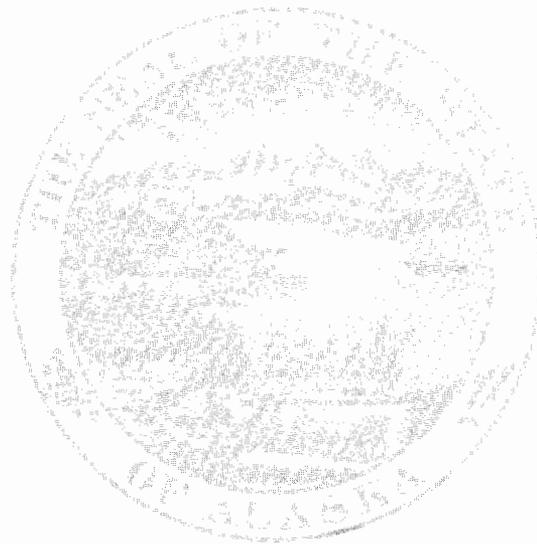


**ALASKA  
PUBLIC EMPLOYEES  
RETIREMENT SYSTEM**



**ACTUARIAL VALUATION  
AS OF  
DECEMBER 31, 1973**

**MARSH & McLENNAN**

PUBLIC EMPLOYEES RETIREMENT SYSTEM

RECEIPT OF "TURN AROUND" DOCUMENTS

AS OF \_\_\_\_\_

*Alaska Unorganized School Dist* (DUE AT MONTH END) 832

DC	DISTRICT	*REPORT	RECEIVED <i>Don Lund 6/11/75</i>	MAILED
01	State of Alaska	✓ 8.32	_____	_____
06	Alaska Municipal League	✓ 9.07	_____	_____
07	City of Valdez	✓ 8.18	_____	_____
08	Juneau School District	✓ 8.33	<i>Bill Hogan 6/11/75</i>	_____
09	Mat-Susitna Borough	✓ 8.53	<i>Don McNeer 6/12/75</i>	_____
10	Mat-Susitna School District	✓ 8.53	_____	_____
11	Anchorage Borough School District	✓ 8.52 <i>Tom</i>	<i>Bar Wright 6/11/75</i>	_____
13	University of Alaska	✓ 8.21	_____	_____
14	City of Haines	✓ 9.13	_____	_____
15	City of Kenai	✓ 7.82	_____	_____
16	North Star Borough	✓ 8.56 <i>7/11</i>	<i>Helen Blevins</i>	_____
17	North Star Borough School District	✓ 8.56 <i>7/11</i>	_____	_____
19	University of Alaska Geo.	✓ 8.21	_____	_____
20	City and Borough of Sitka	✓ 9.47	_____	_____
21	<del>Sitka Utilities</del>	_____	_____	_____
22	Gateway Borough	✓ 8.38	_____	_____
23	City of Soldotna	✓ 8.39	_____	_____
26	City and Borough of Juneau	✓ 8.33	<i>advised Buck Emory 6/11/75</i>	_____
28	City of Kodiak	✓ 9.08	_____	_____
29	City of Fairbanks	✓ 9.60	_____	_____
30	Fairbanks Public Utilities	✓ 9.60	_____	_____
31	Anchorage Borough	✓ 7.92	<i>Norman Langford 6/12/75</i>	_____
32	City of Skagway	✓ 7.58	_____	_____
33	Sitka School District	✓ 9.47	_____	_____
34	City of Anchorage	✓ 10.19	<i>Bob Nelson Director 6/12/75</i>	_____
35	City of Wrangell	✓ 9.12	_____	_____
36	City of Bethel	✓ 7.24	_____	_____
37	Valdez City Schools	✓ 7.53	_____	_____
38	Hoonah City Schools	✓ 8.18	_____	_____
39	Nome Municipal Utilities	✓ 11.28	_____	_____
40	City of Kotzebue	✓ 7.73	_____	_____
41	City of Galena	✓ 6.44	_____	_____
42	King Cove City School District	✓ 7.41	_____	_____
43	City of Petersburg	✓ 10.41	_____	_____
44	Bristol Bay Borough	✓ 8.24	_____	_____
45	North Slope Borough	✓ 7.67	_____	_____
46	Unorganized School District	15.48	_____	_____

# MARSH & McLENNAN

October 18, 1974

Mr. Richard W. Freer  
Commissioner of Administration  
State of Alaska  
Department of Administration  
Pouch C  
Juneau, Alaska 99801

## Actuarial Status - Alaska Public Employees' Retirement System

Dear Commissioner Freer:

This is a brief statement to outline the actuarial status of the Alaska Public Employees' Retirement System.

The actuarial valuation which we perform each year with respect to the Alaska Public Employees' Retirement System has the following objectives:

- (1) To examine the status of funding of the System.
- (2) To develop contribution rates for each participating employer in the System which are adequate to support the benefits of the System.

Based upon the actuarial method shown in Exhibit I and assumptions shown in Exhibit II, the contribution levels shown in Exhibit III are adequate to support the benefits of the System.

Although the funding levels vary by employer, the funding status of the System as a whole can be shown as follows:

- |  |              |
|--|--------------|
| (1) Present value of all benefits earned to the valuation date (December 31, 1973) | \$66,504,970 |
| (2) Values of assets of the System   | \$65,970,873 |
| (3) Funding ratio ((2)/(1))  | 99.20%       |

This means that the assets of the System are sufficient to cover 99.20% of the liabilities for benefits earned to the date of the valuation.

MARSH & McLELLAN

Mr. Richard W. Freer

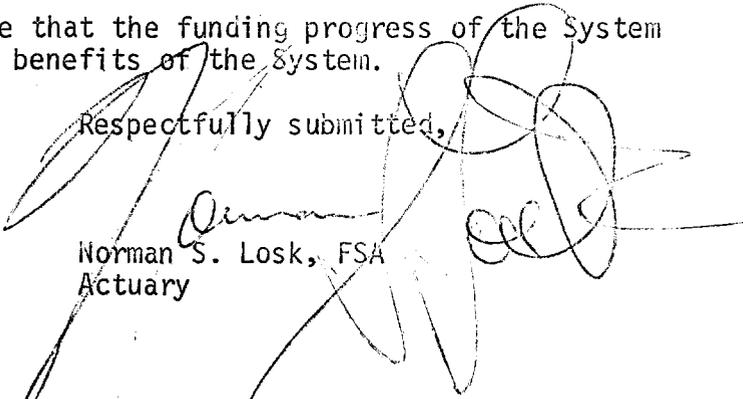
- 2 -

October 18, 1974

This is a very respectable funding level given the age of the System and the improvements in the System enacted since its inception. However, the level of the funding ratio in and of itself is not so significant as is the progression of these ratios on a year-by-year basis.

In summary, my opinion would be that the funding progress of the System is satisfactory to support the benefits of the System.

Respectfully submitted,

  
Norman S. Losk, FSA  
Actuary

NSL:rs  
Attachments

EXHIBIT I  
ACTUARIAL METHOD

The actuarial method used in this valuation is known as the Aggregate Method with Supplemental Liability. Under this method, the Consolidated Employer Contribution Rate is determined as follows:

- (1) The present value of all benefits accrued and expected to be earned in the future for non-retired participants is calculated, taking into account expected levels of mortality, turnover, disability, salary increases, and investment performance.
- (2) Such present value of benefits is reduced by the sum of:
  - (a) The present value of future employee contributions, taking into account the same items as enumerated in (1), above.
  - (b) The total liability for benefits earned to the valuation date.

The remainder is the portion of the present value of future benefits to be funded by employer contributions at the Consolidated Rate and is called the "Present Value of Future Employer Normal Costs."

- (3) The Consolidated Employer Contribution Rate is determined by dividing the Present Value of Future Employer Normal Costs by the present value of future salaries, calculated taking into account those factors enumerated in item (1) above.

The total Employer Contribution Rate for each participating employer is the Consolidated Employer Contribution Rate plus that contribution rate sufficient to fund the unfunded accrued benefit liabilities of such employer over 40 years.

This method effectively spreads the portion of the total projected present value of benefits to be financed by future employer contributions over the expected future working lifetime of the currently covered group. It has the advantage that the effect of actuarial gains and losses (which arise from actual experience that deviates from the actuarial assumptions used) is automatically spread over this period.

EXHIBIT II  
ACTUARIAL ASSUMPTIONS

The following assumptions were used as the basis for the valuation included in the report:

- (1) Investment Yield: 5% per annum, net of expenses.
- (2) Assets: Valued at cost.
- (3) Experience: Active Employees
  - (a) Retirement Age - Police & Fire 55 or 20 years service.  
- Others 60 or 30 years service.
  - (b) Disability - See attached Schedule I.
  - (c) Separation - See attached Schedule II.
  - (d) Mortality - 1951 Group Annuity Projection "C" to 1965.
  - (e) Earnings Progression - 5% increase per year.
- (4) Experience: Pensioners and Beneficiaries
  - (a) Mortality - Retired - 1951 Group Annuity Projection "C" to 1965.
  - (b) Disabled - 1944 Disabled Railway Employees Select Mortality Table.
- (5) Loading: None

Schedule I  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
OF ALASKA

Disability Rates

All Employees

Annual Rates Per 1,000 Employees

<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
20	.70	45	1.62
21	.71	46	1.76
22	.72	47	1.91
23	.73	48	2.07
24	.74	49	2.23
25	.75	50	2.40
26	.76	51	2.60
27	.78	52	2.86
28	.80	53	3.18
29	.82	54	3.55
30	.84	55	4.00
31	.86	56	4.59
32	.88	57	5.34
33	.90	58	6.10
34	.93	59	7.20
35	.96	60	8.43
36	.99	61	9.75
37	1.03	62	11.30
38	1.07	63	13.05
39	1.11	64	14.90
40	1.15		
41	1.20		
42	1.27		
43	1.36		
44	1.48		

Schedule II

STATE OF ALASKA

VALUATION TURNOVER RATES

<u>Age</u>	<u>Male</u>	<u>Female</u>
20	.3274	.3753
21	.2782	.3490
22	.2408	.3290
23	.2334	.3254
24	.2151	.3162
25	.1917	.3041
26	.1690	.2916
27	.1528	.2814
28	.1510	.2792
29	.1465	.2734
30	.1408	.2652
31	.1351	.2560
32	.1309	.2471
33	.1303	.2435
34	.1289	.2342
35	.1269	.2218
36	.1248	.2087
37	.1229	.1973
38	.1223	.1937
39	.1207	.1845
40	.1185	.1725
41	.1161	.1603
42	.1140	.1505
43	.1132	.1480
44	.1112	.1416
45	.1081	.1335
46	.1060	.1257
47	.1041	.1200
48	.1038	.1192
49	.1025	.1173
50	.1021	.1150
51	.1012	.1128
52	.1006	.1115
53	.1004	.1112
54	.0996	.1108
55	.0997	.1107
56	.0999	.1114
57	.1009	.1135
58	.1011	.1156
59	.1022	.1208
60	.1047	.1277

EXHIBIT III  
PENSION CONTRIBUTION LEVELS  
FOR  
1975-76

<u>Employer</u>	<u>Percentage of Involved Payroll</u>
(1) State of Alaska	6.19% ✓
(2) City of Skagway	5.90%
(3) City & Borough of Sitka	7.79%
(4) City of Fairbanks	7.92%
(5) City of Haines	7.45% ✓
(6) University of Alaska	6.53%
(7) City of Kodiak	7.40%
(8) Alaska Municipal League	7.39% ✓
(9) City of Kenai	6.14%
(10) Anchorage Borough Schools	6.84%
(11) Greater Anchorage Borough	6.24%
(12) North Star Borough	6.88%
(13) Ketchikan Gateway Borough	6.70%
(14) City of Valdez	6.50% ✓
(15) Matanuska-Susitna Borough	6.85% ✓
(16) City of Soldotna	6.71%
(17) City and Borough of Juneau	6.65%
(18) City of Anchorage	8.51%
(19) City of Wrangell	7.44%

# MARSH & McLENNAN

October 22, 1974

Mr. Richard W. Freer  
Commissioner of Administration  
State of Alaska  
Pouch C  
Juneau, Alaska 99801

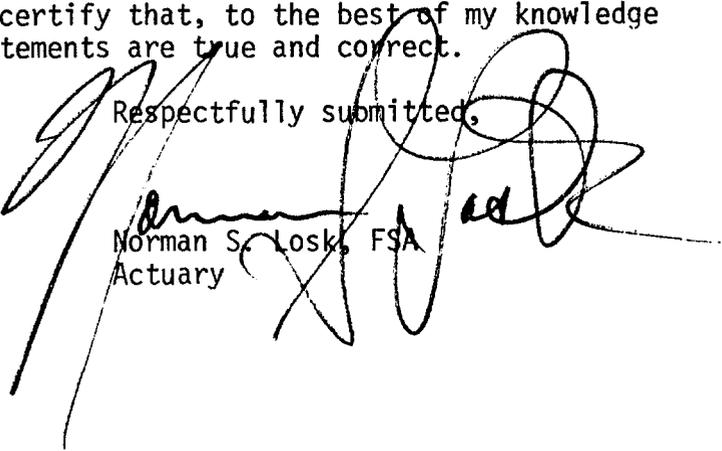
Dear Commissioner Freer:

At your request, we have completed an actuarial valuation of the Alaska Public Employees' Retirement System as of December 31, 1973, in order to examine the financial status of the System and to determine the Employer contribution rates for the 1975-76 fiscal year.

The results of our valuation, included in this report, are based upon employee data and financial information supplied by your Department and the actuarial assumptions and methods chosen by the Actuary.

On the basis of this data and the actuarial method and assumptions described in this report, I certify that, to the best of my knowledge and belief, the attached statements are true and correct.

Respectfully submitted,

  
Norman S. Losk, FSA  
Actuary

NSL:rs  
Attachments

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APPENDIX 5 SUMMARY OF THE PLAN . . . . .	23

SECTION I  
INTRODUCTION

In accordance with your request, we have performed an actuarial valuation of the Alaska Public Employees' Retirement System as of December 31, 1973.

The purposes of the valuation are:

- (a) To examine the status of funding of the System.
- (b) To establish contribution rates for the State of Alaska and all other participating employers for the 1975-76 fiscal year based upon the provisions of the System as of the valuation date and amendments enacted by the 1974 Legislature.

The results of this actuarial valuation are based upon actuarial assumptions and methods which are identical to those used in the prior valuation.

On the following page you will find summarized the significant results of this valuation with respect to the benefits of the System as it existed on the valuation date.

**MARSH & McLENNAN**VALUATION SUMMARY  
OLD BENEFIT PROVISIONS

Employer	-----Pension Estimated Dollar Amount	Cost----- Percent of Involved Payroll	Present Value of All Accrued Benefits	Allocated Assets as of 12/31/73	Unfunded Liability or (Surplus)
(1) State of Alaska	\$4,086,472	4.22%	\$41,650,773	\$49,075,770	(\$7,424,997)
(2) City of Skagway	4,448	4.24%	12,294	20,051	(7,757)
(3) City and Borough of Sitka	135,396	6.06%	871,075	338,330	532,745
(4) City of Fairbanks	375,607	6.06%	3,136,544	1,681,051	1,455,493
(5) City of Haines	6,950	5.93%	31,322	5,944	25,378
(6) University of Alaska	791,753	4.70%	3,862,108	3,781,179	80,929
(7) City of Valdez	10,895	4.75%	40,864	37,706	3,158
(8) City of Kodiak	58,922	5.72%	340,883	155,839	185,044
(9) Alaska Municipal League	3,466	5.12%	25,051	19,809	5,242
(10) City of Kenai	50,788	4.52%	235,972	265,504	(29,532)
(11) Anchorage Borough Schools	1,291,220	5.06%	6,216,966	4,526,250	1,690,716
(12) Greater Anchorage Borough	496,868	4.48%	2,105,905	2,462,515	(356,610)
(13) North Star Borough	320,914	5.11%	1,646,289	1,176,961	469,328
(14) Ketchikan Gateway Borough	16,195	5.03%	36,555	16,677	19,878
(15) Matanuska-Susitna Borough	66,491	5.05%	485,016	399,023	85,993
(16) City of Soldotna	4,666	5.08%	22,031	15,621	6,410
(17) City and Borough of Juneau	<u>318,829</u>	<u>4.88%</u>	<u>2,232,318</u>	<u>1,992,643</u>	<u>238,675</u>
TOTAL	<u>\$8,039,880</u>	<u>4.57%</u>	<u>\$62,951,966</u>	<u>\$65,970,873</u>	<u>(\$3,018,907)</u>

The 1974 Legislature adopted several amendments to the P.E.R.S. Those amendments which significantly affect the results of the actuarial valuation are as follows:

(1) Benefit Level

The normal retirement benefit formula for employees other than police and fire employees was increased from:

- (a) 1 1/2% of highest three-year average compensation for the first 10 years of service,
- (b) 1 3/4% for the next 10 years of service,
- (c) 2% for all years of service in excess of 20 to 2% for all years of service.

(2) Cost-of-Living Allowance

The additional cost-of-living allowance payable to retirees living in Alaska has been changed from 25% of the Primary Insurance Amount under Social Security to the greater of:

- (a) 10% of the retiree's basic benefit under the System and
- (b) \$50 per month.

(3) Death Benefit

A survivorship income benefit is now available to beneficiaries of employees who die prior to retirement from non-occupational causes. Such benefit is based on a 50% Joint & Survivor equivalent of the employee's accrued benefit.

(4) Service

Service for certain Federal employment in Alaska prior to statehood is now recognized.

A summary of the results of the valuation based upon these amendments appears on the following page.

**MARSH & McLENNAN**

VALUATION SUMMARY  
NEW BENEFIT PROVISIONS

	-----Pension Cost-----				
	Estimated Dollar Amount	Percent of Involved Payroll	Present Value of All Accrued Benefits	Allocated Assets as of 12/31/73	Unfunded Liability or (Surplus)
(1) State of Alaska	\$5,994,137	6.19% ✓	\$44,980,852	\$49,075,770	(\$4,094,918)
(2) City of Skagway	6,190	5.90% ✓	10,354	20,051	(9,697)
(3) City and Borough of Sitka	174,049	7.79% ✓	855,987	338,330	517,657
(4) City of Fairbanks	490,892	7.92% ✓	3,234,131	1,681,051	1,553,080
(5) City of Haines	8,731	7.45% ✓	26,316	5,944	20,372
(6) University of Alaska	1,100,031	6.53% ✓	4,032,340	3,781,179	251,161
(7) City of Valdez	14,910	6.50%	40,223	37,706	2,517
(8) City of Kodiak	76,228	7.40% ✓	324,824	155,839	168,985
(9) Alaska Municipal League	5,003	7.39% ✓	30,792	19,809	10,983
(10) City of Kenai	68,991	6.14% ✓	208,247	265,504	(57,257)
(11) Anchorage Borough Schools	1,745,442	6.84%	6,258,989	4,526,250	1,732,739
(12) Greater Anchorage Borough	692,066	6.24% ✓	2,079,175	2,462,515	(383,340)
(13) North Star Borough	432,073	6.88% ✓	1,653,616	1,176,961	476,655
(14) Ketchikan Gateway Borough	21,571	6.70% ✓	31,047	16,677	14,370
(15) Matanuska-Susitna Borough	90,190	6.85% ✓	491,874	399,023	92,851
(16) City of Soldotna	6,164	6.71% ✓	19,903	15,621	4,282
(17) City and Borough of Juneau	434,469	6.65%	2,226,300	1,992,643	233,657
TOTAL	<u>\$11,361,138</u>	<u>6.46%</u>	<u>\$66,504,970</u>	<u>\$65,970,873</u>	<u>\$ 534,097</u>

SECTION II

ANALYSIS OF THE VALUATION

A. Actuarial Assumptions and Method

We have used, in this valuation, actuarial assumptions and methods which are identical to those used in the prior valuation. The new turnover table utilized in the prior valuation appears to remain adequate. Although the average salaries of participants increased by only about 2.4%, we continue to feel that a 5% salary increase assumption remains reasonable.

The actuarial method utilized in the prior valuation remains applicable. Because of the major changes made in the System this year, we have redetermined the past service liabilities of each participant employer in this valuation. In future valuations our objective will be to change such liabilities only to the extent that they are amortized, increased by amendment, or adjusted for changes in actuarial assumptions. However, if the data provided us for the actuarial valuation is significantly different in nature from that used in this valuation, we may feel it necessary to redetermine such liabilities once again. That data, which will be developed from your new computer system, should be of sufficient quality that we would not need to completely redetermine such liabilities thereafter.

B. 1975-76 Contribution Levels

As can be seen in the valuation summary on page 2, contribution levels based upon the provisions of the System prior to the 1974 amendments are very close to those of the prior valuation. An examination of Appendix 3, Participant Data, indicates that the nature of the covered group changed little in 1973.

Generally speaking, the effect of the 1974 amendments is to increase contribution requirements by about 1.89% of covered pay. This increase, of course, is spread among the participating employers in a non-uniform manner, based upon differences in past service liabilities.

C. Treatment of Retired Lives

As indicated in the previous valuation report, assets held to support retired life benefits are now accounted for separately from employer and employee contribution accounts.

As of the valuation date, the liability for retired lives was \$15,416,867. This compares to a retiree reserve as of that date of \$7,659,583. Thus, as of the valuation date, there was a deficit in that account of \$7,757,284.

Although retired life liabilities were not a factor in developing employer contribution rates, the deficit in the retiree reserve

account was taken into account by reducing assets attributable to the State by the amount of this deficit.

D. New Employers

Two new employers, the City of Anchorage and the City of Wrangell, have entered into participation in the System since the valuation date. These employers were not included in this valuation of the System. We recommend, however, that the 1975-76 rates for these employers be based upon the new consolidated rate for the System and the past service rate previously determined, based upon the 1974 amendments to the System. This procedure develops the following 1975-76 rates for these employers:

- |                       |       |
|-----------------------|-------|
| (1) City of Anchorage | 8.51% |
| (2) City of Wrangell  | 7.44% |

SECTION III  
SUMMARY AND CONCLUSIONS

It is clear that the 1974 amendments to the System have substantially increased employer contribution levels.

However, based upon the actuarial assumptions outlined in Appendix 2, the funding of the System is at a substantial level and continues to progress satisfactorily. The effect of the amendment on accrued benefit liabilities generates an over-all unfunded liability of only \$534,097, or .8% of accrued benefit liabilities. Thus, even with the impact of the amendments, the funding status of the System is strong.

APPENDICES

APPENDIX 1

ACTUARIAL METHOD

ACTUARIAL METHOD

The actuarial method used in this valuation is known as the Aggregate Method with Supplemental Liability. Under this method, the Consolidated Employer Contribution Rate is determined as follows:

- (1) The present value of all benefits accrued and expected to be earned in the future for non-retired participants is calculated, taking into account expected levels of mortality, turnover, disability, salary increases, and investment performance.
- (2) Such present value of benefits is reduced by the sum of:
  - (a) The present value of future employee contributions, taking into account the same items as enumerated in (1), above.
  - (b) The total liability for benefits earned to the valuation date.

The remainder is the portion of the present value of future benefits to be funded by employer contributions at the Consolidated Rate and is called the "Present Value of Future Employer Normal Costs."

- (3) The Consolidated Employer Contribution Rate is determined by dividing the Present Value of Future Employer Normal Costs by the present value of future salaries, calculated taking into account those factors enumerated in item (1) above.

The total Employer Contribution Rate for each participating employer is the Consolidated Employer Contribution Rate plus that contribution rate sufficient to fund the unfunded accrued benefit liabilities of such employer over 40 years.

This method effectively spreads the portion of the total projected present value of benefits to be financed by future employer contributions over the expected future working lifetime of the currently covered group. It has the advantage that the effect of actuarial gains and losses (which arise from actual experience that deviates from the actuarial assumptions used) is automatically spread over this period.

APPENDIX 2

ACTUARIAL ASSUMPTIONS

ACTUARIAL ASSUMPTIONS

The following assumptions were used as the basis for the valuation included in the report:

- (1) Investment Yield: 5% per annum, net of expenses.
- (2) Assets: Valued at cost.
- (3) Experience: Active Employees
  - (a) Retirement Age - Police & Fire 55 or 20 years service.
  - Others 60 or 30 years service.
  - (b) Disability - See attached Schedule I.
  - (c) Separation - See attached Schedule II.
  - (d) Mortality - 1951 Group Annuity Projection "C" to 1965.
  - (e) Earnings Progression - 5% increase per year.
- (4) Experience: Pensioners and Beneficiaries
  - (a) Mortality - Retired - 1951 Group Annuity Projection "C" to 1965.
  - (b) Disabled - 1944 Disabled Railway Employees Select Mortality Table.
- (5) Loading: None

MARSH & McLENNAN

Schedule I

PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
OF ALASKA

Disability Rates

All Employees

Annual Rates Per 1,000 Employees

<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
20	.70	45	1.62
21	.71	46	1.76
22	.72	47	1.91
23	.73	48	2.07
24	.74	49	2.23
25	.75	50	2.40
26	.76	51	2.60
27	.78	52	2.86
28	.80	53	3.18
29	.82	54	3.55
30	.84	55	4.00
31	.86	56	4.59
32	.88	57	5.34
33	.90	58	6.10
34	.93	59	7.20
35	.96	60	8.43
36	.99	61	9.75
37	1.03	62	11.30
38	1.07	63	13.05
39	1.11	64	14.90
40	1.15		
41	1.20		
42	1.27		
43	1.36		
44	1.48		

Schedule II

STATE OF ALASKA

VALUATION TURNOVER RATES

<u>Age</u>	<u>Male</u>	<u>Female</u>
20	.3274	.3753
21	.2782	.3490
22	.2408	.3290
23	.2334	.3254
24	.2151	.3162
25	.1917	.3041
26	.1690	.2916
27	.1528	.2814
28	.1510	.2792
29	.1465	.2734
30	.1408	.2652
31	.1351	.2560
32	.1309	.2471
33	.1303	.2435
34	.1289	.2342
35	.1269	.2218
36	.1248	.2087
37	.1229	.1973
38	.1223	.1937
39	.1207	.1845
40	.1185	.1725
41	.1161	.1603
42	.1140	.1505
43	.1132	.1480
44	.1112	.1416
45	.1081	.1335
46	.1060	.1257
47	.1041	.1200
48	.1038	.1192
49	.1025	.1173
50	.1021	.1150
51	.1012	.1128
52	.1006	.1115
53	.1004	.1112
54	.0996	.1108
55	.0997	.1107
56	.0999	.1114
57	.1009	.1135
58	.1011	.1156
59	.1022	.1208
60	.1047	.1277

APPENDIX 3  
PARTICIPANT DATA



ALASKA PERS

VALUATION DATE 12/31/73

SERVICE GROUPS BY AGE GROUPS

AGE GROUP	0-4	5-9	10-14	S E R V I C E	20-24	G R O U P	30-34	35-39	40 +	TOTAL
0-19	152	0	0	0	0	0	0	0	0	152
20-24	1551	11	1	0	0	0	0	0	0	1563
25-29	1998	171	1	0	0	0	0	0	0	2170
30-34	1433	353	44	0	0	0	0	0	0	1830
35-39	4964	306	168	7	0	0	0	0	0	5445
40-44	881	288	157	38	3	0	0	0	0	1367
45-49	718	323	167	24	9	2	0	0	0	1243
50-54	620	304	150	43	12	4	0	0	0	1133
55-59	360	222	167	41	21	3	0	0	0	814
60-64	186	145	88	25	11	5	2	0	0	462
65-69	63	51	33	10	5	1	0	0	0	163
70-74	14	16	7	2	0	0	0	0	0	39
75-79	3	2	1	0	0	0	0	0	0	6
80+	0	3	0	0	0	0	0	0	0	3
TOTAL	12943	2195	984	190	61	15	2	0	0	16340

MISCELLANEOUS INFORMATION

ACTIVE MEMBERS OF THE  
ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

	Information as of	
	<u>December 31, 1972</u>	<u>December 31, 1973</u>
(1) Number of active participants	14,028	16,390
(2) Number with complete information	8,602	8,551
(3) Average Age	37.37 years	37.95 years
(4) Average Service to date	3.66 years	3.88 years
(5) Average Annual Salary	\$11,280	\$11,551

APPENDIX 4  
ACTUARIAL DETERMINATIONS

**MARSH & McLENNAN**

EXHIBIT 1

DEVELOPMENT OF CONSOLIDATED  
EMPLOYER CONTRIBUTION RATE  
FOR 1975-76

	<u>Old Benefit Provisions</u>	<u>New Benefit Provisions</u>
(1) Present Value of Fully Projected Benefits for Non-Retired Participants	\$ 166,481,560	\$ 190,507,707
(2) Present Value of Benefits Earned to December 31, 1973	62,951,962	66,504,970
(3) Present Value of Future Member Contributions	49,614,349	49,614,349
(4) Present Value of Future Consolidated Employer Contributions ((1)-(2)-(3))	53,915,249	74,388,388
(5) Present Value of Future Salaries	1,155,695,200	1,155,695,200
(6) Consolidated Employer Contribution Rate ((4)/(5))	<u>4.67%</u>	<u>6.44%</u>

**MARSH & McLENNAN**

EXHIBIT 2

DEVELOPMENT OF PAST SERVICE RATES  
FOR 1975-76

OLD BENEFIT PROVISIONS

	(a) <u>Unfunded Liability or (Surplus)</u>	(b) <u>Payment to Amortize Liability - 40 years</u>	(c) <u>Salaries</u>	(d) <u>Past Service Rate ((b)/(c))</u>
(1) State of Alaska	(\$7,424,997)	(\$432,877)	\$96,835,822	(.45%)
(2) City of Skagway	(7,757)	(452)	104,909	(.43%)
(3) City and Borough of Sitka	532,745	31,059	2,234,260	1.39%
(4) City of Fairbanks	1,455,493	84,855	6,198,131	1.39%
(5) City of Haines	25,378	1,480	117,201	1.26%
(6) University of Alaska	80,929	4,718	16,845,805	.03%
(7) City of Valdez	3,158	184	229,377	.08%
(8) City of Kodiak	185,044	10,788	1,030,105	1.05%
(9) Alaska Municipal League	5,242	306	67,704	.45%
(10) City of Kenai	(29,532)	(1,722)	1,123,635	(.15%)
(11) Anchorage Borough Schools	1,690,716	98,569	25,518,164	.39%
(12) Greater Anchorage Borough	(356,610)	(20,790)	11,090,798	(.19%)
(13) North Star Borough	469,328	27,362	6,280,124	.44%
(14) Ketchikan Gateway Borough	19,878	1,159	321,960	.36%
(15) Matanuska-Susitna Borough	85,993	5,013	1,316,648	.38%
(16) City of Soldotna	6,410	374	91,862	.41%
(17) City and Borough of Juneau	238,675	13,915	6,533,372	.21%

**MARSH & McLENNAN**

EXHIBIT 3

DEVELOPMENT OF PAST SERVICE RATES  
FOR 1975-76

NEW BENEFIT PROVISIONS

	(a) <u>Unfunded Liability or (Surplus)</u>	(b) <u>Payment to Amortize Liability - 40 years</u>	(c) <u>Salaries</u>	(d) <u>Past Service Rate ((b)/(c))</u>
(1) State of Alaska	(\$4,094,918)	(\$238,734)	\$96,835,822	(.25%)
(2) City of Skagway	(9,697)	(565)	104,909	(.54%)
(3) City and Borough of Sitka	517,657	30,179	2,234,260	1.35%
(4) City of Fairbanks	1,553,080	90,545	6,198,131	1.48%
(5) City of Haines	20,372	1,188	117,201	1.01%
(6) University of Alaska	251,161	14,643	16,845,805	.09%
(7) City of Valdez	2,517	147	229,377	.06%
(8) City of Kodiak	168,985	9,852	1,030,105	.96%
(9) Alaska Municipal League	10,983	640	67,704	.95%
(10) City of Kenai	(57,257)	(3,338)	1,123,635	(.30%)
(11) Anchorage Borough Schools	1,732,739	101,019	25,518,164	.40%
(12) Greater Anchorage Borough	(383,340)	(22,349)	11,090,798	(.20%)
(13) North Star Borough	476,655	27,789	6,280,124	.44%
(14) Ketchikan Gateway Borough	14,370	838	321,960	.26%
(15) Matanuska-Susitna Borough	92,851	5,413	1,316,648	.41%
(16) City of Soldotna	4,282	250	91,862	.27%
(17) City and Borough of Juneau	233,657	13,622	6,533,372	.21%

EXHIBIT 4

BREAKDOWN OF PRESENT VALUE  
OF BENEFITS

OLD BENEFIT PROVISIONS

	<u>Present Value of Accrued Benefit</u>	<u>Present Value of Fully Projected Benefit</u>
Retirement Benefit	\$41,912,174	\$ 99,548,785
Disability Benefit	3,020,560	6,267,464
Death Benefits	2,647,877	4,566,015
Termination Benefits	13,864,174	54,592,115
Contributions plus Interest for Inactive Members	<u>1,507,181</u>	<u>1,507,181</u>
Total Present Value of Benefits for all Non-Retired Members	<u>\$62,951,966</u>	<u>\$166,481,560</u>
Present Value of Benefits for Pensioners	15,416,867	15,416,867
Total Present Value of Benefits	<u>\$78,368,833</u>	<u>\$181,898,427</u>

**MARSH & McLENNAN**

EXHIBIT 5

BREAKDOWN OF PRESENT VALUE  
OF BENEFITS

NEW BENEFIT PROVISIONS

	<u>Present Value of Accrued Benefit</u>	<u>Present Value of Fully Projected Benefit</u>
Retirement Benefit	\$44,285,720	\$114,484,523
Disability Benefit	3,177,830	7,388,723
Death Benefits	3,850,332	9,247,153
Termination Benefits	13,683,907	57,880,127
Contributions plus Interest for Inactive Members	<u>1,507,181</u>	<u>1,507,181</u>
Total Present Value of Benefits for all Non-Retired Members	<u>\$66,504,970</u>	<u>\$190,507,707</u>
Present Value of Benefits for Pensioners	15,416,867	15,416,867
Total Present Value of Benefits	<u>\$81,921,837</u>	<u>\$205,924,574</u>

APPENDIX 5  
SUMMARY OF THE PROVISIONS  
OF THE  
ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
AS OF  
JULY 1, 1974

PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
OF ALASKA

1. Plan

Public Employees' Retirement System of Alaska

2. EFFECTIVE DATE

January 1, 1961

3. AMENDED

April 19, 1961  
April 19, 1962  
February 18, 1964  
May 29, 1964  
July 1, 1964  
May 12, 1966  
April 3, 1968  
July 1, 1968  
July 1, 1970  
July 1, 1972  
July 1, 1974

4. ADMINISTRATION OF PLAN

The Commissioner of Administration is responsible for administration of System, Public Employees' Retirement Board adopts rules and regulations to carry out provisions of the Act, Commissioner of Revenue invests the Fund.

5. EMPLOYERS INCLUDED

State of Alaska and any political subdivisions and public or quasi-public organizations thereof (as of December 31, 1973, there were: 16 participating employer groups in addition to the State).

6. EMPLOYEES INCLUDED

All regular full-time employees of the State and participating political subdivisions, exclusive of those covered by the Alaska Teachers' Retirement System, The Alaska Judges' System, or any employee on whose behalf the State is making contributions to another Retirement System. Elected officials may elect to participate at their option.

7. SERVICE CONSIDERED

Future:

Hire or 1/1/61, if later, to date of termination, death, or retirement. If an individual earns at least three years of credited service after 1/1/61, he obtains credit for all service rendered prior to 1/1/61.

Past:

Service credit for all service with State and Territory prior to January 1, 1961, if the employee completed three years of service after January 1, 1961. Elected official has past service credit only if he pays contributions for all of his service after January 1, 1961. Service with political subdivision prior to effective date included at option of political subdivision.

Break in Future Service:

Any termination. But if employee returns and makes contribution equal to refund paid plus interest, the service before the break is reinstated.

8. COMPENSATION CONSIDERED

Total compensation during three consecutive calendar years of credited service which yield the highest average monthly compensation (total compensation during period divided by number of months included).

9. EMPLOYER CONTRIBUTIONS

Separate contribution rate for each employer equal to the sum of:

(1) Consolidated Rate

A uniform rate for all participating employers sufficient to amortize all future service liabilities (less value of employee contributions) over the future working lifetimes of the covered group.

(2) Past Service Rate

A rate determined separately for each employer sufficient to amortize such employer's unfunded past service liabilities over 40 years.

10. EMPLOYEE CONTRIBUTIONS

Mandatory Employee Contributions:

Police & Fire - 5%

Other - 4 1/4%

Refund at Termination (no vesting):

Return of voluntary and mandatory contributions with interest.

Refund at Death:

If no widow's pension payable, return of voluntary and mandatory contributions with interest.

11. NORMAL RETIREMENT BENEFIT

Eligibility:

Age 55 or 20 years - Police & Fire

Age 60 or 30 years - Other

Type:

Life only with optional joint and survivor benefit (actuarially reduced).

Amount:

2% of highest three consecutive year average salary for each year of service - Other.

2% for the first 10 years of service plus 2 1/2% for years of service in excess of 10, of highest consecutive three-year average salary - Police & Fire.

12. EARLY RETIREMENT BENEFIT

Eligibility:

Age 50 and 5 years service - Police & Fire

Age 55 and 5 years service - Other

Type:

Life only

Amount:

Actuarial equivalent of Normal Retirement Benefit based on service and compensation to Early Retirement Date.

13. DEFERRED VESTED BENEFIT

Eligibility:

Five years of service.

Type:

Life only or joint and survivor benefit (actuarially reduced).

Amount:

Monthly benefit begins on employee's Normal Retirement Date.

Amount determined the same as Normal Retirement Benefit taking into account compensation and service prior to termination.

14. DISABILITY BENEFIT

Occupational Disability:

Eligibility:

No age or service requirements.

Type:

Monthly benefit payable until death or recovery.

Amount:

2/3 of gross monthly compensation - Police & Fire.

Normal Retirement Benefit assuming total service to age 60 or to date, if later, at the current level of compensation and 75% J&S option - Other.

The benefit terminates at Normal Retirement Date with full Normal Retirement Benefit commencing at that point.

Non-Occupational Disability:

Eligibility:

Five years of service.

Type:

Monthly benefit payable until death or recovery.

Amount:

Same as vested benefit except payments commence immediately.

15. DEATH BENEFIT BEFORE RETIREMENT

Occupational:

No age or service requirements.

Benefit: 75% of occupational disability benefit to spouse - Other.

Full pay continues to spouse to Normal Retirement Date with full Normal Retirement Benefit to spouse after Normal Retirement Date - Police & Fire.

After Occupational Disability: 75% of occupational disability paid to disabled employee continued to spouse - Other.

Full occupational disability benefit continued to spouse - Police & Fire.

Non-Occupational:

If no widow's benefit is payable, lump-sum death benefit of \$1,000 plus \$100 per each completed year of service and the participant's contributions with interest. Alternatively, an income benefit is available at death after five years of service based on 50% J&S equivalent of accrued Normal Retirement Benefit.

16. DEATH BENEFITS AFTER RETIREMENT

The employee's beneficiary receives a lump sum equal to the excess of his contribution account immediately prior to retirement over the sum of the pension payments previously received by the employee.

17. POST-RETIREMENT PENSION ADJUSTMENT

Commissioner of Administration may recommend post-retirement increases on account of increasing cost of living up to 4% each year.

18. COST-OF-LIVING ALLOWANCE

A retired employee who remains in Alaska is eligible for an additional allowance, equal to 10% of his basic retirement benefit, or \$50 per month, whichever is greater.

19. OPTIONAL EMPLOYEE SAVINGS ACCOUNT

An employee can voluntarily contribute up to 5% of his compensation. This amount is recorded in a separate account and is payable:

- (a) In the event of termination before retirement for a reason other than death, as a lump sum to the employee,
- (b) In the event of termination on account of death, as a lump sum to the employee's beneficiary,
- (c) On retirement, as a lump sum, life annuity on cash refund basis or installments over limited period.