

March 10, 2010

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

REVISED

**Re: Judicial Retirement System and National Guard and
Naval Militia Retirement System Roll-Forward Actuarial Valuations as of June 30, 2009**

Dear Pat:

We have revised the roll-forward 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, 2009. We have made a correction to the total normal cost amount for JRS, resulting in a slight decrease from \$4,239,822 to \$4,199,560. The contribution rates remain unchanged. The valuations have been performed by a projection or "roll forward" of liabilities from the last valuation date of June 30, 2008 to June 30, 2009. A summary of our results and methods is included in this letter.

RESULTS

The actuarial valuation produced an increase of 11.87% in the employer contribution rate for JRS and a slight decrease of \$69,764 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, 2008</u>	<u>June 30, 2009</u>
Judicial Retirement System	36.20%	48.07%
National Guard and Naval Militia Retirement System	\$965,329	\$895,565

ACTUARIAL ASSUMPTIONS AND METHODS

In lieu of collecting new data as of June 30, 2009 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, 2008 to June 30, 2009 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, 2008 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, 2009 using actual assets and cash flows during the year. We are phasing in the five-year smoothing method, and investment gains experienced during FY09 are recognized at 20%.

Contributions during the year were more than the 2008 actuarial valuation requirement creating actuarial gains on both plans. However, large investment losses were experienced during the year by JRS, with a smaller investment loss experienced by NGNMRS. The net result was an overall actuarial loss for JRS and an actuarial gain for NGNMRS. The net actuarial loss for JRS was \$23,122,000, and the net actuarial gain was \$250,000 for NGNMRS. The net actuarial loss for JRS has the effect of increasing the unfunded liability from what was expected while the net actuarial gain for NGNMRS has the effect of decreasing the unfunded liability. Given the differences between actual and expected contributions and investment return, this results in changes in the employer contributions from the previous year.

Please let us know if you have any questions.

Sincerely,



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

/mlp

Attachments

c: Ms. Teresa Kesey, State of Alaska
Ms. Melissa Bissett, Buck Consultants
Ms. Michelle DeLange, Buck Consultants
Mr. Chris Hulla, Buck Consultants

State of Alaska Judicial Retirement System

	June 30, 2008	June 30, 2009
Total Pension Accrued Liability	\$ 130,596,048	\$ 137,586,315
Annual Pension Normal Cost	\$ 3,593,057	\$ 3,736,779
Pension Actuarial Value of Assets (AVA)	\$ 122,822,726	\$ 107,818,399
Pension Funded Ratio based on AVA	94.1%	78.4%
Pension Market Value of Assets (MVA)	\$ 116,209,622	\$ 89,848,666
Pension Funded Ratio based on MVA	89.0%	65.3%
Total Postemployment Healthcare Accrued Liability	\$ 18,141,832	\$ 19,093,191
Annual Postemployment Healthcare Normal Cost	\$ 462,781	\$ 462,781
Postemployment Healthcare Actuarial Value of Assets (AVA)	\$ 18,352,929	\$ 18,408,493
Postemployment Healthcare Funded Ratio based on AVA	101.2%	96.4%
Postemployment Healthcare Market Value of Assets (MVA)	\$ 17,602,098	\$ 15,340,411
Postemployment Healthcare Funded Ratio based on MVA	97.0%	80.3%
Total Accrued Liability	\$ 148,737,880	\$ 156,679,506
Actuarial Value of Assets	\$ 141,235,655	\$ 126,226,892
Unfunded Liability	\$ 7,502,225	\$ 30,452,614
Funded Ratio based on Actuarial Value of Assets	95.0%	80.6%
Market Value of Assets	\$ 133,811,720	\$ 105,189,077
Funded Ratio based on Market Value of Assets	90.0%	67.1%
Total Normal Cost	\$ 4,055,838	\$ 4,199,560
Pension Contribution Rate		
– Employer Normal Cost Rate	25.97%	25.97%
– Past Service Rate	5.77%	17.28%
– Pension Contribution Rate	31.74%	43.25%
Postemployment Healthcare Contribution Rate		
– Employer Normal Cost Rate	3.97%	3.82%
– Past Service Rate	0.49%	1.00%
– Postemployment Healthcare Contribution Rate	4.46%	4.82%
Total Employer Contribution Rate		
– Employer Normal Cost Rate	29.94%	29.79%
– Past Service Rate	6.26%	18.28%
– Total Employer Contribution Rate	36.20%	48.07%

This exhibit is an attachment to a letter dated March 10, 2010.

State of Alaska
National Guard and Naval Militia Retirement System

	June 30, 2008	June 30, 2009
Total Accrued Liability	\$ 28,904,645	\$ 30,208,411
Actuarial Value of Assets	28,370,756	30,123,348
Unfunded Liability	533,889	85,063
Funded Ratio based on Actuarial Value of Assets	98.2%	99.7%
Market Value of Assets	\$ 27,188,928	\$ 25,429,842
Funded Ratio based on Market Value of Assets	94.1%	84.2%
Normal Cost	\$ 744,154	\$ 744,154
Past Service Payment	84,175	13,411
Expense Load	137,000	138,000
Total Contribution	\$ 965,329	\$ 895,565

This exhibit is an attachment to a letter dated March 10, 2010.