State of Alaska
Teachers' Retirement System

Actuarial Valuation Report as of June 30, 2024

Gallagher

Insurance | Risk Management | Consulting

Gallagher

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 Teachers' Retirement System (TRS) 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 TRS 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 TRS as of June 30, 2024.

TRS 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 TRS is to pay required contributions that remain level as a percent of total TRS 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 TRS 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 TRS, 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 TRS. 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 subsides are expected to be higher than originally anticipated for 2025 and beyond. EGWP subsidies were updated based on estimates provided by Segal Consulting. Because of the significant increase in the EGWP subsidy for FY25 and beyond due to the Inflation Reduction Act, and uncertainty regarding future subsidy levels, the ARMB has adopted a smoothing of EGWP subsidy estimates over five years. In addition, the prescription drug and EGWP trend assumption was updated to reflect recent survey information indicating higher initial trend rates in part due to the recent higher-than-expected inflationary environment.

A summary of the actuarial assumptions and methods used in this actuarial valuation is shown in Sections 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 TRS beginning with fiscal year ending June 30, 2014, and Statement No. 74 (GASB 74) was effective for TRS 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 TRS. 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.

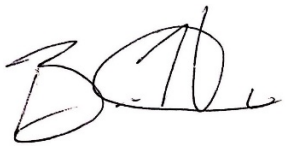
Additional models used in valuing health benefits are described later in the report.

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

Contents

Executive Summary

Overview

The State of Alaska Teachers' Retirement System (TRS) provides pension and postemployment healthcare benefits to teachers and other eligible participants. The Commissioner of the Department of Administration is responsible for administering the plan. The Alaska Retirement Management Board has fiduciary responsibility over the assets of the plan. This report presents the results of the actuarial valuation of TRS 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 TRS 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	$ 8,036,685	$ 8,018,737
b. Valuation Assets	6,171,460	6,247,250
c. Unfunded Actuarial Accrued Liability, (a) - (b)	$ 1,865,225	$ 1,771,487
d. Funded Ratio based on Valuation Assets, (b) ÷ (a)	76.8%	77.9%
e. Fair Value of Assets	$ 6,099,520	$ 6,216,525
f. Funded Ratio based on Fair Value of Assets, (e) ÷ (a)	75.9%	77.5%

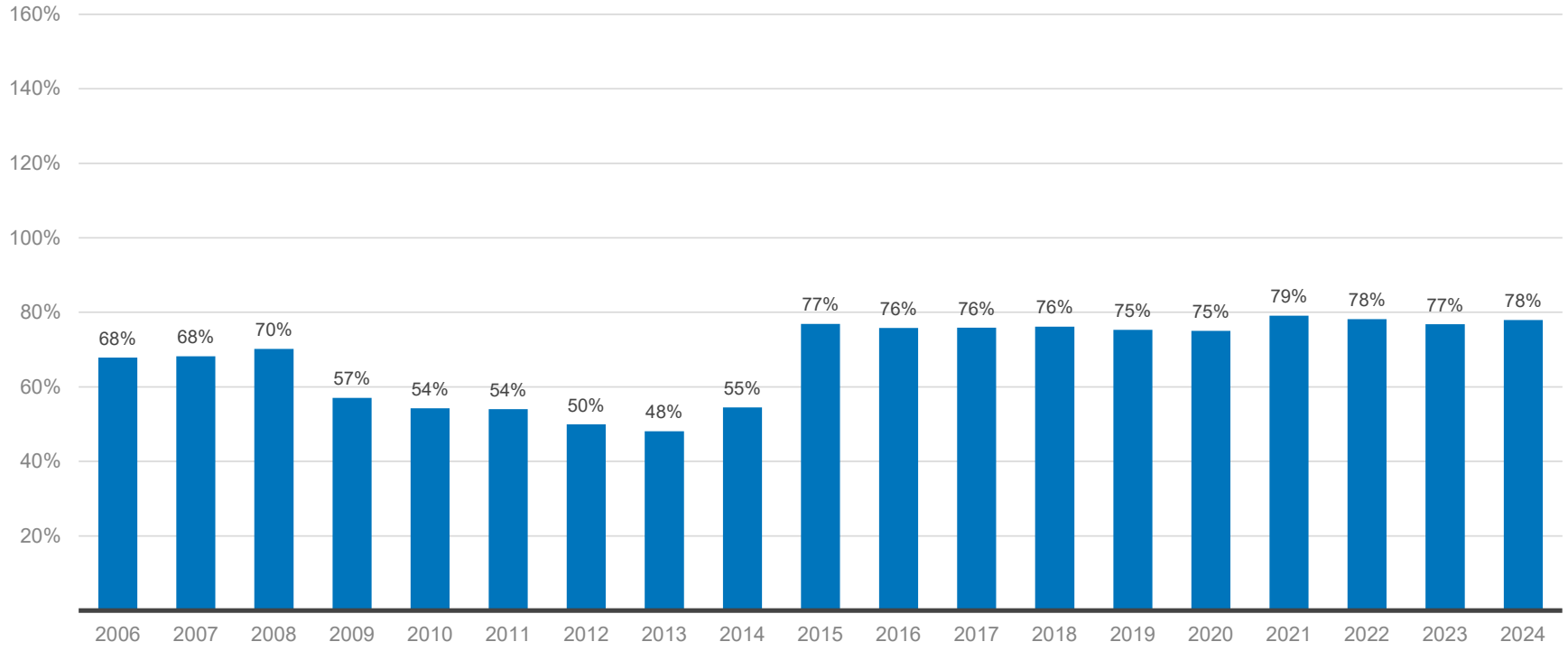
Executive Summary

Funded Status as of June 30 ($ in thousands)	2023	2024
Healthcare		
a. Actuarial Accrued Liability	$ 2,617,821	$ 2,651,545
b. Valuation Assets	3,547,973	3,677,415
c. Unfunded Actuarial Accrued Liability, (a) - (b)	$ (930,152)	$ (1,025,870)
d. Funded Ratio based on Valuation Assets, (b) ÷ (a)	135.5%	138.7%
e. Fair Value of Assets	$ 3,506,595	$ 3,665,189
f. Funded Ratio based on Fair Value of Assets, (e) ÷ (a)	134.0%	138.2%

Executive Summary

Funded Ratio History (Based on Valuation Assets)

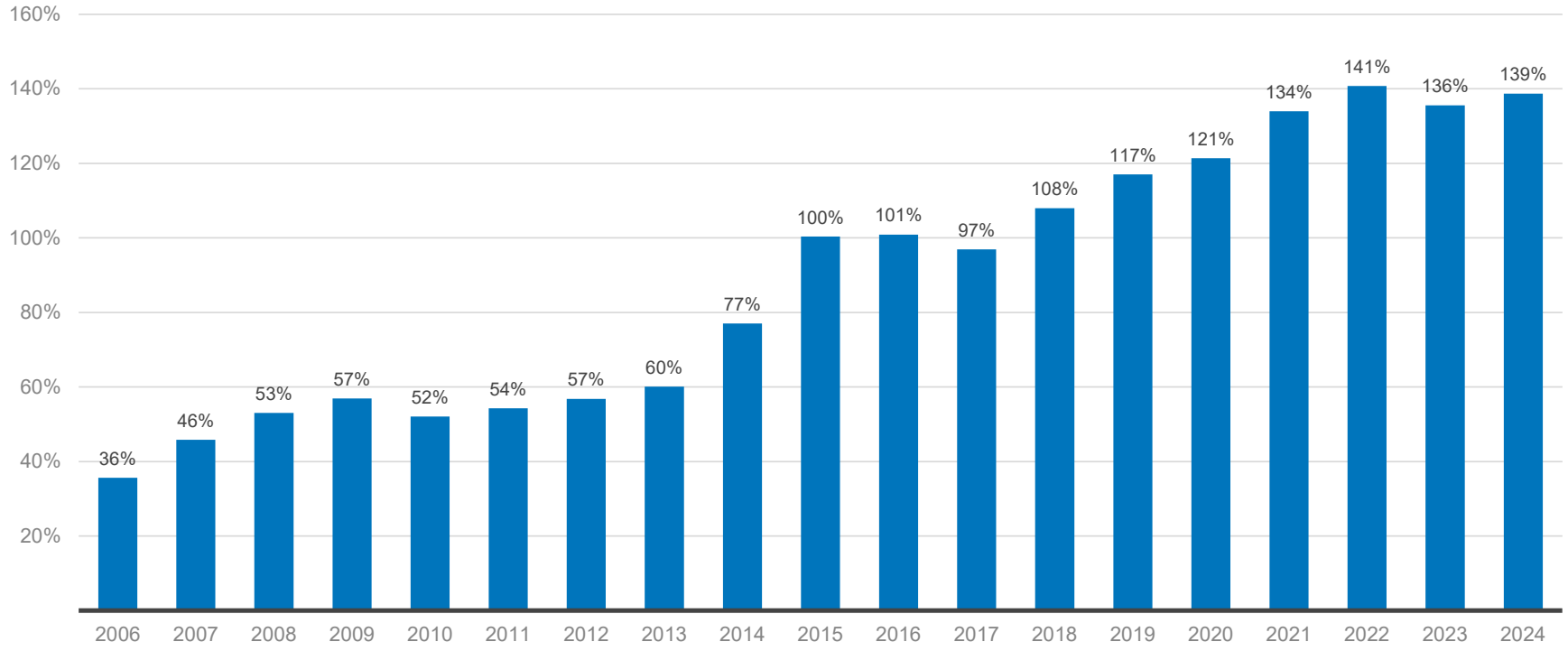
Pension (2006 and later)



Executive Summary

Funded Ratio History (Based on Valuation Assets)

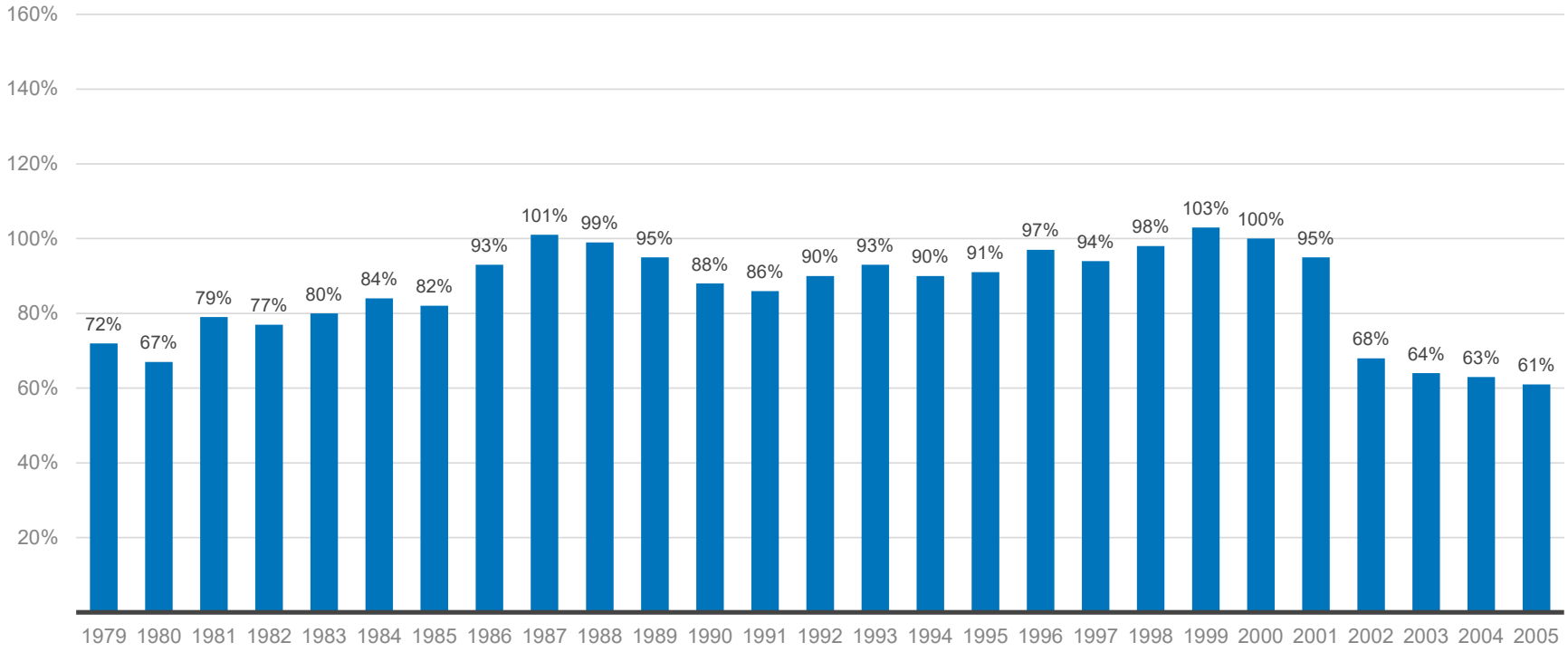
Healthcare (2006 and later)



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 8.9% compared to the expected investment return of 7.25% (net of investment expenses). This resulted in a market asset gain of $90 million (pension) and $57 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 $44 million (pension) and $25 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 $15 million.

3. Demographic Experience

Section 4 provides statistics on active and inactive members. The number of active members decreased 10.5% from 2,734 at June 30, 2023 to 2,447 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 52.95 to 53.36 and average credited service increased from 21.18 to 21.69 years.

The number of benefit recipients increased 1.3% from 14,255 to 14,445, and their average age increased from 73.10 to 73.40. The number of vested terminated participants decreased 15.9% from 763 to 642. Their average age remained level at 53.70.

The overall effect of the demographic experience during FY24 was a liability gain of $1 million (pension) and a liability loss of $7 million[1] (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 $58 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 $37 million. Healthcare benefits paid during FY24 were less than expected, which generated a liability gain of $5 million. The EGWP subsidy received by the plan during FY24 was $21 million, as compared to the expected EGWP subsidy for FY24 of $20 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 contributions[2]. 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 years[1]. 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 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 $198M (8.1%).

Executive Summary

Comparative Summary of Contribution Rates

	Actual FY 2026	Estimated FY 2027
Pension		
a. Normal Cost Rate Net of Member Contributions	2.21%	1.98%
b. Past Service Cost Rate	21.12%	21.88%
c. Total Employer/State Contribution Rate, (a) + (b), not less than (a)[1]	23.33%	23.86%
Healthcare		
a. Normal Cost Rate	2.15%	1.93%
b. Past Service Cost Rate	(10.86%)	(10.84%)
c. Total Employer/State Contribution Rate, (a) + (b), not less than (a)[1]	2.15%	1.93%
Total		
a. Normal Cost Rate Net of Member Contributions	4.36%	3.91%
b. Past Service Cost Rate	21.12%	21.88%
c. Total Employer/State Contribution Rate, (a) + (b)[1]	25.48%	25.79%
d. Board Adopted Total Employer/State Contribution Rate	23.68%[2]	TBD
e. Defined Contribution Retirement (DCR) Rate Paid by Employers	7.65%	8.02%
f. Board Adopted Total Rate, Including DCR Rate Paid by Employers, (d) + (e)	31.33%	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 23.68% 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	23.00%	2.56%
2. Change due to:		
a. Health Claims Experience	N/A	0.01%
b. Salary Increases	0.12%	N/A
c. Investment Experience	(0.36%)	0.00%
d. Demographic Experience and Miscellaneous[1]	(0.93%)	(0.23%)
e. Actual vs Expected Contributions	0.22%	0.00%
f. Assumption Changes	0.00%	(0.02%)
g. Method Changes[2]	0.94%	0.09%
h. Plan Changes	0.00%	0.00%
i. Total Change, (a) + (b) + (c) + (d) + (e) + (f) + (g) + (h)	(0.01%)	(0.15%)
3. Total Employer/State Contribution Rate as of June 30, 2024, (1) + (2)(i)	22.99%	2.41%

[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	$ 8,261	$ (8,842)
Termination Experience	(5,951)	(1,038)
Disability Experience	(877)	(456)
Active Mortality Experience	1,347	612
Inactive Mortality Experience	(1,675)	1,626
Salary Increases	(14,868)	N/A
Rehires (Net of Rehire Load)	(82)	(329)
Metcalfe Transfers[1]	(2,320)	(1,259)
COLA Increases	2,087	N/A
PRPA Increases	57,740	N/A
Benefit Payments Different than Expected	12,915	4,819
Per Capita Claims Cost	N/A	(36,847)
Medicare Part B Only Experience	N/A	(1,575)
Changes in Dependent Coverage Elections	N/A	2,544
Programming Changes[2]	N/A	(3,220)
Miscellaneous[3]	(8,937)	(3,563)
Total	$ 47,640	$ (47,528)

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	$ 4,709	$ 367
2. June 30, 2023 Normal Cost Rehire Load, with interest to June 30, 2024	$ 4,627	$ 38
3. Rehire Gain/(Loss), (2) - (1)	$ (82)	$ (329)

[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 spouse participation rates and Medicare Part B Only assumption.
[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	$ (161,082)
Updated Healthcare Cost Trend Rates	N/A	92,770
Total	N/A	$ (68,312)

1 Actuarial Funding Results

1.1 Actuarial Liabilities and Normal Cost ($ in thousands)

As of June 30, 2024	Present Value of Projected Benefits	Actuarial Accrued (Past Service) Liability
Active Members		
Retirement Benefits	$ 1,635,023	$ 1,504,186
Termination Benefits	12,767	(3,883)
Disability Benefits	794	(2,014)
Death Benefits	6,578	5,635
Return of Contributions	1,443	(23,314)
Medical and Prescription Drug Benefits	798,146	692,588
Medicare Part D Subsidy	(129,186)	(112,613)
Indebtedness	(24,855)	(24,855)
Subtotal	$ 2,300,710	$ 2,035,730
Inactive Members		
Not Vested	$ 39,131	$ 39,131
Vested Terminations		
- Retirement Benefits	143,688	143,688
- Medical and Prescription Drug Benefits	289,186	289,186
- Medicare Part D Subsidy	(48,842)	(48,842)
- Indebtedness	(4,896)	(4,896)
Retirees & Beneficiaries		
- Retirement Benefits	6,385,059	6,385,059
- Medical and Prescription Drug Benefits	2,358,542	2,358,542
- Medicare Part D Subsidy	(527,316)	(527,316)
Subtotal	$ 8,634,552	$ 8,634,552
Total	**$ 10,935,262**	**$ 10,670,282**
Total Pension	**$ 8,194,732**	**$ 8,018,737**
Total Medical, Net of Part D Subsidy	**$ 2,740,530**	**$ 2,651,545**
Total Medical, Gross of Part D Subsidy	**$ 3,445,874**	**$ 3,340,316**
By Tier		
Tier 1		
- Pension	$ 4,253,171	$ 4,250,106
- Medical, Net of Part D Subsidy	1,040,817	1,039,493
Tier 2		
- Pension	3,941,561	3,768,631
- Medical, Net of Part D Subsidy	1,699,713	1,612,052
Total	**$ 10,935,262**	**$ 10,670,282**

1 Actuarial Funding Results

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

As of June 30, 2024	Normal Cost, with half year interest	
Active Members		
Retirement Benefits	$	25,538
Termination Benefits		3,258
Disability Benefits		545
Death Benefits		192
Return of Contributions		4,888
Medical and Prescription Drug Benefits		20,047
Medicare Part D Subsidy		(3,193)
Rehire Assumption (Pension)		4,130
Rehire Assumption (Medical)		34
Administrative Expenses (Pension)		3,625
Administrative Expenses (Medical)		1,888
Total	**$**	**60,952**
Total Pension	**$**	**42,176**
Total Medical, Net of Part D Subsidy	**$**	**18,776**
Total Medical, Gross of Part D Subsidy	**$**	**21,969**
By Tier		
Tier 1		
- Pension	$	1,197
- Medical, Net of Part D Subsidy		448
Tier 2		
- Pension		40,979
- Medical, Net of Part D Subsidy		18,328
Total	**$**	**60,952**

1 Actuarial Funding Results

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

Normal Cost Rate	Pension	Healthcare
1. Total Normal Cost, with half year interest	$ 42,176	$ 18,776
2. DB Rate Payroll Projected for FY25	255,949	255,949
3. DCR Rate Payroll Projected for FY25	523,401	523,401
4. Total Rate Payroll Projected for FY25	779,350	779,350
5. Normal Cost Rate		
a. Based on DB Rate Payroll, (1) ÷ (2)	16.48%	7.34%
b. Based on Total Rate Payroll, (1) ÷ (4)	5.41%	2.41%
6. Average Member Contribution Rate[1]	2.84%	0.00%
7. Employer Normal Cost, (5)(b) - (6)	2.57%	2.41%

Past Service Rate	Pension	Healthcare
1. Actuarial Accrued Liability	$ 8,018,737	$ 2,651,545
2. Valuation Assets	6,247,250	3,677,415
3. Unfunded Actuarial Accrued Liability, (1) - (2)	$ 1,771,487	$ (1,025,870)
4. Funded Ratio, (2) ÷ (1)	77.9%	138.7%
5. Past Service Cost Amortization Payment, with half year interest	159,180	(75,631)
6. Total Rate Payroll Projected for FY25	779,350	779,350
7. Past Service Rate, (5) ÷ (6)	20.42%	(9.70%)
Total Employer / State Contribution Rate, not less than Normal Cost Rate	**22.99%**	**2.41%**
Normal Cost Rate by Tier (Total Employer and Member)[2]		
Tier 1	16.83%	6.30%
Tier 2	16.47%	7.37%

[1] Assumes no member contributions from members in the DCR plan, 9.65% contributions for Tier 1 members who elected supplemental coverage, and 8.65% for the remaining members.

[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)

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

Layer	Amortization Period		Balances		
	Date Created	Years Remaining	Initial	Outstanding	Beginning-of-Year Payment
Initial Amount	6/30/2018	15	$ 1,720,344	$ 1,620,631	$ 143,377
Change in Assumptions	6/30/2018	19	14,346	14,325	1,079
FY19 Loss	6/30/2019	20	94,314	94,685	6,901
FY20 Loss	6/30/2020	21	44,395	44,700	3,160
FY21 Gain	6/30/2021	22	(285,576)	(287,765)	(19,776)
Change in Assumptions	6/30/2022	23	144,033	144,974	9,703
FY22 Loss	6/30/2022	23	17,525	17,640	1,181
FY23 Loss	6/30/2023	24	185,790	186,545	12,181
FY24 Gain	6/30/2024	25	(64,248)	(64,248)	(4,100)
Total				**$ 1,771,487**	**$ 153,706**

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

Layer	Amortization Period		Balances		
	Date Created	Years Remaining	Initial	Outstanding	Beginning-of-Year Payment
Initial Amount	6/30/2018	15	$ (48,285)	$ (45,487)	$ (4,024)
Change in Assumptions/Methods/EGWP	6/30/2018	19	(166,274)	(166,052)	(12,506)
FY19 Gain	6/30/2019	20	(213,757)	(214,597)	(15,641)
FY20 Gain	6/30/2020	21	(101,507)	(102,204)	(7,226)
Medical/Prescription Drug Plan Changes	6/30/2021	22	(21,763)	(21,929)	(1,507)
FY21 Gain	6/30/2021	22	(273,877)	(275,975)	(18,966)
Change in Assumptions	6/30/2022	23	20,542	20,676	1,384
FY22 Gain	6/30/2022	23	(185,832)	(187,047)	(12,519)
FY23 Loss	6/30/2023	24	64,467	64,729	4,227
Change in Assumptions	6/30/2024	25	(68,312)	(68,312)	(4,359)
FY24 Gain	6/30/2024	25	(29,672)	(29,672)	(1,893)
Total				**$ (1,025,870)**	**$ (73,030)**

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	**$ 8,018,737**	**$ 2,651,545**
b. Normal Cost	37,226	16,307
c. Interest on (a) and (b) at 7.25%	584,057	193,419
d. Estimated Benefit Payments	(595,315)	(160,066)
e. Interest on (d) at 7.25%, adjusted for timing	(26,979)	(5,735)
f. Expected Actuarial Accrued Liability as of June 30, 2025	**$ 8,017,726**	**$ 2,695,470**
g. Projected Normal Cost	33,221	14,771
h. Interest on (f) and (g) at 7.25%	583,694	196,492
i. Estimated Benefit Payments	(611,754)	(163,410)
j. Interest on (i) at 7.25%, adjusted for timing	(26,593)	(6,111)
k. Expected Actuarial Accrued Liability as of June 30, 2026	**$ 7,996,294**	**$ 2,737,212**
2. Asset Roll Forward		
a. Actuarial Value of Assets as of June 30, 2024	**$ 6,247,250**	**$ 3,677,415**
b. Interest on (a) at 7.25%	452,926	266,613
c. Employee Contributions	25,215	0
d. Employer Contributions	41,072	0
e. State Assistance Contributions	123,358	0
f. Interest on (c) thru (e) at 7.25%, adjusted for timing*	11,304	0
g. Estimated Benefit Payments	(595,315)	(160,066)
h. Administrative Expenses	(3,500)	(1,823)
i. Interest on (g) and (h) at 7.25%, adjusted for timing	(27,104)	(5,800)
j. AVA Adjustments	82,888	45,778
k. Expected Actuarial Value of Assets as of June 30, 2025	**$ 6,358,094**	**$ 3,822,117**
l. Interest on (k) at 7.25%	460,962	277,103
m. Employee Contributions	23,211	0
n. Employer Contributions	38,495	0
o. State Assistance Contributions**	138,982	0
p. Interest on (m) thru (o) at 7.25%, adjusted for timing*	12,274	0
q. Estimated Benefit Payments	(611,754)	(163,410)
r. Administrative Expenses	(3,140)	(1,651)
s. Interest on (q) and (r) at 7.25%, adjusted for timing	(26,705)	(6,170)
t. AVA Adjustments	(163,409)	(88,634)
u. Expected Actuarial Value of Assets as of June 30, 2026	**$ 6,227,010**	**$ 3,839,355**
3. Expected Unfunded Actuarial Accrued Liability as of June 30, 2026, 1(k) - 2(u)	**$ 1,769,284**	**$ (1,102,143)**

* 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) (continued)

	Pension	Healthcare
4. Expected Annual Rate Payroll for FY27		
a. Defined Benefit Members	$ 205,169	$ 205,169
b. Defined Contribution Retirement Members	585,979	585,979
c. Total Rate Payroll	**$ 791,148**	**$ 791,148**
5. Expected FY27 Contribution Rate Calculation		
a. Projected Normal Cost for FY27	$ 33,372	$ 15,283
b. Projected Normal Cost Rate for FY27	4.22%	1.93%
c. Expected Member Contribution Rate for FY27	(2.24%)	0.00%
d. Expected Employer Normal Cost Rate for FY27	**1.98%**	**1.93%**
e. Expected Unfunded Liability as of June 30, 2026	$ 1,769,284	$ (1,102,143)
f. FY27 Layered Amortization of Expected Unfunded Liability	173,081	(85,734)
g. Expected Past Service Cost Contribution Rate for FY27	**21.88%**	**(10.84%)**
h. Expected Total Contribution Rate for FY27, not less than Normal Cost Rate	**23.86%**	**1.93%**

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: Date Created	Amortization Period: Years Remaining at 6/30/26	Balances: Initial	Balances: Outstanding at 6/30/26	Beginning-of-Year Payment for FY27
Initial Amount	6/30/2018	13	$ 1,720,344	$ 1,541,220	$ 151,371
Change in Assumptions	6/30/2018	17	14,346	14,047	1,139
FY19 Loss	6/30/2019	18	94,314	93,369	7,286
FY20 Loss	6/30/2020	19	44,395	44,300	3,336
FY21 Gain	6/30/2021	20	(285,576)	(286,463)	(20,879)
Change in Assumptions	6/30/2022	21	144,033	144,903	10,244
FY22 Loss	6/30/2022	21	17,525	17,631	1,246
FY23 Loss	6/30/2023	22	185,790	187,139	12,861
FY24 Gain	6/30/2024	23	(64,248)	(64,669)	(4,328)
Expected FY25 Gain	6/30/2025	24	(75,437)	(75,743)	(4,946)
Expected FY26 Loss	6/30/2026	25	153,550	153,550	9,799
Total				**$ 1,769,284**	**$ 167,129**

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

Layer	Amortization Period: Date Created	Amortization Period: Years Remaining at 6/30/26	Balances: Initial	Balances: Outstanding at 6/30/26	Beginning-of-Year Payment for FY27
Initial Amount	6/30/2018	13	$ (48,285)	$ (43,258)	$ (4,249)
Change in Assumptions/Methods/EGWP	6/30/2018	17	(166,274)	(162,836)	(13,204)
FY19 Gain	6/30/2019	18	(213,757)	(211,614)	(16,513)
FY20 Gain	6/30/2020	19	(101,507)	(101,287)	(7,628)
Medical/Prescription Drug Plan Changes	6/30/2021	20	(21,763)	(21,831)	(1,591)
FY21 Gain	6/30/2021	20	(273,877)	(274,726)	(20,023)
Change in Assumptions	6/30/2022	21	20,542	20,666	1,461
FY22 Gain	6/30/2022	21	(185,832)	(186,955)	(13,217)
FY23 Loss	6/30/2023	22	64,467	64,935	4,462
Change in Assumptions	6/30/2024	23	(68,312)	(68,759)	(4,602)
FY24 Gain	6/30/2024	23	(29,672)	(29,867)	(1,999)
Expected FY25 Gain	6/30/2025	24	(104,727)	(105,151)	(6,866)
Expected FY26 Loss	6/30/2026	25	18,540	18,540	1,183
Total				**$ (1,102,143)**	**$ (82,786)**

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	$ 8,036,685	$ 2,617,821
b. Normal Cost	40,266	17,335
c. Interest on (a) and (b) at 7.25%	585,579	191,049
d. Employer Group Waiver Plan	0	21,682
e. Benefit Payments	(572,151)	(170,266)
f. Refund of Contributions	(1,823)	0
g. Interest on (d) thru (f) at 7.25%, adjusted for timing	(22,179)	(5,292)
h. Assumptions/Methods Changes	0	(68,312)
i. Expected Actuarial Accrued Liability as of June 30, 2024 (a) + (b) + (c) + (d) + (e) + (f) + (g) + (h)	$ 8,066,377	$ 2,604,017
2. Actual Actuarial Accrued Liability as of June 30, 2024	8,018,737	2,651,545
3. Liability Gain/(Loss), (1)(i) - (2)	**$ 47,640**	**$ (47,528)**
4. Expected Actuarial Asset Value		
a. Actuarial Value of Assets as of June 30, 2023	$ 6,171,460	$ 3,547,973
b. Interest on (a) at 7.25%	447,431	257,228
c. Employee Contributions	28,441	0
d. Employer Contributions	47,718	2,649
e. State Assistance Contributions	98,766	0
f. Employer Group Waiver Plan	0	21,682
g. Interest on (c) thru (f) at 7.25%, adjusted for timing	9,873	867
h. Benefit Payments	(572,151)	(170,266)
i. Refund of Contributions	(1,823)	0
j. Administrative Expenses	(3,689)	(1,779)
k. Interest on (h) thru (j) at 7.25%, adjusted for timing	(22,310)	(6,128)
l. Expected Actuarial Asset Value as of June 30, 2024 (a) + (b) + (c) + (d) + (e) + (f) + (g) + (h) + (i) + (j) + (k)	$ 6,203,716	$ 3,652,226
5. Actual Actuarial Asset Value as of June 30, 2024	6,247,250	3,677,415
6. Actuarial Asset Value Gain/(Loss), (5) - (4)(l)	**$ 43,534**	**$ 25,189**
7. Total Actuarial Gain/(Loss), (3) + (6)	**$ 91,174**	**$ (22,339)**
8. Contribution Gain/(Loss)	**$ (26,922)**	**$ 51,756**
9. Administrative Expense Gain/(Loss)	**$ (4)**	**$ 255**
10. FY24 Gain/(Loss), (7) + (8) + (9)	**$ 64,248**	**$ 29,672**

1 Actuarial Funding Results

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

	Pension	Healthcare
1. 2023 Unfunded Liability	$ 1,865,225	$ (930,152)
a. Interest on Unfunded Liability at 7.25%	$ 135,229	$ (67,436)
b. Normal Cost	40,266	17,335
c. Employee Contributions	(28,441)	0
d. Employer Contributions	(47,718)	(2,649)
e. State Assistance Contributions	(98,766)	0
f. Administrative Expenses	3,689	1,779
g. Interest on (b) thru (f) at 7.25%, adjusted for timing	(6,823)	1,226
h. Assumptions/Methods Changes	0	(68,312)
i. Expected Change in Unfunded Liability During FY24 (a) + (b) + (c) + (d) + (e) + (f) + (g) + (h)	$ (2,564)	$ (118,057)
2. Expected 2024 Unfunded Liability, (1) + (1)(i)	$ 1,862,661	$ (1,048,209)
a. Liability (Gain)/Loss During FY24	$ (47,640)	$ 47,528
b. Actuarial Assets (Gain)/Loss During FY24	(43,534)	(25,189)
c. Total Actuarial (Gain)/Loss During FY24	$ (91,174)	$ 22,339
3. Actual 2024 Unfunded Liability, (2) + (2)(c)	$ 1,771,487	$ (1,025,870)

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

	Change in Employer / State Contribution Rate During Fiscal Year				
	Pension				
Type of (Gain) or Loss	2020	2021	2022	2023	2024
1. Health Claims	N/A	N/A	N/A	N/A	N/A
2. Salary Experience	(0.06%)	0.25%	0.26%	(0.15%)	0.12%
3. Investment Experience	0.83%	(1.95%)	(0.63%)	(0.08%)	(0.36%)
4. Demographic Experience and Miscellaneous	(0.28%)	(0.68%)	0.91%	2.09%	(0.93%)
5. Actual vs Expected Contributions	(0.17%)	(0.03%)	(0.25%)	0.14%	0.22%
6. (Gain) or Loss During Year From Experience, (1) + (2) + (3) + (4) + (5)	0.32%	(2.41%)	0.29%	2.00%	(0.95%)
7. Assumptions Changes	0.00%	0.00%	1.39%	0.00%	0.00%
8. Method Changes	0.00%	0.00%	0.00%	0.00%	0.94%
9. Plan Changes	0.00%	0.00%	0.00%	0.00%	0.00%
10. Composite (Gain) or Loss During Year, (6) + (7) + (8) + (9)	0.32%	(2.41%)	1.68%	2.00%	(0.01%)
11. Beginning Total Employer / State Contribution Rate	21.41%	21.73%	19.32%	21.00%	23.00%
12. Ending Valuation Year Employer / State Contribution Rate, (10) + (11)	21.73%	19.32%	21.00%	23.00%	22.99%
13. Fiscal Year Rates Adopted by ARMB					
a. Fiscal Year Employer / State Contribution Rate	17.90%	18.49%	21.30%	23.68%	23.86% *
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

	Change in Employer / State Contribution Rate During Fiscal Year				
	Healthcare				
Type of (Gain) or Loss	2020	2021	2022	2023	2024
1. Health Claims	(0.95%)	(0.11%)	(0.11%)	0.11%	0.01%
2. Salary Experience	N/A	N/A	N/A	N/A	N/A
3. Investment Experience	0.38%	0.00%	0.00%	0.00%	0.00%
4. Demographic Experience and Miscellaneous	0.49%	(0.23%)	(0.21%)	(0.11%)	(0.23%)
5. Actual vs Expected Contributions	(0.19%)	0.00%	0.00%	0.00%	0.00%
6. (Gain) or Loss During Year From Experience, (1) + (2) + (3) + (4) + (5)	(0.27%)	(0.34%)	(0.32%)	0.00%	(0.22%)
7. Assumptions Changes	0.00%	0.00%	(0.06%)	0.00%	(0.02%)
8. Method Changes	0.00%	0.00%	0.00%	0.00%	0.09%
9. Plan Changes	0.00%	(0.02%)	0.00%	0.00%	0.00%
10. Composite (Gain) or Loss During Year, (6) + (7) + (8) + (9)	(0.27%)	(0.36%)	(0.38%)	0.00%	(0.15%)
11. Beginning Total Employer / State Contribution Rate	3.57%	3.30%	2.94%	2.56%	2.56%
12. Ending Valuation Year Employer / State Contribution Rate, (10) + (11)	3.30%	2.94%	2.56%	2.56%	2.41%
13. Fiscal Year Rates Adopted by ARMB					
a. Fiscal Year Employer / State Contribution Rate	0.00%	0.00%	0.00%	0.00%	1.93% *
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

Pension ($ in thousands)

Valuation Date	Total Actuarial Accrued Liability	Valuation Assets	Assets as a Percent of Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)
June 30, 2006	$ 4,859,336	$ 3,296,934	67.8%	$ 1,562,402
June 30, 2007	5,043,448	3,441,867	68.2%	1,601,581
June 30, 2008	5,231,654	3,670,086	70.2%	1,561,568
June 30, 2009	5,463,987	3,115,719	57.0%	2,348,268
June 30, 2010	6,006,981	3,259,868	54.3%	2,747,113
June 30, 2011	6,196,104	3,345,949	54.0%	2,850,155
June 30, 2012	6,399,777	3,194,994	49.9%	3,204,783
June 30, 2013	6,589,553	3,170,313	48.1%	3,419,240
June 30, 2014	6,921,362	3,771,139	54.5%	3,150,223
June 30, 2015	7,051,724	5,422,651	76.9%	1,629,073
June 30, 2016	7,159,788	5,428,687	75.8%	1,731,101
June 30, 2017	7,217,525	5,476,835	75.9%	1,740,690
June 30, 2018	7,276,290	5,541,600	76.2%	1,734,690
June 30, 2019	7,388,020	5,563,931	75.3%	1,824,089
June 30, 2020	7,447,036	5,587,064	75.0%	1,859,972
June 30, 2021	7,471,887	5,910,369	79.1%	1,561,518
June 30, 2022	7,804,046	6,100,204	78.2%	1,703,842
June 30, 2023	8,036,685	6,171,460	76.8%	1,865,225
June 30, 2024	8,018,737	6,247,250	77.9%	1,771,487

1 Actuarial Funding Results

1.7 History of Unfunded Liability and Funded Ratio (continued)

Healthcare ($ in thousands)

Valuation Date	Total Actuarial Accrued Liability	Valuation Assets	Assets as a Percent of Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)
June 30, 2006	$ 2,370,515	$ 844,766	35.6%	$ 1,525,749
June 30, 2007	2,145,955	982,532	45.8%	1,163,423
June 30, 2008	2,387,524	1,266,890	53.1%	1,120,634
June 30, 2009	2,383,527	1,357,239	56.9%	1,026,288
June 30, 2010	2,840,807	1,479,260	52.1%	1,361,547
June 30, 2011	2,932,691	1,591,988	54.3%	1,340,703
June 30, 2012	2,946,667	1,674,160	56.8%	1,272,507
June 30, 2013	3,002,554	1,803,763	60.1%	1,198,791
June 30, 2014	2,919,670	2,248,135	77.0%	671,535
June 30, 2015	2,677,393	2,686,272	100.3%	(8,879)
June 30, 2016	2,747,836	2,771,704	100.9%	(23,868)
June 30, 2017	2,927,093	2,836,802	96.9%	90,291
June 30, 2018	2,684,150	2,898,709	108.0%	(214,559)
June 30, 2019	2,518,644	2,947,562	117.0%	(428,918)
June 30, 2020	2,489,675	3,021,283	121.4%	(531,608)
June 30, 2021	2,439,603	3,267,737	133.9%	(828,134)
June 30, 2022	2,442,577	3,437,216	140.7%	(994,639)
June 30, 2023	2,617,821	3,547,973	135.5%	(930,152)
June 30, 2024	2,651,545	3,677,415	138.7%	(1,025,870)

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	$ 80,020	$ 46,439	1.3%
- Subtotal	$ 80,020	$ 46,439	1.3%
Fixed Income Investments			
- Domestic Fixed Income Pool	$ 1,243,819	$ 736,724	20.0%
- International Fixed Income Pool	0	0	0.0%
- Alternative Fixed Income Pool	161,844	95,862	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	$ 1,405,663	$ 832,586	22.6%
Equity Investments			
- Domestic Equity Pool	$ 1,573,109	$ 931,766	25.3%
- International Equity Pool	827,802	490,314	13.3%
- Private Equity Pool	975,713	577,923	15.7%
- Emerging Markets Equity Pool	200,043	118,487	3.2%
- Alternative Equity Strategies	284,752	168,617	4.6%
- Subtotal	$ 3,861,419	$ 2,287,107	62.1%
Other Investments			
- Real Estate Pool	$ 407,189	$ 240,607	6.6%
- Other Investments Pool	461,589	273,403	7.4%
- Absolute Return Pool	0	0	0.0%
- Other Assets	0	318	0.0%
- Subtotal	$ 868,778	$ 514,328	14.0%
Total Cash and Investments	$ 6,215,880	$ 3,680,460	100.0%
Net Accrued Receivables	645	(15,271)	
Net Assets	$ 6,216,525	$ 3,665,189	

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	$ 6,099,520	$ 3,506,595
2. Additions:		
a. Employee Contributions	$ 28,441	$ 0
b. Employer Contributions	47,686	31
c. State Assistance Contributions	98,766	0
d. Interest and Dividend Income	100,368	58,550
e. Net Appreciation/(Depreciation) in Fair Value of Investments	436,132	257,102
f. Employer Group Waiver Plan	0	21,682
g. Transfer In	32	2,618
h. Other	36	301
i. Total Additions	$ 711,461	$ 340,284
3. Deductions:		
a. Medical Benefits	$ 0	$ 170,266
b. Retirement Benefits	572,151	0
c. Refund of Contributions	1,823	0
d. Investment Expenses	16,793	9,645
e. Administrative Expenses	3,689	1,779
f. Transfer Out	0	0
g. Total Deductions	$ 594,456	$ 181,690
4. Fair Value of Assets as of June 30, 2024	$ 6,216,525	$ 3,665,189
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 as of June 30, 2023	$ 6,099,520	$ 3,506,595
b. Contributions	174,893	31
c. Employer Group Waiver Plan	0	21,682
d. Benefit Payments	573,974	170,266
e. Administrative Expenses	3,689	1,779
f. Transfers In/(Out)	32	2,618
g. Actual Investment Return (net of investment expenses)	519,743	306,308
h. Expected Return Rate (net of investment expenses)	7.25%	7.25%
i. Expected Return, Weighted for Timing	429,778	248,967
j. Investment Gain/(Loss) for the Year, (g) - (i)	89,965	57,341
2. Actuarial Value as of June 30, 2024		
a. Fair Value as of June 30, 2024	$ 6,216,525	$ 3,665,189
b. Deferred Investment Gain/(Loss)	(30,725)	(12,226)
c. Actuarial Value as of June 30 as of 2024, (a) - (b)	6,247,250	3,677,415
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	8.0%	8.0%

2 Plan Assets

2.3 Development of Actuarial Value of Assets (continued)

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

Pension ($ in thousands)

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	$ (181,816)	$ (145,452)	$ (36,364)	$ 0
June 30, 2021	1,200,625	720,375	240,125	240,125
June 30, 2022	(880,940)	(352,376)	(176,188)	(352,376)
June 30, 2023	15,922	3,184	3,184	9,554
June 30, 2024	89,965	0	17,993	71,972
Total	**$ 243,756**	**$ 225,731**	**$ 48,750**	**$ (30,725)**

Healthcare ($ in thousands)

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	$ (92,367)	$ (73,893)	$ (18,474)	$ 0
June 30, 2021	655,144	393,087	131,028	131,029
June 30, 2022	(491,853)	(196,742)	(98,370)	(196,741)
June 30, 2023	12,687	2,537	2,537	7,613
June 30, 2024	57,341	0	11,468	45,873
Total	**$ 140,952**	**$ 124,989**	**$ 28,189**	**$ (12,226)**

2 Plan Assets

2.4 Historical Asset Rates of Return

	Actuarial Value		Fair Value	
Year Ending	Annual	Cumulative	Annual	Cumulative
June 30, 2005	9.1%	9.1%	8.5%	8.5%
June 30, 2006	9.6%	9.3%	11.4%	9.9%
June 30, 2007	11.9%	10.2%	18.5%	12.7%
June 30, 2008	10.2%	10.2%	(3.0%)	8.6%
June 30, 2009	(7.9%)	6.3%	(21.0%)	1.9%
June 30, 2010	8.1%	6.6%	10.6%	3.3%
June 30, 2011	6.9%	6.6%	20.5%	5.6%
June 30, 2012	0.7%	5.9%	0.2%	4.9%
June 30, 2013	3.7%	5.6%	12.2%	5.7%
June 30, 2014	22.7%	7.2%	18.2%	6.9%
June 30, 2015	7.2%	7.2%	3.2%	6.5%
June 30, 2016	5.1%	7.1%	(0.7%)	5.9%
June 30, 2017	5.6%	6.9%	12.9%	6.4%
June 30, 2018	6.2%	6.9%	8.2%	6.6%
June 30, 2019	5.5%	6.8%	5.9%	6.5%
June 30, 2020	5.8%	6.7%	4.1%	6.4%
June 30, 2021	11.6%	7.0%	30.1%	7.6%
June 30, 2022	8.7%	7.1%	(6.0%)	6.8%
June 30, 2023	7.4%	7.1%	7.6%	6.9%
June 30, 2024	8.0%	7.2%	8.9%	7.0%

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

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

3 Projections

3.1 Projection Assumptions and Methods

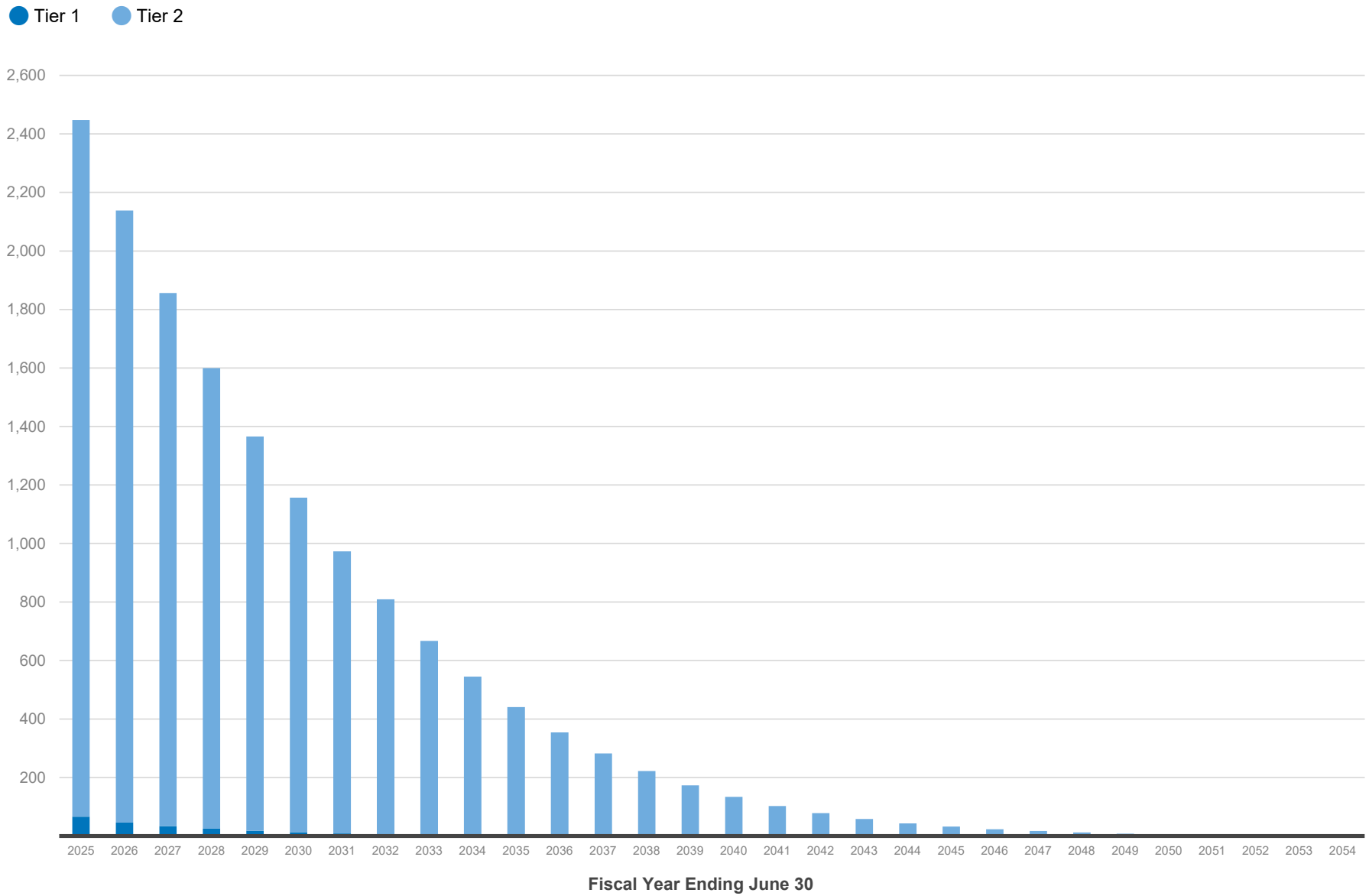
Key Assumptions

- 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.
- 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

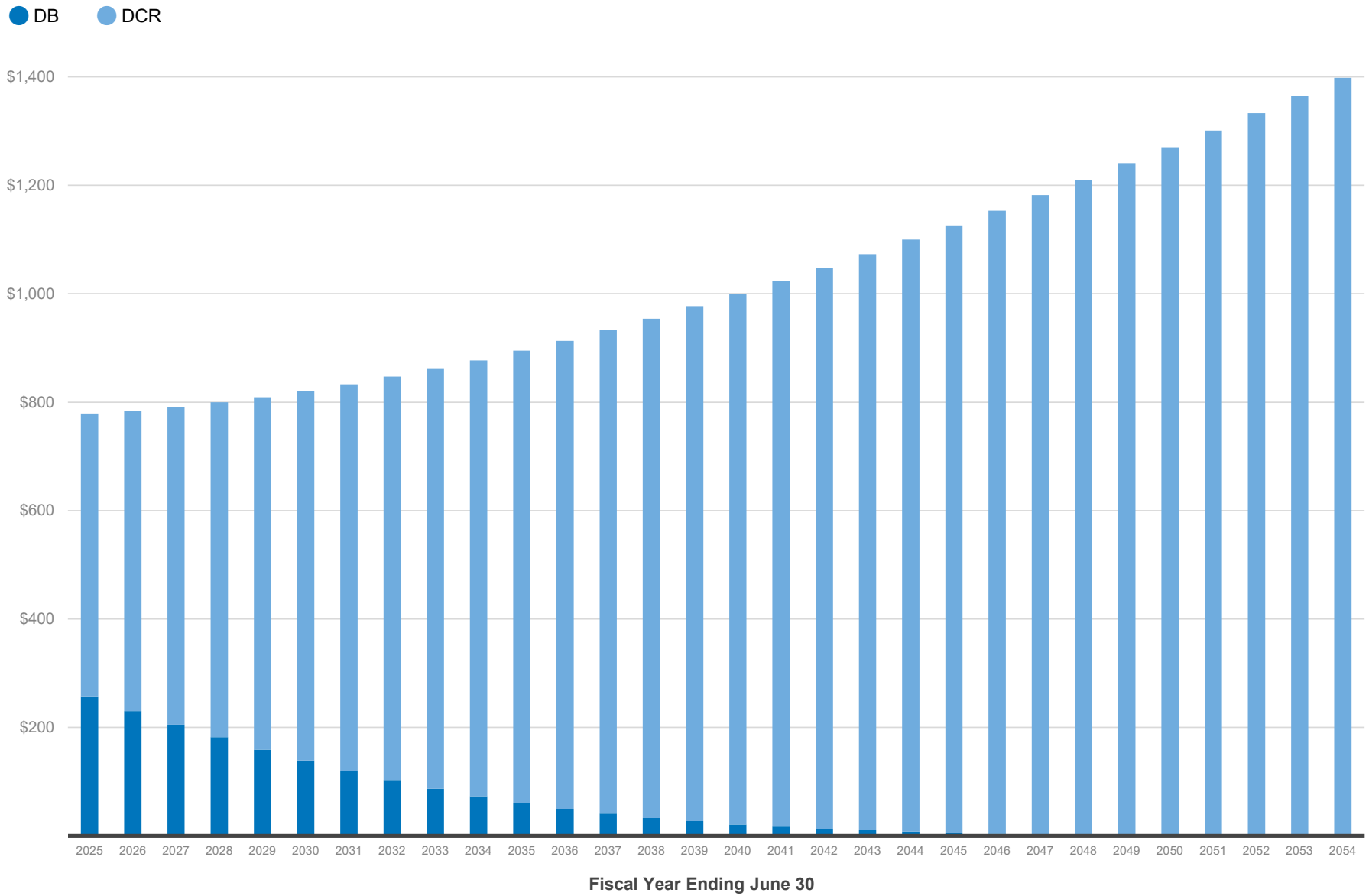
Active Member Counts



3 Projections

3.2 Membership Projections (continued)

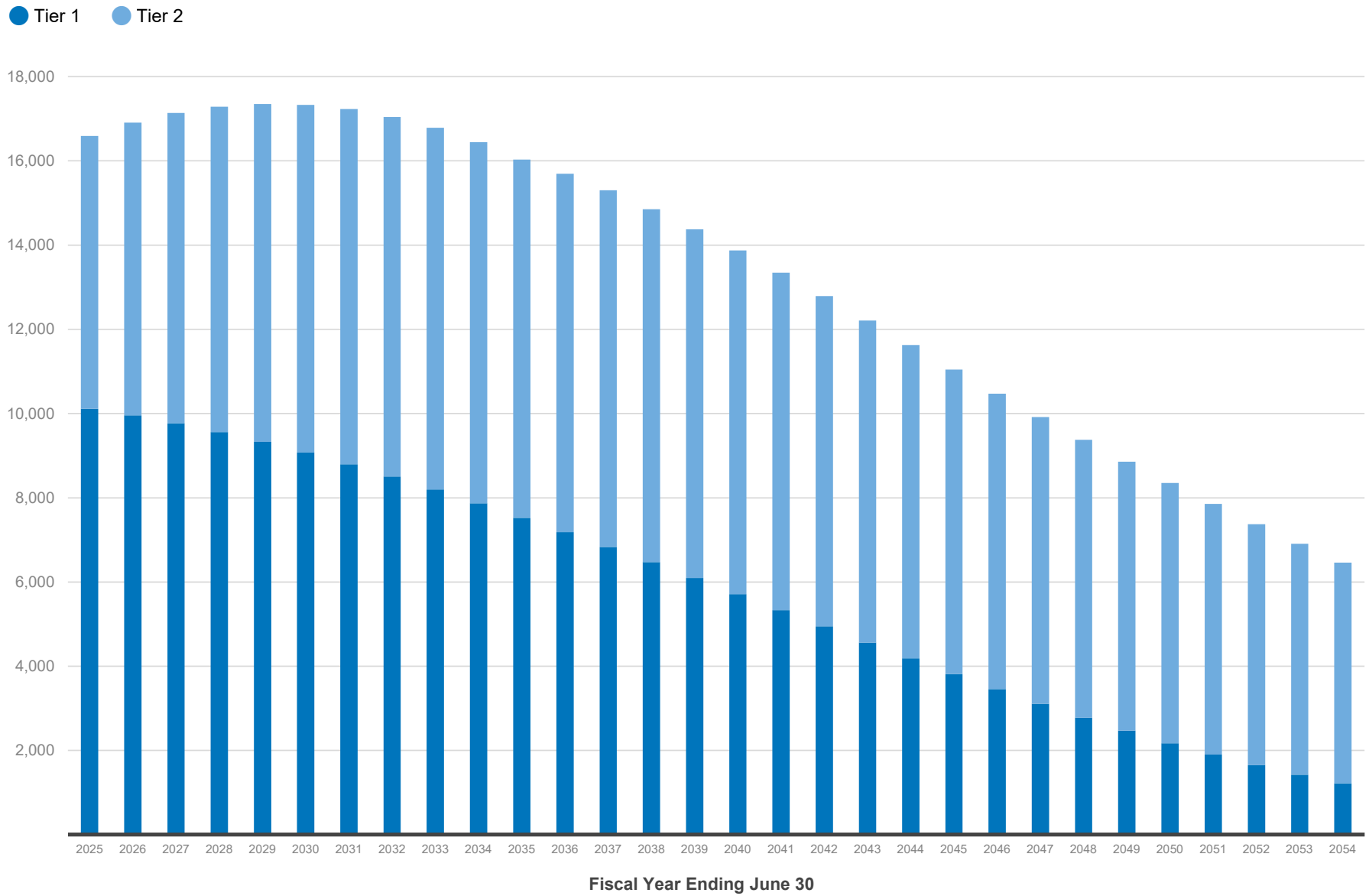
Total Payroll ($ in millions)



3 Projections

3.2 Membership Projections (continued)

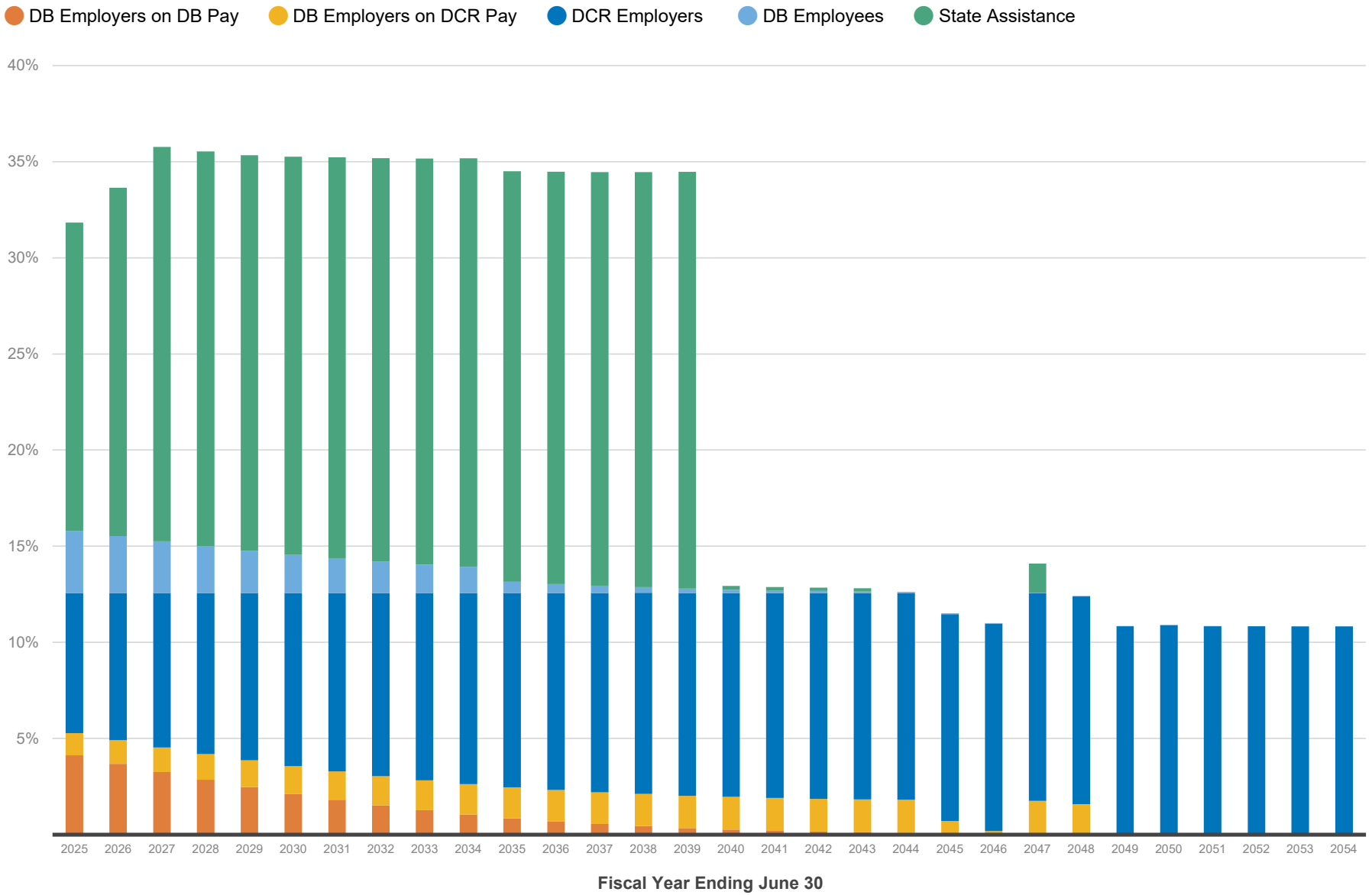
Inactive Member Counts



3 Projections

3.3 Projected Contribution Rates

Based on Total Payroll (DB and DCR)

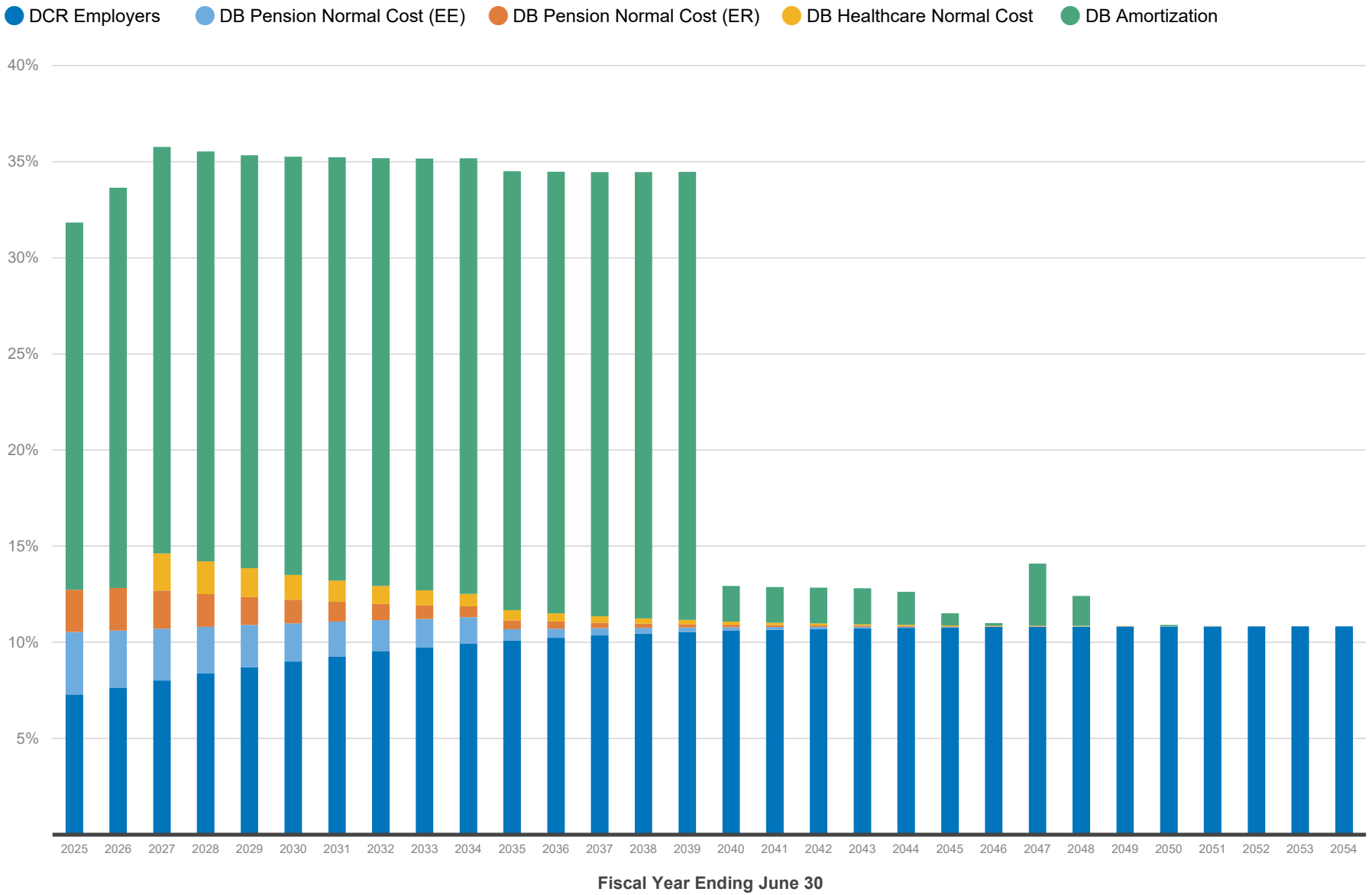


These projections reflect the DB contribution rates shown in Section 3.9A.

3 Projections

3.4 Projected Contribution Rates by Component

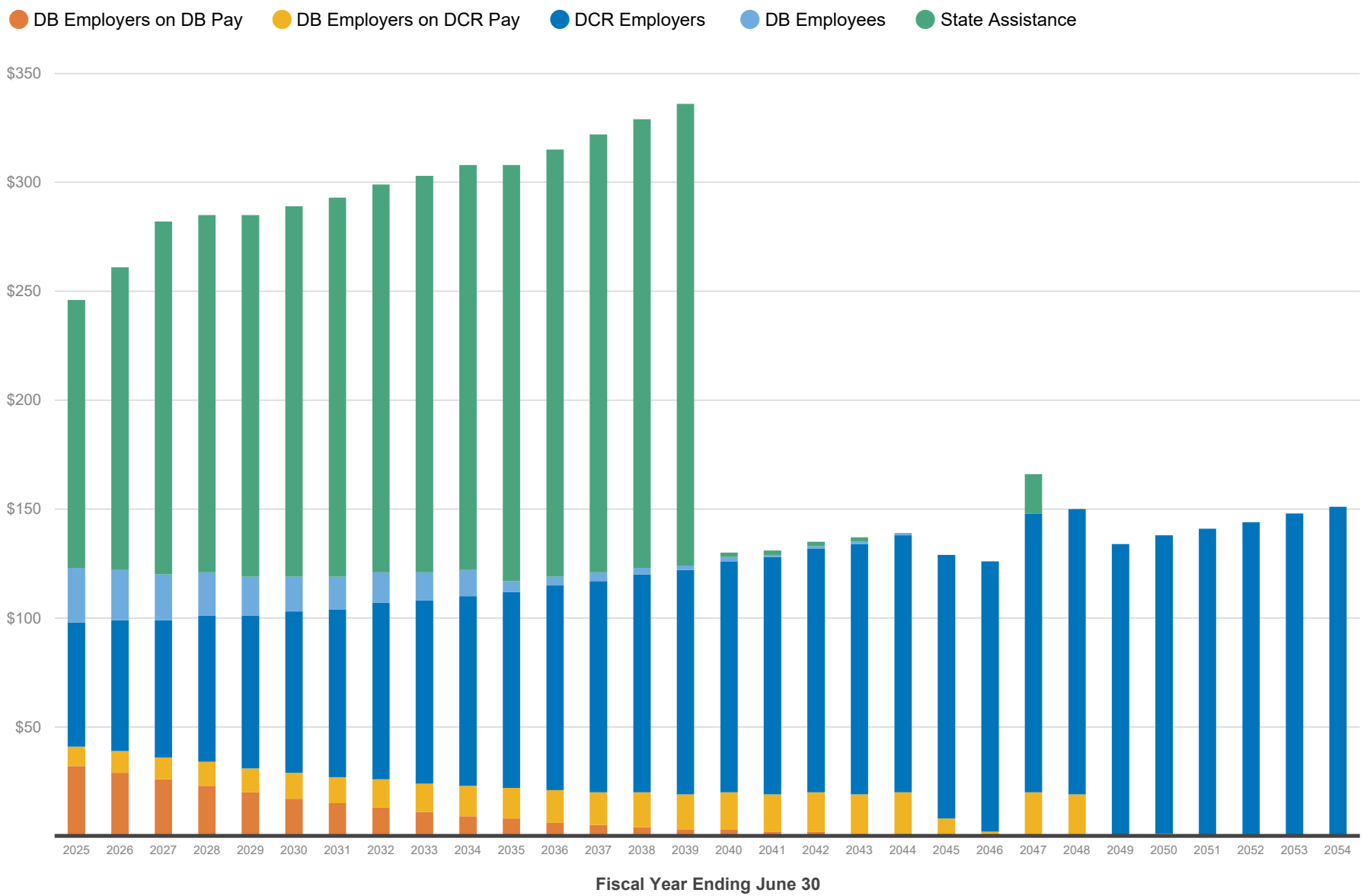
Based on Total Payroll (DB and DCR)



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

3 Projections

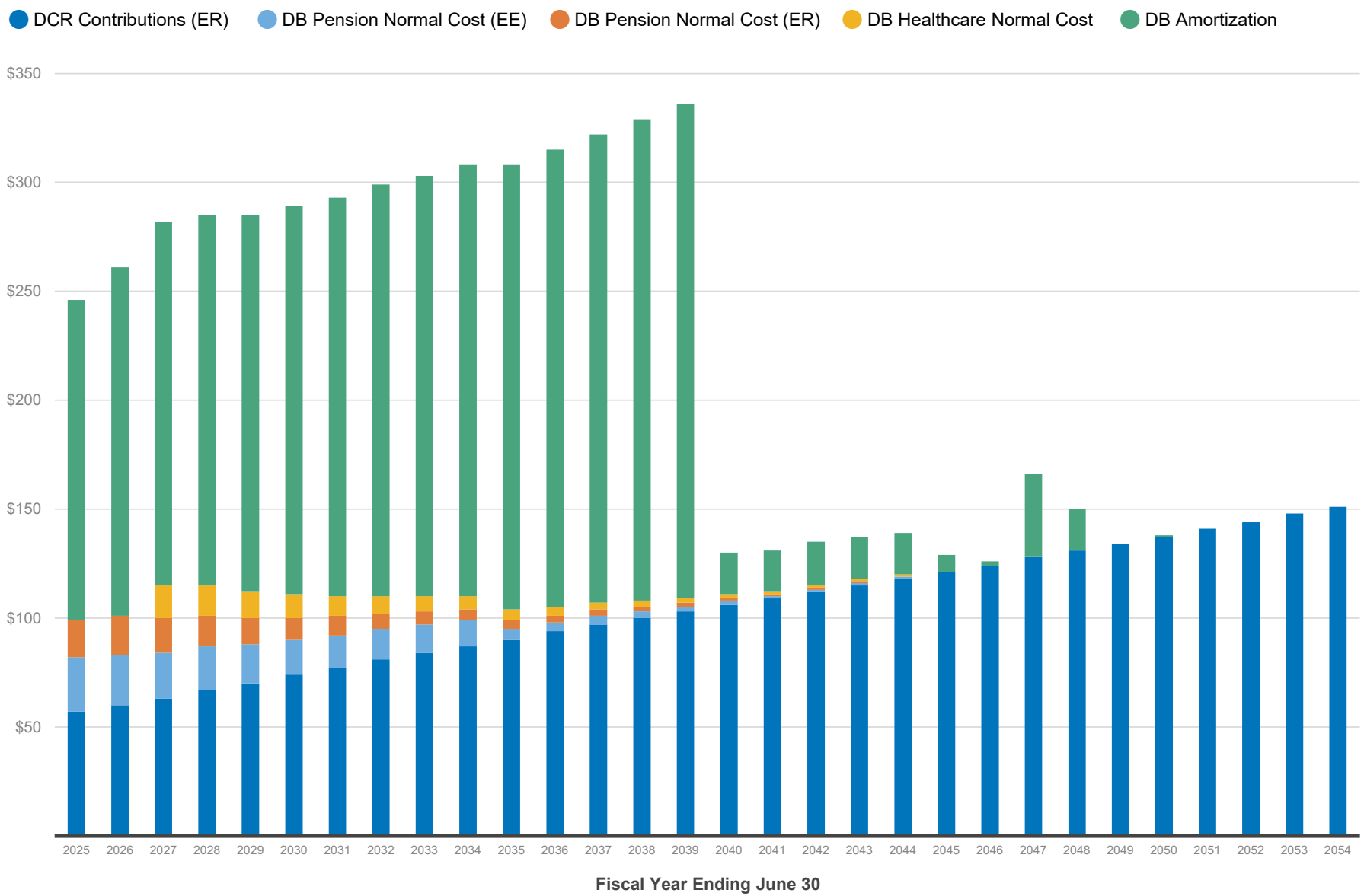
3.5 Projected Contribution Amounts ($ in millions)



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

3 Projections

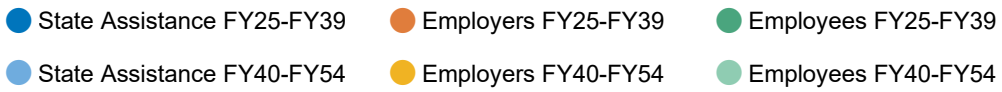
3.6 Projected Contribution Amounts by Component ($ in millions)

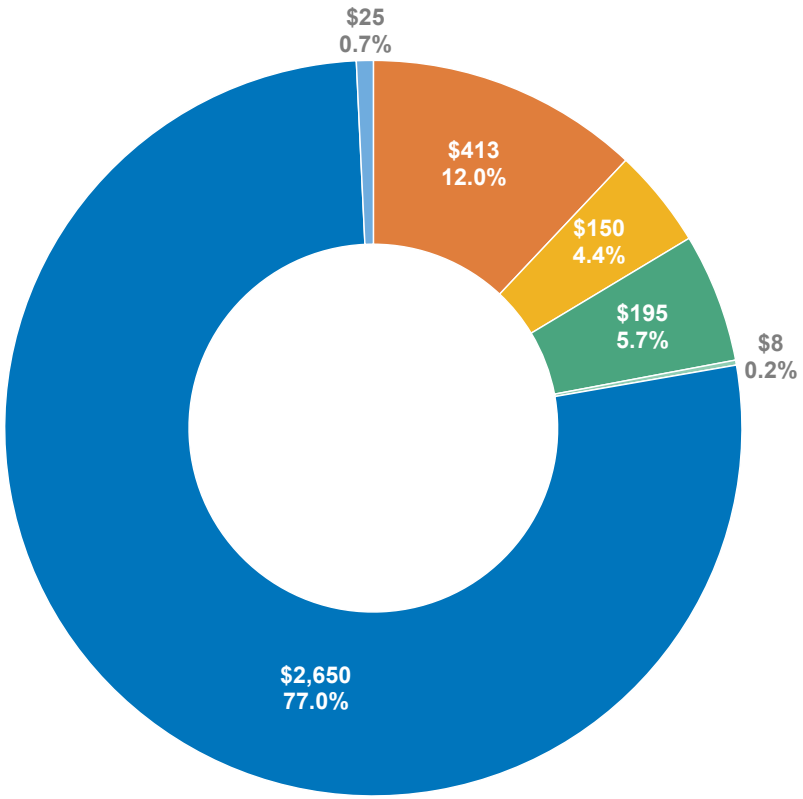


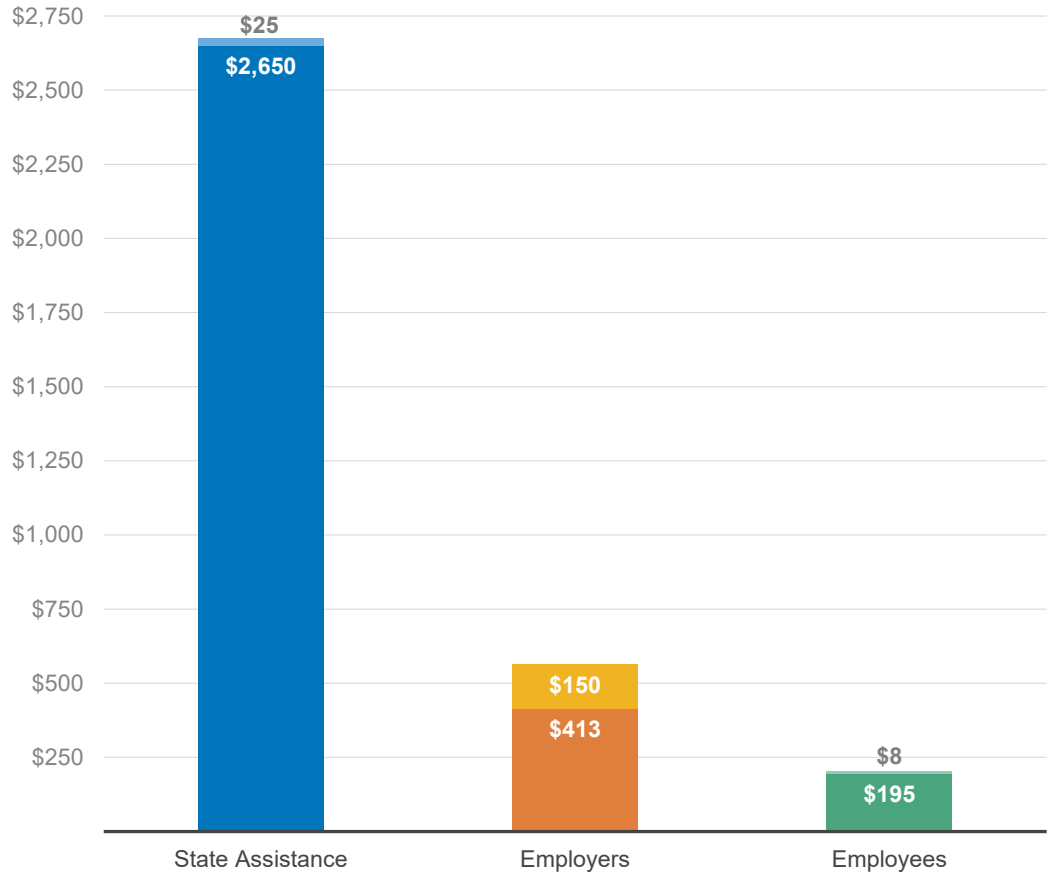
These projections reflect the DB contribution rates shown in Section 3.9A.

3 Projections

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





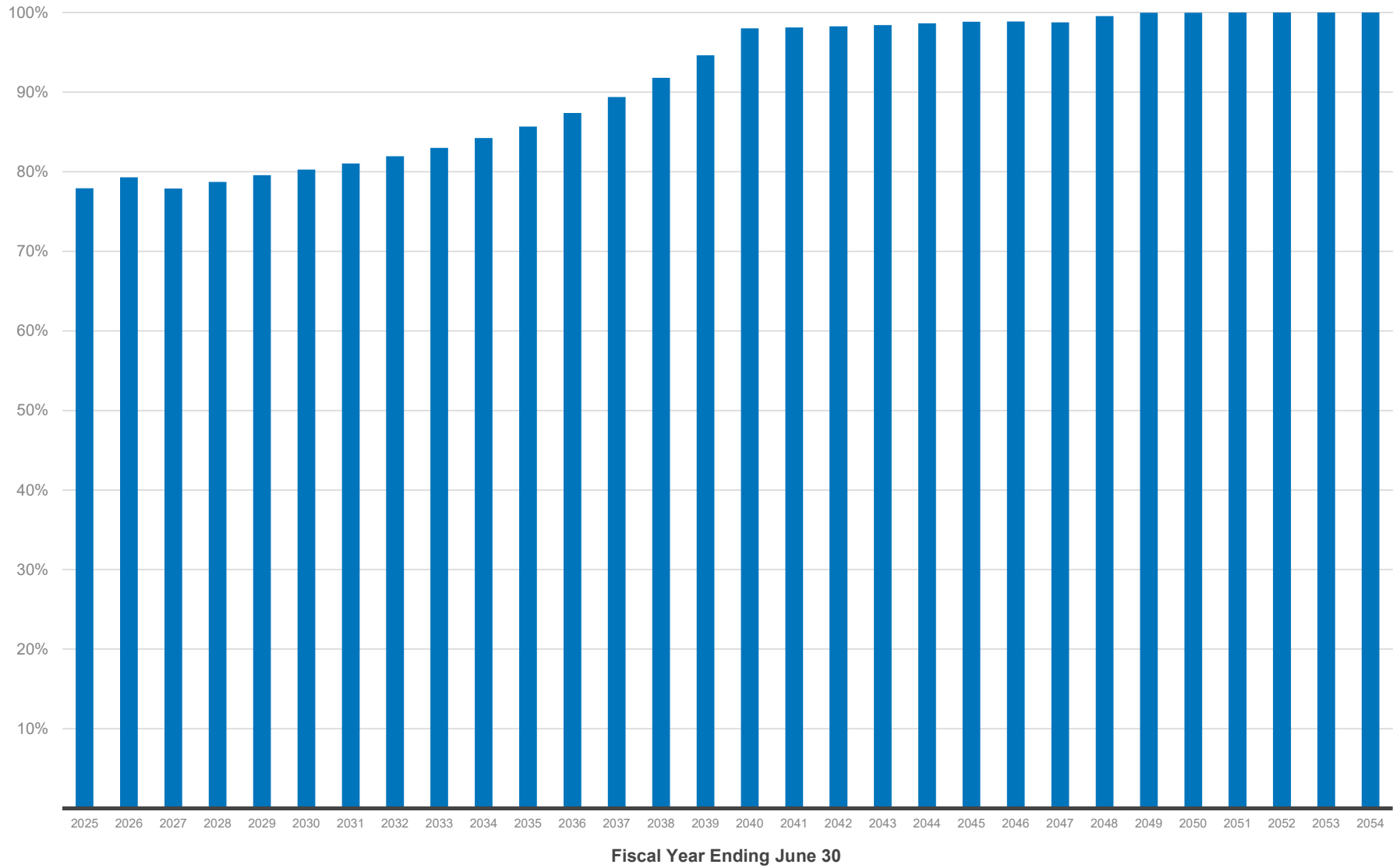


These projections reflect the DB contribution rates shown in Section 3.9A.

3 Projections

3.8 Projected Funded Ratios

Pension

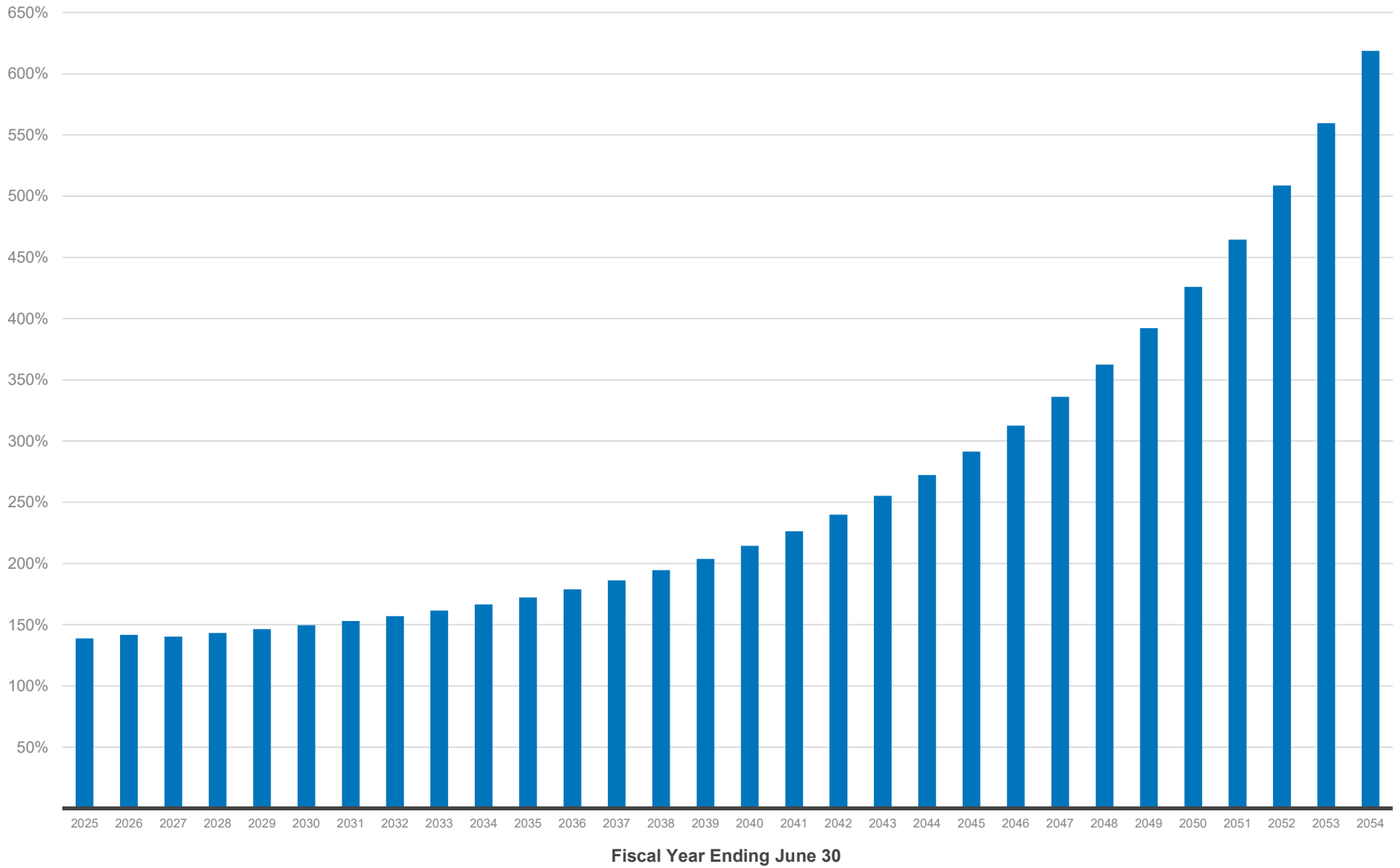


These projections reflect the DB contribution rates shown in Section 3.9A.

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 Asset Gain / (Loss)	
	Pension		Healthcare			Actuarial Contrib. Rates			DB Contributions						
	Actuarial Assets	Accrued Liability	Actuarial Assets	Accrued Liability	Total Salaries	DB	DCR	Total	Employer	State Assistance	Employee	Total	Benefit Payments	Pension	Healthcare
2025	$ 6,247,250	$ 8,018,737	$ 3,677,415	$ 2,651,545	$ 779,350	21.30%	7.29%	28.59%	$ 41,072	$ 123,358	$ 25,215	$ 189,645	$ 755,381	$ (115,840)	$ (58,891)
2026	6,358,094	8,017,726	3,822,117	2,695,470	784,011	23.68%	7.65%	31.33%	38,495	138,982	23,211	200,688	775,164	39,170	25,474
2027	6,227,010	7,996,294	3,839,355	2,737,212	791,148	25.79%	8.02%	33.81%	35,918	162,344	21,250	219,512	798,842	17,993	11,468
2028	6,262,875	7,957,546	3,969,400	2,771,460	799,553	25.45%	8.37%	33.82%	33,501	164,148	19,525	217,174	822,196	0	0
2029	6,281,996	7,895,461	4,093,591	2,796,480	809,205	25.16%	8.70%	33.86%	31,235	166,453	17,795	215,483	844,657	0	0
2030	6,270,968	7,813,344	4,202,071	2,810,854	820,263	25.01%	9.00%	34.01%	29,201	169,876	16,297	215,374	864,412	0	0
2031	6,250,345	7,711,928	4,307,024	2,814,866	832,540	24.89%	9.27%	34.16%	27,391	173,668	15,031	216,090	881,488	0	0
2032	6,222,344	7,592,287	4,408,956	2,808,589	846,135	24.78%	9.52%	34.30%	25,722	177,604	13,832	217,158	896,825	0	0
2033	6,188,109	7,454,902	4,508,225	2,791,813	861,154	24.69%	9.74%	34.43%	24,285	181,876	12,786	218,947	909,905	0	0
2034	6,149,862	7,300,910	4,605,097	2,764,215	877,194	24.63%	9.93%	34.56%	23,070	186,316	11,980	221,366	917,872	0	0
2035	6,110,030	7,131,671	4,702,613	2,728,202	894,436	24.57%	10.10%	34.67%	22,004	190,962	5,277	218,243	915,809	0	0
2036	6,071,635	6,948,830	4,802,402	2,684,812	913,437	24.53%	10.24%	34.77%	21,192	195,932	4,293	221,417	916,630	0	0
2037	6,037,217	6,753,441	4,905,717	2,634,572	933,327	24.49%	10.36%	34.85%	20,533	200,852	3,547	224,932	914,583	0	0
2038	6,009,601	6,547,091	5,013,611	2,577,831	954,375	24.47%	10.45%	34.92%	20,138	206,050	2,863	229,051	908,779	0	0
2039	5,991,672	6,331,141	5,128,571	2,516,216	976,515	24.47%	10.54%	35.01%	19,726	211,708	2,246	233,680	900,732	0	0
2040	5,986,897	6,107,393	5,251,185	2,449,469	999,571	2.16%	10.60%	12.76%	19,591	1,899	1,799	23,289	890,396	0	0
2041	5,767,374	5,877,416	5,382,567	2,377,687	1,023,328	2.10%	10.65%	12.75%	19,545	1,842	1,433	22,820	876,293	0	0
2042	5,544,352	5,642,583	5,525,508	2,302,754	1,047,768	2.04%	10.70%	12.74%	19,489	1,781	1,153	22,423	858,778	0	0
2043	5,319,262	5,404,377	5,682,722	2,226,294	1,072,982	2.01%	10.73%	12.74%	19,635	1,824	858	22,317	837,284	0	0
2044	5,093,762	5,164,152	5,857,806	2,150,830	1,099,212	1.82%	10.75%	12.57%	19,896	110	660	20,666	814,184	0	0
2045	4,867,202	4,923,117	6,052,635	2,076,849	1,126,131	0.70%	10.77%	11.47%	7,882	0	450	8,332	788,686	0	0
2046	4,629,796	4,682,462	6,269,812	2,005,792	1,153,789	0.18%	10.79%	10.97%	2,077	0	346	2,423	763,519	0	0
2047	4,388,228	4,443,206	6,509,801	1,936,641	1,181,961	3.32%	10.80%	14.12%	20,802	17,848	236	38,886	738,485	0	0
2048	4,187,506	4,206,262	6,773,343	1,868,652	1,210,751	1.58%	10.81%	12.39%	19,130	0	242	19,372	714,501	0	0
2049	3,971,771	3,972,424	7,060,590	1,800,255	1,240,241	0.02%	10.82%	10.84%	248	0	124	372	690,606	0	0
2050	3,741,691	3,742,385	7,372,598	1,730,902	1,270,405	0.07%	10.82%	10.89%	889	0	127	1,016	666,977	0	0
2051	3,516,697	3,516,699	7,710,755	1,660,005	1,301,330	0.01%	10.82%	10.83%	250	0	130	380	642,941	0	0
2052	3,295,943	3,295,808	8,077,266	1,587,773	1,332,792	0.01%	10.83%	10.84%	179	0	0	179	618,881	0	0
2053	3,080,290	3,080,091	8,474,104	1,514,123	1,365,220	0.00%	10.83%	10.83%	82	0	0	82	594,775	0	0
2054	2,870,084	2,869,871	8,903,641	1,439,061	1,398,580	0.00%	10.83%	10.83%	53	0	0	53	570,294	0	0
								Total	$ 563,231	$ 2,675,433	$ 202,706	$ 3,441,370			

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)			
	Funded Ratio		Unfunded Liability / (Surplus)	
	Pension	Healthcare	Pension	Healthcare
2025	78%	139%	$ 1,771,487	$ (1,025,870)
2026	79%	142%	1,659,632	(1,126,647)
2027	78%	140%	1,769,284	(1,102,143)
2028	79%	143%	1,694,671	(1,197,940)
2029	80%	146%	1,613,465	(1,297,111)
2030	80%	150%	1,542,376	(1,391,217)
2031	81%	153%	1,461,583	(1,492,158)
2032	82%	157%	1,369,943	(1,600,367)
2033	83%	162%	1,266,793	(1,716,412)
2034	84%	167%	1,151,048	(1,840,882)
2035	86%	172%	1,021,641	(1,974,411)
2036	87%	179%	877,195	(2,117,590)
2037	89%	186%	716,224	(2,271,145)
2038	92%	195%	537,490	(2,435,780)
2039	95%	204%	339,469	(2,612,355)
2040	98%	214%	120,496	(2,801,716)
2041	98%	226%	110,042	(3,004,880)
2042	98%	240%	98,231	(3,222,754)
2043	98%	255%	85,115	(3,456,428)
2044	99%	272%	70,390	(3,706,976)
2045	99%	291%	55,915	(3,975,786)
2046	99%	313%	52,666	(4,264,020)
2047	99%	336%	54,978	(4,573,160)
2048	100%	363%	18,756	(4,904,691)
2049	100%	392%	653	(5,260,335)
2050	100%	426%	694	(5,641,696)
2051	100%	465%	2	(6,050,750)
2052	100%	509%	(135)	(6,489,493)
2053	100%	560%	(199)	(6,959,981)
2054	100%	619%	(213)	(7,464,580)

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 Asset Gain / (Loss)	
	Pension		Healthcare			Actuarial Contrib. Rates			DB Contributions						
	Actuarial Assets	Accrued Liability	Actuarial Assets	Accrued Liability	Total Salaries	DB	DCR	Total	Employer	State Assistance	Employee	Total	Benefit Payments	Pension	Healthcare
2025	$ 6,247,250	$ 8,018,737	$ 3,677,415	$ 2,651,545	$ 779,350	21.30%	7.29%	28.59%	$ 41,072	$ 123,358	$ 25,215	$ 189,645	$ 755,381	$ (115,840)	$ (58,891)
2026	6,358,094	8,017,726	3,822,117	2,695,470	784,011	23.68%	7.65%	31.33%	38,495	138,982	23,211	200,688	775,164	39,170	25,474
2027	6,227,010	7,996,294	3,839,355	2,737,212	791,148	23.86%	8.02%	31.88%	35,918	147,628	21,250	204,796	798,842	17,993	11,468
2028	6,262,905	7,957,546	3,953,587	2,771,460	799,553	23.75%	8.37%	32.12%	33,501	151,036	19,525	204,062	822,196	0	0
2029	6,282,041	7,895,461	4,062,556	2,796,480	809,205	23.67%	8.70%	32.37%	31,235	154,801	17,795	203,831	844,657	0	0
2030	6,271,006	7,813,344	4,156,300	2,810,854	820,263	23.72%	9.00%	32.72%	29,201	159,705	16,297	205,203	864,412	0	0
2031	6,250,436	7,711,928	4,246,977	2,814,866	832,540	23.79%	9.27%	33.06%	27,391	164,760	15,031	207,182	881,488	0	0
2032	6,222,372	7,592,287	4,335,071	2,808,589	846,135	23.85%	9.52%	33.37%	25,723	169,989	13,832	209,544	896,825	0	0
2033	6,188,122	7,454,902	4,420,834	2,791,813	861,154	23.91%	9.74%	33.65%	24,285	175,331	12,786	212,402	909,905	0	0
2034	6,149,813	7,300,910	4,504,414	2,764,215	877,194	23.98%	9.93%	33.91%	23,070	180,877	11,980	215,927	917,872	0	0
2035	6,110,049	7,131,671	4,588,725	2,728,202	894,436	24.04%	10.10%	34.14%	22,003	186,400	5,277	213,680	915,809	0	0
2036	6,071,671	6,948,830	4,675,347	2,684,812	913,437	24.10%	10.24%	34.34%	21,192	192,096	4,293	217,581	916,630	0	0
2037	6,037,210	6,753,441	4,765,383	2,634,572	933,327	24.15%	10.36%	34.51%	20,533	197,865	3,547	221,945	914,583	0	0
2038	6,009,676	6,547,091	4,859,817	2,577,831	954,375	24.20%	10.45%	34.65%	20,137	203,568	2,863	226,568	908,779	0	0
2039	5,991,759	6,331,141	4,960,958	2,516,216	976,515	24.26%	10.54%	34.80%	19,726	209,755	2,246	231,727	900,732	0	0
2040	5,987,020	6,107,393	5,069,296	2,449,469	999,571	1.99%	10.60%	12.59%	19,592	300	1,799	21,691	890,396	0	0
2041	5,767,552	5,877,416	5,185,732	2,377,687	1,023,328	1.97%	10.65%	12.62%	19,546	614	1,433	21,593	876,293	0	0
2042	5,544,604	5,642,583	5,313,025	2,302,754	1,047,768	1.94%	10.70%	12.64%	19,488	838	1,153	21,479	858,778	0	0
2043	5,319,605	5,404,377	5,453,749	2,226,294	1,072,982	1.94%	10.73%	12.67%	19,636	1,180	858	21,674	837,284	0	0
2044	5,094,218	5,164,152	5,611,455	2,150,830	1,099,212	1.75%	10.75%	12.50%	19,236	0	660	19,896	814,184	0	0
2045	4,867,573	4,923,117	5,787,740	2,076,849	1,126,131	0.66%	10.77%	11.43%	7,432	0	450	7,882	788,686	0	0
2046	4,630,194	4,682,462	5,985,246	2,005,792	1,153,789	0.15%	10.79%	10.94%	1,731	0	346	2,077	763,519	0	0
2047	4,388,655	4,443,206	6,204,245	1,936,641	1,181,961	3.30%	10.80%	14.10%	20,803	17,611	236	38,650	738,485	0	0
2048	4,187,955	4,206,262	6,445,389	1,868,652	1,210,751	1.56%	10.81%	12.37%	18,888	0	242	19,130	714,501	0	0
2049	3,972,252	3,972,424	6,708,609	1,800,255	1,240,241	0.01%	10.82%	10.83%	124	0	124	248	690,606	0	0
2050	3,742,207	3,742,385	6,994,970	1,730,902	1,270,405	0.01%	10.82%	10.83%	127	0	127	254	666,977	0	0
2051	3,516,593	3,516,699	7,305,618	1,660,005	1,301,330	0.01%	10.82%	10.83%	130	0	130	260	642,941	0	0
2052	3,295,842	3,295,808	7,642,622	1,587,773	1,332,792	0.01%	10.83%	10.84%	133	0	0	133	618,881	0	0
2053	3,080,182	3,080,091	8,007,901	1,514,123	1,365,220	0.00%	10.83%	10.83%	52	0	0	52	594,775	0	0
2054	2,869,968	2,869,871	8,403,607	1,439,061	1,398,580	0.00%	10.83%	10.83%	33	0	0	33	570,294	0	0
								Total	$ 560,433	$ 2,576,694	$ 202,706	$ 3,339,833			

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)			
	Funded Ratio		Unfunded Liability / (Surplus)	
	Pension	Healthcare	Pension	Healthcare
2025	78%	139%	$ 1,771,487	$ (1,025,870)
2026	79%	142%	1,659,632	(1,126,647)
2027	78%	140%	1,769,284	(1,102,143)
2028	79%	143%	1,694,641	(1,182,127)
2029	80%	145%	1,613,420	(1,266,076)
2030	80%	148%	1,542,338	(1,345,446)
2031	81%	151%	1,461,492	(1,432,111)
2032	82%	154%	1,369,915	(1,526,482)
2033	83%	158%	1,266,780	(1,629,021)
2034	84%	163%	1,151,097	(1,740,199)
2035	86%	168%	1,021,622	(1,860,523)
2036	87%	174%	877,159	(1,990,535)
2037	89%	181%	716,231	(2,130,811)
2038	92%	189%	537,415	(2,281,986)
2039	95%	197%	339,382	(2,444,742)
2040	98%	207%	120,373	(2,619,827)
2041	98%	218%	109,864	(2,808,045)
2042	98%	231%	97,979	(3,010,271)
2043	98%	245%	84,772	(3,227,455)
2044	99%	261%	69,934	(3,460,625)
2045	99%	279%	55,544	(3,710,891)
2046	99%	298%	52,268	(3,979,454)
2047	99%	320%	54,551	(4,267,604)
2048	100%	345%	18,307	(4,576,737)
2049	100%	373%	172	(4,908,354)
2050	100%	404%	178	(5,264,068)
2051	100%	440%	106	(5,645,613)
2052	100%	481%	(34)	(6,054,849)
2053	100%	529%	(91)	(6,493,778)
2054	100%	584%	(97)	(6,964,546)

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	14,445	$ 595,315	2065	2,216	$ 187,124
2026	14,849	611,754	2066	1,981	169,897
2027	15,190	627,044	2067	1,761	153,184
2028	15,457	640,835	2068	1,553	137,070
2029	15,647	652,852	2069	1,360	121,649
2030	15,756	663,096	2070	1,180	107,009
2031	15,789	671,308	2071	1,014	93,237
2032	15,737	678,124	2072	864	80,410
2033	15,615	682,928	2073	728	68,590
2034	15,415	685,590	2074	607	57,827
2035	15,142	679,669	2075	499	48,148
2036	14,796	677,522	2076	406	39,565
2037	14,404	673,214	2077	325	32,065
2038	13,949	667,037	2078	258	25,611
2039	13,471	658,635	2079	202	20,147
2040	12,971	648,339	2080	155	15,601
2041	12,440	636,421	2081	117	11,887
2042	11,887	622,859	2082	88	8,907
2043	11,315	607,849	2083	64	6,562
2044	10,737	591,621	2084	47	4,754
2045	10,161	574,261	2085	33	3,389
2046	9,600	556,012	2086	24	2,380
2047	9,056	537,022	2087	16	1,650
2048	8,532	517,466	2088	12	1,135
2049	8,027	497,485	2089	8	780
2050	7,538	477,257	2090	6	536
2051	7,063	456,921	2091	5	375
2052	6,606	436,568	2092	3	268
2053	6,166	416,270	2093	3	198
2054	5,744	396,077	2094	2	150
2055	5,342	376,027	2095	2	118
2056	4,956	356,147	2096	1	96
2057	4,589	336,456	2097	1	80
2058	4,240	316,963	2098	1	68
2059	3,906	297,675	2099	1	58
2060	3,589	278,600	2100	1	51
2061	3,287	259,750	2101	1	44
2062	2,999	241,143	2102	1	39
2063	2,724	222,806	2103	1	35
2064	2,464	204,783	2104	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	3,789	3,396	3,023	2,734	2,447[1]
2. Average Age	51.92	52.14	52.57	52.95	53.36
3. Average Credited Service	19.76	20.31	20.85	21.18	21.69
4. Average Entry Age	32.16	31.83	31.72	31.77	31.67
5. Average Annual Earnings	$ 90,564	$ 94,143	$ 97,702	$ 98,820	$ 102,323
6. Number Vested	3,789	3,396	3,023	2,734	2,447
7. Percent Who Are Vested	100.0%	100.0%	100.0%	100.0%	100.0%
Retirees, Disabilitants, and Beneficiaries					
1. Number	13,689	13,972	14,126	14,255	14,445
2. Average Age	71.85	72.26	72.60	73.10	73.40
3. Average Years Since Retirement	15.06	15.24	15.51	15.80	16.03
4. Average Monthly Pension Benefit					
a. Base	$ 2,330	$ 2,363	$ 2,411	$ 2,445	$ 2,491
b. COLA[2]	126	125	123	122	120
c. PRPA[2]	519	491	561	692	679
d. Adjustment	0	(1)	0	(1)	0
e. Sick	68	70	72	74	77
f. Total	$ 3,043	$ 3,048	$ 3,167	$ 3,332	$ 3,367
Vested Terminations (vested at termination, not refunded contributions, and not commenced benefit)					
1. Number	764	727	729	763	642
2. Average Age	52.37	52.68	53.22	53.70	53.70
3. Average Monthly Pension Benefit	$ 1,579	$ 1,635	$ 1,725	$ 1,967	$ 1,718
Non-Vested Terminations (not vested at termination and not refunded contributions)					
1. Number	1,744	1,679	1,616	1,560	1,507
2. Average Account Balance	$ 22,591	$ 23,388	$ 23,906	$ 24,693	$ 25,966
Total Number of Members	**19,986**	**19,774**	**19,494**	**19,312**	**19,041**

[1] Includes 723 male active members and 1,724 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 Tier 1	DB Tier 2	DB Total	DCR Tier 3	Grand Total
Active Members					
1. Number	66	2,381	2,447	6,209	8,656
2. Average Age	66.31	53.00	53.36	42.96	45.90
3. Average Credited Service	31.10	21.43	21.69	6.90	11.08
4. Average Entry Age	35.21	31.57	31.67	36.06	34.82
5. Annual Earnings					
a. Total	$ 7,088,254	$ 243,295,004	$ 250,383,258	$ 503,408,850	$ 753,792,108
b. Average	$ 107,398	$ 102,182	$ 102,323	$ 81,077	$ 87,083

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	Total
Retirees, Disabilitants, and Beneficiaries			
1. Number	9,910	4,535	14,445
2. Average Age	76.45	66.75	73.40
3. Average Years Since Retirement	20.10	7.14	16.03
4. Average Monthly Pension Benefit			
a. Base	$ 2,414	$ 2,659	$ 2,491
b. COLA	146	64	120
c. PRPA	894	208	679
d. Adjustment	0	0	0
e. Sick	72	87	77
f. Total	$ 3,526	$ 3,018	$ 3,367

4 Member Data

4.1 Summary of Members Included (continued)

As of June 30, 2024	Active Members	Inactive Members				
		Retirees	Covered Spouses	Covered Children / Dependents	Deferred	Total Inactive Members
Retiree Medical Participants						
1. Retiree Coverage Only	2,428	7,970	0	0	381	8,351
2. Retiree + Spouse	0	4,023	4,023	0	468	8,514
3. Retiree + Children / Dependents	0	195	0	179	0	374
4. Family	0	315	315	462	0	1,092
5. Total	2,428	12,503	4,338	641	849	18,331

As of June 30, 2024	Retirees	Covered Spouses	Covered Children / Dependents	Deferred	Total Inactive Members
Retiree Medical Participants					
1. Pre-Medicare	2,096	1,190	641	830	4,757
2. Medicare Part A & B	10,186	3,114	0	19	13,319
3. Medicare Part B Only	221	34	0	0	255
4. Total	12,503	4,338	641	849	18,331

As of June 30, 2024	Retirees
Summary of Retiree Medical Data Received	
1. Retiree records on pension data	14,445
2. Remove duplicates on pension data	(579)
3. Valued in a different retiree healthcare plan[1]	(870)
4. Records without medical coverage	(532)
5. Medical only retirees	39
6. Total	12,503

As of June 30	2020	2021	2022	2023	2024
Retiree Medical Retirees					
1. Number	12,019	12,138	12,325	10,831	12,503
2. Average Age	72.02	72.48	72.80	73.25	73.61

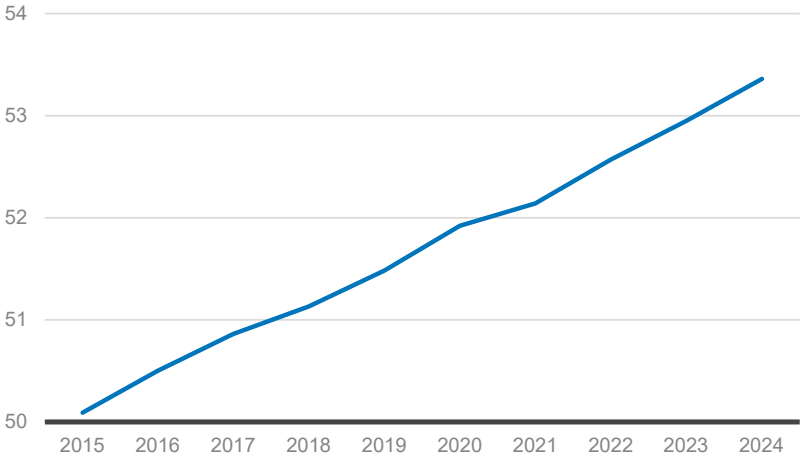
[1] Each member's retiree medical benefits are valued in the plan indicated in the data from Aetna

4 Member Data

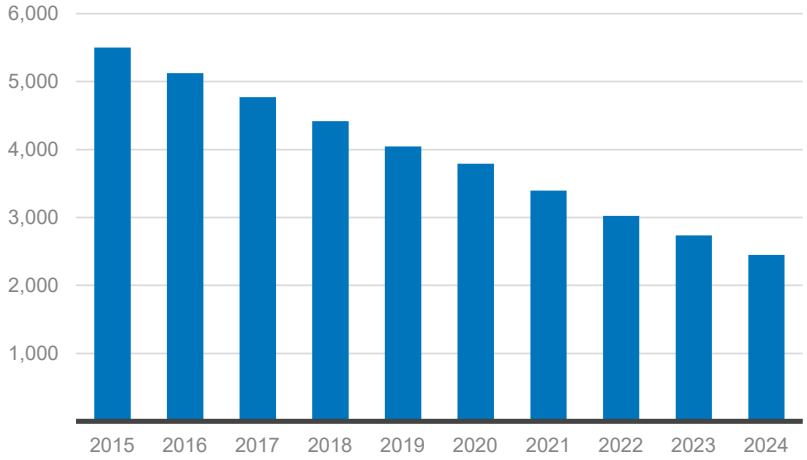
4.1 Summary of Members Included (continued)

Active Members at June 30

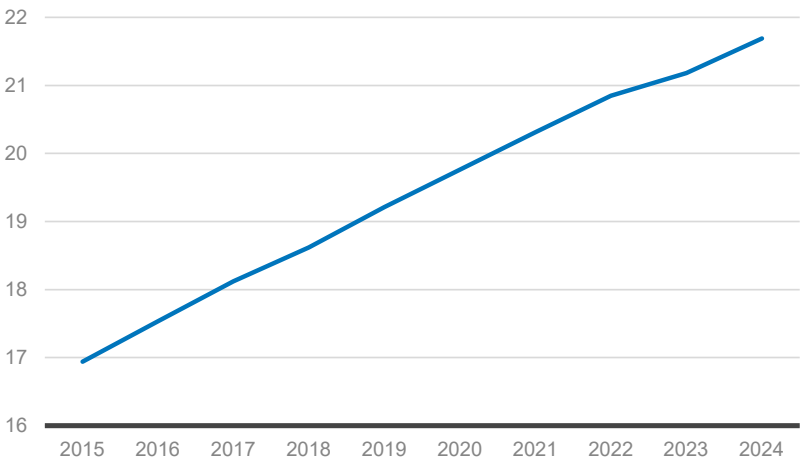
Average Age



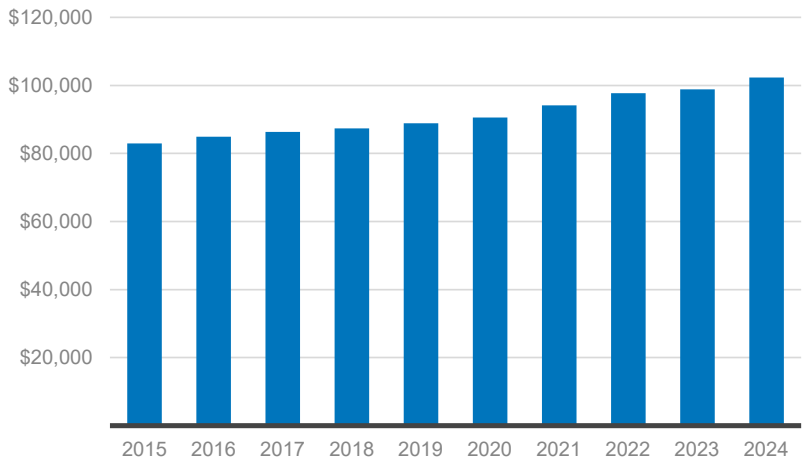
Number of Actives



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

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	0	0	0
40 - 44	197	19,318,956	98,066
45 - 49	617	63,133,160	102,323
50 - 54	780	80,116,476	102,713
55 - 59	490	50,021,492	102,085
60 - 64	221	22,772,713	103,044
65 - 69	96	10,192,358	106,170
70 - 74	20	2,102,476	105,124
75+	26	2,725,627	104,832
Total	**2,447**	**$250,383,258**	**$ 102,323**

Annual Earnings by Credited Service

Years of Service	Number	Total Annual Earnings	Average Annual Earnings
0	0	$ 0	$ 0
1	1	85,978	85,978
2	4	239,969	59,992
3	4	266,971	66,743
4	5	378,080	75,616
0 - 4	**14**	**$ 970,998**	**$ 69,357**
5 - 9	80	6,449,911	80,624
10 - 14	131	11,727,073	89,520
15 - 19	549	54,736,384	99,702
20 - 24	1,028	106,960,116	104,047
25 - 29	520	55,862,741	107,428
30 - 34	95	10,327,735	108,713
35 - 39	22	2,428,828	110,401
40+	8	919,472	114,934
Total	**2,447**	**$250,383,258**	**$ 102,323**

Years of Credited Service by Age

	Years of Service									
Age	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40+	Total
0 - 19	0	0	0	0	0	0	0	0	0	0
20 - 24	0	0	0	0	0	0	0	0	0	0
25 - 29	0	0	0	0	0	0	0	0	0	0
30 - 34	0	0	0	0	0	0	0	0	0	0
35 - 39	0	0	0	0	0	0	0	0	0	0
40 - 44	1	9	18	105	64	0	0	0	0	197
45 - 49	5	17	45	172	339	39	0	0	0	617
50 - 54	4	29	31	145	329	234	8	0	0	780
55 - 59	3	17	24	78	190	144	33	1	0	490
60 - 64	0	7	9	26	67	67	37	8	0	221
65 - 69	1	1	3	13	25	29	14	7	3	96
70 - 74	0	0	0	4	6	4	3	3	0	20
75+	0	0	1	6	8	3	0	3	5	26
Total	**14**	**80**	**131**	**549**	**1,028**	**520**	**95**	**22**	**8**	**2,447**

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

		Inactive Members					
	Active Members	Due a Refund	Deferred Benefits	Retired Members	Disabled Members	Bene-ficiaries	Total
As of June 30, 2023	**2,734**	**1,560**	**763**	**12,618**	**10**	**1,627**	**19,312**
Vested Terminations	(75)	0	75	0	0	0	0
Non-Vested Terminations	(7)	7	0	0	0	0	0
Refund of Contributions	0	(48)	(4)	0	0	0	(52)
Disability Retirements	(2)	0	(1)	0	3	0	0
Age Retirements	(268)	(6)	(145)	423	(4)	0	0
Deaths With Beneficiary	(4)	0	(2)	(111)	(1)	118	0
Deaths Without Beneficiary	(2)	(4)	(1)	(152)	0	(77)	(236)
Data Corrections	0	0	0	0	0	(19)	(19)
Transfers In/Out	8	3	(1)	4	0	0	14
Rehires	55	(10)	(42)	(3)	0	0	0
Pick Ups*	8	5	0	0	0	9	22
Net Change	**(287)**	**(53)**	**(121)**	**161**	**(2)**	**31**	**(271)**
As of June 30, 2024	**2,447**	**1,507**	**642**	**12,779**	**8**	**1,658**	**19,041**

* Pickup beneficiaries are primarily new DROs.

4 Member Data

4.3 Member Data Reconciliation (continued)

Healthcare

		Inactive Members				
	Active Members	Retirees	Covered Spouses	Covered Children / Dependents	Deferred	Total Inactive Members
As of June 30, 2023	**2,700**	**10,831**	**6,053**	**645**	**884**	**18,413**
Vested Terminations	(49)	0	0	0	49	49
Non-Vested Terminations	(5)	0	0	0	0	0
Refund of Contributions	0	0	0	0	(5)	(5)
Disability Retirements	(4)	4	3	0	0	7
Age Retirements	(218)	218	117	88	0	423
Deferred Retirements	0	37	20	16	(37)	36
Retired without Medical Coverage	(56)	0	0	0	38	38
Deceased	(6)	(271)	(56)	(6)	(2)	(335)
New Beneficiaries	0	42	(42)	0	0	0
Added Retiree Medical Coverage	0	58	25	8	(32)	59
Added Dependent Coverage	0	0	35	24	0	59
Dropped Retiree Medical Coverage	0	(6)	(5)	(4)	6	(9)
Dropped Dependent Coverage	0	0	(222)	(130)	0	(352)
Change in Double Coverage	0	1,587	(1,587)	0	0	0
Removal of Spouse Duplicates	0	0	0	0	(9)	(9)
Rehires	57	(1)	0	0	(41)	(42)
Transfers In/Out	9	4	(3)	0	(2)	(1)
Net Change	**(272)**	**1,672**	**(1,715)**	**(4)**	**(35)**	**(82)**
As of June 30, 2024	**2,428**	**12,503**	**4,338**	**641**	**849**	**18,331**

4 Member Data

4.4 Schedule of Active Member Data

Valuation Date	Number	Annual Earnings (000's)	Annual Average Earnings	Percent Increase in Average Earnings	Number of Participating Employers
June 30, 2024	2,447	$ 250,383	$ 102,323	3.5%	57
June 30, 2023	2,734	270,174	98,820	1.1%	57
June 30, 2022	3,023	295,354	97,702	3.8%	57
June 30, 2021	3,396	319,711	94,143	4.0%	56
June 30, 2020	3,789	343,146	90,564	1.9%	56
June 30, 2019	4,044	359,426	88,879	1.7%	56
June 30, 2018	4,418	386,016	87,374	1.2%	56
June 30, 2017	4,772	411,951	86,327	1.6%	57
June 30, 2016	5,123	435,222	84,954	2.4%	57
June 30, 2015	5,502	456,636	82,995	2.4%	58

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 ($ in thousands)

Payroll Field	Payroll Data
a) DRB actual reported salaries FY24 in employer list	$ 835,885
b) DRB actual reported salaries FY24 in valuation data	740,743
c) Annualized valuation data	753,792
d) Valuation payroll as of June 30, 2024	786,185
e) Rate payroll for FY25	779,350
f) Rate payroll for FY27	791,148

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

During the Year Ending June 30	2020	2021	2022	2023	2024
Service					
1. Number	331	447	394	334	423
2. Average Age at Commencement	59.71	59.79	58.49	58.97	58.31
3. Average Monthly Pension Benefit	$ 3,693	$ 3,593	$ 4,079	$ 4,092	$ 4,089
Survivor (including surviving spouse and DROs)					
1. Number	127	145	135	144	127
2. Average Age at Commencement	74.16	76.80	73.76	75.00	74.61
3. Average Monthly Pension Benefit	$ 1,903	$ 1,951	$ 2,071	$ 2,052	$ 2,078
Disability					
1. Number	2	1	0	0	3
2. Average Age at Commencement	53.65	54.35	0.00	0.00	51.49
3. Average Monthly Pension Benefit	$ 3,019	$ 4,886	$ 0	$ 0	$ 4,472
Total					
1. Number	460	593	529	478	553
2. Average Age at Commencement	63.67	63.94	62.39	63.80	62.02
3. Average Monthly Pension Benefit	$ 3,196	$ 3,194	$ 3,567	$ 3,477	$ 3,629

4 Member Data

4.6 Summary of New Pension Benefit Recipients (continued)

Average Pension Benefit Payments

	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	$ 277	$ 861	$ 1,325	$ 2,961	$ 3,875	$ 4,872	$ 6,489
Average Final Avg Salary	$ 31,466	$ 64,244	$ 69,447	$ 91,434	$ 99,023	$ 105,139	$ 107,999
Number of Recipients	3	16	25	49	155	127	51
Period 7/1/2022 – 6/30/2023:							
Average Monthly Pension	$ 191	$ 698	$ 1,431	$ 2,705	$ 4,018	$ 4,919	$ 6,375
Average Final Avg Salary	$ 32,298	$ 45,878	$ 69,642	$ 89,836	$ 99,759	$ 103,676	$ 107,194
Number of Recipients	1	9	26	46	118	89	45
Period 7/1/2021 – 6/30/2022:							
Average Monthly Pension	$ 1,073	$ 994	$ 1,828	$ 2,952	$ 3,984	$ 4,743	$ 6,936
Average Final Avg Salary	$ 56,500	$ 63,629	$ 79,736	$ 92,533	$ 98,208	$ 101,942	$ 112,372
Number of Recipients	5	19	15	69	139	101	46
Period 7/1/2020 – 6/30/2021:							
Average Monthly Pension	$ 451	$ 764	$ 1,509	$ 2,684	$ 3,625	$ 4,659	$ 6,090
Average Final Avg Salary	$ 43,545	$ 54,444	$ 71,764	$ 88,437	$ 94,909	$ 97,881	$ 98,847
Number of Recipients	8	24	33	83	142	112	46
Period 7/1/2019 – 6/30/2020:							
Average Monthly Pension	$ 243	$ 1,054	$ 1,647	$ 2,600	$ 3,616	$ 4,874	$ 6,772
Average Final Avg Salary	$ 35,203	$ 70,014	$ 76,621	$ 86,341	$ 91,619	$ 96,657	$ 107,454
Number of Recipients	8	19	26	72	90	78	40
Period 7/1/2018 – 6/30/2019:							
Average Monthly Pension	$ 334	$ 891	$ 1,540	$ 2,760	$ 3,567	$ 4,666	$ 6,777
Average Final Avg Salary	$ 21,317	$ 57,735	$ 72,728	$ 85,580	$ 92,422	$ 96,096	$ 104,880
Number of Recipients	4	23	39	87	93	85	41
Period 7/1/2017 – 6/30/2018:							
Average Monthly Pension	$ 204	$ 899	$ 1,583	$ 2,583	$ 3,422	$ 4,580	$ 6,083
Average Final Avg Salary	$ 34,164	$ 56,061	$ 75,433	$ 85,174	$ 90,449	$ 94,803	$ 102,076
Number of Recipients	5	21	61	85	109	130	57
Period 7/1/2016 – 6/30/2017:							
Average Monthly Pension	$ 426	$ 795	$ 1,626	$ 2,433	$ 3,549	$ 4,536	$ 6,351
Average Final Avg Salary	$ 37,851	$ 56,206	$ 75,706	$ 81,394	$ 91,313	$ 95,651	$ 101,423
Number of Recipients	10	22	60	75	100	64	48
Period 7/1/2015 – 6/30/2016:							
Average Monthly Pension	$ 245	$ 1,002	$ 1,535	$ 2,540	$ 3,445	$ 4,472	$ 6,168
Average Final Avg Salary	$ 33,030	$ 59,102	$ 74,725	$ 85,087	$ 89,590	$ 91,468	$ 98,446
Number of Recipients	11	31	82	69	105	74	54
Period 7/1/2014 – 6/30/2015:							
Average Monthly Pension	$ 349	$ 1,041	$ 1,342	$ 2,205	$ 3,267	$ 4,220	$ 5,900
Average Final Avg Salary	$ 30,580	$ 66,389	$ 66,444	$ 75,510	$ 88,520	$ 90,069	$ 96,693
Number of Recipients	11	33	70	67	137	125	94

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

Beneficiaries are not included in the table above.

4 Member Data

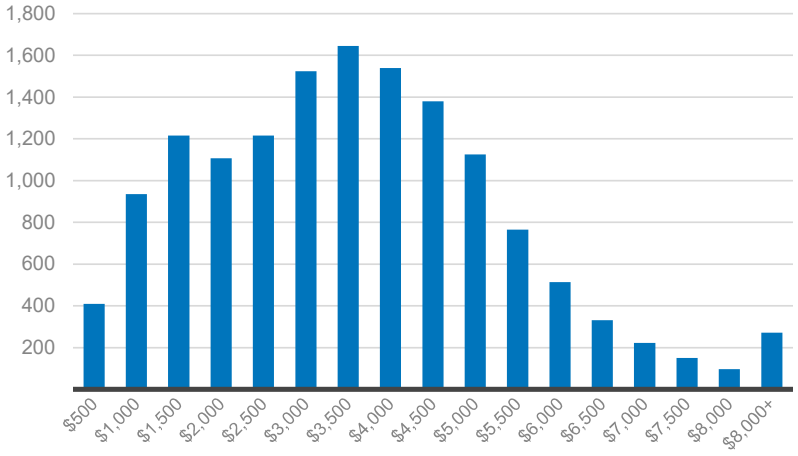
4.7 Summary of All Pension Benefit Recipients

As of June 30	2020	2021	2022	2023	2024
Service					
1. Number, Fiscal Year Start	12,147	12,267	12,459	12,570	12,618
2. Net Change	120	192	111	48	161
3. Number, Fiscal Year End	12,267	12,459	12,570	12,618	12,779
4. Average Age at Commencement	55.93	56.05	56.12	56.20	56.28
5. Average Current Age	71.50	71.85	72.20	72.64	72.95
6. Average Monthly Pension Benefit	$ 3,199	$ 3,210	$ 3,338	$ 3,519	$ 3,557
Surviving Spouse (including DROs)					
1. Number, Fiscal Year Start	1,315	1,400	1,493	1,540	1,627
2. Net Change	85	93	47	87	31
3. Number, Fiscal Year End	1,400	1,493	1,540	1,627	1,658
4. Average Age at Commencement	64.49	65.32	65.24	65.87	65.91
5. Average Current Age	75.26	75.97	76.13	76.67	77.01
6. Average Monthly Pension Benefit	$ 1,665	$ 1,688	$ 1,770	$ 1,883	$ 1,900
Survivor (other than spouse)					
1. Number, Fiscal Year Start	3	2	0	0	0
2. Net Change	(1)	(2)	0	0	0
3. Number, Fiscal Year End	2	0	0	0	0
4. Average Age at Commencement	53.94	0.00	0.00	0.00	0.00
5. Average Current Age	61.56	0.00	0.00	0.00	0.00
6. Average Monthly Pension Benefit	$ 705	$ 0	$ 0	$ 0	$ 0
Disability					
1. Number, Fiscal Year Start	26	20	20	16	10
2. Net Change	(6)	0	(4)	(6)	(2)
3. Number, Fiscal Year End	20	20	16	10	8
4. Average Age at Commencement	46.74	47.37	46.92	49.37	51.19
5. Average Current Age	51.73	52.85	53.23	55.92	56.00
6. Average Monthly Pension Benefit	$ 3,658	$ 3,643	$ 3,752	$ 3,962	$ 3,955
Total					
1. Number, Fiscal Year Start	13,491	13,689	13,972	14,126	14,255
2. Net Change	198	283	154	129	190
3. Number, Fiscal Year End	13,689	13,972	14,126	14,255	14,445
4. Average Age at Commencement	56.79	57.02	57.09	57.30	57.37
5. Average Current Age	71.85	72.26	72.60	73.10	73.40
6. Average Monthly Pension Benefit	$ 3,043	$ 3,048	$ 3,167	$ 3,332	$ 3,367

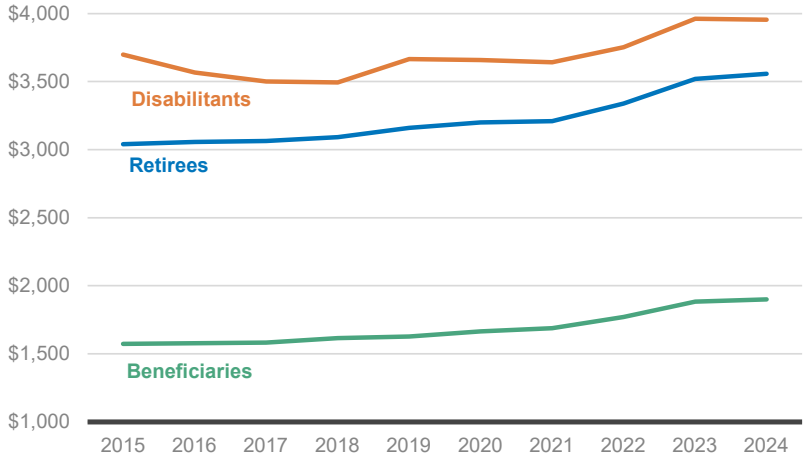
4 Member Data

4.7 Summary of All Pension Benefit Recipients (continued)

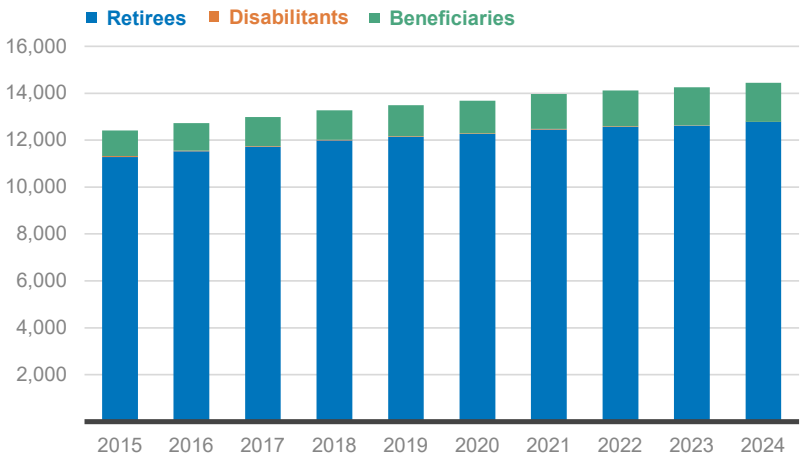
Number of Recipients by Monthly Pension Amount at June 30, 2024



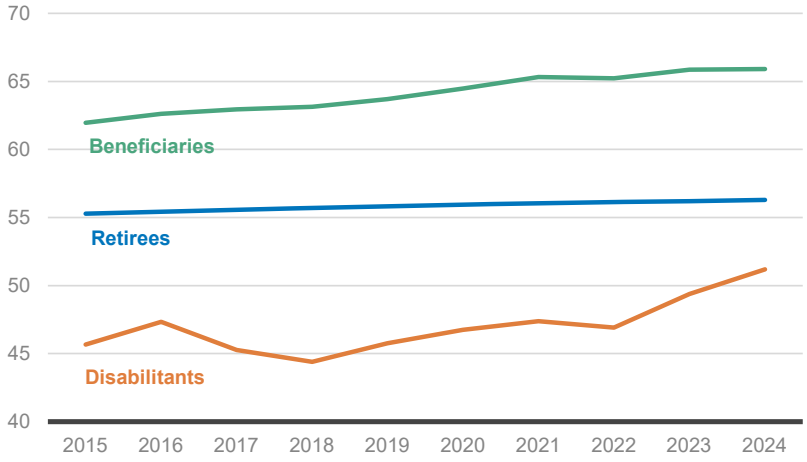
Average Monthly Pension Amount



Number of Recipients by Status



Average Commencement Age



4 Member Data

4.7 Summary of All Pension Benefit Recipients (continued)

Distribution of Annual Pension Benefits for Benefit Recipients

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	1	24,008	24,008
35 - 39	1	11,038	11,038
40 - 44	2	87,859	43,930
45 - 49	80	3,146,703	39,334
50 - 54	313	15,088,535	48,206
55 - 59	710	34,375,843	48,417
60 - 64	1,454	60,768,996	41,794
65 - 69	2,221	88,339,891	39,775
70 - 74	3,222	123,418,858	38,305
75+	6,441	258,345,185	40,109
Total	**14,445**	**$583,606,916**	**$ 40,402**

Annual Pension Benefit by Years Since Commenced

Years Since Comm.	Number	Total Annual Pension Benefit	Average Annual Pension Benefit
0	417	$ 17,137,859	$ 41,098
1	526	23,155,901	44,023
2	504	22,581,602	44,805
3	522	22,381,973	42,877
4	450	18,867,743	41,928
0 - 4	**2,419**	**$104,125,078**	**$ 43,045**
5 - 9	2,380	99,990,276	42,013
10 - 14	2,330	93,947,003	40,321
15 - 19	1,918	67,356,139	35,118
20 - 24	1,881	65,367,067	34,751
25 - 29	2,029	84,846,944	41,817
30 - 34	836	37,356,276	44,685
35 - 39	514	24,969,878	48,580
40+	138	5,648,255	40,929
Total	**14,445**	**$583,606,916**	**$ 40,402**

Years Since Commencement by Age

	Years Since Commencement									
Age	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40+	Total
0 - 19	0	0	0	0	0	0	0	0	0	0
20 - 24	0	0	0	0	0	0	0	0	0	0
25 - 29	0	0	0	0	0	0	0	0	0	0
30 - 34	1	0	0	0	0	0	0	0	0	1
35 - 39	1	0	0	0	0	0	0	0	0	1
40 - 44	2	0	0	0	0	0	0	0	0	2
45 - 49	70	10	0	0	0	0	0	0	0	80
50 - 54	271	36	5	1	0	0	0	0	0	313
55 - 59	429	220	50	9	1	1	0	0	0	710
60 - 64	719	404	202	100	25	3	1	0	0	1,454
65 - 69	333	819	558	307	146	55	1	1	1	2,221
70 - 74	212	499	940	732	484	330	23	2	0	3,222
75+	381	392	575	769	1,225	1,640	811	511	137	6,441
Total	**2,419**	**2,380**	**2,330**	**1,918**	**1,881**	**2,029**	**836**	**514**	**138**	**14,445**

4 Member Data

4.8 Pension Benefit Recipients by Type of Benefit and Option Elected

Monthly Pension Benefit Amount	Number of Recipients	Type of Pension Benefit			Option Selected			
		1	2	3	1	2	3	4
$ 1 – 500	410	269	141	0	261	70	63	16
501 – 1,000	935	687	248	0	532	166	181	56
1,001 – 1,500	1,215	949	266	0	725	234	208	48
1,501 – 2,000	1,107	792	315	0	669	208	201	29
2,001 – 2,500	1,216	959	257	0	636	260	275	45
2,501 – 3,000	1,524	1,351	173	0	700	369	413	42
3,001 – 3,500	1,645	1,519	123	3	724	402	465	54
3,501 – 4,000	1,539	1,484	53	2	625	358	505	51
4,001 – 4,500	1,379	1,343	35	1	565	300	470	44
4,501 – 5,000	1,125	1,105	19	1	475	232	385	33
5,001 – 5,500	765	758	6	1	297	155	296	17
5,501 – 6,000	513	503	10	0	203	107	182	21
6,001 – 6,500	331	322	9	0	135	54	127	15
6,501 – 7,000	223	222	1	0	86	34	91	12
7,001 – 7,500	150	148	2	0	55	28	58	9
7,501 – 8,000	97	97	0	0	39	18	36	4
8,000+	271	271	0	0	96	49	111	15
Total	14,445	12,779	1,658	8	6,823	3,044	4,067	511

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

4 Member Data

4.9 Pension Benefit Recipients Added to and Removed from Rolls

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	553	$ 24,082,044	363	$ 10,544,001	14,445	$ 583,606,916	2.4%	$ 40,402
June 30, 2023	478	19,944,072	349	(13,224,261)	14,255	570,068,873	6.2%	39,991
June 30, 2022	529	22,643,316	375	(3,174,745)	14,126	536,900,540	5.1%	38,008
June 30, 2021	593	22,728,504	310	11,391,465	13,972	511,082,479	2.3%	36,579
June 30, 2020	460	17,641,920	262	5,527,983	13,689	499,745,440	2.5%	36,507
June 30, 2019	468	18,004,896	254	871,684	13,491	487,631,503	3.6%	36,145
June 30, 2018	555	21,924,986	261	6,926,129	13,277	470,498,291	3.3%	35,437
June 30, 2017	487	17,151,684	230	7,736,025	12,983	455,499,434	2.1%	35,084
June 30, 2016	530	18,364,581	222	6,144,109	12,726	446,083,775	2.8%	35,053
June 30, 2015	888	34,120,658	220	3,531,501	12,418	433,863,303	7.6%	34,938

[1] Numbers are estimated, and include other internal transfers.

5 Basis of the Actuarial Valuation

5.1 Summary of Plan Provisions

Effective Date

July 1, 1955, with amendments through June 30, 2024. Chapter 97, 1990 Session Laws of Alaska, created a two-tier retirement system. Members who were first hired under TRS before July 1, 1990 (Tier 1) are eligible for different benefits than members hired after June 30, 1990 (Tier 2). 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 Teachers' 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 TRS funds.

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

Employers Included

Currently, there are 57 employers participating in TRS, including the State of Alaska, 53 school districts, and three other eligible organizations.

Membership

Membership in TRS is mandatory for the following employees hired before July 1, 2006:

- certificated full-time and part-time elementary and secondary teachers, certificated school nurses, and certificated employees in positions requiring teaching certificates;
- positions requiring a teaching certificate as a condition of employment in the Department of Education and Early Development and the Department of Labor and Workforce Development;
- 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 TRS;
- members on approved sabbatical leave under AS 14.20.310;
- certain State legislators who have elected to be covered under TRS; and
- a teacher who has filed for worker's compensation benefits due to an on-the-job assault and who, as a result of the physical injury, is placed on leave without pay.

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

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

5 Basis of the Actuarial Valuation

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

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. Part-time members who work at least 50% of full-time receive membership credit for each day in proportion to full-time service. Credit is granted for all Alaskan public school service.

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 Alaska 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.

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

Employer Contributions

TRS 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.

Pursuant to AS14.25.070 effective July 1, 2008, each TRS employer will pay a simple uniform contribution rate of 12.56% of member payroll.

Additional State Contributions

Pursuant to AS14.25.085 effective July 1, 2008, the State shall contribute an amount (in addition to the State contribution as an employer) that, when combined with the employer contribution of 12.56%, will be sufficient to pay the total contribution rate adopted by the Board.

5 Basis of the Actuarial Valuation

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 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. Supplemental contributions are deducted from gross salaries after federal income taxes are withheld. 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 below). Supplemental contributions are only refundable upon death (see 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.

Reinstatement of Contributions

Refunded accounts and the corresponding TRS service may be reinstated upon reemployment in TRS. 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, 1990 (Tier 1), and age 60 or early retirement at age 55 if they were hired on or after July 1, 1990 (Tier 2). Additionally, they must 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 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;

   (v) two years of paid-up membership service if they are vested in PERS; or

   (vi) one year of paid-up membership service if they are retired from 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 select joint and survivor options and a last survivor 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 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. TRS pays a minimum benefit of $25 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%.

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 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. Indebtedness balances may also be created when a member purchases qualified claimed service.

Reemployment of Retired Members

Retirees who return to work in a permanent full-time or part-time TRS position after a normal retirement are eligible to return under the Standard Option.

Under the Standard Option, retirement and retiree healthcare benefits are suspended while retired members are reemployed under TRS. During reemployment, members earn additional TRS service and contributions are withheld from their wages.

5 Basis of the Actuarial Valuation

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 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.

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

When pension benefits begin, major medical benefits are provided by TRS to (1) all employees first hired before July 1, 1990 (Tier 1) and their surviving spouses and (2) members and their surviving spouses who have 25 years of membership service, are disabled, or age 60 or older, regardless of their initial hire dates. Employees first hired after June 30, 1990 (Tier 2) and their surviving spouses may receive major medical benefits prior to age 60 by paying premiums.

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 (Tier 2), the valuation bases this payment upon the age of the retiree.

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.

5 Basis of the Actuarial Valuation

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.

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.

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 TRS service, including service accumulated from the date of death to normal retirement date.

If there is no surviving spouse or dependent children, the designated beneficiary receives the member's contribution account, which includes mandatory contributions, supplemental contributions, indebtedness payments, and interest earned. The designated beneficiary also receives a lump sum payment equal to $1,000 plus $100 for each year of TRS service, up to a maximum of $3,000.

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), unless benefits are payable under the supplemental contributions provision. The monthly benefit is based on the member's average base salary and TRS service accrued on the date of death.

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, supplemental contributions, indebtedness payments, and interest earned. If the member has more than one year of TRS service or is vested, the designated beneficiary also receives a lump sum payment equal to $1,000 plus $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 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 may be payable if the member made supplemental contributions for at least one year and dies while in membership service or while disabled under 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.

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.

Spouse's Pension

A monthly spouse's pension is payable to the surviving spouse if there are no dependent children. The spouse's pension is equal to 50% of the retirement benefit that the deceased member was receiving or the unreduced retirement benefit that the deceased member 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.

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 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 TRS 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 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 (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. The following benefit recipients are eligible:

a. members who were first hired under TRS before July 1, 1990 (Tier 1) and their survivors;

b. members who were first hired under TRS after June 30, 1990 (Tier 2) 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 2014[1]. 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.

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

5 Basis of the Actuarial Valuation

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. 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 TRS 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.

5 Basis of the Actuarial Valuation

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

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

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.

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.

5 Basis of the Actuarial Valuation

Healthcare Reform

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

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

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

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

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

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

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

5 Basis of the Actuarial Valuation

Data

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

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

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

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

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

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

5 Basis of the Actuarial Valuation

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

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

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.

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

Deaths are assumed to result from occupational causes 15% of the time.

Mortality (Post-Commencement)

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

Retiree mortality in accordance with the following tables:

- Pension: 97% of male and 97% of female rates of the Pub-2010 Teachers Retiree table, amount-weighted, and projected with MP-2021 generational improvement.
- Healthcare: 98% of male and 100% of female rates of the Pub-2010 Teachers Retiree table, headcount-weighted, and projected with MP-2021 generational improvement.

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

- Pension: 100% of male and 95% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement.
- Healthcare: 100% of male and 94% of female rates of the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement.

5 Basis of the Actuarial Valuation

Turnover

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

Disability

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

Post-disability mortality in accordance with the following tables:

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

Retirement

Retirement rates based on the 2017-2021 actual experience (see Table 4).

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.

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

85% of male members and 75% 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. 60% of male members and 50% of female members are assumed to be married and cover a dependent spouse.

Dependent Children

- Pension: For the participants who are assumed to be married, those between ages 25 and 45 are assumed to have two dependent children.
- 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.

5 Basis of the Actuarial Valuation

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: $3,500,000
- Healthcare: $1,823,000

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: 12.00%
- Healthcare: 0.20%

Re-Employment Option

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

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

Part-time employees are assumed to earn 0.75 years of credited service per year.

Unused Sick Leave

5.25 days of unused sick leave for each year of service are assumed to be available to be credited once the member is retired, terminates, or dies.

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

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

Early Retirement Factors

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

Alaska Cost-of-Living Adjustments (COLA)

Of those benefit recipients who are eligible for the Alaska COLA, 60% 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.

5 Basis of the Actuarial Valuation

Healthcare Participation

100% of system paid members and their spouses are assumed to elect healthcare benefits as soon as they are eligible. 20% 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).

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%

5 Basis of the Actuarial Valuation

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 TRS members who are under age 60 and have less than 25 years of service. 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 who are assumed to retire prior to age 60 with less than 25 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

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 amounts included in the Normal Cost for administrative expenses were changed from $3,558,000 to $3,500,000 for pension, and from $1,956,000 to $1,823,000 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 Scale

Years of Service	Percent Increase
< 1	7.00%
1	6.50%
2	6.00%
3	5.75%
4	5.50%
5	5.25%
6	5.00%
7	4.75%
8	4.50%
9	4.25%
10	4.00%
11	3.75%
12	3.50%
13	3.45%
14	3.35%
15	3.25%
16	3.15%
17	3.05%
18	3.00%
19	2.95%
20+	2.85%

5 Basis of the Actuarial Valuation

Table 2: Turnover Rates

Select Rates during the First 8 Years of Employment

Years of Service	Male	Female
< 1	20.40%	17.00%
1	20.40%	17.00%
2	16.80%	14.00%
3	14.40%	12.00%
4	12.00%	10.00%
5	10.80%	9.00%
6	9.00%	7.50%
7	7.20%	6.00%

Ultimate Rates after the First 8 Years of Employment

Age	Male	Female
< 30	3.60%	4.60%
30 - 34	3.60%	5.40%
35 - 39	3.60%	3.90%
40 - 44	3.10%	2.60%
45 - 49	3.10%	2.60%
50 - 54	4.60%	4.80%
55+	2.80%	4.80%

5 Basis of the Actuarial Valuation

Table 3: Disability Rates

Age	Male	Female	Age	Male	Female
< 31	0.0337%	0.0612%	50	0.0601%	0.1093%
31	0.0337%	0.0613%	51	0.0634%	0.1152%
32	0.0337%	0.0613%	52	0.0666%	0.1211%
33	0.0342%	0.0622%	53	0.0746%	0.1356%
34	0.0347%	0.0631%	54	0.0826%	0.1501%
35	0.0353%	0.0641%	55	0.0905%	0.1645%
36	0.0357%	0.0650%	56	0.0985%	0.1790%
37	0.0362%	0.0659%	57	0.1064%	0.1935%
38	0.0371%	0.0674%	58	0.1245%	0.2263%
39	0.0379%	0.0689%	59	0.1426%	0.2592%
40	0.0387%	0.0703%	60	0.1606%	0.2920%
41	0.0395%	0.0718%	61	0.1787%	0.3249%
42	0.0403%	0.0733%	62	0.1967%	0.3577%
43	0.0423%	0.0770%	63	0.2253%	0.4096%
44	0.0443%	0.0806%	64	0.2572%	0.4677%
45	0.0464%	0.0843%	65	0.2933%	0.5332%
46	0.0483%	0.0879%	66	0.3343%	0.6079%
47	0.0504%	0.0916%	67	0.3812%	0.6930%
48	0.0536%	0.0975%	68	0.4345%	0.7900%
49	0.0569%	0.1034%	69	0.4953%	0.9006%
			70+	0.5647%	1.0267%

5 Basis of the Actuarial Valuation

Table 4: Retirement Rates

	Reduced		Unreduced	
Age	Male	Female	Male	Female
< 45	N/A	N/A	3.00%	3.00%
45	N/A	N/A	5.50%	7.00%
46	N/A	N/A	5.50%	7.00%
47	N/A	N/A	5.50%	7.00%
48	N/A	N/A	5.50%	7.00%
49	N/A	N/A	5.50%	7.00%
50	5.00%	5.00%	12.50%	13.00%
51	5.00%	5.00%	12.50%	13.00%
52	5.00%	10.00%	12.50%	13.00%
53	5.00%	5.00%	12.50%	13.00%
54	10.00%	5.00%	12.50%	13.00%
55	14.50%	11.00%	20.00%	17.50%
56	9.50%	11.00%	20.00%	17.50%
57	9.50%	11.00%	20.00%	17.50%
58	9.50%	11.00%	20.00%	17.50%
59	9.50%	11.00%	20.00%	17.50%
60 - 64	N/A	N/A	19.50%	23.50%
65 - 69	N/A	N/A	28.00%	23.50%
70 - 74	N/A	N/A	30.00%	36.00%
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 $9.5 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 10%.
- 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.

6 Risk Information

Salary Increase Risk

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

- Higher-than-expected salary increases will produce higher benefits.
- The higher benefits may be partially offset by increased employee contributions due to higher salaries.
- If future payroll grows at a rate different than assumed, contributions as a percentage of payroll will be affected.

Inflation Risk

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	$ 5,570,625	$ 5,657,056	$ 5,977,257	$ 6,274,565	$ 6,385,059
2. Total Accrued Liability	$ 7,447,036	$ 7,471,887	$ 7,804,046	$ 8,036,685	$ 8,018,737
3. Ratio, (1) ÷ (2)	74.8%	75.7%	76.6%	78.1%	79.6%

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	$ 207,899	$ 196,748	$ 202,459	$ 172,993	$ 174,893
2. Benefit Payments	490,447	501,429	511,762	538,270	573,974
3. Cash Flow, (1) - (2)	$ (282,548)	$ (304,681)	$ (309,303)	$ (365,277)	$ (399,081)
4. Fair Value of Assets	$ 5,444,799	$ 6,731,481	$ 6,026,651	$ 6,099,520	$ 6,216,525
5. Ratio, (3) ÷ (4)	(5.2%)	(4.5%)	(5.1%)	(6.0%)	(6.4%)

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	$ 5,444,799	$ 6,731,481	$ 6,026,651	$ 6,099,520	$ 6,216,525
2. DB/DCR Payroll	741,090	750,334	758,938	754,274	779,350
3. Asset to Payroll Ratio, (1) ÷ (2)	7.3	9.0	7.9	8.1	8.0
4. Accrued Liability	$ 7,447,036	$ 7,471,887	$ 7,804,046	$ 8,036,685	$ 8,018,737
5. Liability to Payroll Ratio, (4) ÷ (2)	10.0	10.0	10.3	10.7	10.3

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 Information[1]

7.1 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	$ 8,018,737	$ 6,247,250	77.9%	$ 1,771,487	$ 255,949	692.1%
June 30, 2023	8,036,685	6,171,460	76.8%	1,865,225	276,417	674.8%
June 30, 2022	7,804,046	6,100,204	78.2%	1,703,842	303,011	562.3%
June 30, 2021	7,471,887	5,910,369	79.1%	1,561,518	326,551	478.2%
June 30, 2020	7,447,036	5,587,064	75.0%	1,859,972	349,236	532.6%
June 30, 2019	7,388,020	5,563,931	75.3%	1,824,089	366,037	498.3%
June 30, 2018	7,276,290	5,541,600	76.2%	1,734,690	392,609	441.8%
June 30, 2017	7,217,525	5,476,835	75.9%	1,740,690	425,841	408.8%
June 30, 2016	7,159,788	5,428,687	75.8%	1,731,101	449,629	385.0%
June 30, 2015	7,051,724	5,422,651	76.9%	1,629,073	473,734	343.9%
June 30, 2014	6,921,362	3,771,139	54.5%	3,150,223	490,667	642.0%
June 30, 2013	6,589,553	3,170,313	48.1%	3,419,240	527,474	648.2%
June 30, 2012	6,399,777	3,194,994	49.9%	3,204,783	554,277	578.2%
June 30, 2011	6,196,104	3,345,949	54.0%	2,850,155	571,143	499.0%
June 30, 2010	6,006,981	3,259,868	54.3%	2,747,113	591,943	464.1%
June 30, 2009	5,463,987	3,115,719	57.0%	2,348,268	583,746	402.3%
June 30, 2008	5,231,654	3,670,086	70.2%	1,561,568	575,946	271.1%
June 30, 2007	5,043,448	3,441,867	68.2%	1,601,581	582,743	274.8%
June 30, 2006	4,859,336	3,296,934	67.8%	1,562,402	603,035	259.1%

Change in assumptions reflected in 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)

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	$ 2,651,545	$ 3,677,415	138.7%	$ (1,025,870)	$ 255,949	(400.8%)
June 30, 2023	2,617,821	3,547,973	135.5%	(930,152)	276,417	(336.5%)
June 30, 2022	2,442,577	3,437,216	140.7%	(994,639)	303,011	(328.3%)
June 30, 2021	2,439,603	3,267,737	133.9%	(828,134)	326,551	(253.6%)
June 30, 2020	2,489,675	3,021,283	121.4%	(531,608)	349,236	(152.2%)
June 30, 2019	2,518,644	2,947,562	117.0%	(428,918)	366,037	(117.2%)
June 30, 2018	2,684,150	2,898,709	108.0%	(214,559)	392,609	(54.6%)
June 30, 2017	2,927,093	2,836,802	96.9%	90,291	425,841	21.2%
June 30, 2016	2,747,836	2,771,704	100.9%	(23,868)	449,629	(5.3%)
June 30, 2015	2,677,393	2,686,272	100.3%	(8,879)	473,734	(1.9%)
June 30, 2014	2,919,670	2,248,135	77.0%	671,535	490,667	136.9%
June 30, 2013	3,002,554	1,803,763	60.1%	1,198,791	527,474	227.3%
June 30, 2012	2,946,667	1,674,160	56.8%	1,272,507	554,277	229.6%
June 30, 2011	2,932,691	1,591,988	54.3%	1,340,703	571,143	234.7%
June 30, 2010	2,840,807	1,479,260	52.1%	1,361,547	591,943	230.0%
June 30, 2009	2,383,527	1,357,239	56.9%	1,026,288	583,746	175.8%
June 30, 2008	2,387,524	1,266,890	53.1%	1,120,634	575,946	194.6%
June 30, 2007	2,145,955	982,532	45.8%	1,163,423	582,743	199.6%
June 30, 2006	2,370,515	844,766	35.6%	1,525,749	603,035	253.0%

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

7.2 Solvency Test

Pension ($ in thousands)

Valuation Date	Actuarial Accrued Liability (AAL) (1) Active Member Contributions	(2) Inactive Members	(3) Active Members Employer Financed	Valuation Assets	Portion of AAL Covered by Valuation Assets (1)	(2)	(3)
June 30, 2024	$ 528,288	$ 6,562,982	$ 927,467	$ 6,247,250	100.0%	87.1%	0.0%
June 30, 2023	557,567	6,511,368	967,750	6,171,460	100.0%	86.2%	0.0%
June 30, 2022	594,033	6,169,712	1,040,301	6,100,204	100.0%	89.2%	0.0%
June 30, 2021	634,029	5,833,812	1,004,046	5,910,369	100.0%	90.4%	0.0%
June 30, 2020	668,105	5,749,353	1,029,578	5,587,064	100.0%	85.6%	0.0%
June 30, 2019	673,540	5,672,003	1,042,477	5,563,931	100.0%	86.2%	0.0%
June 30, 2018	690,775	5,502,418	1,083,097	5,541,600	100.0%	88.2%	0.0%
June 30, 2017	706,772	5,418,948	1,091,805	5,476,835	100.0%	88.0%	0.0%
June 30, 2016	709,903	5,329,673	1,120,212	5,428,687	100.0%	88.5%	0.0%
June 30, 2015	714,422	5,192,935	1,144,367	5,422,651	100.0%	90.7%	0.0%
June 30, 2014	718,694	5,042,250	1,160,418	3,771,139	100.0%	60.5%	0.0%
June 30, 2013	726,139	4,726,282	1,137,132	3,170,313	100.0%	51.7%	0.0%
June 30, 2012	727,435	4,532,982	1,139,360	3,194,994	100.0%	54.4%	0.0%
June 30, 2011	717,819	4,352,035	1,126,250	3,345,949	100.0%	60.4%	0.0%
June 30, 2010	716,675	4,153,119	1,137,187	3,259,868	100.0%	61.2%	0.0%
June 30, 2009	692,105	3,815,020	956,862	3,115,719	100.0%	63.5%	0.0%
June 30, 2008	654,662	3,700,812	876,180	3,670,086	100.0%	81.5%	0.0%
June 30, 2007	638,420	3,567,894	837,134	3,441,867	100.0%	78.6%	0.0%
June 30, 2006	615,207	3,432,703	811,426	3,296,934	100.0%	78.1%	0.0%

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

Change in methods reflected in 2014 and 2006 valuations.

7 Historical Information

7.2 Solvency Test (continued)

Healthcare ($ in thousands)

Valuation Date	Actuarial Accrued Liability (AAL) (1) Active Member Contributions	(2) Inactive Members	(3) Active Members Employer Financed	Valuation Assets	Portion of AAL Covered by Valuation Assets (1)	(2)	(3)
June 30, 2024	$ 0	$ 2,071,570	$ 579,975	$ 3,677,415	100.0%	100.0%	100.0%
June 30, 2023	0	2,015,723	602,098	3,547,973	100.0%	100.0%	100.0%
June 30, 2022	0	1,841,588	600,989	3,437,216	100.0%	100.0%	100.0%
June 30, 2021	0	1,778,645	660,958	3,267,737	100.0%	100.0%	100.0%
June 30, 2020	0	1,776,704	712,971	3,021,283	100.0%	100.0%	100.0%
June 30, 2019	0	1,788,124	730,520	2,947,562	100.0%	100.0%	100.0%
June 30, 2018	0	1,874,333	809,817	2,898,709	100.0%	100.0%	100.0%
June 30, 2017	0	1,980,148	946,945	2,836,802	100.0%	100.0%	90.5%
June 30, 2016	0	1,853,084	894,752	2,771,704	100.0%	100.0%	100.0%
June 30, 2015	0	1,870,987	806,406	2,686,272	100.0%	100.0%	100.0%
June 30, 2014	0	2,008,223	911,447	2,248,135	100.0%	100.0%	26.3%
June 30, 2013	0	2,012,114	990,440	1,803,763	100.0%	89.6%	0.0%
June 30, 2012	0	1,933,288	1,013,379	1,674,160	100.0%	86.6%	0.0%
June 30, 2011	0	1,879,564	1,053,127	1,591,988	100.0%	84.7%	0.0%
June 30, 2010	0	1,755,961	1,084,846	1,479,260	100.0%	84.2%	0.0%
June 30, 2009	0	1,477,788	905,739	1,357,239	100.0%	91.8%	0.0%
June 30, 2008	0	1,480,864	906,660	1,266,890	100.0%	85.6%	0.0%
June 30, 2007	0	1,344,131	801,824	982,532	100.0%	73.1%	0.0%
June 30, 2006	0	1,493,219	877,296	844,766	100.0%	56.6%	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	5,502	5,123	4,772	4,418	4,044	3,789	3,396	3,023	2,734	2,447
2. Average Age	50.09	50.50	50.86	51.13	51.48	51.92	52.14	52.57	52.95	53.36
3. Average Credited Service	16.94	17.53	18.12	18.62	19.21	19.76	20.31	20.85	21.18	21.69
4. Average Entry Age	33.15	32.97	32.74	32.51	32.27	32.16	31.83	31.72	31.77	31.67
5. Average Annual Earnings	$ 82,995	$ 84,954	$ 86,327	$ 87,374	$ 88,879	$ 90,564	$ 94,143	$ 97,702	$ 98,820	$ 102,323
6. Number Vested	5,297	4,966	4,772	4,418	4,044	3,789	3,396	3,023	2,734	2,447
7. Percent Who Are Vested	96.3%	96.9%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Retirees, Disabilitants, and Beneficiaries										
1. Number	12,418	12,726	12,983	13,277	13,491	13,689	13,972	14,126	14,255	14,445
2. Average Age	69.35	69.85	70.36	70.78	71.30	71.85	72.26	72.60	73.10	73.40
3. Average Years Since Retirement	13.50	13.78	14.13	14.40	14.74	15.06	15.24	15.51	15.80	16.03
4. Average Monthly Pension Benefit	$ 2,912	$ 2,921	$ 2,924	$ 2,954	$ 3,014	$ 3,043	$ 3,048	$ 3,167	$ 3,332	$ 3,367
Vested Terminations (vested at termination, not refunded contributions, and not commenced benefit)										
1. Number	890	875	876	797	812	764	727	729	763	642
2. Average Age	50.09	50.25	50.82	51.01	51.71	52.37	52.68	53.22	53.70	53.70
3. Average Monthly Pension Benefit	$ 1,273	$ 1,352	$ 1,441	$ 1,350	$ 1,534	$ 1,579	$ 1,635	$ 1,725	$ 1,967	$ 1,718
Non-Vested Terminations (not vested at termination and not refunded contributions)										
1. Number	2,218	2,103	1,994	1,900	1,810	1,744	1,679	1,616	1,560	1,507
2. Average Account Balance	$ 18,962	$ 19,728	$ 20,290	$ 20,872	$ 21,612	$ 22,591	$ 23,388	$ 23,906	$ 24,693	$ 25,966
Total Number of Members	**21,028**	**20,827**	**20,625**	**20,392**	**20,157**	**19,986**	**19,774**	**19,494**	**19,312**	**19,041**

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.

Gallagher

Insurance | Risk Management | Consulting