



**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM  
RETIREE MEDICAL PLAN**

Schedule of Employer Allocations and  
Schedule of OPEB Amounts by Employer

June 30, 2022

(With Independent Auditors' Report Thereon)

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM  
RETIREE MEDICAL PLAN**

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## Independent Auditors' Report

The Division of Retirement and Benefits and  
Members of the Alaska Retirement Management Board  
State of Alaska Teachers' Retirement System

### *Opinions*

We have audited the schedule of employer allocations of the State of Alaska Teachers' Retirement System Retiree Medical Plan (the Plan) as of and for the year ended June 30, 2022, and the related notes. We have also audited the total for all entities of the columns titled net OPEB asset, total deferred outflows of resources, total deferred inflows of resources, and total OPEB expense (specified column totals) included in the accompanying schedule of OPEB amounts by employer of the Plan as of and for the year ended June 30, 2022, and the related notes.

In our opinion, the accompanying schedules referred to above present fairly, in all material respects, the employer allocations and net OPEB asset, total deferred outflows of resources, total deferred inflows of resources, and total OPEB expense for the total of all participating entities for the Plan as of and for the year ended June 30, 2022, in accordance with U.S. generally accepted accounting principles.

### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Schedules section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Responsibilities of Management for the Schedules*

Management is responsible for the preparation and fair presentation of these schedules in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedules that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibilities for the Audit of the Schedules*

Our objectives are to obtain reasonable assurance about whether the schedule of employer allocations and specified column totals included in the schedule of OPEB amounts by employer are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the schedule of employer allocations and the specified totals included in the schedule of OPEB amounts by employer.



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the schedule of employer allocations and the specified column totals included in the schedule of OPEB amounts by employer, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the schedule of employer allocations and specified column totals included in the schedule of OPEB amounts by employer.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the schedule of employer allocations and the specified column totals included in the schedule of OPEB amounts by employer.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Other Matter*

We have audited, in accordance with GAAS, the financial statements of the Teachers' Retirement System as of and for the year ended June 30, 2022, and our report thereon, dated October 14, 2022, expressed an unmodified opinion on those financial statements.

*Restriction on Use*

Our report is intended solely for the information and use of the Teachers' Retirement System management, Alaska Management Retirement Board, Teachers' Retirement System employers and their auditors and is not intended to be and should not be used by anyone other than these specified parties.

*KPMG LLP*

Anchorage, Alaska  
March 28, 2023

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM  
RETIREE MEDICAL PLAN**

Schedule of Employer Allocations

As of and for the year ended June 30, 2022

Employer	Employer number	Employer contributions	Allocation percentage
Anchorage School District	701	\$ 1,289,713	31.56270 %
Cordova City School District	704	9,569	0.23418
Craig City School District	705	13,292	0.32530
Fairbanks North Star Borough School District	706	348,497	8.52865
Haines Borough School District	707	11,563	0.28297
Hoonah City School District	708	6,149	0.15048
Hydaburg City School District	709	4,768	0.11668
Juneau Borough School District	710	123,418	3.02037
Kake City School District	712	7,267	0.17784
Ketchikan Gateway Borough School District	714	84,655	2.07172
Klawock City School District	717	2,903	0.07104
Kodiak Island Borough School District	718	93,860	2.29701
Nenana City School District	719	12,336	0.30190
Nome City School District	720	23,075	0.56470
Matanuska-Susitna Borough School District	722	488,601	11.95736
Pelican City School District	723	883	0.02161
Petersburg City School District	724	15,888	0.38882
Sitka Borough School District	727	40,629	0.99429
Skagway City School District	728	6,591	0.16129
Unalaska City School District	729	16,309	0.39913
Valdez City School District	730	20,622	0.50466
Wrangell Public School District	731	8,385	0.20521
Yakutat School District	732	4,465	0.10928
University of Alaska	733	107,401	2.62840
Galena City School District	735	43,351	1.06091
North Slope Borough School District	736	117,013	2.86361
State of Alaska	737	20,634	0.50495
Bristol Bay Borough School District	742	6,567	0.16072
Southeast Regional Resource Center	743	4,910	0.12016
Dillingham City School District	744	26,200	0.64119
Kenai Peninsula Borough School District	746	257,764	6.30818
Saint Mary's School District	748	8,824	0.21594
Northwest Arctic Borough School District	751	105,075	2.57146
Bering Strait School District	752	134,226	3.28487
Lower Yukon School District	753	95,175	2.32919
Lower Kuskokwim School District	754	180,587	4.41944
Kuspuk School District	755	31,407	0.76861
Southwest Region School District	756	37,923	0.92808
Lake And Peninsula Borough School District	757	33,877	0.82906
Aleutian Region School District	758	3,645	0.08921
Pribilof School District	759	3,158	0.07730
Iditarod Area School District	761	14,125	0.34568
Yukon / Koyukuk School District	762	37,979	0.92944
Yukon Flats School District	763	13,994	0.34246
Denali Borough School District	764	12,621	0.30888
Delta/Greely School District	765	17,839	0.43658
Alaska Gateway School District	766	26,018	0.63672
Copper River School District	767	13,869	0.33940
Chatham School District	768	8,179	0.20016
Southeast Island School District	769	10,880	0.26626
Annette Island School District	770	21,258	0.52025
Chugach School District	771	4,211	0.10306
Tanana School District	775	2,193	0.05368
Kashunamiut School District	777	10,118	0.24760
Yup'it School District	778	18,367	0.44949
Special Education Service Agency	779	8,333	0.20393
Aleutians East Borough School District	780	15,035	0.36794
Total contributions		<u>\$ 4,086,194</u>	<u>100.00000 %</u>

See accompanying notes to schedule of employer allocations and schedule of OPEB amounts by employer.

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**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM  
RETIREE MEDICAL PLAN**

Schedule of OPEB Amounts by Employer

As of and for the year ended June 30, 2022

Deferred outflows of resources							
Employer	Employer number	Net OPEB asset	Difference between expected and actual experience	Change in assumptions	Net difference between projected and actual investment earnings on OPEB plan investments	Change in proportion and difference between employer contributions and proportionate share of contributions	Total deferred outflows of resources
Anchorage School District	701	\$ 6,112,433	1,040,552	361,488	471,925	34,504	1,908,469
Cordova City School District	704	45,351	7,720	2,682	3,501	1,453	15,356
Craig City School District	705	62,998	10,724	3,726	4,864	930	20,244
Fairbanks North Star Borough School District	706	1,651,659	281,171	97,679	127,520	48,789	555,159
Haines Borough School District	707	54,799	9,329	3,241	4,231	3,510	20,311
Hoonah City School District	708	29,141	4,961	1,723	2,250	7,144	16,078
Hydaburg City School District	709	22,596	3,847	1,336	1,745	6,938	13,866
Juneau Borough School District	710	584,925	99,575	34,592	45,161	19,045	198,373
Kake City School District	712	34,440	5,863	2,037	2,659	1,062	11,621
Ketchikan Gateway Borough School District	714	401,210	68,300	23,727	30,976	628	123,631
Klawock City School District	717	13,757	2,342	814	1,062	2,506	6,724
Kodiak Island Borough School District	718	444,839	75,727	26,308	34,345	11,884	148,264
Nenana City School District	719	58,466	9,953	3,458	4,514	1,424	19,349
Nome City School District	720	109,360	18,617	6,468	8,443	9,075	42,603
Matanuska-Susitna Borough School District	722	2,315,662	394,207	136,948	178,786	11,409	721,350
Pelican City School District	723	4,185	713	248	323	276	1,560
Petersburg City School District	724	75,299	12,819	4,453	5,814	1,154	24,240
Sitka Borough School District	727	192,554	32,780	11,388	14,867	2,556	61,591
Skagway City School District	728	31,235	5,317	1,847	2,412	1,655	11,231
Unalaska City School District	729	77,296	13,158	4,571	5,968	2,844	26,541
Valdez City School District	730	97,733	16,638	5,780	7,546	3,396	33,360
Wrangell Public School District	731	39,741	6,765	2,350	3,068	5,581	17,764
Yakutat School District	732	21,162	3,603	1,252	1,634	655	7,144
University of Alaska	733	509,015	86,652	30,103	39,300	4,183	160,238
Galena City School District	735	205,455	34,976	12,151	15,863	—	62,990
North Slope Borough School District	736	554,567	94,407	32,797	42,817	39,090	209,111
State of Alaska	737	97,794	16,649	5,781	7,549	847	30,826
Bristol Bay Borough School District	742	31,125	5,299	1,841	2,403	1,472	11,015
Southeast Regional Resource Center	743	23,270	3,961	1,376	1,797	1,049	8,183
Dillingham City School District	744	124,173	21,139	7,344	9,587	4,796	42,866
Kenai Peninsula Borough School District	746	1,221,642	207,967	72,248	94,320	8,749	383,284
Saint Mary's School District	748	41,819	7,119	2,473	3,229	1,513	14,334
Northwest Arctic Borough School District	751	497,988	84,775	29,451	38,448	40,038	192,712
Bering Strait School District	752	636,147	108,295	37,622	49,115	16,376	211,408
Lower Yukon School District	753	451,071	76,788	26,676	34,826	17,806	156,096
Lower Kuskokwim School District	754	855,870	145,699	50,616	66,080	29,232	291,627
Kuspuk School District	755	148,850	25,340	8,803	11,492	3,162	48,797
Southwest Region School District	756	179,733	30,597	10,629	13,877	14,071	69,174
Lake And Peninsula Borough School District	757	160,555	27,332	9,495	12,396	12,638	61,861
Aleutian Region School District	758	17,277	2,941	1,022	1,334	1,346	6,643
Pribilof School District	759	14,969	2,548	885	1,156	2,306	6,895
Iditarod Area School District	761	66,945	11,396	3,959	5,169	3,002	23,526
Yukon / Koyukuk School District	762	179,994	30,641	10,645	13,897	9,865	65,048
Yukon Flats School District	763	66,321	11,290	3,922	5,120	7,018	27,350
Denali Borough School District	764	59,818	10,183	3,538	4,618	2,204	20,543
Delta/Greely School District	765	84,548	14,393	5,000	6,528	2,468	28,389
Alaska Gateway School District	766	123,307	20,991	7,292	9,520	1,037	38,840
Copper River School District	767	65,728	11,189	3,887	5,075	1,006	21,157
Chatham School District	768	38,762	6,599	2,292	2,993	4,447	16,331
Southeast Island School District	769	51,564	8,778	3,050	3,981	6,935	22,744
Annette Island School District	770	100,751	17,151	5,958	7,779	5,018	35,906
Chugach School District	771	19,958	3,398	1,180	1,541	3,704	9,823
Tanana School District	775	10,395	1,770	615	803	1,925	5,113
Kashunamiut School District	777	47,951	8,163	2,836	3,702	6,823	21,524
Yupit School District	778	87,048	14,819	5,148	6,721	22,301	48,989
Special Education Service Agency	779	39,494	6,723	2,336	3,049	1,129	13,237
Aleutians East Borough School District	780	71,255	12,130	4,214	5,501	1,917	23,762
Total of all participating entities		\$ 19,366,000	3,296,779	1,145,301	1,495,200	457,891	6,395,171

See accompanying notes to schedule of employer allocations and schedule of OPEB amounts by employer.

Deferred inflows of resources				OPEB expense		
Difference between expected and actual experience	Change in assumptions	Change in proportion and difference between employer contributions and proportionate share of contributions	Total deferred inflows of resources	Proportionate share of allocable plan OPEB expense	Net amortization of deferred amounts from change in proportion and difference between employer contributions and proportionate share of contributions	
					Proportionate share of contributions	Total OPEB expense
288,513	3,632,885	75,991	3,997,389	167,075	(5,631)	161,444
2,141	26,954	2,563	31,658	1,240	(182)	1,058
2,974	37,442	5,156	45,572	1,722	(523)	1,199
77,960	981,653	15,921	1,075,534	45,146	3,778	48,924
2,587	32,570	3,375	38,532	1,498	122	1,620
1,376	17,320	3,221	21,917	797	431	1,228
1,067	13,430	3,086	17,583	618	508	1,126
27,609	347,647	6,297	381,553	15,988	1,744	17,732
1,626	20,469	1,462	23,557	941	(24)	917
18,938	238,456	18,753	276,147	10,966	(2,782)	8,184
649	8,177	335	9,161	376	339	715
20,997	264,387	12,002	297,386	12,159	430	12,589
2,760	34,749	3,167	40,676	1,598	(271)	1,327
5,162	64,997	1,415	71,574	2,989	1,084	4,073
109,302	1,376,299	44,530	1,530,131	63,295	(5,555)	57,740
198	2,488	203	2,889	114	5	119
3,554	44,754	5,532	53,840	2,058	(654)	1,404
9,089	114,443	549	124,081	5,263	293	5,556
1,474	18,564	1,465	21,503	854	(23)	831
3,648	45,940	2,291	51,879	2,113	54	2,167
4,613	58,087	6,322	69,022	2,671	(636)	2,035
1,876	23,620	894	26,390	1,086	635	1,721
999	12,578	2,375	15,952	578	(279)	299
24,026	302,530	24,597	351,153	13,913	(2,974)	10,939
9,698	122,111	18,786	150,595	5,616	(2,801)	2,815
26,176	329,604	13,389	369,169	15,158	3,382	18,540
4,613	58,121	4,247	66,981	2,670	(576)	2,094
1,469	18,499	3,557	23,525	851	(268)	583
1,098	13,830	1,310	16,238	636	6	642
5,861	73,802	2,285	81,948	3,394	363	3,757
57,663	726,075	7,589	791,327	33,392	482	33,874
1,974	24,855	2,346	29,175	1,143	(161)	982
23,506	295,976	6,319	325,801	13,612	4,529	18,141
30,027	378,090	13,293	421,410	17,388	1,016	18,404
21,291	268,091	25,157	314,539	12,329	(104)	12,225
40,398	508,681	33,044	582,123	23,394	157	23,551
7,026	88,468	25,128	120,622	4,069	(2,889)	1,180
8,484	106,823	1,932	117,239	4,913	1,550	6,463
7,578	95,425	13,723	116,726	4,389	137	4,526
815	10,268	1,254	12,337	472	38	510
707	8,897	184	9,788	409	350	759
3,160	39,788	4,999	47,947	1,830	(321)	1,509
8,496	106,979	7,044	122,519	4,920	188	5,108
3,130	39,418	871	43,419	1,813	916	2,729
2,823	35,552	1,214	39,589	1,635	115	1,750
3,991	50,250	114	54,355	2,311	372	2,683
5,820	73,287	10,707	89,814	3,370	(1,532)	1,838
3,102	39,065	2,873	45,040	1,797	(379)	1,418
1,830	23,038	915	25,783	1,060	449	1,509
2,434	30,647	1,205	34,286	1,409	823	2,232
4,756	59,881	3,353	67,990	2,754	141	2,895
942	11,862	1,149	13,953	546	292	838
491	6,178	694	7,363	284	169	453
2,263	28,499	2,689	33,451	1,311	703	2,014
4,109	51,736	2,996	58,841	2,379	2,841	5,220
1,864	23,473	1,562	26,899	1,080	(129)	951
3,363	42,350	461	46,174	1,948	252	2,200
<b>914,096</b>	<b>11,510,058</b>	<b>457,891</b>	<b>12,882,045</b>	<b>529,340</b>	<b>—</b>	<b>529,340</b>



**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM  
RETIREE MEDICAL PLAN**

Notes to Schedule of Employer Allocations and  
Schedule of OPEB Amounts by Employer

June 30, 2022

**(1) Plan Description**

The State of Alaska Teachers' Retirement System (System) Retiree Medical Plan (Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefits (OPEB) plan that provides health benefits for teachers and other eligible members.

The Plan is established under Alaska Statute 14.25, which defines the benefit and contribution provisions, and may be amended only by the State of Alaska (State) legislature. The self-insured Plan provides major medical coverage to eligible employees who participate in the System's Defined Contribution Retirement (DCR) Plan. Members are not eligible to use this Plan until they have at least 10 years of service, and are Medicare age eligible.

The medical benefits available to eligible persons means that an eligible person may not be denied medical coverage except for failure to pay the required premium. Major medical insurance coverage takes effect on the first day of the month following the date of the Plan administrator's approval of the election and stops when the person who elects coverage dies or fails to make the required premium payment. The coverage for persons 65 years of age or older is the same as that available for persons under 65 years of age. The benefits payable to those persons 65 years of age or older supplement any benefits provided under the federal old age, survivors and disability insurance program. The medical and optional insurance premiums owed by the person who elects coverage may be deducted from the health reimbursement arrangement until the balance becomes insufficient to pay the premiums, at which point the person who elects coverage shall pay the premiums directly.

The cost of premiums for retiree major medical insurance coverage for an eligible member or surviving spouse who is:

- (1) not eligible for Medicare is an amount equal to the full monthly group premium for retiree major medical insurance coverage,
- (2) eligible for Medicare is the following percentage of the premium amounts established for retirees who are eligible for Medicare:
  - (a) 30 percent if the member had 10 or more, but less than 15, years of service;
  - (b) 25 percent if the member had 15 or more, but less than 20, years of service;
  - (c) 20 percent if the member had 20 or more, but less than 25, years of service;
  - (d) 15 percent if the member had 25 or more, but less than 30, years of service; and
  - (e) 10 percent if the member had 30 or more years of service.

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM  
RETIREE MEDICAL PLAN**

Notes to Schedule of Employer Allocations and  
Schedule of OPEB Amounts by Employer

June 30, 2022

**(2) Basis of Presentation**

The schedule of employer allocations and the schedule of OPEB amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of the Plan and its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of the Plan or its participating employers. The amounts presented in the Schedules are prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the Plan to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**(3) Allocation Methodology**

Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB asset, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense. The employer allocation percentages presented in the schedule of employer allocations and applied to amounts presented in the schedule of OPEB amounts by employer are based on the ratio of contributions made for each employer to total contributions made to the Plan during the year ended June 30, 2022. Employer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer may result in immaterial differences.

**(4) Contributions**

Employer contribution rates are actuarially determined and adopted by the Alaska Retirement Management Board (Board). The 2022 employer effective contribution rate is 0.83% of annual payroll.

**(5) Collective Net OPEB Asset**

**(a) Components of the Collective Net OPEB Asset**

The components of the collective net OPEB asset of the Plan as of June 30, 2022 are as follows:

Total OPEB liability	\$ 47,543,000
Plan fiduciary net position	<u>(66,909,000)</u>
Net OPEB asset	<u>\$ (19,366,000)</u>

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM  
RETIREE MEDICAL PLAN**

Notes to Schedule of Employer Allocations and  
Schedule of OPEB Amounts by Employer

June 30, 2022

The total OPEB liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021, rolled forward to the measurement date of June 30, 2022 and adjusted to reflect updated assumptions. The updated demographic and economic assumptions were adopted by the Board in June 2022 based on the results of an actuarial experience study for the period July 1, 2017 to June 30, 2021. The new assumptions were adopted to better reflect expected future experience and are effective June 30, 2022.

Inflation	2.50% per year
Salary increases	Based on service, range from 7.25% to 2.85%
Investment rate of return	7.25%, net of post-retirement healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.75%.
Healthcare cost trend rates	Pre-65 medical: 7.0% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% Prescription drugs: 7.5% grading down to 4.5% Employer Group Waiver Plan (EGWP): 7.5% grading down to 4.5% Initial trend rates are for FY 2023 Ultimate trend rates reached in FY 2050
Mortality	Pre-commencement mortality rates were based on the Pub-2010 Teachers Employee table, headcount-weighted, and projected with MP-2021 generational improvement.  Post-commencement mortality rates for healthy retirees were based on 98% of male and 100% of female rates of the Pub-2010 Teachers Retiree table, headcount-weighted, and projected with MP-2021 generational improvement.  Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement.  Post-commencement mortality rates for beneficiaries were based on 100% of male and 94% of female rates of the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.
Other	Please see the experience study report dated July 15, 2022.

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM  
RETIREE MEDICAL PLAN**

Notes to Schedule of Employer Allocations and  
Schedule of OPEB Amounts by Employer

June 30, 2022

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. This assumption is based on observed trends in participation from a range of other plans. The following participation rates were used to measure the collective net OPEB liability of the Plan as of June 30, 2022:

<b>Decrement due to disability</b>		<b>Decrement due to retirement</b>		
<b>Age</b>	<b>Percent participation</b>	<b>Age</b>	<b>Percent participation</b>	
<56	75.0 %	55	50.0 %	
56	77.5	56	55.0	
57	80.0	57	60.0	
58	82.5	58	65.0	
59	85.0	59	70.0	
60	87.5	60	75.0	
61	90.0	61	80.0	
62	92.5	62	85.0	
63	95.0	63	90.0	
64	97.5	64	95.0	
65+	100.0	65+		
			<b>Years of service</b>	
			<15	75.0 %
			15–19	80.0
			20–24	85.0
			25–29	90.0
			30+	95.0

The assumptions used in the June 30, 2021 actuarial valuation are the same as those used in the June 30, 2020 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. The amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid from plan assets.

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**(b) Long-Term Expected Rate of Return**

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation are summarized in the following table (note that the rates shown below exclude an inflation component of 2.50%):

<u>Asset class</u>	<u>Target asset allocation</u>	<u>Long-term expected real rate of return</u>
Broad domestic equity	27.00%	6.51%
Global equity (non-U.S.)	18.00	5.70
Aggregate bonds	21.00	0.31
Opportunistic	6.00	—
Real assets	14.00	3.71
Private equity	14.00	9.61
Cash equivalents	—	(0.50)

**(c) Discount Rate**

The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**(d) Sensitivity of the Collective Net OPEB Asset to Changes in the Discount Rate**

The following presents the collective net OPEB asset of the Plan as of June 30, 2022, calculated using the discount rate of 7.25%, as well as what the Plan's collective net OPEB asset would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	<u>1% decrease (6.25%)</u>	<u>Current discount rate (7.25%)</u>	<u>1% increase (8.25%)</u>
\$	6,837,000	19,366,000	28,780,000

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**(e) Sensitivity of the Collective Net OPEB Asset to Changes in the Healthcare Cost Trend Rates**

The following presents the collective net OPEB asset of the Plan as of June 30, 2022 calculated using the current healthcare cost trend rates, as well as what the Plan's net OPEB asset would be if it were calculated using trend rates that are one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rates:

	<b>1% decrease</b>	<b>Current healthcare cost trend rate</b>	<b>1% increase</b>
\$	29,963,000	19,366,000	4,921,000

**(6) Collective Deferred Outflows of Resources and Deferred Inflows of Resources**

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ending June 30, 2022:

	<b>Year of deferral</b>	<b>Amortization period</b>	<b>Beginning of year balance</b>	<b>Additions</b>	<b>Deductions</b>	<b>End of year balance</b>
Deferred outflows of resources:						
Difference between expected and actual experience	2019	9 years	\$ 1,797,334	—	299,555	1,497,779
	2021	9 years	2,056,000	—	257,000	1,799,000
			3,853,334	—	556,555	3,296,779
Change in assumptions	2018	10.2 years	1,327,530	—	214,117	1,113,413
	2021	9 years	36,444	—	4,556	31,888
			1,363,974	—	218,673	1,145,301
Difference between projected and actual earnings on OPEB plan investments	2018	5 years	3,400	—	3,400	—
	2019	5 years	184,000	—	92,000	92,000
	2020	5 years	820,200	—	273,400	546,800
	2021	5 years	(8,904,000)	—	(2,226,000)	(6,678,000)
	2022	5 years	—	9,418,000	1,883,600	7,534,400
			(7,896,400)	9,418,000	26,400	1,495,200
Total deferred outflows of resources			\$ (2,679,092)	9,418,000	801,628	5,937,280

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	<u>Year of deferral</u>	<u>Amortization period</u>	<u>Beginning of year balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>End of year balance</u>
Deferred inflows of resources:						
Difference between expected and actual experience						
	2017	10.6 years	\$ 1,055	—	189	866
	2018	10.2 years	236,452	—	38,137	198,315
	2020	9.1 years	412,738	—	58,132	354,606
	2022	8.4 years	—	409,000	48,691	360,309
			<u>650,245</u>	<u>409,000</u>	<u>145,149</u>	<u>914,096</u>
Change in assumptions						
	2019	9 years	3,033,999	—	505,667	2,528,332
	2020	9.1 years	4,394,198	—	618,901	3,775,297
	2022	8.4 years	—	5,910,000	703,571	5,206,429
			<u>7,428,197</u>	<u>5,910,000</u>	<u>1,828,139</u>	<u>11,510,058</u>
Total deferred inflows of resources			<u>\$ 8,078,442</u>	<u>6,319,000</u>	<u>1,973,288</u>	<u>12,424,154</u>

The previous amounts do not include employer and nonemployer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer and nonemployer over the average of the expected remaining service lives of all plan members, which is 8.4 years, 9 years, 9.1 years, 9 years, 10.2 years, and 10.6 years for the 2022, 2021, 2020, 2019, 2018 and 2017 amounts, respectively.

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30:	
2023	\$ (1,175,060)
2024	(1,267,059)
2025	(1,540,459)
2026	685,541
2027	(1,197,983)
Thereafter	<u>(1,991,854)</u>
Total	<u>\$ (6,486,874)</u>

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**(7) Collective OPEB Expense**

The components of the collective OPEB expense (excluding employer specific amounts) for the year ending June 30, 2022 are as follows:

Service cost	\$ 3,636,000
Interest on total OPEB liability	3,748,000
Benefit changes	(610,000)
Administrative expense	35,000
Expected investment return net of investment expenses	(5,108,000)
Recognition (amortization) of deferred outflows/inflows of resources:	
Difference between expected and actual experience	411,406
Change in assumptions	(1,609,466)
Difference between projected and actual investment earnings on OPEB plan investments	<u>26,400</u>
Total OPEB expense	<u>\$ 529,340</u>