

State of Alaska

Teachers' Retirement System

Defined Contribution Retirement Plan

For Occupational Death and Disability
And Retiree Medical Benefits

Actuarial Valuation Report
as of June 30, 2014

October 2015



©2015 Xerox Corporation and Buck Consultants, LLC. All rights reserved. Xerox® and Xerox and Design® are trademarks of Xerox Corporation in the United States and/or other countries. Buck Consultants® is a trademark of Buck Consultants, LLC in the United States and/or other countries.

Other company trademarks are also acknowledged.

Document Version: 1.0 (July 2014).



David H. Slishinsky
Principal & Consulting Actuary
David.Slishinsky@xerox.com
720.359.7773

Todd D. Kanaster
Senior Consultant
Todd.Kanaster@xerox.com
720.359.7762

Melissa A. Bissett
Senior Consultant
Melissa.Bissett@xerox.com
720.359.7735

Buck Consultants, LLC.
1200 17th Street
Suite 1200
Denver, CO 80202
Fax: 720.359.7701

October 6, 2015

State of Alaska
The Alaska Retirement Management Board
The Department of Revenue, Treasury Division
The Department of Administration, Division of Retirement and Benefits
Juneau, AK 99811-0203
P.O. Box 110203

Certification of Actuarial Valuation

Dear Members of The Alaska Retirement Management Board, The Department of Revenue and The Department of Administration:

This report summarizes the annual actuarial valuation results of the State of Alaska Teachers' Retirement System Defined Contribution Retirement (TRS DCR) Plan as of June 30, 2014 performed by Buck Consultants, LLC.

The actuarial valuation is based on financial information provided in the financial statements audited by KPMG LLP and member data provided by the Division of Retirement and Benefits and summarized in this report. The benefits considered are those delineated in Alaska statutes effective June 30, 2014. The actuary did not verify the data submitted, but did perform tests for consistency and reasonableness.

All costs, liabilities and other factors under the Plan were determined in accordance with generally accepted actuarial principles and procedures. An actuarial cost method is used to measure the actuarial liabilities which we believe is reasonable. Buck Consultants, LLC is solely responsible for the actuarial data and actuarial results presented in this report. This report fully and fairly discloses the actuarial position of the Plan.

The State of Alaska Teachers' Retirement System DCR Plan is funded by Employer Contributions in accordance with the funding policy adopted by the Alaska Retirement Management Board (Board) and as required by Alaska state statutes. The funding objective for the State of Alaska Teachers' Retirement System DCR Plan is to pay required contributions that remain level as a percent of TRS DCR Compensation. The Board has also established a funding policy objective that the required contributions be sufficient to pay the Normal Costs of active plan members, Plan expenses, and amortize the Unfunded Actuarial Accrued Liability as a level percent of TRS DCR Compensation over a closed layered 25-year period. This objective is currently being met and is projected to continue to be met and as required by Alaska state statutes.

In our opinion, the actuarial assumptions used are reasonable, taking into account the experience of the Plan and reasonable long-term expectations, and represent our best estimate of the anticipated long-term experience under the Plan. The actuary performs an analysis of Plan experience periodically and recommends changes if, in the opinion of the actuary, assumption changes are needed to more accurately reflect expected future experience. The last full experience analysis was performed in 2013. A review of the healthcare assumptions was performed for this actuarial valuation and changes were made to the healthcare cost trend rates and the per capita claims cost rates, effective June 30, 2014, to better reflect expected future healthcare experience. A summary of the actuarial assumptions and methods used in this actuarial valuation are shown in Section 5.3.

The assumptions and methods used to determine the Actuarially Determined Contribution's (ADC) of the Employers to the State of Alaska Teachers' Retirement System DCR Plan as outlined in this report and all supporting schedules meet the parameters and requirements for disclosure of Governmental Accounting Standards Board (GASB) Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. Based on member data and asset information provided by the Division of Retirement and Benefits, we have prepared the Schedule of Funding Progress, Schedule of Employer Contributions, and trend data schedules GASB No. 43 that is included in the Financial Section of the CAFR. We have also prepared the member data tables shown in Section 4 of this report for the Statistical Section of the CAFR, and the summary of actuarial assumptions and solvency test for the Actuarial Section of the CAFR.

The undersigned are Associates of the Society of Actuaries, Members of the American Academy of Actuaries, and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained in this report. This report has been prepared in accordance with all Applicable Actuarial Standards of Practice. We are available to answer any questions on the material contained in the report, or to provide explanations or further details as may be appropriate.

Respectfully submitted,



David H. Sliskinsky, ASA, MAAA, FCA
Principal, Consulting Actuary



Todd D. Kanaster, ASA, MAAA, FCA
Senior Consultant

The undersigned actuary is responsible for all assumptions related to the average annual per capita health claims cost and the health care cost trend rates, and hereby affirms her qualification to render opinions in such matters, in accordance with the qualification standards of the American Academy of Actuaries.



Melissa A. Bissett, FSA, MAAA
Senior Consultant, Health & Productivity

Table of Contents

Executive Summary.....	1
Section 1 Actuarial Funding Results	6
Section 1.1 Actuarial Liabilities and Normal Cost	6
(\$'s in 000's)	6
Section 1.2 Actuarial Contributions	7
Section 1.3 Actuarial Gain/(Loss) for FY14	10
Section 1.4 History of UAAL and Funded Ratio.....	11
Section 2 Plan Assets.....	12
Section 2.1 Summary of Fair Value of Assets	12
Section 2.2 Changes in Fair Value of Assets	13
Section 2.3 Actuarial Value of Assets	14
Section 2.4 Historical Asset Rate of Return	16
Section 3 Accounting Information	17
Section 3.1 Schedule of Funding Progress (\$'s in 000's)	17
Section 3.2 Schedule of Employer Contributions	18
Section 3.3 Notes to Trend Data	19
Section 3.4 Solvency Test	20
Section 4 Member Data	23
Section 4.1 Summary of Members Included.....	23
Section 4.2 Age and Service Distribution of Active Members	24
Section 4.3 Member Data Reconciliation	25
Section 4.4 Schedule of Active Member Valuation Data	26
Section 5 Basis of the Actuarial Valuation.....	27
Section 5.1 Summary of Plan Provisions and Changes in Plan Provisions	27
Section 5.2 Description of Actuarial Methods and Valuation Procedures	30
Section 5.3 Summary of Actuarial Assumptions and Changes in Assumptions	32
Glossary of Terms	44

Executive Summary

Overview

The State of Alaska Teachers' Retirement System DCR Plan provides occupational death & disability and retiree medical benefits to teachers and other eligible members hired after June 30, 2006 or who have elected participation in this plan. The Commissioner of the Department of Administration is responsible for administering the Plan. The Alaska Retirement Management Board has fiduciary responsibility over the assets of the Plan. This report presents the results of the actuarial valuation of the Plan benefits as of the valuation date of June 30, 2014.

Purpose

An actuarial valuation is performed on the retirement plan annually as of the beginning of the fiscal year. The main purposes of the actuarial valuation detailed in this report are:

1. To determine the Employer contribution necessary to meet the Board's funding policy for the Plan;
2. To disclose the funding assets and liability measures as of the valuation date;
3. To disclose the accounting measures for the Plan required by GASB Nos. 25 and 43 as of the end of the last fiscal year;
4. To review the current funded status of the Plan;
5. To compare actual and expected experience under the Plan during the last fiscal year;
6. And to report trends in contributions, assets, liabilities, and funded status over the last several years.

The actuarial valuation provides a "snapshot" of the funded position of the TRS DCR Plan based on the plan provisions, membership, assets, and actuarial assumptions as of the valuation date.

Future actuarial valuation measurements and projections may differ from the current measurements presented in this report due to such factors as: plan experience different from that anticipated by the economic and demographic assumptions, increases or decreases expected as part of the natural operation of the methodology used for these measurements, and changes in plan provisions or applicable law.

Funding Status

The funding status is a measure of the progress that has been made in funding the plan as of the valuation date. It is determined as a ratio of the actuarial value of assets divided by the total actuarial accrued liability on the valuation date. A ratio of over 100% represents a plan that is ahead in funding on the valuation date. A comparative summary of the funding ratio from the prior and current actuarial valuations follows:

Funding Status as of June 30 ¹	2013	2014
a. Accrued Liability ²	\$ 22,138	\$ 16,296
b. Valuation Assets ²	<u>11,146</u>	<u>13,611</u>
c. Unfunded Accrued Liability ² , (a) – (b)	\$ 10,992	\$ 2,685
d. Funding Ratio based on Valuation Assets, (b) ÷ (a)	50.3%	83.5%
e. Fair Value of Assets ²	\$ 11,374	\$ 14,712
f. Funding Ratio based on Fair Value of Assets, (e) ÷ (a)	51.4%	90.3%

¹ Includes occupational death & disability and retiree medical benefits.

² In thousands.

As shown previously, the funding ratio based on valuation assets as of June 30, 2014 has increased from 50.3% to 83.5%, an increase of 33.2% of payroll. The total calculated employer contribution rate has decreased from 2.04% of payroll for FY16 to 1.05% for FY17, a decrease of 0.99% of payroll. The reasons for the change in the funded status and calculated contribution rate are explained below.

1. Retiree Medical Costs and Assumptions

Please refer to the State of Alaska Teachers' Retirement System Defined Benefit Plan Actuarial Valuation Report as of June 30, 2014 for a full description of the assumptions and costs of the retiree medical plan. Adjustments from these costs and assumptions are described in this report.

Due to the lack of experience for the DCR Plan only, base claims costs are based on those described in the actuarial valuation as of June 30, 2014 for TRS with some adjustments to reflect the differences between the DCR medical plan and the DB medical plan. These differences include different coverage levels and an indexing of the retiree out-of-pocket dollar amounts. To account for anticipated plan design features, including network steerage, higher initial copays, deductibles and out-of-pocket limits, FY14 claims costs were reduced 11.9% for medical and 7.1% for prescription drugs. Retiree out-of-pocket amounts were indexed 0.2% each year to reflect the effect of the deductible leveraging on trend, putting the annual projected trend closer to the ultimate trend rate. Participation rates estimate the proportion of retirees expected to have access to alternative options in the Medicare market as well as the time from retirement to Medicare-eligibility where a member pays full cost.

2. Investment Experience

The approximate FY14 investment return based on fair value was 18.0% compared to the expected investment return of 8.00%. This resulted in a gain of approximately \$1.2 million to the Plan from investment experience. The asset valuation method recognizes 20 percent of this gain (\$240 thousand) this year and an additional 20 percent in each of the next 4 years. In addition, 20 percent of the FY10 investment loss, 20 percent of the FY11 investment loss, 20 percent of the FY12 investment gain and 20 percent of the FY13 investment loss were recognized this year. The approximate FY14 asset return based on actuarial value was 10.9% compared to the expected asset return of 8.00%.

3. Salary Increase

During the period from June 30, 2013 to June 30, 2014, salary increases for continuing active members were slightly more than anticipated in the valuation assumptions.

4. Demographic Experience

The number of active members increased 8.40% from 3,272 at June 30, 2013 to 3,547 at June 30, 2014. The number of active members is growing annually since the opening of the DCR Plan to new entrants as of July 1, 2006. The average age of active members increased from 38.10 to 38.52 and average credited service increased from 3.52 to 3.90 years.

5. Changes in Methods Since the Prior Valuation

There have been no changes in methods since the prior valuation.

6. Changes in Assumptions Since the Prior Valuation

Effective for the June 30, 2014 valuation, the board adopted the changes to the demographic and economic assumptions recommended by the actuary, based on the results of an experience analysis performed on the population experience from July 1, 2009 to June 30, 2013. The changes in assumptions were adopted by the Board during the December 2014 Board meeting. We also updated the Healthcare Cost Trend and Contribution Trend assumptions.

Due to plan clarification, the PRPA was added to the occupational death and disability benefits.

7. Changes in Benefit Provisions Since the Prior Valuation

There have been no changes in benefit provisions since the prior valuation.

Comparative Summary of Key Actuarial Valuation Results

Total Employer Contribution Rates for Occupational Death & Disability for Fiscal Year Ending:	2016	2017
a. Employer Normal Cost Rate	0.05%	0.07%
b. Past Service Cost Rate	<u>(0.05)%</u>	<u>(0.07)%</u>
c. Total Employer Contribution Rate, (a) + (b), not less than 0%	0.00%	0.00%
Total Employer Contribution Rates for Retiree Medical for Fiscal Year Ending:	2016	2017
a. Employer Normal Cost Rate	1.63%	0.89%
b. Past Service Cost Rate	<u>0.41%</u>	<u>0.16%</u>
c. Total Employer Contribution Rate, (a) + (b), not less than 0%	2.04%	1.05%
Total Employer Contribution Rates for Fiscal Year Ending:	2016	2017
a. Total Employer Contribution Rate	2.04%	1.05%
b. Board Adopted Total Employer Contribution Rate	2.04%	TBD

The exhibit below shows the historical Board adopted employer contribution rates for the DCR Plan.

Valuation Date	Fiscal Year	Total Employer Contribution Rate		
		Occupational Death & Disability	Retiree Medical	Total
N/A	FY07	N/A	1.75%	1.75%
N/A	FY08	0.56%	0.99%	1.55%
N/A	FY09	0.62%	0.99%	1.61%
June 30, 2007	FY10	0.32%	1.03%	1.35%
June 30, 2008	FY11	0.28%	0.68%	0.96%
June 30, 2009	FY12	0.00%	0.58%	0.58%
June 30, 2010	FY13	0.00%	0.49%	0.49%
June 30, 2011	FY14	0.00%	0.47%	0.47%
June 30, 2012	FY15	0.00%	2.04%	2.04%
June 30, 2013	FY16	0.00%	2.04%	2.04%
June 30, 2014	FY17	0.00%	1.05%	1.05%

Contribution rates are based on salary for DCR Plan members only.

The rates shown above are for funding purposes which differ from the Annual Required Contribution for GASB No. 43 reporting purposes. Under GASB No. 43, retiree medical liabilities are gross of the retiree drug subsidy and based on a discount rate in accordance with GASB parameters.

Summary of Actuarial Gain/(Loss)

The following table shows the gain/(loss) on total accrued liability (in thousands):

	Occupational Death & Disability	Retiree Medical	Total	% of Expected
Retirement Experience	\$ 0	\$ 0	\$ 0	0.00%
Termination Experience	1	2,095	2,096	7.56%
Active Mortality Experience	49	(24)	25	0.09%
Inactive Mortality Experience	0	0	0	0.00%
Disability Experience	57	(17)	40	0.14%
New Entrants	(4)	(1,099)	(1,103)	(3.98)%
Rehires	(4)	(1,006)	(1,010)	(3.65)%
Other Demographic Experience	1	(63)	(62)	(0.22)%
Salary Increases	1	N/A	1	0.00%
Medical Claims Costs	N/A	1,624	1,624	5.86%
Total	\$ 101	\$ 1,510	\$ 1,611	5.81%

A gain on total accrued liability is favorable to the Plan. A loss is unfavorable.

Section 1 Actuarial Funding Results

Section 1.1 Actuarial Liabilities and Normal Cost (\$'s in 000's)

As of June 30, 2014	Present Value of Projected Benefits	Accrued (Past Service) Liability
Active Members		
Occupational Death Benefits	\$ 426	\$ 41
Occupational Disability Benefits	975	(18)
Medical and Prescription Drug Benefits	32,252	18,290
Medicare Part D Subsidy	<u>(3,530)</u>	<u>(2,017)</u>
Subtotal	\$ 30,123	\$ 16,296
Benefit Recipients		
Survivor Benefits	\$ 0	\$ 0
Disability Benefits	0	0
Medical and Prescription Drug Benefits	0	0
Medicare Part D Subsidy	<u>0</u>	<u>0</u>
Subtotal	\$ 0	\$ 0
Total	\$ 30,123	\$ 16,296
Total Occupational Death & Disability	\$ 1,401	\$ 23
Total Retiree Medical, Net of Part D Subsidy	\$ 28,722	\$ 16,273
Total Retiree Medical, Gross of Part D Subsidy	\$ 32,252	\$ 18,290

As of June 30, 2014	Normal Cost
Active Members	
Occupational Death Benefits	\$ 49
Occupational Disability Benefits	120
Medical and Prescription Drug Benefits	2,333
Medicare Part D Subsidy	<u>(257)</u>
Subtotal	\$ 2,245
Total	\$ 2,245
Total Occupational Death & Disability	\$ 169
Total Retiree Medical, Net of Part D Subsidy	\$ 2,076
Total Retiree Medical, Gross of Part D Subsidy	\$ 2,333

Section 1.2 Actuarial Contributions FY17 (\$'s in 000's)

Normal Cost Rate	Occupational Death & Disability	Retiree Medical	Total
1. Total Normal Cost	\$ 169	\$ 2,076	\$ 2,245
2. DCR Plan Member Salaries Projected for FY15	232,051	232,051	232,051
3. Employer Normal Cost Rate, (1) / (2)	0.07%	0.89%	0.96%
Past Service Rate			
1. Accrued Liability	\$ 23	\$ 16,273	\$ 16,296
2. Valuation Assets	<u>2,820</u>	<u>10,791</u>	<u>13,611</u>
3. Total Unfunded Liability, (1) – (2)	\$ (2,797)	\$ 5,482	\$ 2,685
4. Funded Ratio based on Valuation Assets	12,260.9%	66.3%	83.5%
5. Past Service Cost Amortization Payment	(169)*	372	203
6. DCR Plan Member Salaries Projected for FY15	232,051	232,051	232,051
7. Past Service Cost Rate, (5) / (6)	(0.07)%*	0.16%	0.09%
Total Employer Contribution Rate, not less than 0%	0.00%	1.05%	1.05%

The table below shows the total employer contribution rate based on total DB and DCR Plan payroll for informational purposes.

Total Employer Contribution Rate as Percent of Total Payroll	Occupational Death & Disability	Retiree Medical	Total
1. Total Normal Cost	\$ 169	\$ 2,076	\$ 2,245
2. Total DB and DCR Plan Member Salaries Projected for FY15	722,718	722,718	722,718
3. Employer Normal Cost Rate, (1) / (2)	0.02%	0.29%	0.31%
4. Past Service Cost Amortization Payment	\$ (169)*	\$ 372	\$ 203
5. Past Service Cost Rate, (4) / (2)	(0.02)%	0.05%	0.03%
6. Total Employer Contribution Rate, (3) + (5)	0.00%	0.34%	0.34%

*Adjusted to offset normal cost, so employer contribution is not less than \$0.

Schedule of Past Service Cost Amortizations – Occupational Death & Disability

Charge	Amortization Period		Balances		Beginning-of-Year Payment
	Date Created	Years Left	Initial	Outstanding	
Initial Unfunded Liability	06/30/2007	18	\$ 16	\$ 16	\$ 1
FY08 Gain	06/30/2008	19	(392)	(410)	(31)
Change in Assumptions	06/30/2009	20	(82)	(84)	(6)
FY09 Gain	06/30/2009	20	(594)	(622)	(45)
Change in Assumptions	06/30/2010	21	(7)	(8)	(1)
FY10 Gain	06/30/2010	21	(479)	(498)	(35)
FY11 Gain	06/30/2011	22	(560)	(577)	(39)
FY12 Gain	06/30/2012	23	(129)	(133)	(9)
FY13 Gain	06/30/2013	24	(149)	(151)	(10)
Change in Assumptions	06/30/2014	25	(50)	(50)	(3)
PRPA Modification	06/30/2014	25	(25)	(25)	(2)
FY14 Gain	06/30/2014	25	(255)	(255)	(16)
Total				\$ (2,797)	\$ (196)

Schedule of Past Service Cost Amortizations – Retiree Medical

Charge	Amortization Period		Balances		Beginning-of-Year Payment
	Date Created	Years Left	Initial	Outstanding	
Initial Unfunded Liability	06/30/2007	18	\$ (239)	\$ (252)	\$ (19)
Change in Assumptions	06/30/2008	19	84	91	7
FY08 Gain	06/30/2008	19	(393)	(410)	(31)
Change in Assumptions	06/30/2009	20	(69)	(70)	(5)
FY09 Gain	06/30/2009	20	(281)	(295)	(21)
Change in Assumptions ¹	06/30/2010	21	0	0	0
FY10 Gain	06/30/2010	21	(545)	(566)	(40)
FY11 Gain	06/30/2011	22	(94)	(97)	(7)
Change in Assumptions	06/30/2012	23	11,518	11,780	778
FY12 Gain	06/30/2012	23	(60)	(60)	(4)
FY13 Loss	06/30/2013	24	3,439	3,481	224
Change in Assumptions	06/30/2014	25	(9,736)	(9,736)	(612)
FY14 Loss	06/30/2014	25	1,616	1,616	102
Total				\$ 5,482	\$ 372

¹ The net effect of changing assumptions is less than \$1,000. The demographic assumption changes decreased liability by \$133 thousand and the economic assumption changes increased the liability by \$133 thousand. Therefore, the net effect of all assumption changes is \$0 for amortization purposes.

Schedule of Past Service Cost Amortizations – Total

Charge	Amortization Period		Balances		Beginning-of-Year Payment
	Date Created	Years Left	Initial	Outstanding	
Initial Unfunded Liability	06/30/2007	18	\$ (223)	\$ (236)	\$ (18)
Change in Assumptions	06/30/2008	19	84	91	7
FY08 Gain	06/30/2008	19	(785)	(820)	(62)
Change in Assumptions	06/30/2009	20	(151)	(154)	(11)
FY09 Gain	06/30/2009	20	(875)	(917)	(66)
Change in Assumptions	06/30/2010	21	(7)	(8)	(1)
FY10 Gain	06/30/2010	21	(1,024)	(1,064)	(75)
FY11 Gain	06/30/2011	22	(654)	(674)	(46)
Change in Assumptions	06/30/2012	23	11,518	11,780	778
FY12 Gain	06/30/2012	23	(189)	(193)	(13)
FY13 Loss	06/30/2013	24	3,290	3,330	214
Change in Assumptions	06/30/2014	25	(9,786)	(9,786)	(615)
PRPA Modification	06/30/2014	25	(25)	(25)	(2)
FY14 Loss	06/30/2014	25	1,361	1,361	86
Total				\$ 2,685	\$ 176

The amortization factor for 25 years is 15.898717. The weighted average amortization factor is 15.255682. The amortization method is level percentage of pay.

The equivalent single amortization period is 23.

Section 1.3 Actuarial Gain/(Loss) for FY14

(\$'s in 000's)

	Occupational Death & Disability	Retiree Medical	Total
1. Expected Actuarial Accrued Liability			
a. Accrued Liability, June 30, 2013	\$ 80	\$ 22,058	\$ 22,138
b. Normal Cost for FY14	104	3,423	3,527
c. Interest on (a) and (b) at 8.00%	15	2,038	2,053
d. Benefit Payments for FY14	0	0	0
e. Interest on (d) at 8.00% for one-half year	0	0	0
f. Change in Assumptions	(50)	(9,736)	(9,786)
g. PRPA Modification	<u>(25)</u>	<u>0</u>	<u>(25)</u>
h. Expected Accrued Liability as of June 30, 2014 (a) + (b) + (c) – (d) – (e) + (f) + (g)	\$ 124	\$ 17,783	\$ 17,907
2. Actual Accrued Liability, June 30, 2014	<u>23</u>	<u>16,273</u>	<u>16,296</u>
3. Liability Gain/(Loss), (1)(h) – (2)	\$ 101	\$ 1,510	\$ 1,611
4. Expected Actuarial Asset Value			
a. Actuarial Asset Value, June 30, 2013	\$ 2,532	\$ 8,614	\$ 11,146
b. Interest on (a) at 8.00%	203	689	892
c. Employer Contributions for FY14	0	1,181	1,181
d. Interest on (c) at 8.00% for one-half year	0	46	46
e. Benefit Payments for FY14	0	0	0
f. Interest on (e) at 8.00% for one-half year	<u>0</u>	<u>0</u>	<u>0</u>
g. Expected Actuarial Asset Value, June 30, 2014 (a) + (b) + (c) + (d) - (e) - (f)	\$ 2,735	\$ 10,530	\$ 13,265
5. Actuarial Asset Value, June 30, 2014	<u>2,820</u>	<u>10,791</u>	<u>13,611</u>
6. Actuarial Asset Gain/(Loss), (5) - (4)(g)	\$ 85	\$ 261	\$ 346
7. Actuarial Gain/(Loss), (3) + (6)	\$ 186	\$ 1,771	\$ 1,957
8. Effect of the 2-Year Delay on Contributions	\$ 69	\$ (3,387)	\$ (3,318)
9. FY14 Gain/(Loss) to be Amortized, (7) + (8)	\$ 255	\$ (1,616)	\$ (1,361)

Section 1.4 History of UAAL and Funded Ratio (\$'s in 000's)

Valuation Date	Aggregate Accrued Liability	Valuation Assets	Assets as a Percent of Accrued Liability	Unfunded Accrued Liabilities (UAL)
June 30, 2007	\$ 374	\$ 597	159.7%	\$ (223)
June 30, 2008	\$ 801	\$ 1,728	215.7%	\$ (927)
June 30, 2009	\$ 1,460	\$ 3,424	234.5%	\$ (1,964)
June 30, 2010	\$ 2,448	\$ 5,472	223.5%	\$ (3,024)
June 30, 2011	\$ 3,858	\$ 7,566	196.1%	\$ (3,708)
June 30, 2012	\$ 16,874	\$ 9,285	55.0%	\$ 7,589
June 30, 2013	\$ 22,138	\$ 11,146	50.3%	\$ 10,992
June 30, 2014	\$ 16,296	\$ 13,611	83.5%	\$ 2,685

Section 2 Plan Assets

Section 2.1 Summary of Fair Value of Assets (\$'s in 000's)

As of June 30, 2014	Occupational Death & Disability	Retiree Medical	Total Fair Value	Allocation Percent
Cash and Short-Term Investments				
- Cash and Cash Equivalents	\$ 101	\$ 379	\$ 480	3.3%
- Subtotal	\$ 101	\$ 379	\$ 480	3.3%
Fixed Income Investments				
- Domestic Fixed Income Pool	\$ 211	\$ 794	\$ 1,005	6.9%
- International Fixed Income Pool	55	207	262	1.8%
- Frontier Market Pool	15	54	69	0.5%
- High Yield Pool	82	308	390	2.7%
- Treasury Inflation Protection Pool	5	19	24	0.2%
- Emerging Debt Pool	<u>22</u>	<u>84</u>	<u>106</u>	<u>0.7%</u>
- Subtotal	\$ 390	\$ 1,466	\$ 1,856	12.7%
Equity Investments				
- Domestic Equity Pool	\$ 965	\$ 3,630	\$ 4,595	31.4%
- International Equity Pool	646	2,430	3,076	21.0%
- Private Equity Pool	251	945	1,196	8.2%
- Emerging Markets Equity Pool	<u>90</u>	<u>339</u>	<u>429</u>	<u>2.9%</u>
- Subtotal	\$ 1,952	\$ 7,344	\$ 9,296	63.5%
Other Investments				
- Real Estate Pool	\$ 246	\$ 927	\$ 1,173	8.0%
- Other Investments Pool	267	1,000	1,267	8.7%
- Absolute Return Pool	119	449	568	3.9%
- Other Assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0%</u>
- Subtotal	\$ 632	\$ 2,376	\$ 3,008	20.6%
Total Cash and Investments	\$ 3,075	\$ 11,565	\$ 14,640	100.0%
Net Accrued Receivables	<u>0</u>	<u>72</u>	<u>72</u>	
Net Assets	\$ 3,075	\$ 11,637	\$ 14,712	

Section 2.2 Changes in Fair Value of Assets (\$'s in 000's)

Fiscal Year 2014 (in thousands)	Occupational Death & Disability	Retiree Medical	Total Fair Value
1. Net Assets, June 30, 2013 (fair value)	\$ 2,595	\$ 8,779	\$ 11,374
2. Additions:			
a. Member Contributions	\$ 0	\$ 0	\$ 0
b. Employer Contributions	0	1,181	1,181
c. Interest and Dividend Income	52	182	234
d. Net Appreciation (Depreciation) in Fair Value of Investments	428	1,498	1,926
e. Other	0	0	0
f. Total Additions	\$ 480	\$ 2,861	\$ 3,341
3. Deductions:			
a. Medical Benefits	\$ 0	\$ 0	\$ 0
b. Death & Disability Benefits	0	0	0
c. Investment Expenses	0	0	0
d. Administrative Expenses	0	3	3
e. Total Deductions	\$ 0	\$ 3	\$ 3
4. Net Assets, June 30, 2014 (fair value)	\$ 3,075	\$ 11,637	\$ 14,712
Approximate Fair Value Investment Return Rate During FY14 Net of All Expenses	18.5%	17.8%	18.0%

Section 2.3 Actuarial Value of Assets (\$'s in 000's)

The actuarial value of assets and the fair value were \$0 at June 30, 2006. Future investment gains and losses are recognized 20% per year over 5 years. In no event may valuation assets be less than 80% or more than 120% of fair value as of the current valuation date.

In Thousands	Occupational Death & Disability	Retiree Medical	Total
1. Deferral of Investment Return/(Loss) for FY14			
a. Fair Value, June 30, 2013	\$ 2,595	\$ 8,779	\$ 11,374
b. Contributions for FY14	0	1,181	1,181
c. Benefit Payments for FY14	0	0	0
d. Actual Investment Return (<i>net of expenses</i>)	480	1,677	2,157
e. Expected Return Rate (<i>net of expenses</i>)	8.00%	8.00%	8.00%
f. Expected Return	208	749	957
g. Investment Gain/(Loss) for the Year (<i>d. – f.</i>)	272	928	1,200
h. Deferred Investment Return/(Loss)	255	846	1,101
2. Actuarial Value, June 30, 2014			
a. Fair Value, June 30, 2014	\$ 3,075	\$ 11,637	\$ 14,712
b. 2014 Deferred Investment Return/(Loss)	255	846	1,101
c. Preliminary Actuarial Value, June 30, 2014 (<i>a. - b.</i>)	2,820	10,791	13,611
d. Upper Limit: 120% of Fair Value, June 30, 2014	3,690	13,964	N/A
e. Lower Limit: 80% of Fair Value, June 30, 2014	2,460	9,310	N/A
f. Actuarial Value, June 30, 2014 (<i>c. limited by d. and e.</i>)	\$ 2,820	\$ 10,791	\$ 13,611
g. Ratio of Actuarial Value of Assets to Fair Value of Assets	91.7%	92.7%	92.5%
h. Approximate Actuarial Value Investment Return Rate During FY14 Net of All Expenses	11.4%	10.8%	10.9%

The tables below show the development of gain/(loss) to be recognized in the current year.

Occupational Death & Disability				
Plan Year Ended	Asset Gain/(Loss)	Gain/(Loss) Recognized in Prior Years	Gain/(Loss) Recognized This Year	Gain/(Loss) Deferred to Future Years
6/30/2010	\$ (14)	\$ (12)	\$ (2)	\$ 0
6/30/2011	190	114	38	38
6/30/2012	(150)	(60)	(30)	(60)
6/30/2013	99	20	20	59
6/30/2014	272	0	54	218
Total	\$ 397	\$ 62	\$ 80	\$ 255

Retiree Medical				
Plan Year Ended	Asset Gain/(Loss)	Gain/(Loss) Recognized in Prior Years	Gain/(Loss) Recognized This Year	Gain/(Loss) Deferred to Future Years
6/30/2010	\$ (58)	\$ (47)	\$ (11)	\$ 0
6/30/2011	460	276	92	92
6/30/2012	(382)	(152)	(76)	(154)
6/30/2013	278	56	56	166
6/30/2014	928	0	186	742
Total	\$ 1,226	\$ 133	\$ 247	\$ 846

Total				
Plan Year Ended	Asset Gain/(Loss)	Gain/(Loss) Recognized in Prior Years	Gain/(Loss) Recognized This Year	Gain/(Loss) Deferred to Future Years
6/30/2010	\$ (72)	\$ (59)	\$ (13)	\$ 0
6/30/2011	650	390	130	130
6/30/2012	(532)	(212)	(106)	(214)
6/30/2013	377	76	76	225
6/30/2014	1,200	0	240	960
Total	\$ 1,623	\$ 195	\$ 327	\$ 1,101

Section 2.4 Historical Asset Rate of Return

Year Ending	Actuarial Value		Fair Value	
	Annual	Cumulative	Annual	Cumulative
June 30, 2008	6.4%	6.4%	(0.3)%	(0.3)%
June 30, 2009	3.2%	4.8%	(12.0)%	(6.3)%
June 30, 2010	4.2%	4.6%	6.4%	(2.3)%
June 30, 2011	7.4%	5.3%	18.9%	2.6%
June 30, 2012	6.9%	5.6%	1.6%	2.4%
June 30, 2013	7.7%	6.0%	11.9%	3.9%
June 30, 2014	10.9%	6.6%	18.0%	5.8%

Section 3 Accounting Information

Section 3.1 Schedule of Funding Progress (\$'s in 000's)

The exhibit below shows the death and disability plan disclosure under GASB No. 25.

	Actuarial Accrued Liabilities (AAL)	Actuarial Value of Assets	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2014	\$ 23	\$ 2,820	12,260.9%	\$ (2,797)	\$ 229,971	(1.2)%
June 30, 2013	80	2,532	3,165.0%	(2,452)	206,771	(1.2)%
June 30, 2012	63	2,348	3,727.0%	(2,285)	200,043	(1.1)%
June 30, 2011	57	2,193	3,847.4%	(2,136)	170,606	(1.3)%
June 30, 2010	18	1,577	8,761.1%	(1,559)	118,813	(1.3)%
June 30, 2009	14	1,071	7,650.0%	(1,057)	89,708	(1.2)%
June 30, 2008	44	420	954.5%	(376)	56,369	(0.7)%
June 30, 2007	16	0	0.0%	16	28,410	0.1%

The exhibit below shows the retiree medical disclosure without regard to Medicare Part D under GASB No. 43.

	Actuarial Accrued Liabilities (AAL)	Actuarial Value of Assets	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2014	\$ 18,290	\$ 10,791	59.0%	\$ 7,499	\$ 229,971	3.3%
June 30, 2013	25,152	8,614	34.2%	16,538	206,771	8.0%
June 30, 2012	19,427	6,937	35.7%	12,490	200,043	6.2%
June 30, 2011	4,386	5,373	122.5%	(987)	170,606	(0.6)%
June 30, 2010	2,809	3,895	138.7%	(1,086)	118,813	(0.9)%
June 30, 2009	1,690	2,353	139.2%	(663)	89,708	(0.7)%
June 30, 2008	899	1,308	145.5%	(409)	56,369	(0.7)%
June 30, 2007	403	597	148.1%	(194)	28,410	(0.7)%

Section 3.2 Schedule of Employer Contributions (\$'s in 000's)

The following shows the death and disability disclosure under GASB No. 25 for fiscal year ending 2007 and later.

Fiscal Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed
June 30, 2014	\$ 0	100%
June 30, 2013	\$ 0	100%
June 30, 2012	\$ 0	100%
June 30, 2011	\$ 474	100%
June 30, 2010	\$ 442	100%
June 30, 2009	\$ 623	100%
June 30, 2008	\$ 408	100%
June 30, 2007	\$ 72	0%

The following shows the retiree medical disclosure without regard to Medicare Part D subsidy under GASB No. 43 for fiscal year ending 2007 and later.

Fiscal Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed
June 30, 2014	\$ 1,334	89%
June 30, 2013	\$ 1,241	89%
June 30, 2012	\$ 1,420	82%
June 30, 2011	\$ 1,422	81%
June 30, 2010	\$ 1,628	87%
June 30, 2009	\$ 1,162	85%
June 30, 2008	\$ 763	85%
June 30, 2007	\$ 575	100%

The exhibit below shows the annual required contribution (ARC) as a percentage of pay.

Valuation Date	Fiscal Year	Total Employer Contribution Rate		
		Occupational Death & Disability	Retiree Medical	Total
N/A	FY07	N/A	1.75%	1.75%
N/A	FY08	0.56%	1.16%	1.72%
N/A	FY09	0.62%	1.16%	1.78%
June 30, 2007	FY10	0.32%	1.18%	1.50%
June 30, 2008	FY11	0.28%	0.84%	1.12%
June 30, 2009	FY12	0.00%	0.71%	0.71%
June 30, 2010	FY13	0.00%	0.60%	0.60%
June 30, 2011	FY14	0.00%	0.58%	0.58%
June 30, 2012	FY15	0.00%	2.39%	2.39%
June 30, 2013	FY16	0.00%	2.36%	2.36%
June 30, 2014	FY17	0.00%	1.23%	1.23%

Section 3.3 Notes to Trend Data

Actuarial Assumptions, Methods and Additional Information Under GASB

Valuation Date	June 30, 2014
Actuarial Cost Method	Entry Age Normal Level Percentage of Pay Normal Cost Basis for Occupational Death & Disability Level Percentage of Pay Normal Cost Basis for Healthcare
Amortization Method	Level Percentage of Pay, closed with bases established annually
Equivalent Single Amortization Period	23 years
Asset Valuation Method	5-year smoothed market, 80% to 120% of fair value corridor
Actuarial Assumptions:	
Investment rate of return*	8.00% for pension, 5.08% for healthcare
Projected salary increases	8.11% for first year of service grading down to 3.87% after 22 years
*Includes price inflation at	3.12%

GASB 43 requires that the discount rate used in the valuation be the estimated long-term yield on investments that are expected to finance postemployment benefits. Depending on the method by which a plan is financed, the relevant investments could be plan assets, employer assets or a combination of plan and employer assets. The investment return should reflect the nature and the mix of both current and expected investments and the basis used to determine the actuarial value of assets.

The State of Alaska Teachers' Retirement System DCR Plan's retiree medical benefits are fully funded. Therefore, the 8.00% discount rate used for GASB 25 reporting is also applied herein for GASB 43 reporting.

Based on GASB accounting rules, the retiree drug subsidy the State of Alaska receives under Medicare Part D has not been recognized for GASB 43 disclosure purposes.

Disregarding future Medicare Part D payments, the fiscal 2017 employer ARC for accounting purposes is 2.36% of pay for retiree medical benefits and 2.36% of pay for retiree medical and death and disability benefits combined.

Section 3.4 Solvency Test (\$'s in 000's)

The exhibit below shows the combined occupational death & disability and retiree medical solvency test for valuation dates June 30, 2010 and before.

Valuation Date	Aggregate Accrued Liability For:			Valuation Assets	Portion of Accrued Liabilities Covered by Assets		
	(1) Active Member Contributions	(2) Inactive Members	(3) Active Members (Employer-Financed Portion)		(1)	(2)	(3)
June 30, 2010 ¹	\$ 0	\$ 0	\$ 2,448	\$ 5,472	100.0%	100.0%	100.0%
June 30, 2009 ¹	0	0	1,460	3,424	100.0%	100.0%	100.0%
June 30, 2008 ¹	0	0	801	1,728	100.0%	100.0%	100.0%
June 30, 2007	0	0	374	597	100.0%	100.0%	100.0%
June 30, 2006	0	0	0	0	100.0%	100.0%	100.0%

Retiree medical liabilities are calculated using the funding assumptions (i.e., funding investment return and net of Medicare Part D subsidy).

¹ Change in Assumptions

The exhibit below shows the occupational death & disability solvency test for valuation dates June 30, 2006 and later.

Valuation Date	Occupational Death & Disability Aggregate Accrued Liability For:			Occupational Death & Disability Valuation Assets	Portion of Accrued Liabilities Covered by Assets		
	(1) Active Member Contributions	(2) Inactive Members	(3) Active Members (Employer-Financed Portion)		(1)	(2)	(3)
June 30, 2014 ¹	\$ 0	\$ 0	\$ 23	\$ 2,820	100.0%	100.0%	100.0%
June 30, 2013	0	0	80	2,532	100.0%	100.0%	100.0%
June 30, 2012	0	0	63	2,348	100.0%	100.0%	100.0%
June 30, 2011	0	0	57	2,193	100.0%	100.0%	100.0%
June 30, 2010 ¹	0	0	18	1,577	100.0%	100.0%	100.0%
June 30, 2009 ¹	0	0	14	1,071	100.0%	100.0%	100.0%
June 30, 2008	0	0	44	420	100.0%	100.0%	100.0%
June 30, 2007	0	0	16	0	100.0%	100.0%	0.0%
June 30, 2006	0	0	0	0	N/A	N/A	N/A

¹ Change in Assumptions

The exhibit below shows the retiree medical solvency test for valuation dates June 30, 2006 and later.

Valuation Date	Retiree Medical Aggregate Accrued Liability For:			Retiree Medical Valuation Assets	Portion of Accrued Liabilities Covered by Assets		
	(1) Active Member Contributions	(2) Inactive Members	(3) Active Members (Employer-Financed Portion)		(1)	(2)	(3)
June 30, 2014 ¹	\$ 0	\$ 0	\$ 16,273	\$ 10,791	100.0%	100.0%	66.3%
June 30, 2013	0	0	22,058	8,614	100.0%	100.0%	39.1%
June 30, 2012 ¹	0	0	16,811	6,937	100.0%	100.0%	41.3%
June 30, 2011	0	0	3,801	5,373	100.0%	100.0%	100.0%
June 30, 2010 ¹	0	0	2,430	3,895	100.0%	100.0%	100.0%
June 30, 2009 ¹	0	0	1,446	2,353	100.0%	100.0%	100.0%
June 30, 2008 ¹	0	0	757	1,308	100.0%	100.0%	100.0%
June 30, 2007	0	0	358	597	100.0%	100.0%	100.0%
June 30, 2006	0	0	0	0	N/A	N/A	N/A

Retiree medical liabilities are calculated using the funding assumptions (i.e., funding investment return and net of Medicare Part D subsidy).

¹ Change in Assumptions

Section 4 Member Data

Section 4.1 Summary of Members Included

As of June 30	2010	2011	2012	2013	2014
Active Members					
1. Number	2,246	2,708	3,057	3,272	3,547
2. Average Age	36.79	37.25	37.61	38.10	38.52
3. Average Credited Service	2.07	2.62	3	3.52	3.90
4. Average Entry Age	34.72	34.63	34.61	34.58	34.62
5. Average Annual Earnings	\$ 52,900	\$ 55,860	\$ 58,476	\$ 60,496	\$ 61,940
Retirees, Disabilitants and Beneficiaries					
1. Number	0	0	0	0	0
2. Average Age	N/A	N/A	N/A	N/A	N/A
3. Average Monthly Death & Disability Benefit	N/A	N/A	N/A	N/A	N/A
Inactive Members*					
1. Number	4	24	68	133	262
Total Number of Members	2,250	2,732	3,125	3,405	3,809

*Inactive members who have balances in the deferred contribution retirement plan and are not eligible for future occupational death & disability or retiree medical benefits.

Average annual earnings are the annualized earnings for the fiscal year ending on the valuation date.

Section 4.2 Age and Service Distribution of Active Members

Annual Earnings by Age

Age	Number	Total Annual Earnings	Average Annual Earnings
0 – 19	0	\$ 0	\$ 0
20 – 24	105	5,218,016	49,695
25 – 29	720	40,047,785	55,622
30 – 34	874	52,753,765	60,359
35 – 39	516	32,738,370	63,446
40 – 44	413	26,332,781	63,760
45 – 49	309	20,532,223	66,447
50 – 54	296	19,972,696	67,475
55 – 59	188	12,999,364	69,146
60 – 64	98	7,009,117	71,522
65 – 69	24	1,822,169	75,924
70 – 74	3	219,729	73,243
75+	1	55,000	55,000
Total	3,547	\$ 219,701,015	\$ 61,940

Annual Earnings by Credited Service

Years of Service	Number	Total Annual Earnings	Average Annual Earnings
0	100	\$ 4,929,423	\$ 49,294
1	647	36,549,921	56,491
2	506	29,673,696	58,644
3	477	29,364,412	61,561
4	474	29,811,115	62,893
0 – 4	2,204	130,328,567	59,133
5 – 9	1,340	89,136,702	66,520
10 – 14	3	235,746	78,582
15 – 19	0	0	0
20 – 24	0	0	0
25 – 29	0	0	0
30 – 34	0	0	0
35 – 39	0	0	0
40+	0	0	0
Total	3,547	\$ 219,701,015	\$ 61,940

Years of Credited Service by Age

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
0 – 19	0	0	0	0	0	0	0	0	0	0
20 – 24	105	0	0	0	0	0	0	0	0	105
25 – 29	587	133	0	0	0	0	0	0	0	720
30 – 34	497	377	0	0	0	0	0	0	0	874
35 – 39	266	249	1	0	0	0	0	0	0	516
40 – 44	235	178	0	0	0	0	0	0	0	413
45 – 49	182	127	0	0	0	0	0	0	0	309
50 – 54	159	136	1	0	0	0	0	0	0	296
55 – 59	109	78	1	0	0	0	0	0	0	188
60 – 64	55	43	0	0	0	0	0	0	0	98
65 – 69	6	18	0	0	0	0	0	0	0	24
70 – 74	2	1	0	0	0	0	0	0	0	3
75+	1	0	0	0	0	0	0	0	0	1
Total	2,204	1,340	3	0	0	0	0	0	0	3,547

Total annual earnings are the annualized earnings for the fiscal year ending on the valuation date.

Section 4.3 Member Data Reconciliation

	Actives	Vested Inactive	Retired	Disabled	Beneficiary	Total
Total as of July 1, 2013	3,272	133	0	0	0	3,405
Vested Termination	(166)	166	0	0	0	0
Non-vested Termination	(313)	(3)	0	0	0	(316)
Refund of Contributions	(26)	(21)	0	0	0	(47)
Disabilitants	0	0	0	0	0	0
Retired	0	0	0	0	0	0
Deceased, No Beneficiary	0	0	0	0	0	0
Deceased, With Beneficiary	0	0	0	0	0	0
Return to Active	132	(16)	0	0	0	116
Data Adjustment	0	3	0	0	0	3
New Entrant	648	0	0	0	0	648
Total as of July 1, 2014	3,547	262	0	0	0	3,809

Section 4.4 Schedule of Active Member Valuation Data

Valuation Date	Number	Annual Earnings (000's)	Annual Average Earnings	Percent Increase/ (Decrease) in Average Earnings	Number of Participating Employers
June 30, 2014	3,547	\$ 219,701	\$ 61,940	2.4%	58
June 30, 2013	3,272	197,944	60,496	3.5%	58
June 30, 2012	3,057	178,761	58,476	4.7%	58
June 30, 2011	2,708	151,269	55,860	5.6%	58
June 30, 2010	2,246	118,813	52,900	5.7%	58
June 30, 2009	1,792	89,708	50,061	6.4%	58
June 30, 2008	1,198	56,369	47,053	6.2%	58

Annual earnings are the annualized earnings for the fiscal year ending on the valuation date.

Section 5 Basis of the Actuarial Valuation

Section 5.1 Summary of Plan Provisions and Changes in Plan Provisions

1. **Effective Date**

July 1, 2006, with amendments through June 30, 2014.

2. **Administration of Plan**

The Commissioner of Administration or the Commissioner's designee is the administrator of the Plan. The Attorney General of the state is the legal counsel for the Plan and shall advise the administrator and represent the Plan in legal proceedings.

The Alaska Retirement Management Board prescribes policies, adopts regulations, invests the funds, and performs other activities necessary to carry out the provisions of the Plan.

3. **Employers Included**

Currently there are 58 employers participating in the TRS DCR Plan, including the State of Alaska, 53 school districts, and four other eligible organizations.

4. **Membership**

An employee of a participating employer who first enters service on or after July 1, 2006, or a member of the defined benefit plan who works for an employer who began participation on or after July 1, 2006, and meets the following criteria is a member in the Plan:

- Permanent full-time or part-time elementary or secondary teachers, school nurses, or a person in a position requiring a teaching certificate as a condition of hire in a public school of the State of Alaska, the Department of Education and Early Development or in the Department of Labor and Workforce Development.
- Full-time or part-time teachers at the University of Alaska or persons occupying full-time administrative positions requiring academic standing who are not in the University's Optional Retirement Plan.

Members can convert to the DCR Plan if they are an eligible nonvested member of the TRS defined benefit plan whose employer consents to transfers to the defined contribution plan and they elect to transfer his or her account balance to the TRS DCR Plan.

5. **Member Contributions**

There are no member contributions for the occupational death & disability and retiree medical benefits.

6. Retiree Medical

- Member must retire directly from the plan to be eligible for retiree medical coverage. Normal retirement eligibility is the earlier of a) 30 years of service or b) Medicare eligible and 10 years of service.
- No retiree medical benefits are provided until normal retirement eligibility. The member's premium is 100% until they are Medicare eligible.
- Coverage cannot be denied except for failure to pay premium.
- Members who are receiving disability benefits or survivors who are receiving monthly survivor benefits are not eligible until the member meets, or would have met if he/she had lived, the normal retirement eligibility requirements.
- The plan's coverage is supplemental to Medicare.
- The Medicare-eligible premium will be based on the member's years of service. The percentage of premium paid by the member is as follows:

Years of Service	Percent of Premium Paid by Member
Less than 15 years	30%
15 – 19	25%
20 – 24	20%
25 – 29	15%
30 years or more	10%

7. Occupational Disability Benefits

- Benefit is 40% of salary at date of disability.
- Disability Benefit Adjustment: The disability benefit is increased by 75% of the cost of living increase in the preceding calendar year or 9%, whichever is less.
- Member earns service while on occupational disability.
- Benefits cease when the member becomes eligible for normal retirement at Medicare-eligible age and 10 years of service, or at any age with 30 years of service.
- No retiree medical benefits are provided until normal retirement eligibility. The member's premium is 100% until they are Medicare eligible. Medicare-eligible premiums follow the service-based schedule above.

8. Occupational Death Benefits

- Benefit is 40% of salary.
- Survivor's Pension Adjustment: A survivor's pension is increased by 50% of the cost of living increase in the preceding calendar year or 6%, whichever is less, if the recipient is at least age 60 on July 1, or under age 60 if the recipient has been receiving TRS benefits for at least 8 years as of July 1.
- Benefits cease when the member would have become eligible for normal retirement.
- The period during which the survivor is receiving benefits is counted as service credit toward retiree medical benefits.
- No retiree medical benefits are provided until the member would have been eligible for normal retirement. The surviving spouse's premium is 100% until the member would have been Medicare eligible. Medicare-eligible premiums follow the service-based schedule above.

Changes Since the Prior Valuation

Effective for the June 30, 2014 valuation, the Board adopted the changes to the demographic and economic assumptions recommended by the actuary, based on the results of an experience analysis performed on the population experience from July 1, 2009 to June 30, 2013. The changes in assumptions were adopted by the Board during the December 2014 Board meeting. We also updated the Healthcare Cost Trend and Contribution Trend assumptions.

Due to plan clarification, the PRPA was added to the occupational death and disability benefits.

Section 5.2 Description of Actuarial Methods and Valuation Procedures

The funding method used in this valuation was adopted by the Board in October 2006. The asset smoothing method used to determine valuation assets was implemented effective June 30, 2006.

Benefits valued are those delineated in Alaska State statutes as of the valuation date. Changes in State statutes effective after the valuation date are not taken into consideration in setting the assumptions and methods.

Valuation of Liabilities

a. Actuarial Method – Entry Age Actuarial Cost

Liabilities and contributions shown in the report are computed using the Entry Age Actuarial Cost method of funding. Any funding surpluses or unfunded accrued liability is amortized over 25 years as a level percentage of expected payroll. However, in keeping with GASB requirements, the net amortization period will not exceed 30 years. These requirements under GASB 25 have been amended by GASB 67, effective June 30, 2014. Per KPMG, the new accounting standards under GASB 67 and 68 are not applicable to the Occupational Death & Disability benefits under the DCR Plan.

Cost factors designed to produce annual costs as a constant percentage of each member's expected compensation in each year for death and disability benefits (constant dollar amount for retiree medical benefits), from the assumed entry age to the last age with a future benefit were applied to the projected benefits to determine the normal cost (the portion of the total cost of the Plan allocated to the current year under the method). The normal cost is determined by summing intermediate results for active members and determining an average normal cost rate which is then related to the total DCR Plan payroll of active members. The actuarial accrued liability for active members (the portion of the total cost of the Plan allocated to prior years under the method) was determined as the excess of the actuarial present value of projected benefits over the actuarial present value of future normal costs.

The actuarial accrued liability for beneficiaries and disabled members currently receiving benefits (if any) was determined as the actuarial present value of the benefits expected to be paid. No future normal costs are payable for these members.

The actuarial accrued liability under this method at any point in time is the theoretical amount of the fund that would have been accumulated had annual contributions equal to the normal cost been made in prior years (it does not represent the liability for benefits accrued to the valuation date). The unfunded actuarial accrued liability is the excess of the actuarial accrued liability over the actuarial value of plan assets measured on the valuation date.

Under this method, experience gains or losses, i.e., decreases or increases in accrued liabilities attributable to deviations in experience from the actuarial assumptions, adjust the unfunded actuarial accrued liability.

b. Valuation of Assets

Effective June 30, 2006, the asset valuation method recognizes 20% of the investment gain or loss in each of the current and preceding four years. This method will be phased in over five

years. Fair Value of Assets were \$0 as of June 30, 2006. All assets are valued at fair value. Assets are accounted for on an accrued basis and are taken directly from financial statements audited by KPMG LLP. Valuation assets are constrained to a range of 80% to 120% of the fair value of assets.

c. Valuation of Retiree Medical Benefits

The methodology used for the valuation of the retiree medical benefits is described in Section 6.2(c) of the State of Alaska Teachers' Retirement System Defined Benefit Plan Actuarial Valuation Report as of June 30, 2014.

Due to the lack of experience for the DCR Plan only, base claims costs are based on those described in the actuarial valuation as of June 30, 2014 for TRS with some adjustments. The claims costs were adjusted to reflect the differences between the DCR medical plan and the DB medical plan. These differences include network steerage, different coverage levels and an indexing of the retiree out-of-pocket dollar amounts. To account for higher initial copays, deductibles and out-of-pocket limits, FY14 claims costs were reduced 11.9% for medical and 7.1% for prescription drugs. Retiree out-of-pocket amounts were indexed 0.2% each year to reflect the effect of the deductible leveraging on trend and other plan design features.

No implicit subsidies are assumed. Employees projected to retire with 30 years of service prior to Medicare are valued with commencement deferred to Medicare eligibility, as such members will be required to pay the full plan premium. Explicit subsidies for disabled and normal retirement are determined using the plan-defined percentages of total projected plan costs, again with no implicit subsidy assumed.

d. Healthcare Reform

Healthcare Reform legislation passed on March 23, 2010 included several provisions with potential implications for the State of Alaska Retiree Health Plan liability. Buck evaluated the impact due to the following provisions; however, only the Patient Centered Outcomes Research Institute fee impact have been included in the valuation results as part of administrative fee.

Because the State plan is retiree-only, and was in effect at the time the legislation was enacted, not all provisions are required. Unlimited lifetime benefits and dependent coverage to age 26 are two of these provisions. We did look at the impact of including these provisions, but there was no decision made to adopt them, and no requirement to do so.

The Plan will be subject to the high cost plan excise tax (Cadillac tax). Based upon guidance available at the time of disclosure, Buck determined the impact to be immaterial based on a blend of pre-Medicare and Medicare retirees and the projected impact to future healthcare cost trends due to the estimated tax.

We have not identified any other specific provisions of healthcare reform that would be expected to have a significant impact on the measured obligation. As additional guidance on the legislation is issued, we will continue to monitor any potential impacts.

e. Changes in Methods From the Prior Valuation

There have been no changes in methods since the prior valuation.

Section 5.3 Summary of Actuarial Assumptions and Changes in Assumptions

The demographic and economic assumptions used in the June 30, 2014 valuation are described below. Unless noted otherwise, these assumptions were adopted by the Board in December 2014. These assumptions were the result of an experience study performed for the DB Plan as of June 30, 2013.

Investment Return / Discount Rate	8.00% per year (geometric), compounded annually, net of expenses.
Salary Scale	Inflation – 3.12% per year. Productivity – 0.50% per year. See Table 1 for salary scale rates.
Payroll Growth	3.62% per year. (Inflation + Productivity).
Total Inflation	Total inflation as measured by the Consumer Price Index for urban and clerical workers for Anchorage is assumed to increase 3.12% annually.
Mortality (Pre-termination)*	Based upon the 2010-2013 actual experience. (See Table 2). 68% of male rates and 60% of female rates of post-termination mortality. Deaths are assumed to result from occupational causes 15% of the time.
Mortality (Post-termination)*	Based upon the 2010-2013 actual experience. (See Table 3). 94% of male and 97% of female rates of RP-2000, 2000 Base Year projected to 2018 with Projection Scale BB, with a 3-year setback for males and a 4-year setback for females. Disability Mortality in accordance with the RP-2000 Disabled Retiree Mortality Table, 2000 Base Year, projected to 2018 with Projection Scale BB.
Turnover	Select and ultimate rates based upon the 2010-2013 actual withdrawal experience. (See Table 4).
Disability	Incidence rates based upon the 2010-2013 actual experience, in accordance with Table 5. Disabilities are assumed to result from occupational causes 15% of the time.
Retirement	Retirement rates based upon the 2010 - 2013 actual experience in accordance with Table 6. Deferred vested members are assumed to retire at their earliest unreduced retirement date.
Marriage and Age Difference	Wives are assumed to be three years younger than husbands. 85% of male members and 75% of female members are assumed to be married.
Dependent Children	Benefits to dependent children have been valued assuming members who are married and between the ages of 25 and 45 have two dependent children.
Contribution Refunds	5% of terminating members with vested benefits are assumed to have their contributions refunded. 100% of those with non-vested benefits are assumed to have their contributions refunded.

*The mortality assumptions include an allowance for expected future mortality improvement. The mortality table used was set in 2014 with an Actual Deaths to Expected Deaths ratio of 110%.

Expenses

All expenses are net of the investment return assumption.

Per Capita Claims Cost

Sample claims cost rates adjusted to age 65 for FY15 medical benefits are shown below:

	Medical	Prescription Drugs
Pre-Medicare	\$ 12,362	\$ 2,624
Medicare Parts A & B	\$ 1,657	\$ 2,624
Medicare Part B Only	\$ 7,920	\$ 2,624
Medicare Part D	N/A	\$ 507

Third Party Administrator Fees

\$193.98 per person per year; assumed trend rate of 5% per year.

Base Claims Cost Adjustments

Due to higher initial copays, deductibles, out-of-pocket limits and member cost sharing compared to the DB medical plan, the following cost adjustments are applied to the per capita claims cost rates above:

- 0.881 for the medical plan.
- 0.929 for the prescription drug plan.
- 0.998 for the annual indexing of member cost sharing.

Health Cost Trend

The table below shows the rate used to project the cost from the shown fiscal year to the next fiscal year. For example, 10.0% is applied to the FY15 pre-Medicare medical claims cost to get the FY16 medical claims cost.

	Medical Pre-65	Medical Post-65	Prescription Drugs
FY15	10.0%	6.0%	6.0%
FY16	9.4%	5.9%	5.7%
FY17	8.8%	5.8%	5.4%
FY18	8.2%	5.7%	5.1%
FY19	7.6%	5.6%	4.8%
FY20	7.0%	5.6%	4.6%
FY21	6.5%	5.6%	4.4%
FY25	5.6%	5.6%	4.2%
FY50	4.4%	4.0%	4.0%
FY100	4.4%	4.0%	4.0%

For the June 30, 2014 valuations and later, the updated Society of Actuaries' Healthcare Cost Trend Model is used to project medical and prescription drug costs. This model effectively begins estimating trend amounts beginning in 2014 and projects out to 2090. The model has been populated with assumptions that are specific to the State of Alaska.

Aging Factors

Age	Medical	Prescription Drugs
0-44	2.0%	4.5%
45-54	2.5%	3.5%
55-64	3.5%	3.0%
65-73	4.0%	1.5%
74-83	1.5%	0.5%
84-93	0.5%	0.0%
94+	0.0%	0.0%

Retiree Medical Participation

Decrement Due to Disability

<u>Age</u>	<u>Percent Participation</u>
<56	73.00%
56	77.50%
57	79.75%
58	82.00%
59	84.25%
60	86.50%
61	88.75%
62	91.00%
63	93.25%
64	95.50%
65+	94.00%

Decrement Due to Retirement

<u>Age</u>	<u>Percent Participation</u>
55	40.0%
56	50.0%
57	55.0%
58	60.0%
59	65.0%
60	70.0%
61	75.0%
62	80.0%
63	85.0%
64	90.0%
65+	<u>Years of Svc</u>
	<15 70.5%
	15-19 75.2%
	20-24 79.9%
	25-29 89.3%
	30+ 94.0%

*Participation rates reflect the expected plan election rate that varies by reason for decrement, duration that a member may pay full cost prior to Medicare eligibility, and availability of alternative and/or lower cost options, particularly in the Medicare market.

Table 1
Alaska TRS DCR Plan
Salary Scale

Years of service	Percent Increase
0	8.11%
1	7.51
2	6.91
3	6.41
4	6.11
5	6.11
6	5.90
7	5.69
8	5.55
9	5.40
10	5.26
11	5.11
12	4.96
13	4.84
14	4.72
15	4.60
16	4.49
17	4.37
18	4.27
19	4.17
20	4.07
21	3.97
22+	3.87

Table 2
Alaska TRS DCR Plan
Mortality Table (Pre-termination)

Age	Male	Female	Age	Male	Female
20	0.0182%	0.0098%	55	0.1615%	0.0985%
21	0.0191	0.0101	56	0.1766	0.1054
22	0.0200	0.0104	57	0.1901	0.1132
23	0.0209	0.0105	58	0.2117	0.1221
24	0.0216	0.0105	59	0.2409	0.1344
25	0.0222	0.0106	60	0.2643	0.1501
26	0.0226	0.0107	61	0.2917	0.1659
27	0.0228	0.0109	62	0.3229	0.1837
28	0.0228	0.0111	63	0.3599	0.2080
29	0.0229	0.0114	64	0.4021	0.2367
30	0.0231	0.0118	65	0.4504	0.2723
31	0.0238	0.0123	66	0.5057	0.3118
32	0.0249	0.0130	67	0.5594	0.3582
33	0.0269	0.0137	68	0.6202	0.4036
34	0.0302	0.0146	69	0.7017	0.4546
35	0.0340	0.0169	70	0.7828	0.5130
36	0.0382	0.0193	71	0.8702	0.5696
37	0.0425	0.0217	72	0.9643	0.6297
38	0.0468	0.0240	73	1.0813	0.6959
39	0.0509	0.0262	74	1.1964	0.7841
40	0.0547	0.0283	75	1.3285	0.8701
41	0.0584	0.0305	76	1.4797	0.9678
42	0.0618	0.0330	77	1.6508	1.0757
43	0.0653	0.0357	78	1.8423	1.1923
44	0.0692	0.0389	79	2.0534	1.3163
45	0.0736	0.0427	80	2.2841	1.4502
46	0.0787	0.0470	81	2.5382	1.5972
47	0.0846	0.0517	82	2.8208	1.7607
48	0.0913	0.0567	83	3.1344	1.9438
49	0.0979	0.0620	84	3.5081	2.1486
50	0.1050	0.0674	85	3.9193	2.3782
51	0.1126	0.0731			
52	0.1208	0.0791			
53	0.1295	0.0855			
54	0.1483	0.0908			

Table 3
Alaska TRS DCR Plan
Mortality Table (Post-termination)

Age	Male	Female	Age	Male	Female
50	0.1544%	0.1124%	85	5.7637%	3.9636%
51	0.1656	0.1219	86	6.4248	4.3940
52	0.1777	0.1318	87	7.2770	4.8789
53	0.1904	0.1424	88	8.2264	5.4261
54	0.2181	0.1513	89	9.2884	6.0450
55	0.2375	0.1641	90	10.4794	6.8659
56	0.2597	0.1756	91	11.8129	7.7983
57	0.2795	0.1887	92	13.2941	8.8452
58	0.3113	0.2035	93	14.9196	10.0021
59	0.3543	0.2240	94	16.5479	11.2560
60	0.3887	0.2501	95	18.2705	12.5866
61	0.4289	0.2765	96	20.0693	13.9699
62	0.4749	0.3062	97	21.9249	15.3813
63	0.5293	0.3466	98	23.3940	16.4973
64	0.5913	0.3946	99	25.2821	17.8741
65	0.6624	0.4538	100	26.7022	18.8730
66	0.7436	0.5196	101	28.5888	20.1393
67	0.8227	0.5970	102	29.9408	20.9540
68	0.9121	0.6727	103	31.8102	22.0440
69	1.0318	0.7576	104	33.1094	22.6232
70	1.1511	0.8550	105	34.9384	23.7489
71	1.2798	0.9494	106	36.0058	24.6863
72	1.4180	1.0494	107	36.8483	25.8063
73	1.5902	1.1599	108	37.4013	27.0683
74	1.7595	1.3068	109	37.6000	28.4323
75	1.9536	1.4502	110	37.6000	29.8577
76	2.1760	1.6130	111	37.6000	31.3043
77	2.4276	1.7929	112	37.6000	32.7318
78	2.7093	1.9871	113	37.6000	34.0998
79	3.0198	2.1938	114	37.6000	35.3678
80	3.3590	2.4170	115	37.6000	36.4959
81	3.7326	2.6620	116	37.6000	37.4435
82	4.1482	2.9345	117	37.6000	38.1702
83	4.6095	3.2397	118	37.6000	38.6359
84	5.1589	3.5811	119	100.0000	100.0000

Table 4
Alaska TRS DCR Plan
Turnover Assumptions

Select Rates of Turnover During the First 5 Years of Employment

Service	Female	Male
0	21.80%	20.70%
1	18.70	19.55
2	15.40	16.10
3	13.20	13.80
4	11.00	11.50
5	8.05	7.32

Ultimate Rates of Turnover After the First 5 Years of Employment

Age	Female	Male	Age	Female	Male
15	6.6811%	6.2959%	40	6.5647%	6.1753%
16	6.6811	6.2959	41	6.5516	6.1604
17	6.6811	6.2959	42	6.5386	6.1455
18	6.6811	6.2959	43	6.5175	6.1081
19	6.6811	6.2959	44	6.4965	6.0706
20	6.6811	6.2959	45	6.4754	6.0332
21	6.6811	6.2959	46	6.4544	5.9957
22	6.6811	6.2959	47	6.4333	5.9583
23	6.6773	6.2903	48	6.3975	5.9053
24	6.6735	6.2847	49	6.3617	5.8522
25	6.6697	6.2791	50	6.3259	5.7992
26	6.6659	6.2735	51	6.2901	5.7461
27	6.6621	6.2679	52	6.2543	5.6931
28	6.6583	6.2623	53	6.1818	5.5800
29	6.6544	6.2567	54	6.1093	5.4670
30	6.6506	6.2512	55	6.0367	5.3539
31	6.6467	6.2456	56	5.9642	5.2409
32	6.6429	6.2400	57	5.8917	5.1278
33	6.6351	6.2360	58	6.0021	5.1711
34	6.6273	6.2320	59	6.1125	5.2144
35	6.6194	6.2280	60	6.2230	5.2578
36	6.6116	6.2240	61	6.3334	5.3011
37	6.6038	6.2200	62	6.4438	5.3444
38	6.5908	6.2051	63	6.6292	5.7296
39	6.5777	6.1902	64	6.8146	6.1148
			65+	7.0000	6.5000

Table 5
Alaska TRS DCR Plan
Disability Table

Age	Unisex
< 19	0.0560%
20	0.0560
21	0.0563
22	0.0565
23	0.0574
24	0.0583
25	0.0593
26	0.0602
27	0.0611
28	0.0611
29	0.0612
30	0.0612
31	0.0613
32	0.0613
33	0.0622
34	0.0631
35	0.0641
36	0.0650
37	0.0659
38	0.0674
39	0.0689
40	0.0703
41	0.0718
42	0.0733
43	0.0770
44	0.0806
45	0.0843
46	0.0879
47	0.0916
48	0.0975
49	0.1034
50	0.1093
51	0.1152
52	0.1211
53	0.1356
54	0.1501

Table 6
Alaska TRS DCR Plan
Retirement Table

Age	Rate
< 54	2.0%
55	3.0
56	3.0
57	3.0
58	3.0
59	3.0
60	5.0
61	5.0
62	10.0
63	5.0
64	5.0
65	25.0
66	25.0
67	25.0
68	20.0
69	20.0
> 70	100.0

Changes in Actuarial Assumptions Since the Prior Valuation

	June 30, 2013	June 30, 2014
Salary Scale	Based on actual experience from 2005 to 2009.	Rates adjusted on actual experience from 2010 – 2013.
Pre-termination Mortality	The 1994 GAM Sex-distinct Table, 1994 Base Year projected to 2013 using Projection Scale AA, adjusted 45% for males, and 55% for females.	68% of male rates and 60% of female rates of RP-2000, 2000 Base Year projected to 2018 with Projection Scale BB. Deaths are assumed to result from non-occupational causes 85% of the time.
Post-termination Mortality	The 1994 GAM Sex-distinct Table, 1994 Base Year projected to 2013 using Projection Scale AA, setback 3 years for females and 4-year setback for males.	94% of male and 97% female rates of RP-2000, 2000 Base Year projected to 2018 with Projection Scale BB, with a 3-year setback for males and a 4-year setback for females.
Disabled Mortality	RP-2000 Disabled Retiree Mortality Table.	RP-2000 Disabled Retiree Mortality, 2000 Base Year projected to 2018, with Scale BB
Turnover	Based on actual experience from 2005 to 2009.	Select and ultimate rates based upon the 2010-2013 actual withdrawal experience.
Disability	Based on actual experience from 2005 to 2009 and stop rates at earliest retirement age.	Incidence rates based upon the 2010-2013 actual experience. Male/Female rates increased and changed to Unisex rates. Disabilities are assumed to result from occupational causes 15% of the time.
Retirement	Rates adjusted based on actual experience from 2005 to 2009.	Retirement rates based upon the 2010 - 2013 actual experience.
Part-time Service	.60 years of credited service per year.	Part-time employees are assumed to earn 0.75 years of credited service per year.

June 30, 2013

June 30, 2014

Health Cost Trend

	Medical Pre-65	Medical Post-65	Prescription Drugs
FY14	8.7%	6.4%	6.3%
FY15	8.5%	6.3%	6.2%
FY16	8.0%	6.3%	6.2%
FY17	7.5%	6.2%	6.1%
FY18	7.0%	6.1%	6.0%
FY19	6.6%	6.1%	5.8%
FY20	6.4%	6.1%	5.8%
FY25	6.0%	6.0%	5.7%
FY50	5.0%	5.0%	5.0%
FY100	4.5%	4.5%	4.5%

	Medical Pre-65	Medical Post-65	Prescription Drugs
FY15	10.0%	6.0%	6.0%
FY16	9.4%	5.9%	5.7%
FY17	8.8%	5.8%	5.4%
FY18	8.2%	5.7%	5.1%
FY19	7.6%	5.6%	4.8%
FY20	7.0%	5.6%	4.6%
FY21	6.5%	5.6%	4.4%
FY25	5.6%	5.6%	4.2%
FY50	4.4%	4.0%	4.0%
FY100	4.4%	4.0%	4.0%

Trend Rate for Retired Member Medical Contribution

FY13 Trend Assumption	
FY14	8.2%
FY15	8.0%
FY16	7.6%
FY17	7.2%
FY18	6.7%
FY19	6.4%
FY25	5.9%
FY50	5.0%
FY100	4.5%

FY14 Trend Assumption	
FY15	7.0%
FY16	6.6%
FY17	6.2%
FY18	5.8%
FY19	5.4%
FY20	5.0%
FY25	4.1%
FY50	4.0%
FY100	4.0%

Glossary of Terms

Actuarial Accrued Liability	Total accumulated cost to fund pension benefits arising from service in all prior years.
Actuarial Cost Method	Technique used to assign or allocate, in a systematic and consistent manner, the expected cost of a pension plan for a group of plan members to the years of service that give rise to that cost.
Actuarial Present Value of Projected Benefits	Amount which, together with future interest, is expected to be sufficient to pay all future benefits.
Actuarial Valuation	Study of probable amounts of future pension benefits and the necessary amount of contributions to fund those benefits.
Actuary	Person who performs mathematical calculations pertaining to pension and insurance benefits based on specific procedures and assumptions.
Annual Required Contribution	Disclosure measure of annual pension cost.
GASB 25 and 27	Governmental Accounting Standards Board Statement Number 25 which specifies how the Annual Required Contribution (ARC) is to be calculated, and Number 27 which specifies Employer reporting of Pension Cost.
GASB 43 and 45	Governmental Accounting Standards Board Statement Number 43 which specifies how the Annual Required Contribution (ARC) is to be calculated, and Number 45 which specifies Employer reporting of Other Post-Employment Benefit (OPEB) Cost.
GASB 67 and 68	<p>Governmental Accounting Standards Board Statement Number 67 amends Number 25 effective for the fiscal year beginning after June 15, 2013, and defines new financial reporting requirements for public pension plans.</p> <p>Governmental Accounting Standards Board Statement Number 68 amends Number 27 effective for fiscal years beginning after June 15, 2014 and defines new accounting and financial reporting requirements for employers sponsoring public pension plans.</p>
Liquidity Factor	Is calculated as the average annual Fair Value of Assets divided by the total annual benefit payments. This measures the approximate number of years that assets will cover benefit payments without contributions or investment return. Trend shows solvency risk.
Maturity Ratio	The ratio of the actuarial accrued liability for members who are no longer active to the total actuarial accrued liability. A ratio of over 50% indicates a mature plan. The higher the maturity ratio, the more volatile the contribution rate will be from year to year given actuarial gains and losses.
Normal Cost	That portion of the actuarial present value of benefits assigned to a particular year in respect to an individual member or the plan as a whole.
Unfunded Actuarial Accrued Liability (UAAL)	The portion of the actuarial accrued liability not offset by plan assets.
Vested Benefits	Benefits which are unconditionally guaranteed regardless of employment status.