



February 28, 2008

VIA EMAIL

Mr. Pat Shier
Director
Division of Retirement and Benefits
Department of Administration
State of Alaska
333 Willoughby Avenue
6th Floor State Office Building
Juneau, AK 99811-0208

**Re: Judicial Retirement System and National Guard and
Naval Militia Retirement System Actuarial Valuations as of June 30, 2007**

Dear Pat:

We have completed the actuarial valuations for the State of Alaska Judicial Retirement System (JRS) and the National Guard and Naval Militia Retirement System (NGNMRS) as of June 30, 2007. The valuations have been performed by a projection or "roll forward" of liabilities from the last valuation date to June 30, 2007. A summary of our results and methods is included in this letter.

RESULTS

The actuarial valuation produced an increase of 1.00% in the employer contribution rate for JRS and a slight decrease of \$58,205 in the contribution for NGNMRS. A full description of the results can be found in the attachments. A summary of the results are as follows:

	<u>June 30, 2006</u>	<u>June 30, 2007</u>
Judicial Retirement System	57.70%	58.70%
National Guard and Naval Militia Retirement System	\$2,473,282	\$2,415,077

ACTUARIAL ASSUMPTIONS AND METHODS

In lieu of collecting new data as of June 30, 2007 and performing a full actuarial valuation, it is an acceptable practice to project or "roll forward" liabilities calculated in the last complete valuation as of June 30, 2006 to June 30, 2007 by assuming the actuarial assumptions during the year are exactly realized. This process produces liabilities and normal costs which reflect the best available estimates of the major factors that would be reflected in a full actuarial valuation, including salary increases, cost of living adjustments and increases in medical costs. All data, actuarial assumptions, methods and plan provisions are the same as those used for the June 30, 2006 valuation unless otherwise noted in this letter, including a valuation interest rate of 8.25% for JRS, a valuation interest rate of 7.25% for NGNMRS, and salary scale for JRS of 4.00%.

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The actuarial value of assets was calculated as of June 30, 2007 using actual assets and cash flows during the year. We are phasing in the five-year smoothing method, and investment gains experienced during FY07 are recognized at 20%.

Contributions during the year were less than the 2006 actuarial valuation requirement, creating actuarial losses. The net actuarial loss for JRS was \$555,000, and was \$669,000 for NGNMRS. The net actuarial loss has the affect of increasing the unfunded liability from what was expected, given expected contributions and investment return, and results in changes in the employer contributions from the previous year.

For the June 30, 2006 valuation liabilities and normal costs, we used the results shown in the actuarial valuation reports as of June 30, 2006.

Please let us know if you have any questions.

Sincerely,



David H. Slisinsky, A.S.A.
Principal and Consulting Actuary

/mlp

Attachments

c: Mr. Kevin Worley, State of Alaska
Mr. Joseph Cooper, Buck Consultants
Ms. Michelle DeLange, Buck Consultants
Mr. Chris Hulla, Buck Consultants
Ms. Melissa Krumholz, Buck Consultants

**State of Alaska
Judicial Retirement System**

FY10

	June 30, 2006	June 30, 2007
Total Pension Accrued Liability	\$ 111,819,972	\$ 117,378,824
Annual Pension Normal Cost	\$ 2,607,777	\$ 2,712,088
Total Postemployment Healthcare Accrued Liability	\$ 15,905,786	\$ 16,610,082
Annual Postemployment Healthcare Normal Cost	\$ 379,514	\$ 413,670
Total Accrued Liability	\$ 127,725,758	\$ 133,988,906
Actuarial Value of Assets	\$ 79,710,103	\$ 84,773,226
Unfunded Liability	\$ 48,015,655	\$ 49,215,680
Funded Ratio	62.4%	63.3%
Total Normal Cost	\$ 2,987,291	\$ 3,125,758
Pension Contribution Rate		
– Employer Normal Cost Rate	22.08%	22.09%
– Past Service Rate	22.78%	24.00%
– Pension Contribution Rate	44.86%	46.09%
Postemployment Healthcare Contribution Rate		
– Employer Normal Cost Rate	3.93%	4.11%
– Past Service Rate	8.91%	8.50%
– Postemployment Healthcare Contribution Rate	12.84%	12.61%
Total Employer Contribution Rate		
– Employer Normal Cost Rate	26.01%	26.20%
– Past Service Rate	31.69%	32.50%
– Total Employer Contribution Rate	57.70%	58.70%

This exhibit is an attachment to a letter dated February 28, 2008.

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Pension 22.09 +
Healthcare 4.11 +
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Total ER 26.26 +
Contribution Rate

**State of Alaska
National Guard and Naval Militia Retirement System**

	June 30, 2006	June 30, 2007
Total Accrued Liability	\$ 25,457,589	\$ 26,289,978
Actuarial Value of Assets	15,587,569	16,882,529
Unfunded Liability	9,870,020	9,407,449
Funded Ratio	61.2%	64.2%
Normal Cost	\$ 750,758	\$ 773,281
Past Service Payment	1,722,524	1,641,796
Total Contribution	\$ 2,473,282	\$ 2,415,077

This exhibit is an attachment to a letter dated February 28, 2008.