

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%.

Mr. Pat Shier
March 10, 2010
Page 2

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 | | |
| 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 | | |
| 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.