7.52%	47,071	54,108	101,179	402,967	(301,788)	438,497	8,642	5,611,712
2009	5,611,712	5,698,093	98.5%	(86,381)	636,279	7.46%	48,203	55,841	104,044	420,624	(316,579)	449,907	8,919	5,754,327
2010	5,754,327	5,848,539	98.4%	(94,212)	656,332	7.41%	49,654	57,911	107,565	438,741	(331,176)	461,071	9,250	5,893,853
2011	5,893,853	5,995,787	98.3%	(101,934)	684,205	7.33%	51,197	60,319	111,516	456,386	(344,870)	472,017	9,634	6,031,032
2012	6,031,032	6,140,160	98.2%	(109,128)	712,077	7.21%	52,332	62,728	115,059	474,704	(359,645)	482,725	10,019	6,164,544
2013	6,164,544	6,282,148	98.1%	(117,604)	739,950	7.16%	53,999	65,136	119,135	491,911	(372,776)	493,198	10,404	6,295,799
2014	6,295,799	6,422,412	98.0%	(126,613)	767,822	7.11%	55,618	67,544	123,162	508,188	(385,025)	503,521	10,788	6,425,528
2015	6,425,528	6,561,778	97.9%	(136,250)	795,695	7.09%	57,769	70,446	128,214	523,691	(395,476)	513,793	11,252	6,555,560
2016	6,555,560	6,701,242	97.8%	(145,681)	834,995	7.06%	60,373	73,841	134,214	538,412	(404,198)	524,161	11,794	6,687,804
2017	6,687,804	6,841,966	97.7%	(154,163)	874,295	6.99%	62,482	77,237	139,718	552,029	(412,311)	534,736	12,336	6,823,075
2018	6,823,075	6,985,283	97.7%	(162,209)	913,595	7.07%	65,960	80,632	146,592	566,136	(419,544)	545,597	12,879	6,962,538
2019	6,962,538	7,132,692	97.6%	(170,153)	952,895	7.13%	69,337	84,028	153,365	580,204	(426,839)	556,802	13,421	7,106,476
2020	7,106,476	7,285,859	97.5%	(179,383)	992,194	7.18%	73,179	88,039	161,218	589,897	(428,680)	568,601	14,062	7,261,040
2021	7,261,040	7,446,621	97.5%	(185,581)	1,045,737	7.23%	77,528	92,665	170,192	602,032	(431,839)	581,222	14,801	7,425,834
2022	7,425,834	7,616,980	97.5%	(191,146)	1,099,280	8.60%	96,855	97,291	194,146	614,810	(420,664)	595,279	0	7,600,449
2023	7,600,449	7,799,109	97.5%	(198,660)	1,152,822	8.57%	101,131	101,917	203,048	628,293	(425,245)	609,496	0	7,784,699
2024	7,784,699	7,995,346	97.4%	(210,647)	1,206,365	8.54%	105,348	106,543	211,891	642,145	(430,254)	624,490	0	7,978,935
2025	7,978,935	8,208,200	97.2%	(229,265)	1,259,907	8.53%	109,862	111,272	221,134	655,498	(434,364)	640,345	0	8,184,915

* Surpluses reduce employer contributions over 25 years

* Deficits increase employer contributions over 25 years

1.5 Actuarial Projections (continued)

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

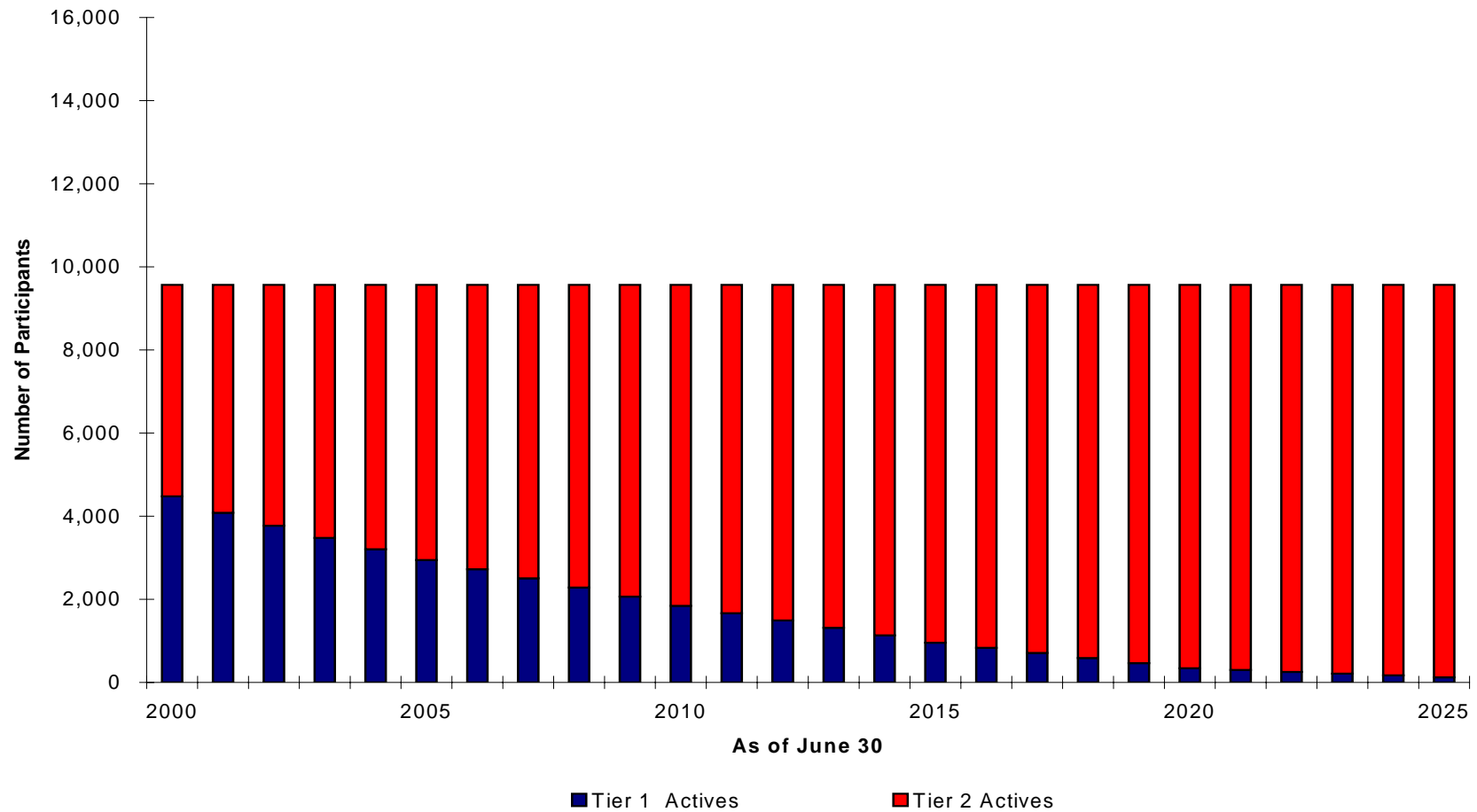
Investment Return					8.25%					Annual Population Increase					2.00%				
-----Valuation Amounts on July 1-----					-----Flow Amounts During Following 12 Months-----										Ending				
As of	Total	Accrued	Funding	Surplus*	Total	Employer	Employer	Employee	Total	Benefit	Net	Investment	Recognized	Asset					
June 30	Assets	Liability	Ratio	(Deficit)	Salaries	Ctb Rate	Contribs	Contribs	Contribs	Payments	Contribs	Earnings	Gain	Value					
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----					
2000	4,184,015	4,198,868	99.6%	(14,853)	482,571	12.00%	58,944	42,833	101,777	266,308	(164,532)	338,394	0	4,357,878					
2001	4,357,878	4,374,460	99.6%	(16,582)	499,831	11.00%	55,977	44,324	100,300	279,211	(178,910)	352,145	0	4,531,112					
2002	4,531,112	4,553,865	99.5%	(22,753)	517,930	8.29%	43,714	45,876	89,590	296,264	(206,674)	365,291	7,277	4,697,306					
2003	4,697,306	4,727,576	99.4%	(30,270)	536,690	8.03%	43,899	47,531	91,430	313,563	(222,133)	378,365	7,548	4,861,398					
2004	4,861,398	4,899,746	99.2%	(38,348)	557,241	7.79%	44,285	49,320	93,605	331,938	(238,334)	391,234	7,841	5,022,463					
2005	5,022,463	5,069,057	99.1%	(46,594)	579,165	7.67%	45,487	51,416	96,903	350,599	(253,696)	403,888	8,184	5,181,176					
2006	5,181,176	5,235,176	99.0%	(54,000)	606,902	7.45%	46,276	53,759	100,035	369,057	(269,021)	416,350	8,567	5,337,425					
2007	5,337,425	5,399,496	98.9%	(62,071)	634,639	7.21%	46,757	56,096	102,853	387,550	(284,697)	428,594	8,949	5,490,640					
2008	5,490,640	5,561,843	98.7%	(71,203)	662,376	7.09%	47,941	58,495	106,436	403,732	(297,295)	440,714	9,332	5,643,776					
2009	5,643,776	5,722,243	98.6%	(78,467)	690,113	6.99%	49,204	60,894	110,098	421,522	(311,424)	452,765	9,715	5,795,233					
2010	5,795,233	5,880,919	98.5%	(85,686)	717,850	6.90%	50,928	63,820	114,747	439,793	(325,046)	464,699	10,182	5,945,488					
2011	5,945,488	6,038,292	98.5%	(92,805)	757,750	6.80%	52,875	67,271	120,146	457,617	(337,471)	476,582	10,732	6,095,773					
2012	6,095,773	6,194,980	98.4%	(99,206)	797,650	6.63%	54,202	70,722	124,924	476,144	(351,220)	488,413	11,283	6,244,715					
2013	6,244,715	6,351,798	98.3%	(107,083)	837,549	6.57%	56,342	74,174	130,516	493,603	(363,088)	500,212	11,833	6,394,161					
2014	6,394,161	6,509,761	98.2%	(115,600)	877,449	6.51%	58,417	77,625	136,042	510,190	(374,149)	512,085	12,384	6,544,992					
2015	6,544,992	6,670,080	98.1%	(125,089)	917,349	6.47%	61,216	81,842	143,057	526,071	(383,014)	524,163	13,057	6,699,736					
2016	6,699,736	6,834,166	98.0%	(134,430)	974,946	6.44%	64,646	86,824	151,470	541,233	(389,763)	536,651	13,852	6,861,047					
2017	6,861,047	7,003,623	98.0%	(142,576)	1,032,543	6.34%	67,284	91,806	159,090	555,362	(396,273)	549,690	14,647	7,029,715					
2018	7,029,715	7,180,259	97.9%	(150,544)	1,090,140	6.41%	71,771	96,788	168,559	570,094	(401,535)	563,388	15,441	7,207,647					
2019	7,207,647	7,366,074	97.8%	(158,427)	1,147,738	6.47%	76,126	101,770	177,896	584,950	(407,054)	577,840	16,236	7,395,338					
2020	7,395,338	7,563,269	97.8%	(167,931)	1,205,335	6.52%	81,212	107,758	188,970	595,583	(406,612)	593,343	17,191	7,599,969					
2021	7,599,969	7,774,243	97.8%	(174,274)	1,286,186	6.56%	87,056	114,752	201,808	608,804	(406,996)	610,209	18,307	7,822,245					
2022	7,822,245	8,001,591	97.8%	(179,346)	1,367,036	7.91%	111,327	121,745	233,073	623,267	(390,194)	629,240	0	8,061,290					
2023	8,061,290	8,248,106	97.7%	(186,815)	1,447,887	7.89%	117,365	128,739	246,104	638,759	(392,655)	648,859	0	8,317,495					
2024	8,317,495	8,516,779	97.7%	(199,284)	1,528,738	7.86%	123,280	135,733	259,013	655,060	(396,047)	669,856	0	8,591,304					
2025	8,591,304	8,810,801	97.5%	(219,496)	1,609,588	7.84%	129,610	142,911	272,522	671,279	(398,758)	692,334	0	8,884,881					

* Surpluses reduce employer contributions over 25 years

* Deficits increase employer contributions over 25 years

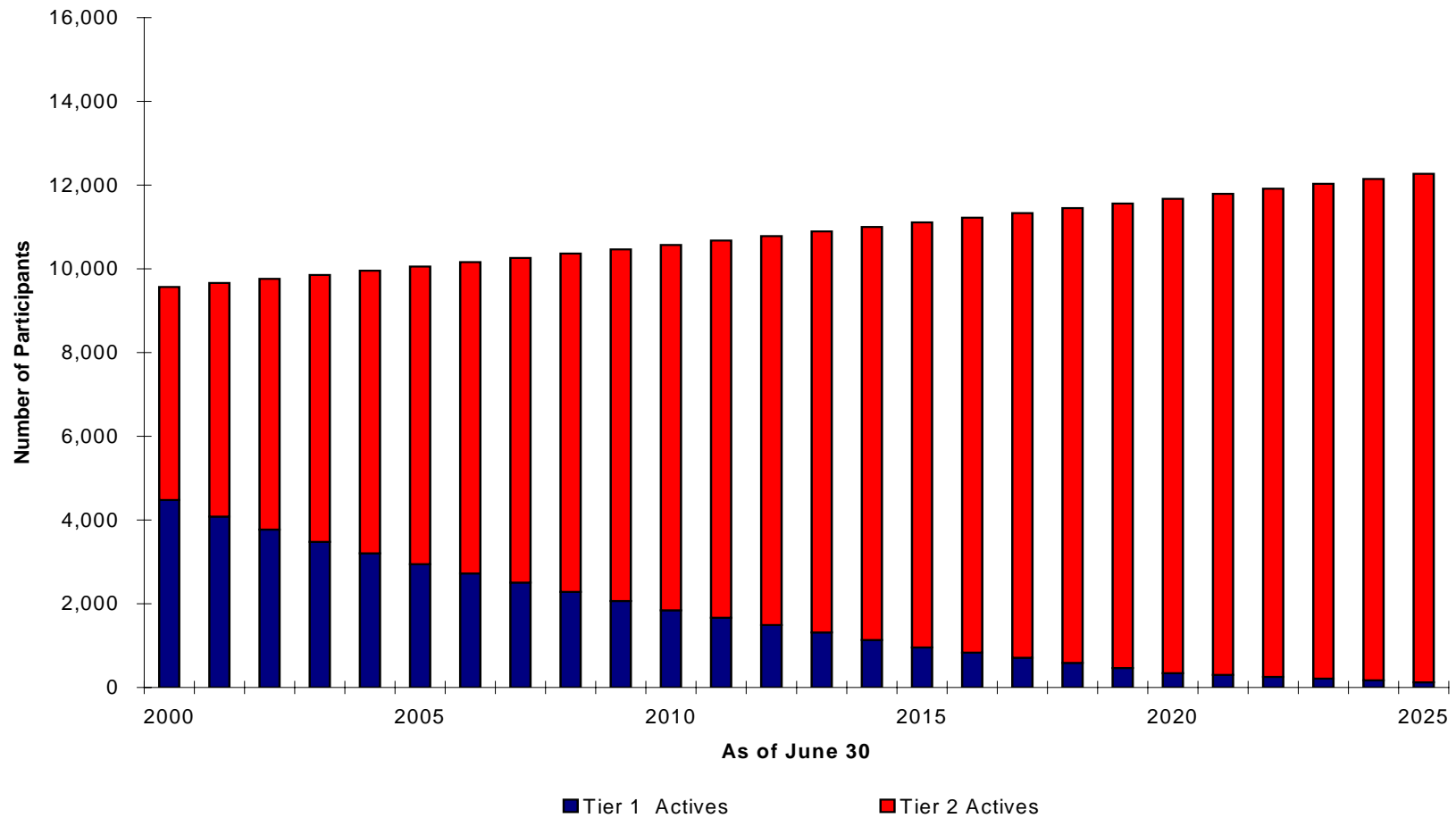
1.5 Actuarial Projections (continued)

**State of Alaska TRS Projected Active Participant Count
Annual Population Increase 0%**



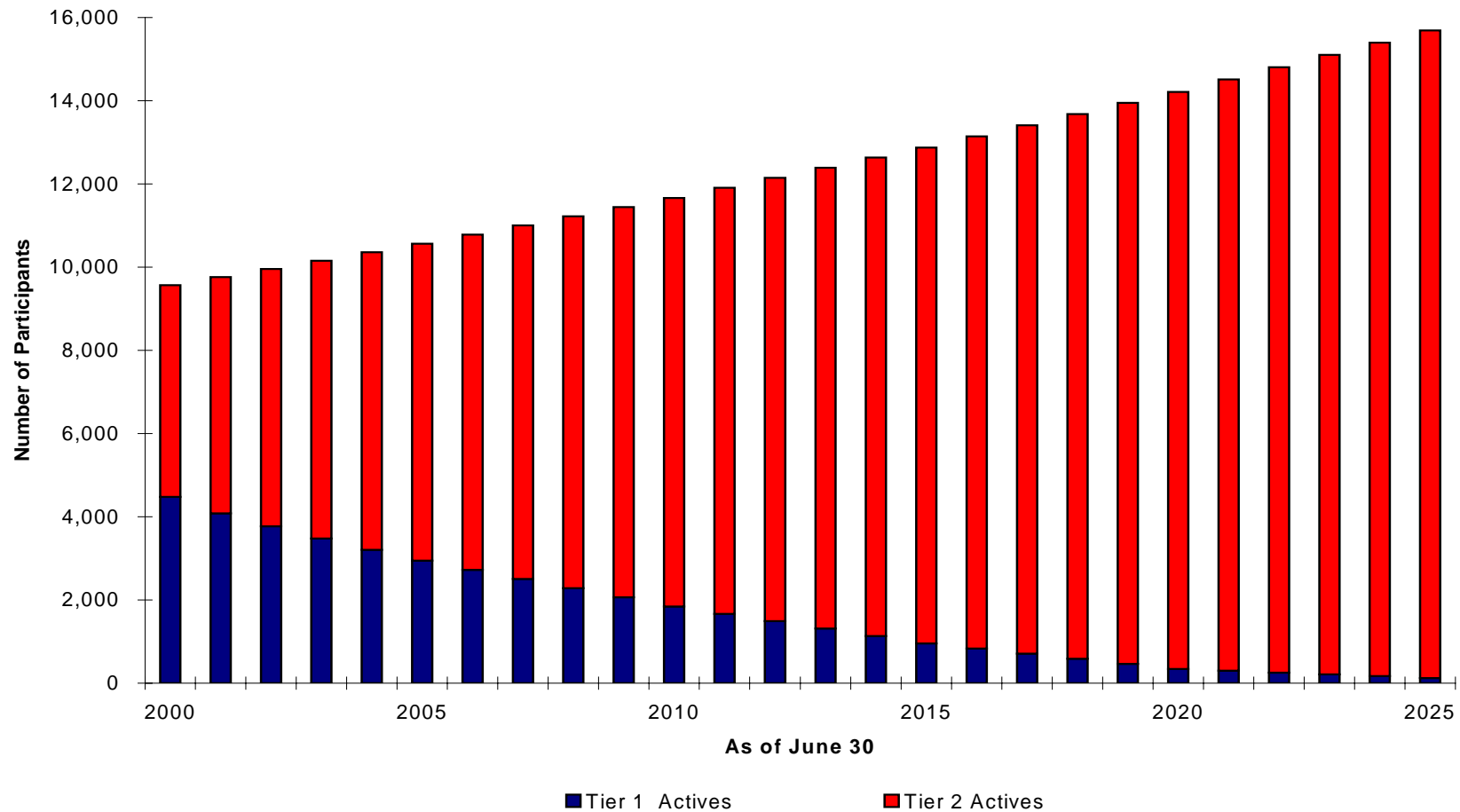
1.5 Actuarial Projections (continued)

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



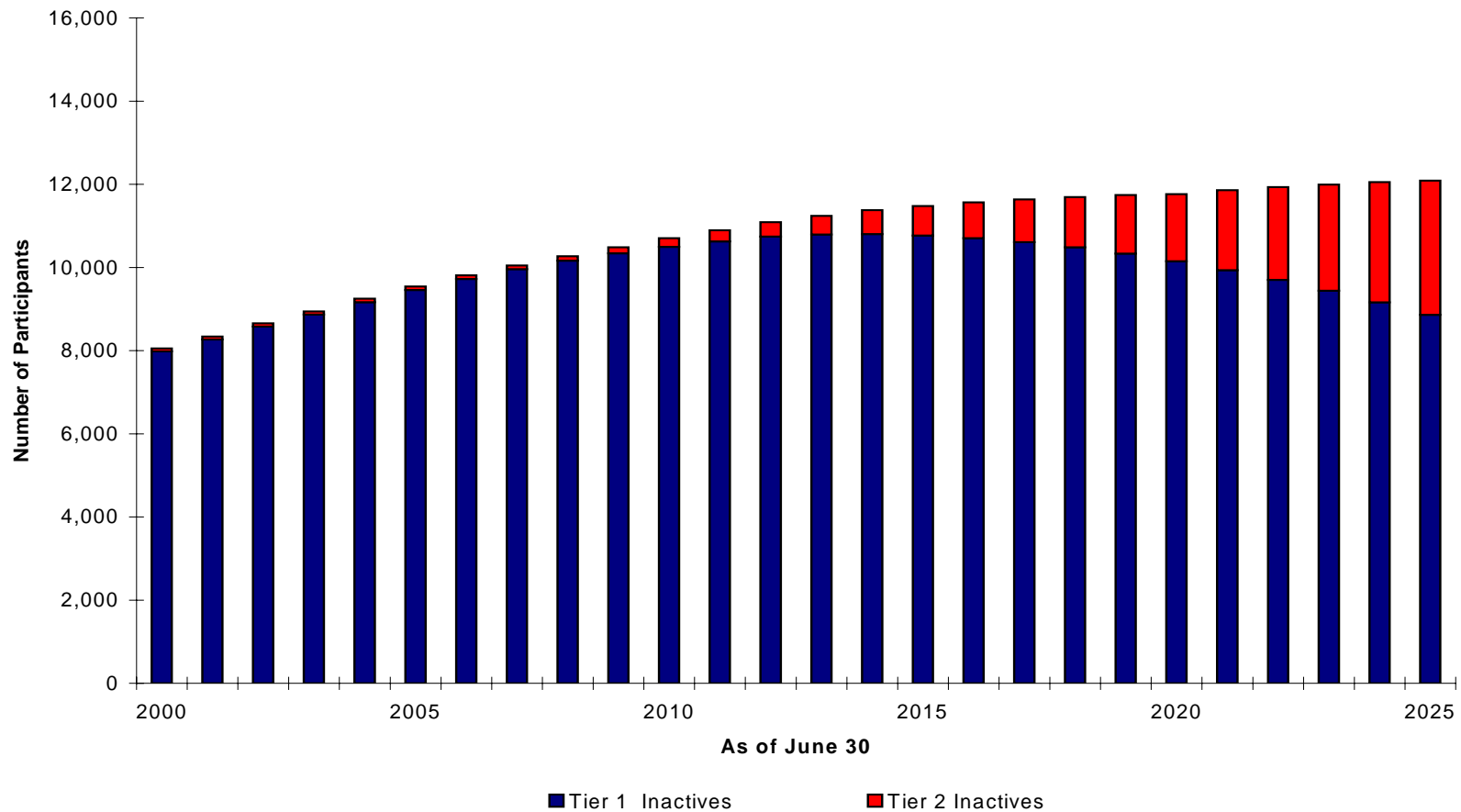
1.5 Actuarial Projections (continued)

**State of Alaska TRS Projected Active Participant Count
Annual Population Increase 2%**



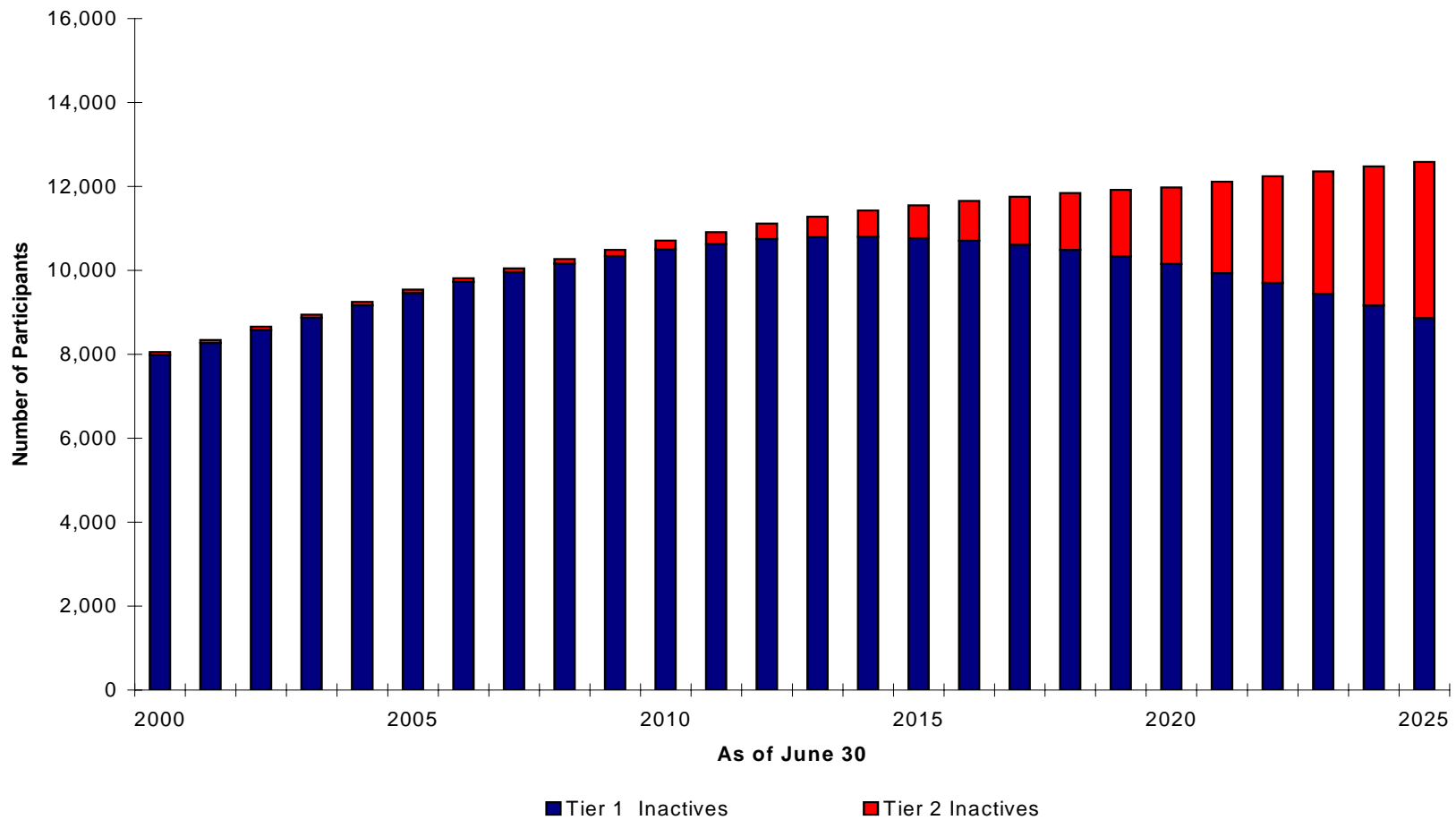
1.5 Actuarial Projections (continued)

**State of Alaska TRS Projected Inactive Participant Count
Annual Population Increase 0%**



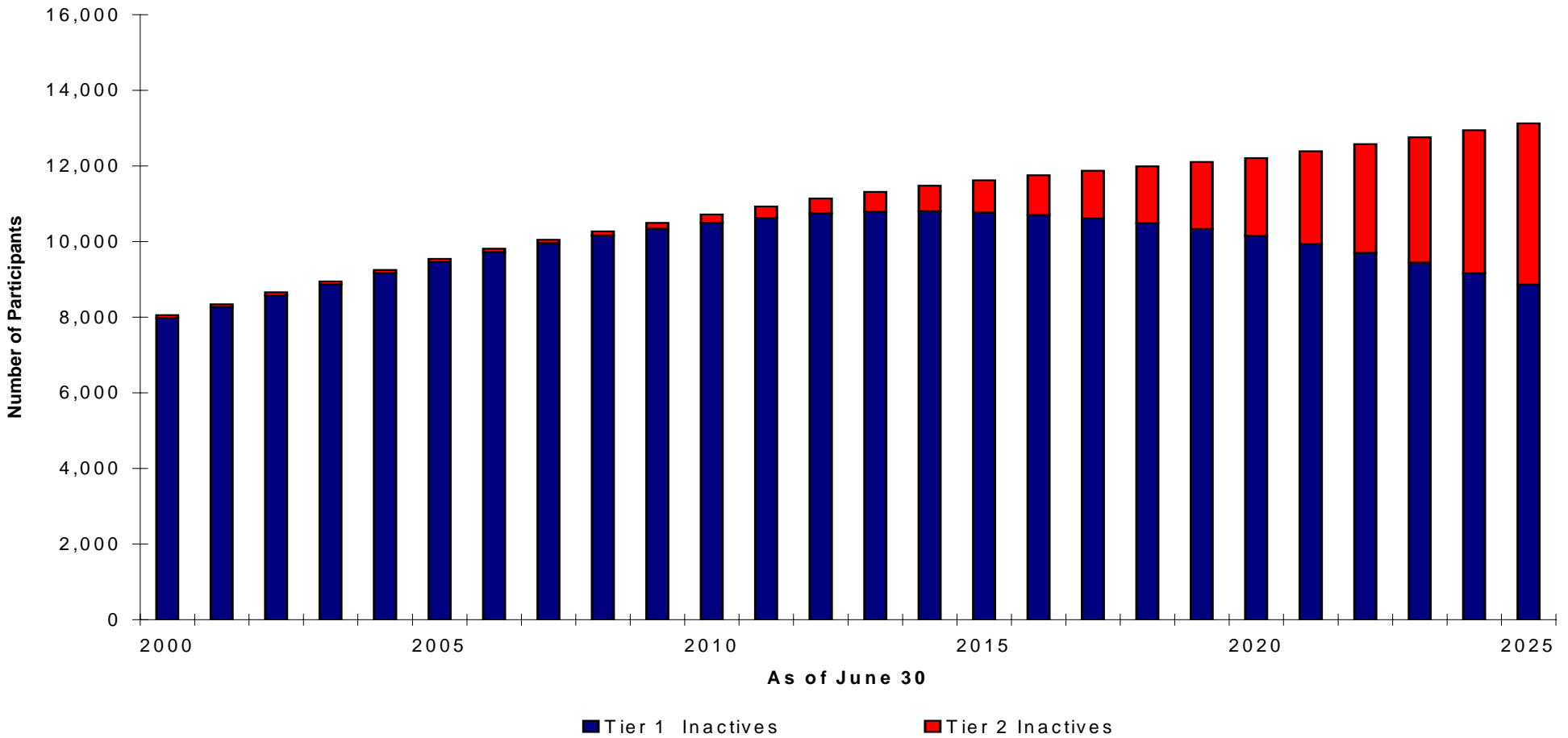
1.5 Actuarial Projections (continued)

**State of Alaska TRS Projected Inactive Participant Count
Annual Population Increase 1%**



1.5 Actuarial Projections (continued)

**State of Alaska TRS Projected Inactive Participant Count
Annual Population Increase 2%**



1.5 Actuarial Projections *(continued)*

Section 2

Basis of the Valuation

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

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

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

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

2.1 Summary of the Alaska Teachers' Retirement System

(1) Effective Date

July 1, 1955, with amendments through June 30, 2000. Chapter 97, 1990 Session Laws of Alaska, created a two-tier retirement system. Members who were first hired under the TRS before July 1, 1990, are eligible for different benefits than members hired after June 30, 1990.

(2) Administration of Plan

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

(3) Membership

Membership in the Alaska TRS is mandatory for the following employees:

- certificated full-time and part-time elementary and secondary teachers, certificated school nurses, and certificated employees in positions requiring teaching certificates;
- the Commissioner of the Alaska Department of Education and certificated supervisors employed by the Department of Education in permanent positions requiring teaching certificates;
- University of Alaska full-time and part-time teachers, and full-time administrative employees in positions requiring academic standing if approved by the TRS administrator;
- certain full-time or part-time teachers of Alaska Native language or culture who have elected to be covered under the TRS;
- members on approved sabbatical leave under AS 14.20.310; and
- certain State legislators who have elected to be covered under the TRS.

Employees participating in the University of Alaska's Optional Retirement Plan or other retirement plans funded by the State are not covered by the TRS.

Employees who work half-time in the TRS and Public Employees' Retirement System (PERS) simultaneously are eligible for half-time TRS and PERS credit.

(4) Credited Service

TRS members receive a year of membership credit if they work a minimum of 172 days during the school year (July 1 through June 30 of the following year). Fractional credit is determined based on the number of days worked. Members receive one-half membership credit for each day of part-time service. Credit is granted for all Alaskan public school service.

2.1 Summary of the Alaska Teachers' Retirement System (continued)

Members may claim other types of service, including:

- Outside teaching service in out-of-state schools or Alaska private schools (not more than ten years may be claimed);
- Military service (not more than five years of military service or ten years of combined outside and military service may be claimed);
- Alaska Bureau of Indian Affairs (BIA) service;
- Retroactive Alaskan service that was not creditable at the time it occurred, but later became creditable because of legislative change;
- Unused sick leave credit after members retire; and
- Leave of absence without pay.

Except for retroactive Alaska service that occurred before July 1, 1955, and unused sick leave, contributions are required for all claimed service.

Members receiving TRS disability benefits continue to earn TRS credit while disabled.

(5) Employer Contributions

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

(6) Member Contributions

Mandatory Contributions: Members are required to contribute 8.65% of their base salaries. Members' contributions are deducted from gross salaries before federal income taxes are withheld.

Contributions for Claimed Service: Member contributions are also required for most of the claimed service described in (4) above.

1% Supplemental Contributions: Members who joined the system before July 1, 1982, and elected to participate in the supplemental contributions provision, are required to contribute an additional 1% of their salaries. Under the supplemental provision, an eligible spouse or dependent child will receive a survivor's allowance or spouse's pension if the member dies (see (11) below).

Interest: Members' contributions earn 4.5% interest, compounded annually on June 30.

Refund of Contributions: Terminated members may receive refunds of their member contribution accounts, which includes their mandatory 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.

2.1 Summary of the Alaska Teachers' Retirement System (continued)

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

(7) Retirement Benefits

Eligibility:

- (a) Members, including deferred vested members, are eligible for normal retirement at age 60¹, or early retirement at age 55, if they have at least:
 - (i) eight years of paid-up membership service;
 - (ii) 15 years of paid-up creditable service, the last five years of which are membership service, and they were first hired under the TRS before July 1, 1975;
 - (iii) five years of paid-up membership service and three years of paid-up Alaska Bureau of Indian Affairs service;
 - (iv) 12 years of combined part-time and full-time paid-up membership service; or
 - (v) two years of paid-up membership service if they are vested in the Public Employees' Retirement System (PERS).
- (b) Members may retire at any age when they have:
 - (i) 25 years of paid-up creditable service, the last five years of which are membership service;
 - (ii) 20 years of paid-up membership service;
 - (iii) 20 years of combined paid-up membership and Alaska Bureau of Indian Affairs service, the last five years of which are membership service; or
 - (iv) 20 years of combined paid-up part-time and full-time membership 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 to retire at any age under (b) above. Members may receive early, actuarially reduced benefits when they reach early retirement age and complete the service required.

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

¹ Members participating before July 1, 1990, are eligible for normal retirement at age 55 or early retirement at age 50.

2.1 Summary of the Alaska Teachers' Retirement System (continued)

Benefit Calculation: Retirement benefits are calculated by multiplying the average base salary (ABS) times the total TRS service times the percentage multiplier. The ABS is determined by averaging the salaries earned during the three highest school years. Members must earn at least 115 days of credit in a school year to include it in the ABS calculation. The TRS pays a minimum benefit of \$25.00 per month for each year of service when the calculated benefit is less.

The percentage multipliers are 2% for the first 20 years and 2.5% for all remaining service. Service before July 1, 1990, is calculated at 2%.

Indebtedness: Members who terminate and are refunded their TRS contributions are not eligible to retire, unless they return to TRS employment and pay back their refunds, plus interest, or accrue additional service which qualifies them for retirement. TRS refunds must be paid in full if the corresponding service is to count toward the minimum service requirements for retirement. Refunded TRS 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.

(8) Reemployment of Retired Members

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

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

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

(9) Postemployment Healthcare Benefits

When pension benefits begin, major medical benefits are provided without cost to (1) all employees first hired before July 1, 1990, and (2) employees who are disabled or age sixty-five or older, regardless of their initial hire dates. Employees first hired after June 30, 1990, may receive major medical benefits prior to age sixty-five by paying premiums.

(10) Disability Benefits

Monthly disability benefits are paid to permanently disabled members until they die, recover or become eligible for normal retirement. To be eligible, members must have at least five years of paid-up membership service.

2.1 Summary of the Alaska Teachers' Retirement System (continued)

Disability benefits are equal to 50% of the member's base salary at the time of disability. The benefit is increased by 10% of the base salary for each minor child, up to a maximum of 40%. Members continue to earn TRS service until eligible for normal retirement.

Members are appointed to normal retirement on the first of the month after they become eligible.

(11) Death Benefits

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

Occupational Death: When an active member dies from occupational causes, a monthly survivor's pension may be paid to the spouse, unless benefits are payable under the supplemental contributions provision (below). The pension equals 40% of the member's base salary on the date of death or disability, if earlier. If there is no spouse, the pension may be paid to the member's dependent children. On the member's normal retirement date, the benefit converts to a normal retirement benefit. The normal benefit is based on the member's average base salary on the date of death and service, including service accumulated from the date of the member's death to the normal retirement date.

Nonoccupational Death: When a vested member dies from nonoccupational causes, the surviving spouse may elect to receive a monthly 50% joint and survivor benefit or a lump sum benefit, unless benefits are payable under the supplemental contributions provision (below). The monthly benefit is calculated on the member's average base salary and TRS service accrued at the time of death.

Lump Sum Benefit: Upon the death of an active 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 contributions, indebtedness payments, and interest earned. Any supplemental contributions will also be refunded. If the member has more than one year of TRS service, the beneficiary also receives \$1,000 and \$100 for each year of TRS service, up to a maximum of \$3,000. An additional \$500 may be payable if the member is survived by dependent children.

Supplemental Contributions Provision: Members are eligible for supplemental coverage if they joined the TRS before July 1, 1982, elected to participate in the supplemental provision, and made the required contributions. A survivor's allowance or spouse's pension (below) may be payable if the member made supplemental contributions for at least one year and dies while in membership service or while disabled under the TRS. In addition, the allowance and pension may be payable if the member dies while retired or in deferred vested status if supplemental contributions were made for at least five years.

- (a) Survivor's Allowance: If the member is survived by dependent children, the surviving spouse and dependent children are entitled to a survivor's allowance. The allowance for the spouse is equal to 35% of the member's base salary at the time of death or disability, plus 10% for each dependent child up to a maximum of 40%. The allowance terminates and a spouse's pension becomes payable when there is no longer an eligible dependent child.
- (b) Spouse's Pension: The spouse's pension is equal to 50% of the retirement benefit that the deceased member was receiving or would have received if retired at the time of death. The spouse's pension begins on the first of the month after the member's death or termination of the survivor's allowance.

2.1 Summary of the Alaska Teachers' Retirement System (continued)

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. A survivor's allowance or spouse's pension may be payable if the member participated in the supplemental contributions provision. If a joint and survivor option was not selected and benefits are not payable under the supplemental contributions provision, the designated beneficiary receives the member's contribution account, less any benefits already paid.

(12) Post Retirement Pension Adjustments

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

- (a) 75% of the CPI increase in the preceding calendar year or 9%, whichever is less, if the recipient is at least age 65 or on TRS disability; or
- (b) 50% of the CPI increase in the preceding calendar year or 6%, whichever is less, if the recipient is at least age 60, or under age 60 if the recipient has been receiving benefits for at least eight years.

Ad hoc PRPAs, up to a maximum of 4%, may be granted to eligible recipients who were first hired before July 1, 1990, if the CPI increases and the financial condition of the fund will permit an increase.

(13) Alaska Cost of Living Allowance

Eligible benefit recipients who reside in Alaska receive an Alaska cost of living allowance (COLA) equal to 10% of their base benefits. The following benefit recipients are eligible:

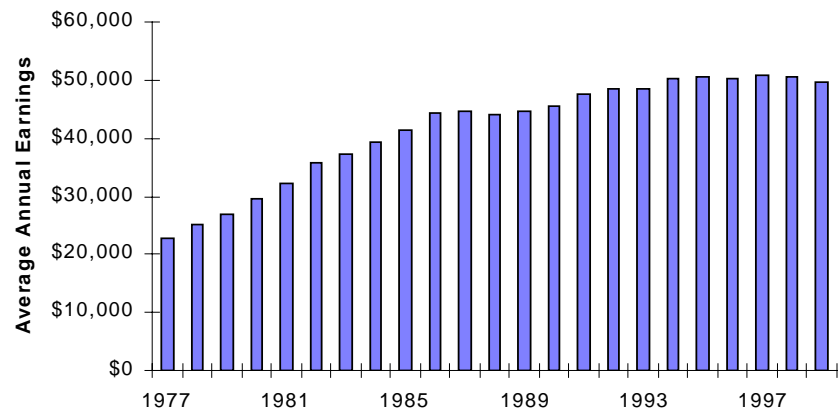
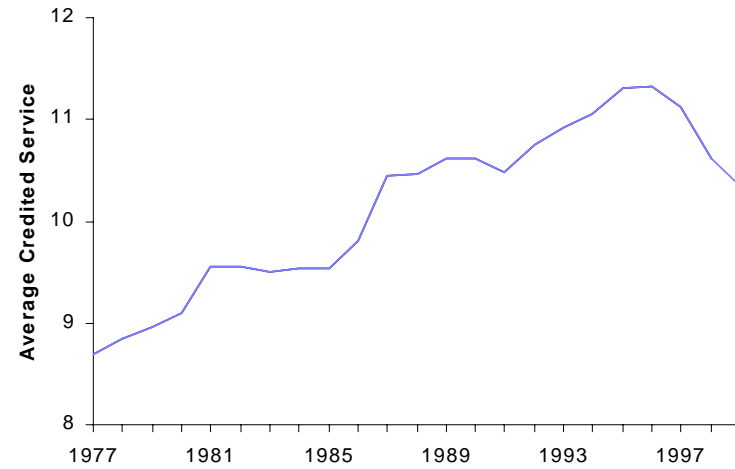
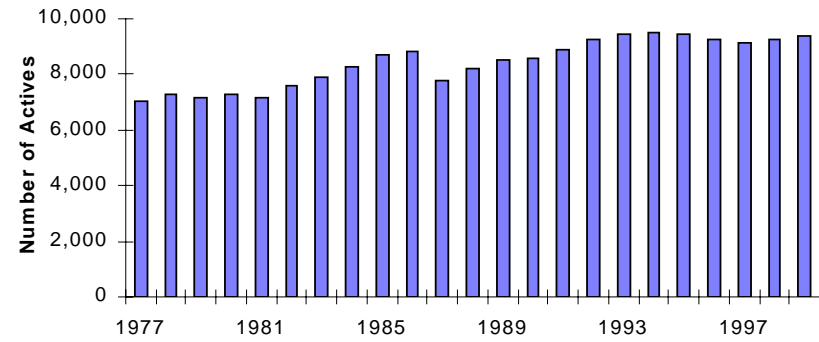
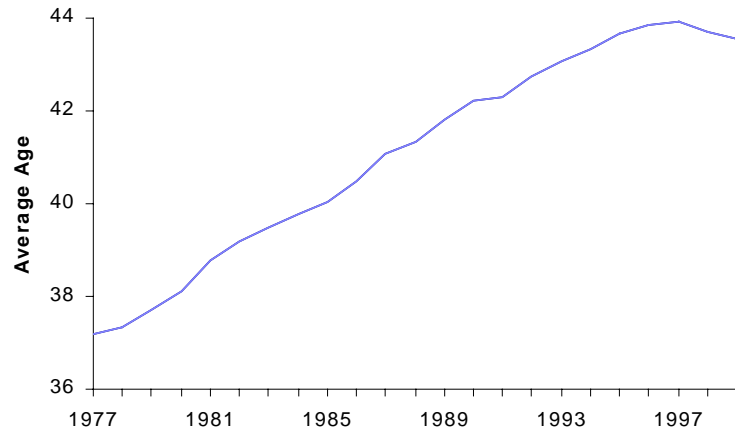
- (a) members who were first hired under the TRS before July 1, 1990, and their survivors;
- (b) members who were first hired under the TRS after June 30, 1990, and their survivors if they are at least age 65; and
- (c) all disabled members.

2.2(a) Participant Census Information as of June 30

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
Active Members					
(1) Number	9,452	9,259	9,164	9,262	9,396
(2) Average Age	43.68	43.87	43.93	43.69	43.56
(3) Average Credited Service	11.30	11.33	11.12	10.62	10.34
(4) Average Annual Salary	\$ 50,487	\$ 50,241	\$ 50,901	\$ 50,684	\$ 49,640
(5) Number Vested	5,578	5,491	5,366	5,285	5,256
(6) Percent Who Are Vested	59.0%	59.3%	58.6%	57.1%	55.9%
Retirees and Beneficiaries					
(1) Number	4,459	4,803	5,343	5,979	6,486
(2) Average Age	62.83	62.94	62.87	62.67	62.74
(3) Average Monthly Benefit:					
Base	\$ 1,694	\$ 1,703	\$ 1,750	\$ 1,819	\$ 1,859
C.O.L.A.	105	105	110	115	118
P.R.P.A.	274	258	441	431	411
Adjustment	-1	-4	-15	1	0
Total	2,072	2,062	2,286	2,366	2,388
Vested Terminations					
(1) Number	859	1,116	1,279	1,064	1,150
(2) Average Age	48.08	49.31	49.62	49.59	49.89
(3) Average Monthly Benefit	\$ 1,233	\$ 1,431	\$ 1,471	\$ 1,397	\$ 1,447
Non-Vested Terminations With Account Balances					
(1) Number	1,140	1,195	1,310	1,285	1,297
(2) Average Account Balance	\$ 12,165	\$ 12,782	\$ 14,387	\$ 12,437	\$ 13,108

2.2(a) Participant census information as of June 30 (continued)

State of Alaska - TRS Retirees



2.2(b) Distribution of Active Participants

----- Annual Earnings By Age -----				----- Annual Earnings By Credited Service -----			
Age Groups	Number of People	Total Annual Earnings	Average Annual Earnings	Years of Service	Number of People	Total Annual Earnings	Average Annual Earnings
0-19	0	\$ 0	\$ 0	0	198	\$ 7,273,916	\$ 36,737
20-24	94	3,192,091	33,958	1	888	31,499,003	35,472
25-29	729	26,520,202	36,379	2	712	27,425,276	38,519
30-34	1,075	43,108,787	40,101	3	517	20,570,587	39,788
35-39	1,213	54,388,994	44,838	4	461	19,925,121	43,222
40-44	1,717	83,950,637	48,894	0- 4	2,776	106,693,903	38,434
45-49	2,200	117,611,320	53,460	5- 9	2,264	106,083,920	46,857
50-54	1,593	90,253,239	56,656	10-14	1,640	88,150,041	53,750
55-59	602	36,661,328	60,899	15-19	1,561	91,948,636	58,904
60-64	140	8,542,585	61,018	20-24	736	45,719,474	62,119
65-69	29	1,926,405	66,428	25-29	325	21,072,421	64,838
70-74	3	207,049	69,016	30-34	80	5,624,945	70,312
75+	1	51,161	51,161	35-39	12	975,609	81,301
				40+	2	144,849	72,425
Total	9,396	\$ 466,413,798	\$ 49,640	Total	9,396	\$ 466,413,798	\$ 49,640

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	94	0	0	0	0	0	0	0	0	94
25-29	671	58	0	0	0	0	0	0	0	729
30-34	594	436	45	0	0	0	0	0	0	1,075
35-39	379	459	308	67	0	0	0	0	0	1,213
40-44	407	425	425	402	58	0	0	0	0	1,717
45-49	338	463	449	542	340	67	1	0	0	2,200
50-54	196	276	291	375	242	181	31	1	0	1,593
55-59	75	113	97	136	81	60	35	5	0	602
60-64	17	26	22	33	14	13	10	3	2	140
65-69	4	7	3	6	0	3	3	3	0	29
70-74	1	0	0	0	1	1	0	0	0	3
75+	0	1	0	0	0	0	0	0	0	1
Total	2,776	2,264	1,640	1,561	736	325	80	12	2	9,396

2.2(c) Schedule of Active Member Valuation Data

Valuation Date	Number	Annual Payroll (000's)	Annual Average Pay	Percent Increase/ (Decrease) In Average Pay	Number of Participating Employers
June 30, 1999	9,396	\$ 466,414	\$ 49,640	(2.1%)	61
June 30, 1998	9,262	469,433	50,684	(0.4%)	61
June 30, 1997	9,164	466,455	50,901	1.3%	61
June 30, 1996	9,259	465,182	50,241	(0.5%)	61
June 30, 1995	9,452	477,205	50,487	0.6%	61
June 30, 1994	9,489	476,098	50,174	3.2%	61
June 30, 1993	9,459	459,746	48,604	0.2%	61
June 30, 1992	9,238	448,186	48,515	2.2%	62
June 30, 1991	8,903	422,655	47,473	4.6%	62
June 30, 1990	8,586	389,702	45,388	1.8%	60

2.2(d) Statistics on New Retirees During the Year Ending June 30

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
Service					
(1) Number	359	308	510	657	525
(2) Average Age At Retirement	53.88	53.77	53.68	53.09	53.85
(3) Average Monthly Benefit	\$ 2,358	\$ 2,349	\$ 2,488	\$ 2,551	\$ 2,521
Disability					
(1) Number	3	13	8	9	17
(2) Average Age At Retirement	48.58	52.98	44.02	44.96	48.51
(3) Average Monthly Benefit	\$ 3,353	\$ 2,542	\$ 2,409	\$ 2,065	\$ 2,577
Survivor (including surviving spouse and QDROs)					
(1) Number	6	20	47	47	56
(2) Average Age At Retirement	52.86	53.14	60.37	61.39	58.11
(3) Average Monthly Benefit	\$ 1,522	\$ 1,038	\$ 1,226	\$ 1,128	\$ 1,095
Total					
(1) Number	368	341	565	713	598
(2) Average Age At Retirement	53.82	53.70	54.10	53.52	54.10
(3) Average Monthly Benefit	\$ 2,352	\$ 2,279	\$ 2,382	\$ 2,451	\$ 2,389

2.2(e) Schedule of Average Benefit Payments - New Retirees

	Years of Credited Service						
	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30+
Period 7/1/98 - 6/30/99:							
Average Monthly Benefit	\$ 1,230	\$ 820	\$ 1,152	\$ 1,691	\$ 2,510	\$ 3,285	\$ 3,756
Number of Active Retirees	23	43	67	81	176	153	55
Period 7/1/97 - 6/30/98:							
Average Monthly Benefit	\$ 1,051	\$ 850	\$ 1,095	\$ 1,842	\$ 2,590	\$ 3,443	\$ 4,280
Number of Active Retirees	26	51	80	105	240	154	57
Period 7/1/96 - 6/30/97:							
Average Monthly Benefit	\$ 996	\$ 828	\$ 1,042	\$ 1,692	\$ 2,493	\$ 3,353	\$ 3,812
Number of Active Retirees	19	42	71	77	151	153	52
Period 7/1/95 - 6/30/96:							
Average Monthly Benefit	\$ 952	\$ 836	\$ 1,145	\$ 1,731	\$ 2,389	\$ 3,138	\$ 3,317
Number of Active Retirees	15	24	40	31	115	86	30
Period 7/1/94 - 6/30/95:							
Average Monthly Benefit	\$ 1,204	\$ 748	\$ 1,033	\$ 1,716	\$ 2,398	\$ 3,041	\$ 3,958
Number of Active Retirees	7	22	47	36	129	89	38
Period 7/1/93 - 6/30/94:							
Average Monthly Benefit	\$ 1,161	\$ 576	\$ 1,151	\$ 1,605	\$ 2,354	\$ 3,176	\$ 3,685
Number of Active Retirees	7	11	35	24	107	72	24
Period 7/1/92 - 6/30/93:							
Average Monthly Benefit	\$ 408	\$ 1,002	\$ 1,015	\$ 1,561	\$ 2,258	\$ 3,090	\$ 3,043
Number of Active Retirees	7	17	23	9	62	37	10
Period 7/1/91 - 6/30/92:							
Average Monthly Benefit	\$ 819	\$ 1,205	\$ 1,941	\$ 2,256	\$ 2,290	\$ 3,159	\$ 3,930
Number of Active Retirees	4	27	25	17	38	8	1

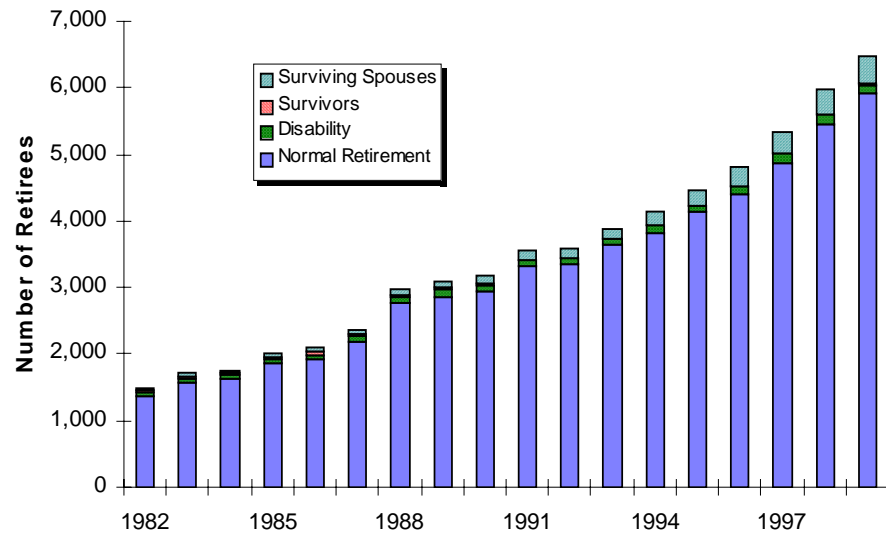
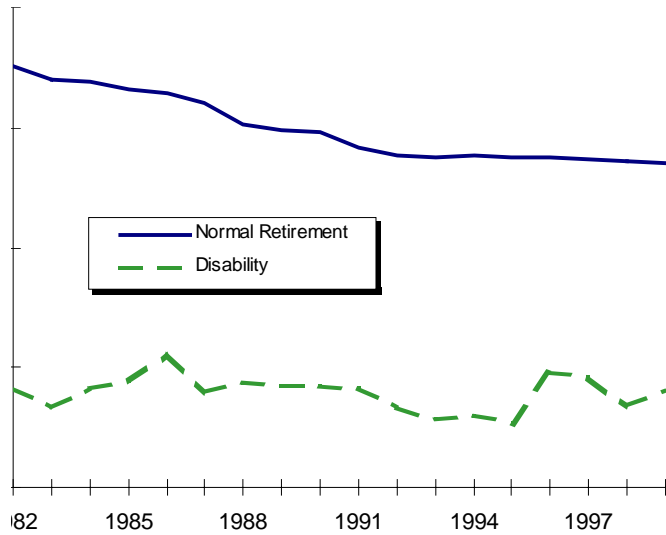
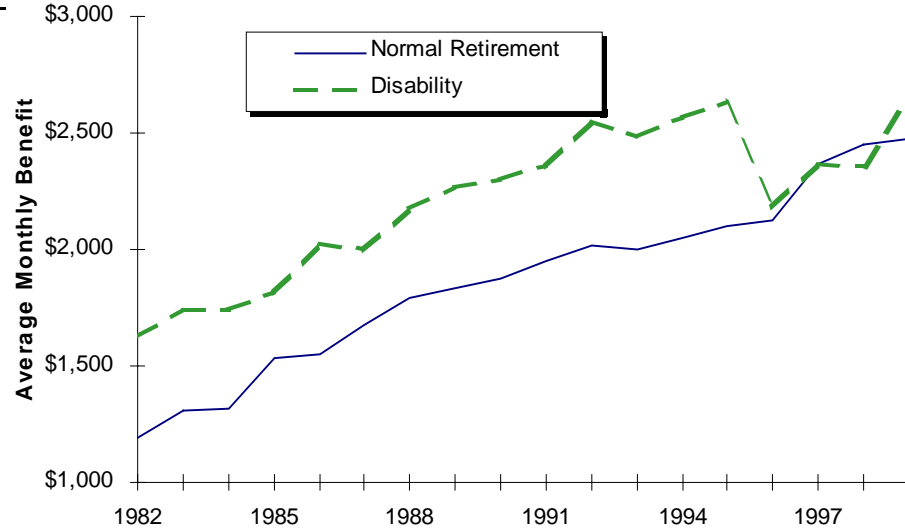
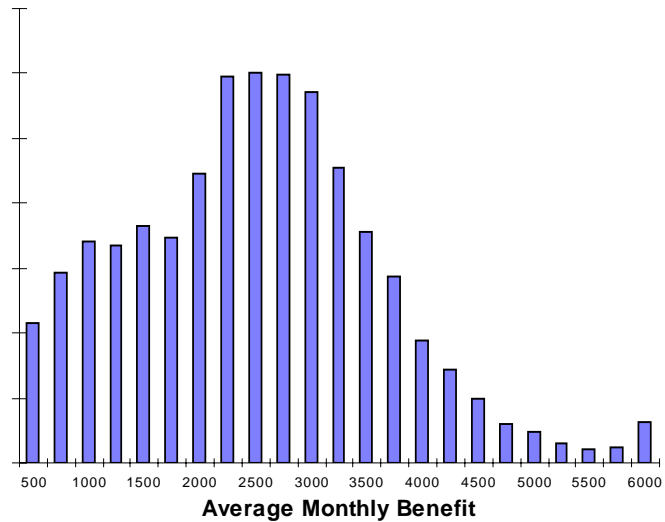
"Average Monthly Benefit" includes post-retirement pension adjustments and cost-of-living increases.

2.2(f) Statistics on All Retirees as of June 30

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
Service Retirements					
(1) Number, Fiscal Year Start	3,831	4,130	4,395	4,873	5,467
(2) Net Change During FY	299	265	478	594	457
(3) Number, Fiscal Year End	4,130	4,395	4,873	5,467	5,924
(4) Average Age At Retirement	53.78	53.78	53.70	53.57	53.55
(5) Average Age Now	63.04	63.20	63.07	62.69	62.73
(6) Average Monthly Benefit	\$ 2,099	\$ 2,126	\$ 2,365	\$ 2,451	\$ 2,479
Surviving Spouse's Benefits					
(1) Number, Fiscal Year Start	200	229	279	334	382
(2) Net Change During FY	29	50	55	48	32
(3) Number, Fiscal Year End	229	279	334	382	414
(4) Average Age At Retirement	52.04	54.59	55.37	57.95	58.55
(5) Average Age Now	65.06	64.56	64.61	66.59	67.32
(6) Average Monthly Benefit	\$ 1,373	\$ 1,016	\$ 1,132	\$ 1,173	\$ 1,168
Survivor's Benefits (other than spouses)					
(1) Number, Fiscal Year Start	9	8	3	3	6
(2) Net Change During FY	(1)	(5)	0	3	31
(3) Number, Fiscal Year End	8	3	3	6	37
(4) Average Age At Retirement	28.14	15.12	30.75	33.76	41.55
(5) Average Age Now	36.03	26.08	40.16	47.04	45.48
(6) Average Monthly Benefit	\$ 1,822	\$ 466	\$ 537	\$ 464	\$ 684
Disabilities					
(1) Number, Fiscal Year Start	94	92	126	133	124
(2) Net Change During FY	(2)	34	7	(9)	(13)
(3) Number, Fiscal Year End	92	126	133	124	111
(4) Average Age At Retirement	42.71	44.74	44.60	43.44	44.03
(5) Average Age Now	50.36	51.31	51.66	50.81	51.56
(6) Average Monthly Benefit	\$ 2,637	\$ 2,185	\$ 2,370	\$ 2,361	\$ 2,644
Total Number of Retirees	4,459	4,803	5,343	5,979	6,486

2.2(f) Statistics on All Retirees as of June 30 (continued)

State of Alaska - TRS Retirees



2.2(g) Distribution of Annual Benefits for Benefit Recipients

----- Annual Benefit By Age -----				-- Annual Benefit By Years Since Retirement --			
Age Groups	Number of People	Total Annual Benefit	Average Annual Benefit	Years Since Retirement	Number of People	Total Annual Benefit	Average Annual Benefit
0-19	5	\$ 32,748	\$ 6,550	0	598	\$ 17,143,812	\$ 28,668
20-24	2	9,791	4,896	1	714	20,896,428	29,268
25-29	0	0	0	2	571	16,450,920	28,812
30-34	3	66,972	22,324	3	346	9,512,148	27,480
35-39	5	97,068	19,414	4	395	11,337,756	28,704
40-44	45	1,037,904	23,065	0- 4	2,624	75,341,064	28,712
45-49	319	9,143,112	28,662	5- 9	1,390	38,371,310	27,605
50-54	991	29,815,512	30,086	10-14	1,259	41,179,094	32,707
55-59	1,607	47,509,704	29,564	15-19	607	16,054,056	26,448
60-64	1,217	35,887,020	29,488	20-24	470	11,497,994	24,463
65-69	871	25,262,844	29,004	25-29	114	2,832,504	24,847
70-74	601	16,515,780	27,480	30-34	20	506,988	25,349
75+	820	20,469,991	24,963	35-39	2	65,436	32,718
				40+	0	0	0
Total	6,486	\$ 185,848,446	\$ 28,654	Total	6,486	\$ 185,848,446	\$ 28,654

Years Since Retirement By Age

Age	----- Years Since Retirement -----									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
0-19	4	1	0	0	0	0	0	0	0	5
20-24	1	0	0	1	0	0	0	0	0	2
25-29	0	0	0	0	0	0	0	0	0	0
30-34	3	0	0	0	0	0	0	0	0	3
35-39	4	1	0	0	0	0	0	0	0	5
40-44	44	0	1	0	0	0	0	0	0	45
45-49	289	24	5	0	1	0	0	0	0	319
50-54	741	202	45	2	1	0	0	0	0	991
55-59	914	457	214	15	5	2	0	0	0	1,607
60-64	383	392	360	72	9	1	0	0	0	1,217
65-69	147	176	342	170	34	1	1	0	0	871
70-74	56	82	184	176	96	4	2	1	0	601
75+	38	55	108	171	324	106	17	1	0	820
Total	2,624	1,390	1,259	607	470	114	20	2	0	6,486

2.2(h) Schedule of Retired Members by Type of Retirant and Option Selected – June 30, 2000

Amount of Monthly Benefit	Number of Retirees	Type of Retirement			Option Selected #			
		<u>1</u>	<u>2</u>	<u>3</u>	<u>Opt. 1</u>	<u>Opt. 2</u>	<u>Opt. 3</u>	<u>Opt. 4</u>
\$ 1 - \$ 300	74	58	16	0	49	12	12	1
301 - 600	235	154	81	0	174	26	25	10
601 - 900	398	308	90	0	287	56	39	16
901 - 1,200	414	322	90	2	300	72	33	9
1,201 - 1,500	432	371	60	1	317	62	43	10
1,501 - 1,800	428	376	51	1	340	48	35	5
1,801 - 2,100	590	552	25	13	464	56	60	10
2,101 - 2,400	723	682	18	23	561	90	56	16
2,401 - 2,700	723	692	10	21	554	83	76	10
2,701 - 3,000	696	672	4	20	566	66	54	10
3,001 - 3,300	534	516	2	16	441	40	46	7
3,301 - 3,600	403	395	2	6	337	29	28	9
3,601 - 3,900	268	260	2	6	216	25	23	4
over 3,900	568	566	0	2	485	40	30	13
Totals	6,486	5,924	451	111	5,091	705	560	130

Type of Retirement

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

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

2.2(i) Schedule of Retirants and Beneficiaries Added to and Removed from Rolls

Year Ended	Added to Rolls		Removed from Rolls		Rolls - End of Year		Percent Increase in Annual Allowances	Average Annual Allowance
	No.*	Annual Allowances*	No.*	Annual Allowances*	No.	Annual Allowances		
June 30, 1999	598	\$19,014,567	91	\$2,893,521	6,486	\$185,848,446	9.50%	\$28,654
June 30, 1998	674	24,479,595	38	1,380,155	5,979	169,727,400	15.75%	28,387
June 30, 1997	583	29,988,351 ⁽¹⁾	43	2,211,834 ⁽¹⁾	5,343	146,627,960	23.37%	27,443
June 30, 1996	376	8,410,895	32	441,353	4,803	118,851,443	7.19%	24,745
June 30, 1995	368	10,386,432	43	94,443	4,459	110,881,901	10.23%	24,867
June 30, 1994	280	8,923,551	37	616,360	4,134	100,589,912	9.00%	24,332
June 30, 1993	344	6,874,777	55	1,044,709	3,891	92,282,721	6.74%	23,717
June 30, 1992	120	5,799,044	62	1,436,106	3,602	86,452,653	5.31%	24,001
June 30, 1991	519	14,827,829	159	3,535,365	3,544	82,089,715	15.95%	23,163
June 30, 1990	208	6,181,779	122	2,648,864	3,184	70,797,251	5.25%	22,235

* Numbers are estimated, and include other internal transfers.

⁽¹⁾ Includes additional benefits to current retirees from a one time retroactive ad hoc Post-Retirement Pension Adjustments

2.3 Summary of Actuarial Assumptions and Methods

The demographic and economic assumptions used in this valuation were recommended by William M. Mercer, Incorporated at the Fall 2000 TRS Board Meeting and adopted by the Board in December 2000. These assumptions were the result of an experience study performed in the Fall of 2000. The funding method used in this valuation was adopted June 30, 1985. The asset smoothing method used to determine valuation assets was changed effective June 30, 2000.

Valuation of Liabilities

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

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

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

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

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

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

B. Actuarial Assumptions -

- | | |
|----------------------|--|
| 1. Investment Return | 8.25% per year, compounded annually, net of expenses. |
| 2. Salary Scale | Inflation - 3.5% per year
Merit (first 5 years of employment) - 1.5% per year.
Productivity - 0.5% per year |
| 3. Total Inflation | Total inflation as measured by the Consumer Price Index for urban and clerical workers for Anchorage is assumed to increase 3.5% annually. |

2.3 Summary of Actuarial Assumptions and Methods *(continued)*

4.	Health Cost Trend	FY00 - 8.5% FY01 - 7.5% FY02 - 6.5% FY03 - 5.5% FY04 – FY08 - 5.0% FY09 – FY13 - 4.5% FY14 and later - 4.0%
5.	Mortality	1994 Group Annuity Mortality Basic Table for males and females, 1994 Base Year. All deaths are assumed to result from non-occupational causes.
6.	Total Turnover	Select and ultimate rates based upon the 1997-99 actual withdrawal experience. (See Table 1).
7.	Disability	Incidence rates based upon the 1991-95 actual experience, in accordance with Table 2. Post-disability mortality in accordance with rates published by the Pension Benefit Guaranty Corporation to reflect mortality of those receiving disability benefits under Social Security.
8.	Retirement	Retirement rates based upon the 1997-99 actual experience in accordance with Table 3.
9.	Spouse's Age	Wives are assumed to be four years younger than husbands.
10.	Dependent Children	Benefits to dependent children have been valued assuming members who are not single have one dependent child.
11.	Contribution Refunds	100% of those terminating after age 35 who are vested will leave their contributions in the fund and thereby retain their deferred vested benefit. All others who terminate are assumed to have their contributions refunded.
12.	C.O.L.A.	Of those benefit recipients who are eligible for the C.O.L.A., 65% are assumed to remain in Alaska and receive the C.O.L.A.
13.	New Entrants	Growth projections are made for the active TRS population under three scenarios: Pessimistic: 0% per year Median: 1% per year Optimistic: 2% per year
14.	Sick Leave	4.7 days of unused sick leave for each year of service will be available to be credited once the member is retired.

2.3 Summary of Actuarial Assumptions and Methods *(continued)*

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|-----------------------------|--|
| 15. Post-Retirement Pension | 50% and 75% of assumed inflation is valued for the automatic Post-Retirement Pension Adjustment (PRPA) as specified in the statute. |
| 16. Expenses | Expenses are covered in the investment return assumption. |
| 17. Participant Data | For this valuation, data as of June 30, 1999 was projected one year using standard actuarial techniques. The active population count was assumed to increase by 1.81% (quadratic extrapolation over the most recent 3 valuation dates). Actual CPI data was used to estimate new PRPA benefits for participants retired as of June 30, 1999. |

Valuation of Assets

Effective June 30, 1994, the asset valuation method recognizes 20% of the investment gain or loss in each of the current and preceding four years. All assets are valued at market value. Assets are accounted for on an accrued basis and are taken directly from audited financial statements provided by KPMG, LLP.

Prospectively, in the development of valuation assets, we use an expected investment return equal to the investment return assumption of 8.25%. The valuation assets, plus (minus) the outstanding balance of previously amortized amounts, are then compared to a 5% corridor around the market value of assets. Any amount outside the corridor is amortized and applied to the employer contribution rates as a level percentage of the present value of pay over 20 years under the 1% population projection scenario. Valuation assets cannot be outside the range of 80% to 120% of the market value of assets.

Valuation of Medical Benefits

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

For FY01, the pre-65 monthly premium is \$689.31 and the post-65 premium is \$262.59, based on an assumed total blended premium of \$527.31. For the time period January 1, 2001 - December 31, 2001, the actual blended premium as provided by the State of Alaska Division of Retirement and Benefits is \$610.00.

2.3 Summary of Actuarial Assumptions and Methods *(continued)*

Table 1
Alaska TRS
Total Turnover Assumptions

<u>Select Rates of Turnover During the First 8 Years of Employment</u>		<u>Ultimate Rates of Turnover After the First 8 Years of Employment</u>	
<u>Year of Employment</u>	<u>Rate</u>	<u>Ages</u>	<u>Rate</u>
1	.10	20+	.04
2	.10		
3	.09		
4	.09		
5	.08		
6	.07		
7	.06		
8	.05		

2.3 Summary of Actuarial Assumptions and Methods *(continued)*

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

<u>Age</u>	<u>Rate</u>
20	.28
21	.28
22	.29
23	.29
24	.30
25	.30
26	.30
27	.31
28	.32
29	.33
30	.34
31	.34
32	.35
33	.36
34	.37
35	.38
36	.40
37	.41
38	.43
39	.44
40	.46
41	.48
42	.51
43	.54
44	.59
45	.65
46	.70
47	.76
48	.83
49	.89
50	.96
51	1.04
52	1.14
53	1.27
54	1.42
55	1.60
56	1.84
57	2.14
58	2.44
59	2.88
60	3.37
61	3.90
62	4.52
63	5.22
64	5.96

2.3 Summary of Actuarial Assumptions and Methods *(continued)*

Table 3
Alaska TRS
Retirement Rates

<u>Age at Retirement</u>	<u>Retirement Rate</u>
50	.05
51	.05
52	.05
53	.05
54	.05
55	.15
56	.13
57	.10
58	.10
59	.10
60	.10
61	.10
62	.10
63	.17
64	.17
65	.50
66&up	1.00

For ages under 50, teachers are assumed to retire immediately upon attaining 21 years of service.

Section 3

Other Historical Information

Section 3.1 shows the analysis of financial experience.

Section 3.2 shows the summary of accrued and unfunded accrued liabilities.

Section 3.3 shows the solvency test.

3.1 Analysis of Financial Experience

Change in Employer Contribution Rate Due to Gains and Losses in Accrued Liabilities During the Last Five Fiscal Years Resulting From Differences Between Assumed Experience and Actual Experience					
Type of Gain or Loss	Change in Employer Contribution Rate During Fiscal Year				
	00	99	98	97	96
(1) Health Experience	0.00%	0.00%	0.00%	0.00%	0.00%
(2) Salary Experience	0.00%	(0.64%)	(0.84%)	(0.05%)	(0.62%)
(3) Investment Experience	(3.35%)	(3.73%)	(2.70%)	(1.80%)	(0.69%)
(4) Demographic Experience	(0.91%)	0.80%	0.54%	1.56%	0.682%
(5) Miscellaneous	0.00%	0.00%	0.00%	0.00%	0.00%
(6) (Gain) or Loss During Year From Experience, (1) + (2) + (3) + (4) + (5)	(4.26%)	(3.57%)	(3.00%)	(0.29%)	(0.63%)
Non-recurring Changes					
(7) Contribution Rate Smoothing Method	0.00%	0.00%	0.00%	0.00%	0.00%
(8) Asset Valuation Method	(1.38%)	0.00%	0.00%	0.00%	0.00%
(9) Assumption Changes	6.68%	0.00%	0.00%	0.00%	(3.79%)
(10) Ad hoc PRPA	0.16%	0.11%	0.55%	2.77%	0.00%
(11) Composite (Gain) or Loss During Year, (6) + (7) + (8) + (9) + (10)	1.20%	(3.46%)	(2.45%)	2.48%	(4.42%)
(12) Beginning Total Employer Contribution Rate	7.09%	10.55%	13.00%	10.52%	14.94%
(13) Ending Total Employer Contribution Rate, (11) + (12)	8.29%	7.09%	10.55%	13.00%	10.52%

3.2 Summary of Accrued and Unfunded Accrued Liabilities

Valuation Date	Aggregate Accrued Liability (000's)	Valuation Assets (000's)	Assets as a Percent of Accrued Liability	Unfunded Accrued Liabilities (UAL) (000's)	Annual Active Member Payroll (000's)	UAL as a Percent of Annual Active Member Payroll
June 30, 2000 ⁽¹⁾⁽²⁾	\$4,198,868	\$4,184,015	99.7%	14,853	\$482,571	3.1%
June 30, 1999	3,720,954	3,815,633	102.5%	N/A	466,414	N/A
June 30, 1998	3,528,757	3,446,070	97.7%	82,687	469,433	17.6%
June 30, 1997	3,320,069	3,120,044	94.0%	200,025	466,455	42.9%
June 30, 1996 ⁽²⁾	2,940,437	2,858,756	97.2%	81,681	465,182	17.6%
June 30, 1995	2,913,467	2,647,392	90.9%	266,075	477,205	55.8%
June 30, 1994 ⁽¹⁾⁽²⁾	2,761,409	2,472,957	89.6%	288,452	476,098	60.6%
June 30, 1993	2,429,456	2,261,082	93.1%	168,374	459,746	36.6%
June 30, 1992 ⁽¹⁾	2,231,746	2,001,864	89.7%	229,882	448,186	51.3%
June 30, 1991 ⁽²⁾	2,075,405	1,779,579	85.7%	295,826	422,655	70.0%
⁽¹⁾ Change in Asset Valuation Method. ⁽²⁾ Change of Assumptions.						

3.3 Solvency Test

Valuation Date	Aggregate Accrued Liability For:			Valuation Assets (000's)	Portion of Accrued Liabilities Covered by Assets		
	(1) Active Member Contributions (000's)	(2) Inactive Members (000's)	(3) Active Members (Employer-Financed Portion) (000's)		(1)	(2)	(3)
June 30, 2000 ⁽¹⁾⁽²⁾	\$490,176	\$2,872,250	\$836,442	\$4,184,015	100%	100%	98.2%
June 30, 1999	469,068	2,571,345	680,541	3,815,633	100%	100%	100.0%
June 30, 1998	449,383	2,344,263	735,111	3,446,070	100%	100%	88.8%
June 30, 1997	483,735	2,095,843	780,491	3,120,044	100%	100%	69.2%
June 30, 1996 ⁽²⁾	451,249	1,689,636	799,552	2,858,756	100%	100%	89.8%
June 30, 1995	437,089	1,531,406	944,972	2,647,392	100%	100%	71.8%
June 30, 1994 ⁽¹⁾⁽²⁾	398,990	1,419,506	942,913	2,472,957	100%	100%	69.4%
June 30, 1993	370,667	1,223,220	835,569	2,261,082	100%	100%	79.8%
June 30, 1992 ⁽¹⁾	341,204	1,110,981	779,561	2,001,864	100%	100%	70.5%
June 30, 1991 ⁽²⁾	293,136	1,056,453	725,816	1,779,579	100%	100%	59.2%

⁽¹⁾ Change in Asset Valuation Method.

⁽²⁾ Change of Assumptions.

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