

# PUBLIC EMPLOYEES' RETIREMENT SYSTEM

## TABLE OF CONTENTS

### Introductory Section

Letter of Transmittal .....	1
Certificate of Achievement for Excellence in Financial Reporting .....	6
Organization Chart .....	7
Section Responsibilities and Professional Consultants .....	8
Alaska Retirement Management Board.....	9

### Financial Section

Independent Auditors' Report .....	11
Management's Discussion and Analysis.....	13
Basic Financial Statements	
Statements of Plan Net Assets .....	25
Statements of Changes in Plan Net Assets .....	26
Notes to Financial Statements	
Note 1 - Description .....	27
Note 2 - Summary of Significant Accounting Policies .....	36
Note 3 - Investments .....	39
Note 4 - Deposit and Investment Risk.....	54
Note 5 - Foreign Exchange Contracts and Off-Balance Sheet Risk .....	62
Note 6 - Securities Lending.....	63
Note 7 - Transfers.....	64
Note 8 - Funded Status and Funding Progress – Defined Benefit Pension and Postemployment Healthcare Benefit Plan .....	64
Note 9 - Commitments and Contingencies .....	66
Note 10 - Subsequent Event.....	67
Note 11 - Medicare Part D Retiree Drug Subsidy .....	67
Required Supplementary Information:	
GASB Statement No. 25:	
Schedule of Funding Progress - Pension Benefits.....	68
Schedule of Funding Progress - Postemployment Healthcare Benefits.....	69
Schedule of Contributions from Employers and the State of Alaska - Pension and Postemployment Healthcare Benefits .....	70
Notes to Required Supplementary Information	
Note 1 - Description of Schedule of Funding Progress .....	71
Note 2 - Actuarial Assumptions and Methods .....	71
Note 3 - Contributions - State of Alaska.....	75

<b>Additional Information</b>	
Schedule 1 - Statement of Plan Net Assets (2009) .....	76
Schedule 2 - Statement of Changes in Plan Net Assets (2009) .....	78
Schedule 3 - Statement of Plan Net Assets (2008) .....	80
Schedule 4 - Statement of Changes in Plan Net Assets (2008) .....	82
Schedule 5 - Schedule of Administrative and Investment Deductions - Defined Benefit Plan .....	84
Schedule 6 - Schedule of Administrative and Investment Deductions - Defined Contribution Retirement Trust Plan.....	85
Schedule 7 - Schedule of Payments to Consultants Other than Investment Advisors.....	86
 <b>Investment Section</b>	
Investment Consultant's Report.....	87
Treasury Division Staff and External Money Managers and Consultants.....	89
Investment Report .....	91
Schedule of Investment Results .....	92
Asset Allocation .....	93
Top Ten Holdings by Asset Type .....	97
Schedule of External Management Fees.....	98
Investment Summary Schedule.....	100
Recaptured Commission Fees .....	105
 <b>Actuarial Section</b>	
Actuarial Certification .....	107
Summary of Actuarial Assumptions, Methods and Procedures .....	110
Funding Excess/Unfunded Liability.....	126
Employer Contribution Rates .....	127
Schedule of Active Member Valuation Data .....	128
Schedule of Benefit Recipients Added to and Removed From Rolls.....	129
Solvency Test.....	130
Analysis of Financial Experience.....	131
Summary of Plan Provisions.....	133
 <b>Statistical Section</b>	
Changes in Net Assets .....	141
Additions by Source.....	142
Deductions by Type.....	143
Schedule of Benefit Deductions by Type .....	144
System Membership by Status .....	145
Schedule of Pension Benefit Recipients by Type of Pension Benefit and Option .....	
Selected.....	146
Schedule of Average Benefit Payments—New Benefit Recipients.....	147
Principal Participating Employers .....	148