



State of Alaska
Teachers' Retirement System
Defined Contribution Retirement Plan
For Occupational Death and Disability
And Retiree Medical Benefits

Actuarial Valuation Report
As of June 30, 2009

buckconsultants®

Submitted By:
Buck Consultants
1200 Seventeenth Street, Suite 1200
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July 12, 2010

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

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

Actuarial Certification

The annual actuarial valuation required for the State of Alaska Teachers' Retirement System Defined Contribution Retirement (DCR) Plan has been prepared as of June 30, 2009 by Buck Consultants. The purposes of the report include:

- (1) a presentation of the valuation results of the Plan as of June 30, 2009;
- (2) a review of experience under the Plan for the year ended June 30, 2009;
- (3) a determination of the appropriate contribution rate which will be applied for the fiscal year ending June 30, 2012; and
- (4) the provision of reporting and disclosure information for financial statements, governmental agencies, and other interested parties.

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

- (1) Summary of actuarial assumptions and methods (Section 2.3)
- (2) Schedule of active member valuation data (Section 2.2(b))
- (3) Solvency test (Section 3.2)
- (4) Summary of GASB No. 25 and 43 disclosure information (Section 3.1)

In preparing this valuation, we have employed generally accepted actuarial methods and assumptions, in conjunction with employee data provided to us by the Division of Retirement and Benefits and financial information provided in the financial statements audited by KPMG LLP, to determine a sound value for the Plan liability. The employee data has not been audited, but it has been reviewed and found to be consistent, both internally and with prior years' data.

The contribution requirements are determined as a percentage of payroll, and reflect the cost of benefits accruing in FY10 and a fixed 25-year amortization as a level percentage of payroll of the initial unfunded accrued liability and subsequent gains/losses. The amortization period is set by the Alaska Retirement Management Board (Board). Contribution levels are recommended by the Actuary and adopted by the Board each year. The ratio of valuation assets to liabilities increased from 215.73% to 234.52% during the year. This report provides an analysis of the factors that led to the increase.

A summary of the actuarial assumptions and methods is presented in Section 2.3 of this report. The assumptions, when applied in combination, fairly represent past and anticipated future experience of the Plan.

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

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

The undersigned are members of the American Academy of Actuaries and the Society of Actuaries, are fully qualified to provide actuarial services to the State of Alaska, and are available to answer questions regarding this report.

We believe that the assumptions and methods used for funding purposes and for the disclosures presented in this report satisfy the parameter requirements set forth in the Government Accounting Standards Board (GASB) Statement Nos. 25 and 43.

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

Sincerely,



David H. Sliskinsky, ASA, EA, MAAA
Principal, Consulting Actuary



Michelle Reding DeLange, FSA, EA, MAAA
Director, Consulting Actuary

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 her qualification to render opinions in such matters, in accordance with the qualification standards of the American Academy of Actuaries.



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

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Report Highlights

This report has been prepared by Buck Consultants for the State of Alaska Teachers' Retirement System Defined Contribution Retirement Plan, to:

- Present the results of a valuation of the State of Alaska Teachers' Retirement System Defined Contribution Retirement Plan as of June 30, 2009;
- Review experience under the Plan for the year ended June 30, 2009;
- Determine the appropriate contribution rate for all employers in the Plan; and
- Provide reporting and disclosure information for financial statements, governmental agencies, and other interested parties.

This report is divided into three sections. Section 1 contains the results of the valuation. It includes the experience of the Plan during Fiscal Year 2009, the current annual costs, and reporting and disclosure information.

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

Section 3 provides reporting and disclosure information for financial statements, governmental agencies and other interested parties.

The principal results are as follows:

Funding Status as of June 30¹	2008	2009
(a) Accrued Liability ²	\$ 801	\$ 1,460
(b) Valuation Assets ²	<u>1,728</u>	<u>3,424</u>
(c) Unfunded Accrued Liability ² , (a) – (b)	\$ (927)	\$ (1,964)
(d) Funding Ratio based on Valuation Assets, (b) ÷ (a)	215.7%	234.5%
(e) Market Value of Assets ²	\$ 1,646	\$ 2,966
(f) Funding Ratio based on Market Assets, (e) ÷ (a)	205.5%	203.2%

¹ Includes occupational death & disability and retiree medical benefits.

² In thousands.

Report Highlights *(continued)*

Total Employer Contribution Rates for Occupational Death & Disability for Fiscal Year Ending:	2011	2012
(a) Employer Normal Cost Rate	0.32%	0.05%
(b) Past Service Cost Rate	<u>(0.04)%</u>	<u>(0.05)%</u>
(c) Total Employer Contribution Rate, (a) + (b), not less than 0%	0.28%	0.00%

Total Employer Contribution Rates for Retiree Medical for Fiscal Year Ending:	2011	2012
(a) Employer Normal Cost Rate	0.74%	0.64%
(b) Past Service Cost Rate	<u>(0.06)%</u>	<u>(0.06)%</u>
(c) Total Employer Contribution Rate, (a) + (b), not less than 0%	0.68%	0.58%

Total Employer Contribution Rates for Fiscal Year Ending:	2011	2012
(a) Total Employer Contribution Rate	0.96%	0.58%
(b) Board Adopted Total Employer Contribution Rate	0.96%	0.58%

The exhibit below shows the historical Board adopted employer contribution rates for the DCR Plan.

Valuation Date	Fiscal Year	Total Employer Contribution Rate		
		Occupational Death & Disability	Retiree Medical	Total
N/A	FY07	N/A	1.75%	1.75%
N/A	FY08	0.56%	0.99%	1.55%
N/A	FY09	0.62%	0.99%	1.61%
June 30, 2007	FY10	0.32%	1.03%	1.35%
June 30, 2008	FY11	0.28%	0.68%	0.96%
June 30, 2009	FY12	0.00%	0.58%	0.58%

Contribution rates are based on salary for DCR Plan members only.

The rates shown above are for funding purposes which differ from the Annual Required Contribution for GASB No. 43 reporting purposes. Under GASB No. 43, retiree medical liabilities are gross of the retiree drug subsidy and based on a discount rate in accordance with GASB parameters.

Analysis of Valuation

As shown in the Highlights section of the report, the funding ratio based on valuation assets as of June 30, 2009 has increased from 215.73% to 234.52%, an increase of 18.79%. The total calculated employer contribution rate has decreased from 0.96% of payroll for FY11 to 0.58% for FY12, a decrease of 0.38%. The reasons for the change in the funded status and calculated contribution rate are explained below.

(1) Retiree Medical Costs and Assumptions

Please refer to Section 2.3 of the State of Alaska Teachers' Retirement System Defined Benefit Plan Actuarial Valuation Report as of June 30, 2009 for a full description of the assumptions and costs of the retiree medical plan. Adjustments from these costs and assumptions are described in this report.

Due to the lack of experience for the DCR Plan only, base claims costs are based on those described in the actuarial valuation as of June 30, 2009 for TRS with some adjustments to reflect the differences between the DCR medical plan and the DB medical plan. These differences include different coverage levels and an indexing of the retiree out-of-pocket dollar amounts. To account for higher initial copays, deductibles and out-of-pocket limits, FY09 claims costs were reduced 5.9% for medical and 0.7% for prescription drugs. Retiree out-of-pocket amounts were indexed 4.8% each year to reflect the effect of the deductible leveraging on trend, putting the annual projected trend closer to the ultimate trend rate.

(2) Investment Experience

The approximate FY09 investment return based on market value was (12.02)% compared to the expected investment return of 8.25%. This resulted in a loss of approximately \$496 to the Plan from investment experience. The asset valuation method recognizes 20 percent of this loss (\$99,000) this year and an additional 20 percent in each of the next 4 years. In addition, 20 percent of the FY07 investment loss and 20 percent of the FY08 investment loss were recognized this year. The approximate FY09 investment return based on actuarial value was 3.19% compared to the expected investment return of 8.25%.

(3) Salary Increase

During the period from June 30, 2008 to June 30, 2009, salary increases for continuing active members were more than anticipated in the valuation assumptions.

(4) Demographic Experience

The number of active participants increased 49.58% from 1,198 at June 30, 2008 to 1,792 at June 30, 2009 due to the opening of the DCR Plan to new entrants as of July 1, 2006. The average age of active participants increased from 36.82 to 37.10 and average credited service increased from 1.29 to 1.68 years.

Analysis of Valuation *(continued)*

(5) Changes in Methods from the Prior Valuation

There were no changes in asset or valuation methods from the prior valuation.

(6) Changes in Assumptions from the Prior Valuation

There was one change in assumptions from the prior valuation. The percent of death and disabilities assumed to be from occupational causes decreased from 100% to 15%. This was the most significant change during 2009 on the total employer contribution rate. This change reduced the rate from 0.89% to 0.58%.

(7) Changes in Benefit Provisions Since the Prior Valuation

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

Section 1

This section sets forth the results of the actuarial valuation.

Section 1.1(a) Statement of Net Assets.

Section 1.1(b) Statement of Changes in Net Assets During FY09 and the Investment Return During FY09.

Section 1.1(c) Actuarial Value of Assets.

Section 1.2 Actuarial Present Values.

Section 1.3 Development of Total Employer Contribution Rate for FY12.

Section 1.4 Development of Actuarial Gain or Loss for FY09.

1.1(a) Statement of Net Assets

As of June 30, 2009 (in thousands)	Occupational Death & Disability	Retiree Medical	Total Market Value
Cash and Cash Equivalents	\$ 23	\$ 36	\$ 59
Domestic Equity Pool	302	650	952
Domestic Fixed Income Pool	117	252	369
International Equity Pool	134	288	422
Real Estate Pool	71	151	222
International Fixed Income Pool	16	35	51
Private Equity Pool	61	131	192
Emerging Markets Equity Pool	44	95	139
Other Investments Pool	38	81	119
High Yield Pool	16	35	51
Absolute Return Pool	55	118	173
Treasury Inflation Protection Pool	27	59	86
Emerging Debt Pool	4	8	12
Loans and Mortgages (Net of Reserves)	0	0	0
Net Accrued Receivables	<u>46</u>	<u>73</u>	<u>119</u>
Net Assets	\$ 954	\$ 2,012	\$ 2,966

1.1(b) Statement of Changes in Net Assets

Fiscal Year 2009 (in thousands)	Occupational Death & Disability	Retiree Medical	Total Market Value
(1) Net Assets, June 30, 2008 (market value)	\$ 400	\$ 1,246	\$ 1,646
(2) Additions:			
(a) Member Contributions	\$ 0	\$ 0	\$ 0
(b) Employer Contributions	623	992	1,615
(c) Interest and Dividend Income	13	33	46
(d) Net Appreciation (Depreciation) in Fair Value of Investments	(82)	(259)	(341)
(e) Other	<u>0</u>	<u>0</u>	<u>0</u>
(f) Total Additions	\$ 554	\$ 766	\$ 1,320
(3) Deductions:			
(a) Medical Benefits	\$ 0	\$ 0	\$ 0
(b) Death & Disability Benefits	0	0	0
(c) Investment Expenses	0	0	0
(d) Administrative Expenses	<u>0</u>	<u>0</u>	<u>0</u>
(e) Total Deductions	\$ 0	\$ 0	\$ 0
(4) Net Assets, June 30, 2009 (market value)	\$ 954	\$ 2,012	\$ 2,966

Approximate Market Value Investment Return Rate
During FY09 Net of All Expenses

(12.02)%

1.1(c) Actuarial Value of Assets

The actuarial value of assets and the market value were \$0 at June 30, 2006. Future investment gains and losses will be recognized 20% per year over 5 years. In no event may valuation assets be less than 80% or more than 120% of market value as of the current valuation date.

In Thousands	Occupational Death & Disability	Retiree Medical	Total
(1) Deferral of Investment Return/(Loss) for FY09			
(a) Market Value, June 30, 2008	\$ 400	\$ 1,246	\$ 1,646
(b) Contributions for FY09	623	992	1,615
(c) Benefit Payments for FY09	0	0	0
(d) Actual Investment Return (<i>net of expenses</i>)	(69)	(226)	(295)
(e) Expected Return Rate (<i>net of expenses</i>)	8.25%	8.25%	8.25%
(f) Expected Return	58	143	201
(g) Investment Gain/(Loss) for the Year (<i>d. - f.</i>)	(127)	(369)	(496)
(h) Deferred Investment Return/(Loss)	(117)	(341)	(458)
(2) Actuarial Value, June 30, 2009			
(a) Market Value, June 30, 2009	\$ 954	\$ 2,012	\$ 2,966
(b) 2009 Deferred Investment Return/(Loss)	(117)	(341)	(458)
(c) Preliminary Actuarial Value, June 30, 2009 (<i>a. - b.</i>)	1,071	2,353	3,424
(d) Upper Limit: 120% of Market Value, June 30, 2009	1,144	2,414	3,558
(e) Lower Limit: 80% of Market Value, June 30, 2009	764	1,610	2,374
(f) Actuarial Value, June 30, 2009 (<i>c. limited by d. and e.</i>)	\$ 1,071	\$ 2,353	\$ 3,424
(g) Ratio of Actuarial Value of Assets to Market Value of Assets	112.26%	116.95%	115.44%
(h) Approximate Actuarial Value Investment Return Rate During FY09 Net of All Expenses	3.83%	2.94%	3.19%

1.1(c) Actuarial Value of Assets (continued)

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

Occupational Death & Disability

Plan Year Ended	Asset Gain/(Loss)	Gain/(Loss) Recognized in Prior Years	Gain/(Loss) Recognized This Year	Gain/(Loss) Deferred to Future Years
6/30/2007	\$ 0	\$ 0	\$ 0	\$ 0
6/30/2008	(25)	(5)	(5)	(15)
6/30/2009	(127)	0	(25)	(102)
Total	\$ (152)	\$ (5)	\$ (30)	\$ (117)

Retiree Medical

Plan Year Ended	Asset Gain/(Loss)	Gain/(Loss) Recognized in Prior Years	Gain/(Loss) Recognized This Year	Gain/(Loss) Deferred to Future Years
6/30/2007	\$ (9)	\$ (4)	\$ (2)	\$ (3)
6/30/2008	(71)	(14)	(14)	(43)
6/30/2009	(369)	0	(74)	(295)
Total	\$ (449)	\$ (18)	\$ (90)	\$ (341)

Total

Plan Year Ended	Asset Gain/(Loss)	Gain/(Loss) Recognized in Prior Years	Gain/(Loss) Recognized This Year	Gain/(Loss) Deferred to Future Years
6/30/2007	\$ (9)	\$ (4)	\$ (2)	\$ (3)
6/30/2008	(96)	(19)	(19)	(58)
6/30/2009	(496)	0	(99)	(397)
Total	\$ (601)	\$ (23)	\$ (120)	\$ (458)

1.2 Actuarial Present Values

As of June 30, 2009 (in thousands)	Normal Cost	Accrued (Past Service) Liability
Active Members		
Occupational Death Benefits	\$ 23	\$ 8
Occupational Disability Benefits	22	6
Medical and Prescription Drug Benefits	712	1,690
Medicare Part D Subsidy	<u>(103)</u>	<u>(244)</u>
Subtotal	\$ 654	\$ 1,460
Benefit Recipients		
Survivor Benefits		\$ 0
Disability Benefits		0
Medical and Prescription Drug Benefits		0
Medicare Part D Subsidy		<u>0</u>
Subtotal		\$ 0
Total	\$ 654	\$ 1,460
Total Occupational Death & Disability	\$ 45	\$ 14
Total Retiree Medical, Net of Part D Subsidy	\$ 609	\$ 1,446
Total Retiree Medical, Gross of Part D Subsidy	\$ 712	\$ 1,690

1.3 Development of Total Employer Contribution Rate – FY12 (in thousands)

Normal Cost Rate	Occupational Death & Disability	Retiree Medical	Total
(1) Total Normal Cost	\$ 45	\$ 609	\$ 654
(2) DCR Plan Member Salaries Projected for FY10	95,141	95,141	95,141
(3) Employer Normal Cost Rate, (1) / (2)	0.05%	0.64%	0.69%
Past Service Rate			
(1) Accrued Liability	\$ 14	\$ 1,446	\$ 1,460
(2) Valuation Assets	1,071	2,353	3,424
(3) Total Unfunded Liability, (1) - (2)	(1,057)	(907)	(1,964)
(4) Funded Ratio based on Valuation Assets	7,650.0%	162.7%	234.5%
(5) Past Service Cost Amortization Payment (See Section 1.5)	(45)*	(57)	(102)
(6) DCR Plan Member Salaries Projected for FY10	95,141	95,141	95,141
(7) Past Service Cost Rate, (5) / (6)	(0.05)%*	(0.06)%	(0.11)%
Total Employer Contribution Rate, not less than 0%	0.00%	0.58%	0.58%

The table below shows the total employer contribution rate based on total DB and DCR Plan payroll for informational purposes.

Total Employer Contribution Rate as Percent of Total Payroll

(1) Total Normal Cost	\$ 45	\$ 609	\$ 654
(2) Total DB and DCR Plan Member Salaries Projected for FY10	678,887	678,887	678,887
(3) Employer Normal Cost Rate, (1) / (2)	0.01%	0.09%	0.10%
(4) Past Service Cost Amortization Payment	\$ (66)	\$ (57)	\$ (123)
(5) Past Service Cost Rate, (4) / (2)	(0.01)%	(0.01)%	(0.02)%
(6) Total Employer Contribution Rate, (3) + (5)	0.00%	0.08%	0.08%

*Adjusted to offset normal cost, so employer contribution is not less than \$0.

1.3 Development of Total Employer Contribution Rate – FY12 (continued)

Schedule of Past Service Cost Amortizations – Occupational Death & Disability

Charge	Amortization Period		Balances		Beginning-of-Year Payment
	Date Created	Years Left	Initial	Outstanding	
Initial Unfunded Liability	06/30/2007	23	\$ 16	\$ 16	\$ 1
FY08 Gain	06/30/2008	24	(392)	(397)	(25)
Change in Assumptions	06/30/2009	25	(82)	(82)	(5)
FY09 Gain	06/30/2009	25	(594)	(594)	(37)
Total				\$ (1,057)	\$ (66)

Schedule of Past Service Cost Amortizations – Retiree Medical

Charge	Amortization Period		Balances		Beginning-of-Year Payment
	Date Created	Years Left	Initial	Outstanding	
Initial Unfunded Liability	06/30/2007	23	\$ (239)	\$ (245)	\$ (16)
Change in Assumptions	06/30/2008	24	84	86	5
FY08 Gain	06/30/2008	24	(393)	(398)	(25)
Change in Assumptions	06/30/2009	25	(69)	(69)	(4)
FY09 Gain	06/30/2009	25	(281)	(281)	(17)
Total				\$ (907)	\$ (57)

1.3 Development of Total Employer Contribution Rate – FY12 (continued)

Schedule of Past Service Cost Amortizations – Total

Charge	Amortization Period		Balances		Beginning-of-Year Payment
	Date Created	Years Left	Initial	Outstanding	
Initial Unfunded Liability	06/30/2007	23	\$ (223)	\$ (229)	\$ (15)
Change in Assumptions	06/30/2008	24	84	86	5
FY08 Gain	06/30/2008	24	(785)	(795)	(50)
Change in Assumptions	06/30/2009	25	(151)	(151)	(9)
FY09 Gain	06/30/2009	25	(875)	(875)	(54)
Total				\$ (1,964)	\$ (123)

The amortization factor for 25 years is 16.112765. The weighted average amortization factor is 15.967480. The amortization method is level percentage of pay.

The equivalent single amortization period is 25.

1.4 Development of Actuarial Gain/(Loss) for FY09 (in thousands)

	Occupational Death & Disability	Retiree Medical	Total
(1) Expected Actuarial Accrued Liability			
(a) Accrued Liability, June 30, 2008	\$ 44	\$ 757	\$ 801
(b) Normal Cost for FY09	189	443	632
(c) Interest on (a) and (b) at 8.25%	19	99	118
(d) Benefit Payments for FY09	0	0	0
(e) Interest on (d) at 8.25% for one-half year	0	0	0
(f) Change in Assumptions	(82)	(69)	(151)
(g) Expected Accrued Liability as of June 30, 2009 (a) + (b) + (c) - (d) - (e) + (f)	170	1,230	1,400
(2) Actual Accrued Liability, June 30, 2009	14	1,446	1,460
(3) Liability Gain/(Loss), (1)(g) - (2)	\$ 156	\$ (216)	\$ (60)
(4) Expected Actuarial Asset Value			
(a) Actuarial Asset Value, June 30, 2008	\$ 420	\$ 1,308	\$ 1,728
(b) Interest on (a) at 8.25%	35	108	143
(c) Employer Contributions for FY09	623	992	1,615
(d) Interest on (c) at 8.25% for one-half year	25	40	65
(e) Benefit Payments for FY09	0	0	0
(f) Interest on (e) at 8.25% for one-half year	0	0	0
(g) Expected Actuarial Asset Value, June 30, 2009 (a) + (b) + (c) + (d) - (e) - (f)	1,103	2,448	3,551
(5) Actuarial Asset Value, June 30, 2009	1,071	2,353	3,424
(6) Actuarial Asset Gain/(Loss), (5) - (4)(g)	\$ (32)	\$ (95)	\$ (127)
(7) Actuarial Gain/(Loss), (3) + (6)	\$ 124	\$ (311)	\$ (187)
(8) Effect of the 2-Year Delay on Contributions	\$ 470	\$ 592	\$ 1,062
(9) FY09 Gain/(Loss) to be Amortized, (7) + (8)	\$ 594	\$ 281	\$ 875

Section 2

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

A summary of the Plan’s provisions is provided in Section 2.1 and member census information is shown in Section 2.2.

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

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

2.1 Summary of Plan Provisions

(1) Effective Date

July 1, 2006, with amendments through June 30, 2009.

(2) Administration of Plan

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

The Alaska Retirement Management Board prescribes policies, adopts regulations, invests the funds, and performs other activities necessary to carry out the provisions of the Plan.

(3) Employers Included

Currently there are 58 employers participating in the TRS DCR Plan, including the State of Alaska, 53 school districts, and four other eligible organizations.

(4) Membership

An employee of a participating employer who first enters service on or after July 1, 2006, or a member of the defined benefit plan who works for an employer who began participation on or after July 1, 2006, and meets the following criteria is a participant in the Plan:

- Permanent full-time or part-time elementary or secondary teachers, school nurses, or a person in a position requiring a teaching certificate as a condition of hire in a public school of the State of Alaska, the Department of Education and Early Development or in the Department of Labor and Workforce Development.
- Full-time or part-time teachers at the University of Alaska or persons occupying full-time administrative positions requiring academic standing who are not in the University's Optional Retirement Plan.

Members can convert to the DCR Plan if they are an eligible nonvested member of the TRS defined benefit plan whose employer consents to transfers to the defined contribution plan and they elect to transfer his or her account balance to the TRS DCR Plan.

2.1 Summary of Plan Provisions *(continued)*

(5) Member Contributions

There are no member contributions for the occupational death & disability and retiree medical benefits.

(6) Retiree Medical

- Member must retire directly from the plan to be eligible for retiree medical coverage. Normal retirement eligibility is the earlier of a) 30 years of service or b) Medicare eligible and 10 years of service.
- No retiree medical benefits are provided until normal retirement eligibility. The member's premium is 100% until they are Medicare eligible.
- Coverage cannot be denied except for failure to pay premium.
- Members who are receiving disability benefits or survivors who are receiving monthly survivor benefits are not eligible until the member meets, or would have met if he/she had lived, the normal retirement eligibility requirements.
- The plan's coverage is supplemental to Medicare.
- The Medicare-eligible premium will be based on the member's years of service. The percentage of premium paid by the member is as follows:

Years of Service	Percent of Premium Paid by Member
Less than 15 years	30%
15 – 19	25%
20 – 24	20%
25 – 29	15%
30 years or more	10%

2.1 Summary of Plan Provisions (continued)

(7) Occupational Disability Benefits

- Benefit is 40% of salary at date of disability.
- There is no increase in the benefit after commencement.
- Member earns service while on occupational disability.
- Benefits cease when the member becomes eligible for normal retirement at Medicare-eligible age and 10 years of service, or at any age with 30 years of service.
- No retiree medical benefits are provided until normal retirement eligibility. The member's premium is 100% until they are Medicare eligible. Medicare-eligible premiums follow the service-based schedule above.

(8) Occupational Death Benefits

- Benefit is 40% of salary.
- There is no increase in the benefit after commencement.
- Benefits cease when the member would have become eligible for normal retirement.
- The period during which the survivor is receiving benefits is counted as service credit toward retiree medical benefits.
- No retiree medical benefits are provided until the member would have been eligible for normal retirement. The surviving spouse's premium is 100% until the member would have been Medicare eligible. Medicare-eligible premiums follow the service-based schedule above.

Changes Since the Prior Valuation

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

2.2(a) Member Census Information

As of June 30	2006	2007	2008	2009
Active Members				
(1) Number	0	641	1,198	1,792
(2) Average Age	N/A	36.63	36.82	37.10
(3) Average Credited Service	N/A	0.91	1.29	1.68
(4) Average Entry Age	N/A	35.72	35.53	35.42
(5) Average Annual Earnings	\$ 0	\$ 44,322	\$ 47,053	\$ 50,061
Retirees, Disableds and Beneficiaries				
(1) Number	0	0	0	0
(2) Average Age	N/A	N/A	N/A	N/A
(3) Average Monthly Death & Disability Benefit	N/A	N/A	N/A	N/A
Inactive Members*				
(1) Number	0	0	0	0

*Inactive members are not eligible for future benefits from the Plan.

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

2.2(b) Distribution of Active Members

Annual Earnings by Age

Age	Number	Total Annual Earnings	Average Annual Earnings
0 – 19	0	\$ 0	\$ 0
20 – 24	136	5,967,812	43,881
25 – 29	505	23,356,172	46,250
30 – 34	312	15,119,560	48,460
35 – 39	211	10,634,386	50,400
40 – 44	175	9,070,167	51,830
45 – 49	182	9,828,394	54,002
50 – 54	123	6,738,585	54,785
55 – 59	86	5,165,349	60,062
60 – 64	55	3,406,294	61,933
65 – 69	6	373,535	62,256
70 – 74	1	48,223	48,223
75+	0	0	0
Total	1,792	\$ 89,708,477	\$ 50,061

Annual Earnings by Credited Service

Years of Service	Number	Total Annual Earnings	Average Annual Earnings
0	156	\$ 6,501,194	\$ 41,674
1	734	36,642,990	49,922
2	578	29,275,371	50,649
3	320	17,013,616	53,168
4	0	0	0
0 – 4	1,788	89,433,171	50,019
5 – 9	3	183,315	61,105
10 – 14	0	0	0
15 – 19	1	91,991	91,991
20 – 24	0	0	0
25 – 29	0	0	0
30 – 34	0	0	0
35 – 39	0	0	0
40+	0	0	0
Total	1,792	\$ 89,708,477	\$ 50,061

Years of Credited Service by Age

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
0 – 19	0	0	0	0	0	0	0	0	0	0
20 – 24	136	0	0	0	0	0	0	0	0	136
25 – 29	505	0	0	0	0	0	0	0	0	505
30 – 34	311	1	0	0	0	0	0	0	0	312
35 – 39	211	0	0	0	0	0	0	0	0	211
40 – 44	173	1	0	1	0	0	0	0	0	175
45 – 49	181	1	0	0	0	0	0	0	0	182
50 – 54	123	0	0	0	0	0	0	0	0	123
55 – 59	86	0	0	0	0	0	0	0	0	86
60 – 64	55	0	0	0	0	0	0	0	0	55
65 – 69	6	0	0	0	0	0	0	0	0	6
70 – 74	1	0	0	0	0	0	0	0	0	1
75+	0	0	0	0	0	0	0	0	0	0
Total	1,788	3	0	1	0	0	0	0	0	1,792

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

2.2(c) Schedule of Active Member Valuation Data

Valuation Date	Number	Annual Earnings (000's)	Annual Average Earnings	Percent Increase/ (Decrease) in Average Earnings	Number of Participating Employers
June 30, 2009	1,792	\$ 89,708	\$ 50,061	6.4%	58
June 30, 2008	1,198	56,369	47,053	6.2%	58
June 30, 2007	641	28,410	44,322	0.0%	58
June 30, 2006	0	0	0	0.0%	58

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

2.3 Summary of Actuarial Assumptions, Methods and Procedures

The demographic and economic assumptions used in the June 30, 2009 valuation are described below. Unless noted otherwise, these assumptions were adopted by the Board in October 2006. These assumptions were the result of an experience study performed for the DB Plan as of June 30, 2005. The funding method used in this valuation was adopted by the Board in October 2006. The asset smoothing method used to determine valuation assets was changed effective June 30, 2002.

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

Valuation of Liabilities

(A) Actuarial Method – Entry Age Actuarial Cost

Liabilities and contributions shown in the report are computed using the Entry Age Actuarial Cost method of funding. Any funding surpluses or unfunded accrued liability is amortized over 25 years as a level percentage of expected payroll. Payroll is assumed to increase by the payroll growth assumption per year for this purpose. However, in keeping with GASB requirements, the net amortization period will not exceed 30 years.

Cost factors designed to produce annual costs as a constant percentage of each member's expected compensation in each year for death and disability benefits (constant dollar amount for retiree medical benefits), from the assumed entry age to the last age with a future benefit 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 DCR Plan 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 beneficiaries and disabled members currently receiving benefits (if any) 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.

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

(B) Valuation of Assets

Effective June 30, 2006, the asset valuation method recognizes 20% of the investment gain or loss in each of the current and preceding four years. This method will be phased in over five years. Market Value of Assets were \$0 as of June 30, 2006. All assets are valued at market value. Assets are accounted for on an accrued basis and are taken directly from financial statements audited by KPMG LLP. Valuation assets are constrained to a range of 80% to 120% of the market value of assets.

(C) Valuation of Retiree Medical Benefits

The methodology used for the valuation of the retiree medical benefits is described in Section 2.3(c) of the State of Alaska Teachers' Retirement System Defined Benefit Plan Actuarial Valuation Report as of June 30, 2009.

Due to the lack of experience for the DCR Plan only, base claims costs are based on those described in the actuarial valuation as of June 30, 2009 for TRS with some adjustments. The claims costs were adjusted to reflect the differences between the DCR medical plan and the DB medical plan. These differences include different coverage levels and an indexing of the retiree out-of-pocket dollar amounts. To account for higher initial copays, deductibles and out-of-pocket limits, FY09 claims costs were reduced 5.9% for medical and 0.7% for prescription drugs. Retiree out-of-pocket amounts were indexed 4.8% each year to reflect the effect of the deductible leveraging on trend, putting the annual projected trend closer to the ultimate trend rate.

No implicit subsidies are assumed. Employees projected to retire with 30 years of service prior to Medicare are valued with commencement deferred to Medicare eligibility, as such participants will be required to pay the full plan premium. Explicit subsidies for disabled and normal retirements are determined using the plan-defined percentages of total projected plan costs, again with no implicit subsidy assumed.

Changes in Methods From the Prior Valuation

There were no changes in methods from the prior valuation.

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

(D) Actuarial Assumptions

Investment Return / Discount Rate	8.25% per year, compounded annually, net of expenses.
Salary Scale	Inflation – 3.5% per year. Merit– 2.0% per year for first 5 years of employment grading down to 0% after 15 years. Productivity – 0.5% per year.
Payroll Growth	4.0% per year.
Total Inflation	Total inflation as measured by the Consumer Price Index for urban and clerical workers for Anchorage is assumed to increase 3.5% annually.
Mortality (Preretirement)	Based upon the 2001-2005 actual experience of the TRS DB Plan. (See Table 1). 60% of the 1994 Group Annuity Table 1994 Base Year without margin for females and 55% for males. 15% of deaths are assumed to result from occupational causes.
Mortality (Postretirement)	Based upon the 2001-2005 actual experience of the TRS DB Plan. (See Table 2). 1-year setback of the 1994 Group Annuity Table 1994 Base Year without margin for females and 3-year setback for males.
Turnover	Select rates were estimated and ultimate rates were set to the TRS DB Plan’s rates loaded by 10%. (See Table 3).
Disability	Incidence rates based upon the 2001-2005 actual experience of the TRS DB Plan, in accordance with Table 4. Post-disability mortality in accordance with the 1979 Pension Benefit Guaranty Corporation Disability Mortality Table to reflect mortality of those receiving disability benefits under Social Security. 15% of disabilities are assumed to result from occupational causes.
Retirement	Retirement rates were estimated in accordance with Table 5.
Marriage and Age Difference	Wives are assumed to be three years younger than husbands. 85% of male members and 75% of female members are assumed to be married.

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

(D) Actuarial Assumptions *(continued)*

Expenses	All expenses are net of the investment return assumption.		
Per Capita Claims Cost	Sample claims cost rates for FY10 medical benefits are shown below:		
		Medical	Prescription Drugs
	Pre-Medicare	\$ 7,503	\$ 2,419
	Medicare Parts A & B	\$ 1,336	\$ 2,419
	Medicare Part B Only	\$ 4,754	\$ 2,419
	Medicare Part D	N/A	\$ 477
Third Party Administrator Fees	\$153.33 per person per year; assumed trend rate of 5% per year.		
Base Claims Cost Adjustments	Due to higher initial copays, deductibles, out-of-pocket limits and member cost sharing compared to the DB medical plan, the following adjustments were made:		
	<ul style="list-style-type: none"> • 0.941 for the medical plan. • 0.993 for the prescription drug plan. • 0.952 for the annual indexing for member cost sharing. 		

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

(D) Actuarial Assumptions *(continued)*

Health Cost Trend

The table below shows the rate used to project the cost from the shown fiscal year to the next fiscal year. For example, 7.5% is applied to the FY10 rate claims costs to get the FY11 claims costs.

	Prescription	
	Medical	Drugs
FY10	7.5%	9.6%
FY11	6.9%	8.3%
FY12	6.4%	7.1%
FY13	5.9%	5.9%
FY14	5.9%	5.9%
FY15	5.9%	5.9%
FY16	5.9%	5.9%
FY25	5.8%	5.8%
FY50	5.7%	5.7%
FY100	5.1%	5.1%

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

Aging Factors

	Prescription	
Age	Medical	Drugs
0-44	2.0%	4.5%
45-54	2.5%	3.5%
55-64	3.5%	3.0%
65-74	4.0%	1.5%
75-84	1.5%	0.5%
85-94	0.5%	0.0%
95+	0.0%	0.0%

Retiree Medical Participation

100% of members and their spouses are assumed to elect retiree medical benefits as soon as they are eligible.

2.3 Summary of Actuarial Assumptions, Methods and Procedures (continued)

Table 1
Alaska TRS DCR Plan
Mortality Table (Preretirement)

<u>Age</u>	<u>Male</u>	<u>Female</u>
20	.030%	.018%
21	.031	.019
22	.033	.019
23	.035	.019
24	.037	.019
25	.039	.019
26	.041	.019
27	.043	.019
28	.045	.020
29	.046	.021
30	.047	.023
31	.049	.024
32	.050	.026
33	.050	.027
34	.050	.029
35	.050	.031
36	.051	.033
37	.053	.036
38	.056	.039
39	.059	.042
40	.063	.046
41	.068	.050
42	.074	.053
43	.080	.057
44	.086	.060
45	.093	.063
46	.102	.067
47	.112	.072
48	.124	.078
49	.138	.085
50	.153	.092
51	.170	.101
52	.190	.112
53	.212	.123
54	.235	.135
55	.262	.148
56	.293	.165
57	.330	.188
58	.373	.217
59	.419	.249
60	.472	.286
61	.532	.329
62	.600	.376
63	.678	.431
64	.765	.492

2.3 Summary of Actuarial Assumptions, Methods and Procedures (continued)

Table 2
Alaska TRS DCR Plan
Mortality Table (Postretirement)

<u>Age</u>	<u>Male</u>	<u>Female</u>
50	.204%	.141%
51	.226	.154
52	.250	.169
53	.277	.186
54	.309	.205
55	.346	.224
56	.385	.247
57	.428	.276
58	.476	.314
59	.532	.361
60	.600	.415
61	.677	.477
62	.762	.548
63	.858	.627
64	.966	.718
65	1.091	.819
66	1.233	.929
67	1.391	1.042
68	1.563	1.157
69	1.746	1.265
70	1.939	1.367
71	2.135	1.476
72	2.336	1.608
73	2.552	1.775
74	2.791	1.972
75	3.063	2.192
76	3.355	2.439
77	3.661	2.723
78	4.001	3.050
79	4.393	3.412
80	4.857	3.802
81	5.399	4.236
82	6.007	4.726
83	6.670	5.285
84	7.378	5.899
85	8.122	6.557

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

Table 3
Alaska TRS DCR Plan
Turnover Assumptions

Select Rates of Turnover During the First 5 Years of Employment

Year of Employment	Rate
1	18%
2	15%
3	12%
4	10%
5	8%

Ultimate Rates of Turnover
After the First 5 Years of Employment

Age	Male	Female	Age	Male	Female
15	5.4492%	4.8122%	40	5.2787%	4.6924%
16	5.4423	4.8085	41	5.2635	4.6815
17	5.4368	4.8061	42	5.2443	4.6706
18	5.4313	4.8049	43	5.2264	4.6609
19	5.4285	4.8037	44	5.2030	4.6488
20	5.3859	4.7686	45	5.1769	4.6343
21	5.3832	4.7686	46	5.1494	4.6210
22	5.3777	4.7674	47	5.1150	4.6028
23	5.3735	4.7674	48	5.0752	4.5823
24	5.3667	4.7662	49	5.0339	4.5617
25	5.3612	4.7662	50	4.9872	4.5375
26	5.3557	4.7650	51	4.9322	4.5097
27	5.3502	4.7638	52	4.8675	4.4770
28	5.3447	4.7601	53	4.7960	4.4383
29	5.3392	4.7565	54	4.7163	4.3971
30	5.3350	4.7529	55	4.6255	4.3475
31	5.3323	4.7505	56	4.5155	4.2834
32	5.3282	4.7456	57	4.3808	4.2011
33	5.3254	4.7420	58	4.2337	4.1080
34	5.3240	4.7372	59	4.0563	3.9894
35	5.3213	4.7323	60	3.8569	3.8551
36	5.3172	4.7251	61	3.6355	3.7050
37	5.3117	4.7190	62	3.3784	3.5344
38	5.3020	4.7105	63	3.0855	3.3396
39	5.2910	4.7021	64	2.7679	3.1279
			65+	5.5000	4.8400

2.3 Summary of Actuarial Assumptions, Methods and Procedures (continued)

Table 4
Alaska TRS DCR Plan
Disability Table

<u>Age</u>	<u>Male</u>	<u>Female</u>
20	.028%	.025%
21	.028	.025
22	.029	.026
23	.029	.026
24	.030	.027
25	.030	.027
26	.030	.027
27	.031	.028
28	.032	.029
29	.033	.030
30	.034	.031
31	.034	.031
32	.035	.032
33	.036	.032
34	.037	.033
35	.038	.034
36	.040	.036
37	.041	.037
38	.043	.039
39	.044	.040
40	.046	.041
41	.048	.043
42	.051	.046
43	.054	.049
44	.059	.053
45	.065	.059
46	.070	.063
47	.076	.068
48	.083	.075
49	.089	.080
50	.096	.086
51	.104	.094
52	.114	.103
53	.127	.114
54	.142	.128
55	.160	.144
56	.184	.166
57	.214	.193
58	.244	.220
59	.288	.259
60	.337	.303
61	.390	.351
62	.452	.407
63	.522	.470
64	.596	.536

2.3 Summary of Actuarial Assumptions, Methods and Procedures (continued)

Table 5
Alaska TRS DCR Plan
Retirement Table

Age	Rate
<55	2%
55-59	3%
60	5%
61	5%
62	10%
63	5%
64	5%
65	25%
66	25%
67	25%
68	20%
69	20%
70	100%

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

Changes in Actuarial Assumptions Since the Prior Valuation

	June 30, 2008	June 30, 2009
Occupational Factor	100% for all deaths and disabilities	15% for all deaths and disabilities

Section 3

This section contains supplementary information on benefits that is required to be disclosed in financial statements to comply with Statements No. 25 and 43 of the Governmental Accounting Standards Board (GASB Nos. 25 and 43). GASB No. 43 first applies for the June 30, 2006 disclosure.

Section 3.1(a) Summary of Accrued and Unfunded Accrued Liabilities.

Section 3.1(b) Schedule of Contributions from Employers and Other Contributing Entities.

Section 3.1(c) Actuarial Assumptions, Methods and Additional Information.

Section 3.2 Solvency Test.

3.1(a) Summary of Accrued and Unfunded Accrued Liabilities

The exhibit below shows the death and disability plan disclosure under GASB No. 25.

	Actuarial Accrued Liabilities (AAL) (000's)	Actuarial Value of Assets (000's)	Funded Ratio (000's)	Unfunded AAL (UAAL) (000's)	Covered Payroll (000's)	UAAL as a Percentage of Covered Payroll
June 30, 2009	\$ 14	\$ 1,071	7,650.0%	\$ (1,057)	\$ 89,708	(1.2)%
June 30, 2008	44	420	954.6%	(376)	56,369	(0.7)%
June 30, 2007	16	0	0.0%	16	28,410	0.1%

The exhibit below shows the retiree medical disclosure without regard to Medicare Part D under GASB No. 43.

	Actuarial Accrued Liabilities (AAL) (000's)	Actuarial Value of Assets (000's)	Funded Ratio (000's)	Unfunded AAL (UAAL) (000's)	Covered Payroll (000's)	UAAL as a Percentage of Covered Payroll
June 30, 2009	\$ 1,690	\$ 2,353	139.2%	\$ (663)	\$ 89,708	(0.7)%
June 30, 2008	899	1,308	145.5%	(409)	56,369	(0.7)%
June 30, 2007	403	597	148.1%	(194)	28,410	(0.7)%

3.1(b) Summary of Contributions from Employers and Other Contributing Entities

The following shows the death and disability disclosure under GASB No. 25 for fiscal year ending 2007 and later.

Fiscal Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed
June 30, 2009	\$ 623	100%
June 30, 2008	\$ 408	100%
June 30, 2007	\$ 72	0%

The following shows the retiree medical disclosure without regard to Medicare Part D subsidy under GASB No. 43 for fiscal year ending 2007 and later.

Fiscal Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed
June 30, 2009	\$1,162	85%
June 30, 2008	\$ 763	85%
June 30, 2007	\$ 575	100%

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

Valuation Date	Fiscal Year	Total Employer Contribution Rate		
		Occupational Death & Disability	Retiree Medical	Total
N/A	FY07	N/A	1.75%	1.75%
N/A	FY08	0.56%	1.16%	1.72%
N/A	FY09	0.62%	1.16%	1.78%
June 30, 2007	FY10	0.32%	1.18%	1.50%
June 30, 2008	FY11	0.28%	0.84%	1.12%
June 30, 2009	FY12	0.00%	0.71%	0.71%

3.1(c) Actuarial Assumptions, Methods and Additional Information

Valuation Date	June 30, 2009
Actuarial Cost Method	Entry Age Normal Level Percentage of Pay for Occupational Death & Disability Level Dollar for Retiree Medical
Amortization Method	Level Dollar, closed with bases established annually
Equivalent Single Amortization Period	25 years
Asset Valuation Method	5-year smoothed market
Actuarial Assumptions:	
Investment rate of return*	8.25%
Projected salary increases	6.0% grading down to 4.0% based on service
*Includes inflation at	3.5%

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

The State of Alaska Teachers' Retirement System DCR Plan's retiree medical benefits are fully funded. Therefore, the 8.25% discount rate used for GASB 25 reporting is also applied herein for GASB 43 reporting.

Based on GASB accounting rules, the retiree drug subsidy the State of Alaska receives under Medicare Part D has not been recognized for GASB 43 disclosure purposes.

Disregarding future Medicare Part D payments, the fiscal 2012 employer ARC for accounting purposes is 0.71% of pay for retiree medical benefits and 0.71% of pay for retiree medical and death and disability benefits combined.

3.2 Solvency Test – Occupational Death & Disability and Retiree Medical

Valuation Date	Aggregate Accrued Liability For:			Valuation Assets (000's)	Portion of Accrued Liabilities Covered by Assets		
	(1) Active Member Contributions (000's)	(2) Inactive Members (000's)	(3) Active Members (Employer-Financed Portion) (000's)		(1)	(2)	(3)
June 30, 2009 ¹	\$ 0	\$ 0	\$ 1,460	\$ 3,424	100.0%	100.0%	100.0%
June 30, 2008 ¹	0	0	801	1,728	100.0%	100.0%	100.0%
June 30, 2007	0	0	374	597	100.0%	100.0%	100.0%
June 30, 2006	0	0	0	0	100.0%	100.0%	100.0%

Retiree medical liabilities are calculated using the funding assumptions (i.e., 8.25% investment return and net of Medicare Part D subsidy).

¹ Change in Assumptions