PERS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

ALASKA DIVISION OF
Retirement
and Benefits

ACTUARIAL SECTION

ALASKA DIVISION OF
Retirement and Benefits

BUCK

June 5, 2023

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

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 Public Employees' Retirement System (PERS) as of June 30, 2022 performed by Buck Global, LLC (Buck).

The actuarial valuation is based on financial information provided in the financial statements audited by KPMG LLP, member data provided by the Division of Retirement and Benefits, and medical enrollment data provided by the healthcare claims administrator (Aetna), as summarized in this report. The benefits considered are those delineated in Alaska statutes effective June 30, 2022. The actuary did not verify the data submitted, but did perform tests for consistency and reasonableness.

All costs, liabilities, and other factors under PERS 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 is solely responsible for the actuarial data and actuarial results presented in this report. This report fully and fairly discloses the actuarial position of PERS as of June 30, 2022.

PERS is funded by Employer, State, and Member 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 PERS is to pay required contributions that remain level as a percent of total PERS 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 (UAAL) as a level percentage of total PERS compensation over a closed 25-year period as required by Alaska state statutes. The closed 25-year period was originally established effective June 30, 2014. Effective June 30, 2018, the Board adopted a 25-year layered UAAL amortization method as described in Section 5.2. The UAAL amortization continues to be on a level percent of pay basis. The compensation used to determine required contributions is the total compensation of all active members in PERS, including those hired after July 1, 2006 who are members of the Defined Contribution Retirement (DCR) Plan. This objective is currently being met and is projected to continue to be met. Absent future gains/losses, actuarially determined contributions are expected to remain level as a percent of pay and the funded status of the pension trust is expected to increase to 100% in FY63. The funded status of the healthcare trust is expected to remain at or above 100%.

The Board and staff of the State of Alaska may use this report for the review of the operations of PERS. Use of this report for any other purpose or by anyone other than the Board or staff of the State of Alaska may not be appropriate and may result in mistaken conclusions due to failure to understand applicable assumptions, methodologies, or inapplicability of the report for that purpose. Because of the risk of misinterpretation of actuarial results, Buck recommends requesting its advanced review of any statement to be based on information contained in this report. Buck will accept no liability for any such statement made without its prior review.

Future actuarial measurements may differ significantly from current measurements due to plan experience differing from that anticipated by the actuarial assumptions, changes expected as part of the natural operation of the methodology used for these measurements, and changes in plan provisions or applicable law. In particular, retiree group benefits models necessarily rely on the use of approximations and estimates and are sensitive to changes in these approximations and estimates. Small variations in these approximations and estimates may lead to significant changes in actuarial measurements. An analysis of the potential range of such future differences is beyond the scope of this valuation.

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 for the period July 1, 2017 to June 30, 2021. Based on that experience study, the Board adopted new assumptions effective beginning with the June 30, 2022 valuation to better reflect expected future experience. Based on our annual analysis of recent claims experience, changes were made to the healthcare per capita claims cost rates effective June 30, 2022 to better reflect expected future healthcare experience. A summary of the actuarial assumptions and methods used in this actuarial valuation is shown in Sections 5.2 and 5.3. We certify that the assumptions and methods described in Sections 5.2 and 5.3 of this report meet the requirements of all applicable Actuarial Standards of Practice.

Actuarial Standards of Practice No. 27 (ASOP 27) and No. 35 (ASOP 35) require the actuary to disclose the information and analysis used to support the actuary's determination that the assumptions selected by the plan sponsor do not significantly conflict with what, in the actuary's professional judgment, are reasonable for the purpose of the measurement. Buck provides advice on reasonable assumptions when performing periodic experience studies. The Board selects the assumptions used and annually the signing actuary reviews the assumptions through discussions with the Board staff and analyzing actuarial gain/loss experience. In the case of the Board's selection of the expected return on assets (EROA), the signing actuary has used economic information and tools provided by Buck's Financial Risk Management (FRM) practice. A spreadsheet tool created by the FRM practice converts averages, standard deviations, and correlations from Buck's Capital Markets Assumptions that are used for stochastic forecasting into approximate percentile ranges for the arithmetic and geometric average returns. It is intended to suggest possible reasonable ranges for EROA without attempting to predict or select a specific best estimate rate of return. It takes into account the duration (horizon) of investment and the target allocation of assets in the portfolio to various asset classes. Based on the actuary's analysis, including consistency with other assumptions used in the valuation, the percentiles generated by the spreadsheet tool described above, and review of actuarial gain/loss analysis, the actuary believes the assumptions do not significantly conflict with what, in the actuary's professional judgment, are reasonable for the purpose of the measurement

Annual Comprehensive Financial Report (ACFR) Information

We have prepared the following information in this report for the Actuarial Section and Statistical Section of the ACFR: (i) member data tables in Section 4; (ii) analysis of financial experience in Section 1.6; (iii) summary of actuarial assumptions in Section 5.3; and (iv) historical information in Section 7.

Governmental Accounting Standards Board (GASB) Statement No. 67 (GASB 67) was effective for PERS beginning with fiscal year ending June 30, 2014, and Statement No. 74 (GASB 74) was effective for PERS beginning with fiscal year ending June 30, 2017. Please see our separate GASB 67 and GASB 74 reports for other information needed for the ACFR.

The following schedules provide further related information. Buck is responsible for the following schedules:

- Funding Excess / (Unfunded Liability)
- Employer Contribution Rates
- Schedule of Active Member Valuation Data
- Schedule of Pension Benefit Recipients Added to and Removed from Rolls
- Pension and Healthcare Solvency Test
- Analysis of Financial Experience
- Schedule of Funding Progress

Assessment of Risks

Actuarial Standard of Practice No. 51 (ASOP 51) applies to actuaries performing funding calculations related to a pension plan. ASOP 51 does not apply to actuaries performing services in connection with other post-employment benefits, such as medical benefits. Accordingly, ASOP 51 does not apply to the healthcare portion of PERS. See Section 6 of this report for further details regarding ASOP 51.

Use of Models

Actuarial Standard of Practice No. 56 (ASOP 56) provides guidance to actuaries when performing actuarial services with respect to designing, developing, selecting, modifying, using, reviewing, or evaluating models. In addition to the EROA analysis spreadsheet model disclosed above, Buck uses third-party software in the performance of annual actuarial valuations and projections. The model is intended to calculate the liabilities associated with the provisions of the plan using data and assumptions as of the measurement date under the funding methods specified in this report. The output from the third-party vendor software is used as input to internally developed models that apply applicable funding methods and policies to the derived liabilities and other inputs, such as plan assets and contributions, to generate many of the exhibits found in this report. Buck has an extensive review process in which the results of the liability calculations are checked using detailed sample life output, changes from year to year are summarized by source, and significant deviations from expectations are investigated. Other funding outputs and the internal models are similarly reviewed in detail and at a higher level for accuracy, reasonability, and consistency with prior results. Buck also reviews the third-party model when significant changes are made to the software. This review is performed by experts within Buck who are familiar with applicable funding methods, as well as the manner in which the model generates its output. If significant changes are made to the internal models, extra checking and review are completed. Significant changes to the internal models that are applicable to multiple clients are generally developed, checked, and reviewed by multiple experts within Buck who are familiar with the details of the required changes.

Additional models used in valuing health benefits are described later in the report.

COVID-19

The potential impact of the ongoing COVID-19 pandemic on costs and liabilities was considered and an adjustment was made in setting the medical per capita claims cost assumption. FY21 medical claims were adjusted for a COVID-19 related decline in those claims during the fiscal year. FY22 medical claims were not adjusted. A more detailed explanation on these adjustments is shown in Section 5.2.

This report was prepared under the overall direction of David Kershner, who meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. He is a Fellow of the Society of Actuaries, an Enrolled Actuary, a Member of the American Academy of Actuaries, and a Fellow of the Conference of Consulting Actuaries.

Respectfully submitted,

David J. Kershner, FSA, EA, MAAA, FCA
Principal, Buck

Brett Hunter, ASA, EA, MAAA
Senior Consultant, Buck

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 his qualification to render opinions in such matters in accordance with the Qualification Standards of the American Academy of Actuaries.

Stephen R. Oates, ASA, EA, MAAA. FCA
Principal, Buck

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The funding method used in this valuation was adopted by the Board in October 2006. Changes in methods were adopted by the Board in January 2019 based on the experience study for the period July 1, 2013 to June 30, 2017. The asset smoothing method used to determine valuation assets was changed effective June 30, 2014.

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.

A. Actuarial Cost Method

Liabilities and contributions shown in the report are computed using the Entry Age Normal Actuarial Cost Method, level percent of pay.

Effective June 30, 2018, the Board adopted a layered UAAL amortization method: Layer #1 equals the sum of (i) the UAAL at June 30, 2018 based on the 2017 valuation, plus (ii) the FY18 experience gain/loss. Layer #1 is amortized over the remainder of the 25-year closed period that was originally established in 2014[1]. Layer #2 equals the change in UAAL at June 30, 2018 due to the experience study and EGWP implementation. Layer #2 is amortized over a separate closed 25-year period starting in 2018. Future layers will be created each year based on the difference between actual and expected UAAL occurring that year, and will be amortized over separate closed 25-year periods. The UAAL amortization continues to be on a level percent of pay basis. State statutes allow the contribution rate to be determined on payroll for all members, defined benefit and defined contribution member payroll combined.

Projected pension and postemployment healthcare benefits were determined for all active members. Cost factors designed to produce annual costs as a constant percentage of each member's expected compensation in each year from the assumed entry age to the assumed retirement age 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 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 retired members and their beneficiaries currently receiving benefits, terminated vested members and disabled members not yet receiving benefits 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.

[1] Layer #1 is referred to as "initial amount" in Section 1.2 and 1.3 of the Actuarial Valuation

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B. Valuation of Assets

The actuarial asset value was reinitialized to equal Fair Value of Assets as of June 30, 2014. Beginning in FY15, the asset valuation method recognizes 20% of the gain or loss each year, for a period of five years. 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.

C. Valuation of Retiree Medical and Prescription Drug Benefits

This section outlines the detailed methodology used in the internal model developed by Buck to calculate the initial per capita claims cost rates for the PERS postemployment healthcare plan. Note that the methodology reflects the results of our annual experience rate update for the period from July 1, 2021 to June 30, 2022.

Base claims cost rates are incurred healthcare costs expressed as a rate per member per year. Ideally, claims cost rates should be derived for each significant component of cost that can be expected to require differing projection assumptions or methods (i.e., medical claims, prescription drug claims, administrative costs, etc.). Separate analysis is limited by the availability and historical credibility of cost and enrollment data for each component of cost. This valuation reflects non-prescription claims separated by Medicare status, including eligibility for free Part A coverage. Prescription costs are analyzed separately as in prior valuations. Administrative costs are assumed in the final per capita claims cost rates used for valuation purposes, as described below. Analysis to date on Medicare Part A coverage is limited since Part A claim data is not available by individual, nor is this status incorporated into historical claim data.

Benefits

Medical, prescription drug, dental, vision and audio coverage is provided through the AlaskaCare Retiree Health Plan and is available to employees of the State and subdivisions who meet retirement criteria based on the retirement plan tier in effect at their date of hire. Health plan provisions do not vary by retirement tier or age, except for Medicare coordination for those Medicare-eligible. Dental, vision and audio claims (DVA) are excluded from data analyzed for this valuation because those are retiree-pay all benefits where rates are assumed to be self-supporting. Buck relies upon rates set by a third-party for the DVA benefits. Buck reviewed historical rate-setting information and views contribution rate adjustments made are not unreasonable.

Administration and Data Sources

The plan was administered by Wells Fargo Insurance Services (acquired by HealthSmart, in January 2012) from July 1, 2009 through December 31, 2013 and by Aetna effective January 1, 2014.

Claims incurred for the period from July 2020 through June 2022 (FY21 through FY22) were provided by the State of Alaska from reports extracted from their data warehouse, which separated claims by Medicare status. Monthly enrollment data for the same period was provided by Aetna.

Aetna also provided census information identifying Medicare Part B only participants. These participants are identified when hospital claims are denied by Medicare; Aetna then flags that participant as a Part B only participant. Buck added newly identified participants to our list of Medicare Part B only participants. Buck assumes that once identified as Part B only, that participant remains in that status until we are notified otherwise.

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Aetna provided a snapshot file as of July 1, 2022 of retirees and dependents that included a coverage level indicator. The monthly enrollment data includes double coverage participants. These are participants whereby both the retiree and spouse are retirees from the State and both are reflected with Couple coverage in the enrollment. In this case, such a couple would show up as four members in the monthly enrollment (each would be both a retiree and a spouse). As a result, the snapshot census file was used to adjust the total member counts in the monthly enrollment reports to estimate the number of unique participants enrolled in coverage. Based on the snapshot files from the last two valuations, the total member count in the monthly enrollment reports needs to be reduced by approximately 13% to account for the number of participants with double coverage.

Aetna does not provide separate experience by Medicare status in standard reporting so the special reports mentioned above from the data warehouse were used this year to obtain that information and incorporate it into the per capita rate development for each year of experience (with corresponding weights applied in the final per capita cost).

Methodology

Buck projected historical claim data to FY23 for retirees using the following summarized steps:

1. Develop historical annual incurred claim cost rates – an analysis of medical costs was completed based on claims information and enrollment data provided by the State of Alaska and Aetna for each year in the experience period of FY21 through FY22.

   - Costs for medical services and prescriptions were analyzed separately, and separate trend rates were developed to project expected future medical and prescription costs for the valuation year (e.g. from the experience period up through FY23).
   - Because the reports provided reflected incurred claims, no additional adjustment was needed to determine incurred claims to be used in the valuation.
   - An offset for costs expected to be reimbursed by Medicare was incorporated beginning at age 65. Alaska retirees who do not have 40 quarters of Medicare-covered compensation do not qualify for Medicare Part A coverage free of charge. This is a relatively small and closed group. Medicare was applied to State employment for all employees hired after March 31, 1986. For the "no-Part A" individuals who are required to enroll in Medicare Part B, the State is the primary payer for hospital bills and other Part A services. Claim experience is not available separately for participants with both Medicare Parts A and B and those with Part B only. For Medicare Part B only participants, a lower average claims cost was applied to retirees covered by both Medicare Part A and B vs. retirees covered only by Medicare Part B based upon manual rate models that estimate the Medicare covered proportion of medical costs. To the extent that no-Part A claims can be isolated and applied strictly to the appropriate closed group, actuarial accrued liability will be more accurate.
   - Based on census data received from Aetna, less than 1% of the current retiree population was identified as having coverage only under Medicare Part B. We assume that 2% of actives hired before April 1, 1986 and current retirees who are not yet Medicare eligible will not be eligible for Medicare Part A.
   - Based upon a reconciliation of valuation census data to the snapshot eligibility files provided by Aetna as of July 1, 2021, and July 1, 2022, Buck adjusted member counts used for duplicate records where participants have double coverage; i.e. primary coverage as a retiree and secondary coverage as the covered spouse of another

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retiree. This is to reflect the total cost per distinct individual/member which is then applied to distinct members in the valuation census.

- Buck understands that pharmacy claims reported do not reflect rebates. Based on actual pharmacy rebate information provided by Optum, rebates were assumed to be 16.2% of pre-Medicare, and 14.3% of Medicare prescription drug claims for FY21; and 20.1% of pre-Medicare, and 13.5% of Medicare prescription drug claims for FY22.

2. Develop estimated EGWP reimbursements – Segal provided estimated 2023 EGWP subsidies, developed with the assistance of OptumRx. These amounts are applicable only to Medicare-eligible participants.

3. Adjust for claim fluctuation, anomalous experience, etc. – explicit adjustments are often made for anticipated large claims or other anomalous experience. FY21 and FY22 experience was thoroughly reviewed to assess the impact of COVID-19 and whether an adjustment to FY21 and FY22 claims was appropriate for use in the June 30, 2022 valuation. FY21 medical per capita claims were noticeably lower than expected, so a 4% load was added to the FY21 medical claims used in the per capita claims cost development to better reflect future expected long-term costs of the plan. FY22 medical per capita claims were reasonable when compared to pre-COVID levels, so no adjustments were made to the FY22 medical claims used in the per capita claims cost development. Total prescription drug claims experience for FY21 and FY22 was reasonable and consistent with FY19 and FY20 experience. Therefore, no adjustment was made to FY21 and FY22 prescription drug claims. Due to group size and demographics, we did not make any additional large claim adjustments. We do blend both Alaska plan-specific and national trend factors as described below. Buck compared data utilized to lag reports and quarterly plan experience presentations provided by the State and Aetna to assess accuracy and reasonableness of data.

4. Trend all data points to the projection period – project prior years' experience forward to FY23 for retiree benefits on an incurred claim basis. Trend factors derived from historical Alaska-specific experience and national trend factors are shown in the table in item 5 below.

5. Apply credibility to prior experience – adjust prior year's data by assigning weight to recent periods, as shown at the right of the table below. The Board approved a change in the weighting of experience periods beginning with the June 30, 2017 valuation as outlined below. Note also that for both years of prescription drugs we averaged projected plan costs using Alaska-specific trend factors and national trend factors, assigning 75% weight to Alaska-specific trends and 25% to national trends. For both years of medical we applied 100% weight to national trends because the Alaska-specific trends were impacted by COVID-19:

Alaska-Specific and National Average Weighted Trend
from Experience Period to Valuation Year

Experience Period	Medical	Prescription	Weighting Factors
FY21 to FY22	8.1% Pre-Medicare / 4.8% Medicare	8.0%	50%
FY22 to FY23	7.4% Pre-Medicare / 5.6% Medicare	9.5%	50%

Trend assumptions used for rate development are assessed annually and as additional/improved reporting becomes available, we will incorporate into rate development as appropriate.

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6. Starting in 2022, prior authorization is required for certain specialty medications. There is no change to the medications that are covered by the plan. Segal provided an estimate of the impact of this change to the DB retiree health plan cost for calendar year 2022. The resulting adjustment factors for pre-Medicare prescription drug, Medicare prescription drug, and EGWP costs were applied to claims experience incurred before January 1, 2022. Additionally, starting in 2022, certain preventive benefits for pre-Medicare participants are covered by the plan. Segal provided an estimate of the impact of this change to the DB retiree health plan cost for calendar year 2022. The resulting adjustment factor for pre-Medicare medical costs was applied to claims experience incurred before January 1, 2022.
7. Develop separate administration costs – no adjustments were made for internal administrative costs. Third party retiree plan administration fees for FY23 are based upon total fees projected to 2023 by Segal based on actual FY22 fees. The annual per participant per year administrative cost rate for medical and prescription benefits is $449.

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 these provisions.

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

Because Transitional Reinsurance fees are only in effect until 2016, we excluded these for valuation purposes.

The Further Consolidated Appropriations Act, 2020 passed in December 2019 repealed several healthcare-related taxes, including the Cadillac Tax.

The Tax Cuts and Jobs Act passed in December 2017 included the elimination of the individual mandate penalty and changed the inflation measure for purposes of determining the limits for the High Cost Excise Tax to use chained CPI. It is our understanding the law does not directly impact other provisions of the ACA. While the nullification of the ACA's individual mandate penalty does not directly impact employer group health plans, it could contribute to the destabilization of the individual market and increase the number of uninsured. Such destabilization could translate to increased costs for employers. We have considered this when setting our healthcare cost trend assumptions and will continue to monitor this issue.

The Inflation Reduction Act was signed into law on August 16, 2022. The law contains several provisions that are expected to impact Alaska's Medicare prescription drug plan (EGWP), which will be considered at the next measurement date.

We have not identified any other specific provisions of healthcare reform or its potential repeal that would be expected to have a significant impact on the measured obligation. We will continue to monitor legislative activity.

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E. Data

In accordance with actuarial standards, we note the following specific data sources and steps taken to value retiree medical benefits:

The Division of Retirement and Benefits provided pension valuation census data, which for people currently in receipt of healthcare benefits was supplemented by coverage data from the healthcare claims administrator (Aetna).

Certain adjustments and assumptions were made to prepare the data for valuation:

- All records provided with retiree medical coverage on the Aetna data were included in this valuation and we relied on the Aetna data as the source of medical coverage for current retirees and their dependents.
- Some records in the Aetna data were duplicates due to the double coverage (i.e. coverage as a retiree and as a spouse of another retiree) allowed under the plan. Records were adjusted for these members so that each member was only valued once. Any additional value of the double coverage (due to coordination of benefits) is small and reflected in the per capita costs.
- Covered children included in the Aetna data were valued until age 23, unless disabled. We assumed that those dependents over 23 were only eligible and valued due to being disabled.
- For individuals included in the pension data expecting a future pension, we valued health benefits starting at the same point that the pension benefit is assumed to start.

We are not aware of any other data issues that would be expected to have a material impact on the results and there are no unresolved matters related to the data.

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The chart below shows the basis of setting the per capita claims cost assumption, which includes both PERS and TRS.

	Medical		Prescription Drugs (Rx)	
	Pre-Medicare	Medicare	Pre-Medicare	Medicare
A. Fiscal 2021				
1. Incurred Claims	$ 196,566,470	$ 86,512,435	$ 60,691,609	$ 207,822,858
2. Adjustments for Rx Rebates and COVID (Medical only)	7,862,659	3,460,497	(9,832,041)	(29,718,669)
3. Net incurred claims	$ 204,429,129	$ 89,972,932	$ 50,859,568	$ 178,104,189
4. Average Enrollment	18,106	47,025	18,106	47,025
5. Claim Cost Rate (3) / (4)	11,291	1,913	2,809	3,787
6. Trend to Fiscal 2023	1.161	1.107	1.183	1.183
7. Fiscal 2023 Incurred Cost Rate (5) x (6)	$ 13,108	$ 2,117	$ 3,322	$ 4,479
8. Adjustment Factor for 2022 Plan Changes	1.014	1.000	0.913	0.976
9. Adjusted Fiscal 2023 Incurred Cost Rate (7) x (8)	$ 13,290	$ 2,117	$ 3,034	$ 4,371
B. Fiscal 2022				
1. Incurred Claims	$ 197,733,173	$ 98,249,082	$ 64,076,270	$ 230,832,315
2. Adjustments for Rx Rebates	-	-	(12,879,330)	(31,162,363)
3. Net incurred claims	$ 197,733,173	$ 98,249,082	$ 51,196,940	$ 199,669,953
4. Average Enrollment	17,072	48,698	17,072	48,698
5. Claim Cost Rate (3) / (4)	11,582	2,018	2,999	4,100
6. Trend to Fiscal 2023	1.074	1.056	1.095	1.095
7. Fiscal 2023 Incurred Cost Rate (5) x (6)	$ 12,439	$ 2,131	$ 3,284	$ 4,490
8. Adjustment Factor for 2022 Plan Changes	1.007	1.000	0.957	0.988
9. Adjusted Fiscal 2023 Incurred Cost Rate (7) x (8)	$ 12,526	$ 2,131	$ 3,141	$ 4,436

	Medical		Prescription Drugs (Rx)	
	Pre-Medicare	Medicare	Pre-Medicare	Medicare
C. Incurred Cost Rate by Fiscal Year				
1. Fiscal 2021 A. (9)	13,290	2,117	3,034	4,371
2. Fiscal 2022 B. (9)	12,526	2,131	3,141	4,436
D. Weighting by Fiscal Year				
1. Fiscal 2021	50%	50%	50%	50%
2. Fiscal 2022	50%	50%	50%	50%
E. Fiscal 2023 Incurred Cost Rate				
1. Rate at Average Age C x D	$ 12,908	$ 2,124	$ 3,088	$ 4,403
2. Average Aging Factor	0.822	1.279	0.832	1.127
3. Rate at Age 65 (1) / (2)	$ 15,706	$ 1,661	$ 3,712	$ 3,907
F. Development of Part A&B and Part B Only Cost from Pooled Rate Above				
1. Part A&B Average Enrollment		48,233		
2. Part B Only Average Enrollment		465		
3. Total Medicare Average Enrollment B(4)		48,698		
4. Cost ratio for those with Part B only to those with Part A&B		3.300		
5. Factor to determine cost for those with Parts A&B (2) / (3) x (4) + (1) / (3) x 1.00		1.022		
6. Medicare per capita cost for all participants: E(3)		$ 1,661		
7. Cost for those eligible for Parts A&B: (6) / (5)		$ 1,625		
8. Cost for those eligible for Part B only: (7) x (4)		$ 5,363		

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Following the development of total projected costs, a distribution of per capita claims cost was developed. This was accomplished by allocating total projected costs to the population census used in the valuation. The allocation was done separately for each of prescription drugs and medical costs for the Medicare eligible and pre-Medicare populations. The allocation weights were developed using participant counts by age and assumed morbidity and aging factors. Results were tested for reasonableness based on historical trend and external benchmarks for costs paid by Medicare.

Below are the results of this analysis:

Distribution of Per Capita Claims Cost by Age
for the Period July 1, 2022 through June 30, 2023

Age	Medical and Medicare Parts A & B	Medical and Medicare Part B Only	Prescription Drug	Medicare EGWP Subsidy
45	$ 9,585	$ 9,585	$ 2,382	$ —
50	10,844	10,844	2,829	—
55	12,270	12,270	3,369	—
60	13,882	13,882	3,532	—
65	1,625	5,363	3,907	1,309
70	1,794	5,921	4,335	1,452
75	1,981	6,537	4,810	1,611
80	2,209	7,289	4,738	1,587

F. Changes in Methods Since the Prior Valuation

There were no changes in the asset or valuation methods since the prior valuation.

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Summary of Actuarial Assumptions and Changes in Assumptions

The demographic and economic assumptions used in the June 30, 2022 valuation are described below. Unless noted otherwise, these assumptions were adopted by the Board at the June 2022 meeting based on the experience study for the period July 1, 2017 to June 30, 2021.

1. Investment Return — 7.25% per year, net of investment expenses.

2. Salary Scale — Salary scale rates based on upon the 2017-2021 actual experience (see Table 1).

   Inflation – 2.50% per year. Productivity – 0.25% per year.

3. Payroll Growth — 2.75% per year (2.50% inflation + 0.25% productivity).

4. Total Inflation — Total inflation as measured by the Consumer Price Index for urban and clerical workers for Anchorage is assumed to increase 2.50% annually.

5. Mortality (Pre-commencement) — Mortality rates based upon the 2017-2021 actual experience, to the extent the experience was statistically credible.

   Employee mortality for Peace Officer/Firefighters in accordance with the following tables:

   - Pension: Pub-2010 Safety Employee table, amount-weighted, and projected with MP-2021 generational improvement.
   - Healthcare: Pub-2010 Safety Employee table, headcount-weighted, and projected with MP-2021 generational improvement.

   Employee mortality for Others in accordance with the following tables:

   - Pension: Pub-2010 General Employee table, amount-weighted, and projected with MP-2021 generational improvement.
   - Healthcare: Pub-2010 General Employee table, headcount-weighted, and projected with MP-2021 generational improvement.

   Deaths are assumed to result from occupational causes 70% of the time for Peace Officers/Firefighters, and 35% of the time for Others.

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6. Mortality (Post-commencement)

Mortality rates based upon the 2017-2021 actual experience, to the extent the experience was statistically credible.

Retiree mortality for Peace Officer/Firefighters in accordance with the following tables:

- Pension: Pub-2010 Safety Retiree table, amount-weighted, and projected with MP-2021 generational improvement.
- Healthcare: Pub-2010 Safety Retiree table, headcount-weighted, and projected with MP-2021 generational improvement.

Retiree mortality for Others in accordance with the following tables:

- Pension: 98% of male and 106% of female rates of the Pub-2010 General Retiree table, amount-weighted, and projected with MP-2021 generational improvement.
- Healthcare: 101% of male and 110% of female rates of the Pub-2010 General Retiree table, headcount-weighted, and projected with MP-2021 generational improvement.

Beneficiary mortality for Peace Officer/Firefighters in accordance with the following tables. These tables are applied only after the death of the original member.

- Pension: Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement.
- Healthcare: Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement.

Beneficial mortality for Others in accordance with the following tables. These tables are applied only after the death of the original member.

- Pension: 102% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement.
- Healthcare: 101% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement.

7. Turnover

Select and ultimate rates based upon the 2017-2021 actual experience (see Tables 2a and 2b).

8. Disability

No changes to the incidence rates from the prior valuation due to insufficient 2017-2021 actual experience (see Tables 3a and 3b). Disability rates cease once a member is eligible for retirement.

Disabilities are assumed to be occupational 70% of the time for Peace Officer/ Firefighters, and 35% of the time for Others.

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Post-disability mortality for Peace Officer/Firefighters in accordance with the following tables:

- Pension: Pub-2010 Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement.
- Healthcare: Pub-2010 Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement.

Post-disability mortality for Others in accordance with the following tables:

- Pension: Pub-2010 Non-Safety Disabled Retiree table, amount weighted, and projected with MP-2021 generational improvement.
- Healthcare: Pub-2010 Non-Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement.

9. Retirement

Retirement rates based on the 2017-2021 actual experience (see Tables 4a and 4b).

Deferred vested members are assumed to retire at their earliest unreduced retirement date.

The modified cash refund annuity is valued as a three-year certain and life annuity.

10. Spouse Age Difference

Males are assumed to be three years older than their wives. Females are assumed to be two years younger than husbands.

11. Percent Married for Pension

For Peace Officer/Firefighter, 85% of male members and 60% of female members are assumed to be married at termination from active service. For Others, 75% of male members and 70% of female members are assumed to be married at termination from active service.

12. Dependent Spouse Medical Coverage Election

Applies to members who do not have double medical coverage. For Peace Officer/Firefighters, 75% of male members and 50% of female members are assumed to be married and cover a dependent spouse. For Others, 60% of male members and 50% of female members are assumed to be married and cover a dependent spouse.

13. Dependent Children

- Pension: None.
- Healthcare: Benefits for dependent children have been valued only for members currently covering their dependent children. These benefits are only valued through the dependent children's age 23 (unless the child is disabled).

14. Imputed Data

Data changes from the prior year which are deemed to have an immaterial impact on liabilities and contribution rates are assumed to be correct in the current year's client data. Non-vested terminations with appropriate refund dates are assumed to have received a full refund of contributions. Active members with missing salary and service are assumed to be terminated with status based on their vesting percentage.

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Summary of Actuarial Assumptions and Changes in Assumptions

15. Active Data Adjustment — No adjustment was made to reflect participants who terminate employment before the valuation date and are subsequently rehired after the valuation date.

16. Administrative Expenses — The Normal Cost as of June 30, 2022 was increased by the following amounts. These amounts are based on the average of actual administrative expenses during the last two fiscal years. For projections, the percent increase was assumed to remain constant in future years.

    - Pension – $8,635,000
    - Healthcare – $3,818,000

17. Rehire Assumption — The Normal Cost used for determining contribution rates and in the projections includes a rehire assumption to account for anticipated rehires. The Normal Cost shown in the report includes the following assumptions based on the four years of rehire loss experience through June 30, 2021). For projections, these assumptions were assumed to grade to zero uniformly over a 20-year period.

    - Pension – 15.30%
    - Healthcare – 2.40%

18. Re-Employment Option — All re-employed retirees are assumed to return to work under the Standard Option.

19. Service — Total credited service is provided by the State. This service is assumed to be the only service that should be used to calculate benefits. Additionally, the State provides claimed service (including Bureau of Indian Affairs Service). Claimed service is used for vesting and eligibility purposes as described in Section 5.1.

20. Part-Time Service — Peace Officer/Firefighter members are assumed to be full-time employees. For Other members, part-time employees are assumed to earn 0.75 years of service per year.

21. Final Average Earnings — Final Average Earnings is provided on the data for active members. This amount is used as a minimum in the calculation of the average earnings in the future.

22. 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.

23. Early Retirement Factors — State of Alaska staff provided the early retirement factors, which reflect grandfathered factors.

24. Alaska Cost-of-Living Adjustments (COLA) — Of those benefit recipients who are eligible for the Alaska COLA, 60% of Peace Officers/Firefighters and 65% of Others are assumed to remain in Alaska and receive the COLA.

25. Post-Retirement Pension Adjustment (PRPA) — 50% and 75% of assumed inflation, or 1.25% and 1.875% respectively, is valued for the annual automatic PRPA as specified in the statute.

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26. Healthcare Participation

100% of system paid members and their spouses are assumed to elect healthcare benefits as soon as they are eligible. For Peace Officer/Firefighters, 20% of non-system paid members and their spouses are assumed to elect healthcare benefits as soon as they are eligible. For Others, 25% of non-system paid members and their spouses are assumed to elect healthcare benefits as soon as they are eligible.

27. Medicare Part B Only

We assume that 2% of actives hired before April 1, 1986 and current retirees who are not yet Medicare eligible will not be eligible for Medicare Part A.

28. Healthcare Per Capita Claims Cost

Sample claims cost rates adjusted to age 65 for FY23 medical and prescription drugs are shown below. The prescription drug costs reflect the plan change to require prior authorization for certain specialty medications. The pre-Medicare medical cost reflects the coverage of additional preventive benefits.

	Medical	Prescription Drugs
Pre-Medicare	$ 15,706	$ 3,712
Medicare Parts A & B	1,625	3,907
Medicare Part B Only	5,363	3,907
Medicare Part D - EGWP	N/A	1,309

Members are assumed to attain Medicare eligibility at age 65. All other costs are for the 2023 fiscal year (July 1, 2022 – June 30, 2023).

The EGWP subsidy is assumed to increase in future years by the trend rates shown on the following pages. No future legislative changes or other events are anticipated to impact the EGWP subsidy. If any legislative or other changes occur in the future that impact the EGWP subsidy (which could either increase or decrease the Plan's Actuarial Accrued Liability), those changes will be evaluated and quantified when they occur.

29. Healthcare Morbidity

Morbidity rates (also called aging factors) are used to estimate utilization of healthcare benefits at each age to reflect the fact that healthcare utilization typically increases with age. Separate morbidity rates are used for medical and prescription drug benefits. These rates are based on the 2017-2021 actual experience.

Age	Medical	Prescription drugs
0–44	2.0%	4.5%
45–54	2.5	3.5
55–64	2.5	1.0
65–74	2.0	2.1
75–84	2.2	(0.3)
85–94	0.5	(2.5)
95 +	—	—

30. Healthcare Third Party Administrator Fees

$449 per person per year; assumed to increase at 4.50% per year.

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31. Healthcare 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, 7.0% is applied to the FY23 pre-Medicare medical claims costs to get the FY24 medical claims costs.

Fiscal year	Medical pre-65	Medical post-65	Prescription Drugs / EGWP
2023	7.00%	5.50%	7.50%
2024	6.70	5.50	7.20
2025	6.40	5.40	6.90
2026	6.20	5.40	6.65
2027	6.05	5.35	6.35
2028	5.85	5.35	6.10
2029	5.65	5.30	5.80
2030	5.45	5.30	5.55
2031-2038	5.30	5.30	5.30
2039	5.25	5.25	5.25
2040	5.20	5.20	5.20
2041	5.10	5.10	5.10
2042	5.05	5.05	5.05
2043	4.95	4.95	4.95
2044	4.90	4.90	4.90
2045	4.80	4.80	4.80
2046	4.75	4.75	4.75
2047	4.70	4.70	4.70
2048	4.60	4.60	4.60
2049	4.55	4.55	4.55
2050+	4.50	4.50	4.50

For the June 30, 2014 valuation and later, the updated Society of Actuaries' Healthcare Cost Trend Model is used to project medical and prescription drug costs. This model estimates trend amounts that are projected out for 80 years. The model has been populated with assumptions that are specific to the State of Alaska.

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32. Retired Member Contributions for Medical Benefits

Currently contributions are required for PERS members who are under age 60 and have less than 30 years of service (25 for Peace Officer/Firefighter). Eligible Tier 1 members are exempt from contribution requirements. Annual FY23 contributions based on monthly rates shown below for calendar 2023 are assumed based on the coverage category for current retirees. The retiree only rate shown is used for current active and inactive members and spouses in Tier 2 or 3 who are assumed to retire prior to age 60 with less than 30 years of service and who are not disabled. For dependent children, we value 1/3 of the annual retiree contribution to estimate the per child rate based on the assumed number of children in rates where children are covered.

	Calendar 2023		Calendar 2022
Coverage category	**Annual contribution**	**Monthly contribution**	**Monthly contribution**
Retiree only	$ 8,448	$ 704	$ 704
Retiree and spouse	16,896	1,408	1,408
Retiree and child(ren)	11,940	995	995
Retiree and family	20,388	1,699	1,699
Composite	12,552	1,046	1,046

33. Trend Rate for Retired Member Medical Contributions

The table below shows the rate used to project the retired member medical contributions from the shown fiscal year to the next fiscal year. For example, 4.0% is applied to the FY23 retired member medical contributions to get the FY24 retired member medical contributions.

Trend Assumptions

Fiscal year:	
2023 +	4.0%

Graded trend rates for retired member medical contributions are consistent with the rates used for the June 30, 2021 valuation. Actual FY23 retired member medical contributions are reflected in the valuation.

34. Changes in Assumptions Since the Prior Valuation

Effective for the June 30, 2022 valuation, the Board adopted the changes to the demographic and economic assumptions recommended by the actuary, based on the results of an experience study performed on the plan experience from July 1, 2017 to June 30, 2021. The changes in assumptions were adopted at the June 2022 Board meeting.

The healthcare per capita claims cost assumption is updated annually as described in Section 5.2. The amounts included in the Normal Cost for administrative expenses were changed from $7,625,000 to $8,635,000 for pension, and from $5,531,000 to $3,318,000 for healthcare (based on the most recent two years of actual administrative expenses paid from plan assets).

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Summary of Actuarial Assumptions and Changes in Assumptions

Table 1
Salary Scales

Peace Officer/Firefighter:

Years of Service	Percent Increase
< 1	8.50%
1	7.75
2	7.25
3	7.00
4	6.75
5	6.25
6	5.75
7	5.50
8	5.25
9	5.05
10	4.95
11	4.85
12	4.75
13	4.65
14	4.55
15	4.45
16	4.35
17	4.25
18	4.05
19	4.05
20+	3.85

Others:

Years of Service	Percent Increase
< 1	6.75%
1	6.00
2	5.50
3	5.00
4	4.75
5	4.25
6	4.05
7	3.95
8	3.75
9	3.55
10	3.45
11	3.25
12	3.10
13	3.05
14	3.00
15	2.95
16	2.90
17+	2.85

State of Alaska
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Summary of Actuarial Assumptions and Changes in Assumptions

Table 2a
Turnover rates for Peace Office/Fighter

Select Rates during the First 5 years of Employment

Years of Service	Male	Female
0	15.00%	15.00%
1	12.00	8.00
2	7.20	6.40
3	5.67	5.60
4	6.48	7.20

Ultimate Rates after the First 5 years of Employment

Years of Service	Male	Female
< 30	2.40%	5.80%
30 - 34	2.00	5.10
35 - 39	1.60	3.00
40 - 44	1.30	3.00
45 - 49	1.50	2.90
50 - 54	3.00	5.00
55 +	2.25	1.80

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Table 2b
Turnover Rates for Others

Select Rates during the First 5 Years of Employment

Years of Service	Hire Age Under 35		Hire Age Over 35	
	Male	Female	Male	Female
< 1	29.00%	29.00%	20.00%	20.00%
1	16.25	20.00	12.00	15.00
2	13.00	16.00	10.00	12.50
3	10.40	12.80	8.50	10.00
4	8.45	10.40	8.50	9.00

Ultimate Rates after the First 5 years of Employment

Years of Service	Male	Female
< 30	7.80%	8.20%
30 - 34	7.00	7.10
35 - 39	5.70	5.50
40 - 44	4.50	5.20
45 - 49	4.20	4.40
50 - 54	3.60	4.70
55 +	2.90	4.90

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Summary of Actuarial Assumptions and Changes in Assumptions

Table 3b
Disability Rates
Other Member Rates

Age	Male	Female	Age	Male	Female
<23	0.0327%	0.0376%	47	0.1208%	0.1236%
23	0.0360	0.0400	48	0.1329	0.1360
24	0.0392	0.0424	49	0.1451	0.1484
25	0.0425	0.0448	50	0.1572	0.1608
26	0.0456	0.0472	51	0.1694	0.1734
27	0.0489	0.0496	52	0.1815	0.1858
28	0.0501	0.0510	53	0.2132	0.2168
29	0.0513	0.0524	54	0.2450	0.2478
30	0.0524	0.0538	55	0.2766	0.2788
31	0.0536	0.0554	56	0.3084	0.3098
32	0.0548	0.0568	57	0.3401	0.3408
33	0.0566	0.0586	58	0.4068	0.4096
34	0.0584	0.0606	59	0.4736	0.4784
35	0.0602	0.0624	60	0.5405	0.5470
36	0.0620	0.0644	61	0.6072	0.6158
37	0.0638	0.0662	62	0.6740	0.6844
38	0.0669	0.0696	63	0.8526	0.8450
39	0.0701	0.0728	64	1.0314	1.0054
40	0.0734	0.0762	65	1.2101	1.1660
41	0.0765	0.0794	66	1.3889	1.3264
42	0.0797	0.0826	67	1.5675	1.4870
43	0.0879	0.0908	68	1.0451	0.9914
44	0.0962	0.0990	69	0.5225	0.4956
45	0.1043	0.1072	70+	0.5225	0.4956
46	0.1125	0.1154			

State of Alaska
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Summary of Actuarial Assumptions and Changes in Assumptions

Table 4a
Peace Officer / Firefighter
Retirement Table

	Retirement Rate			
	Reduced		Unreduced	
Age at Retirement	Male	Female	Male	Female
<47	N/A	N/A	9.00%	7.50%
47	N/A	N/A	13.00	18.50
48	N/A	N/A	13.00	18.50
49	N/A	N/A	13.00	18.50
50	5.00%	5.00%	20.00	21.00
51	5.00	5.00	20.00	21.00
52	7.00	7.00	20.00	21.00
53	7.00	7.00	20.00	21.00
54	7.00	7.00	20.00	21.00
55	7.50	7.50	29.00	20.00
56	7.50	7.50	29.00	20.00
57	7.50	7.50	29.00	20.00
58	7.50	7.50	29.00	20.00
59	20.00	20.00	29.00	20.00
60 - 64	N/A	N/A	29.00	31.50
65 - 69	N/A	N/A	45.00	45.00
70+	N/A	N/A	100.00	100.00

State of Alaska
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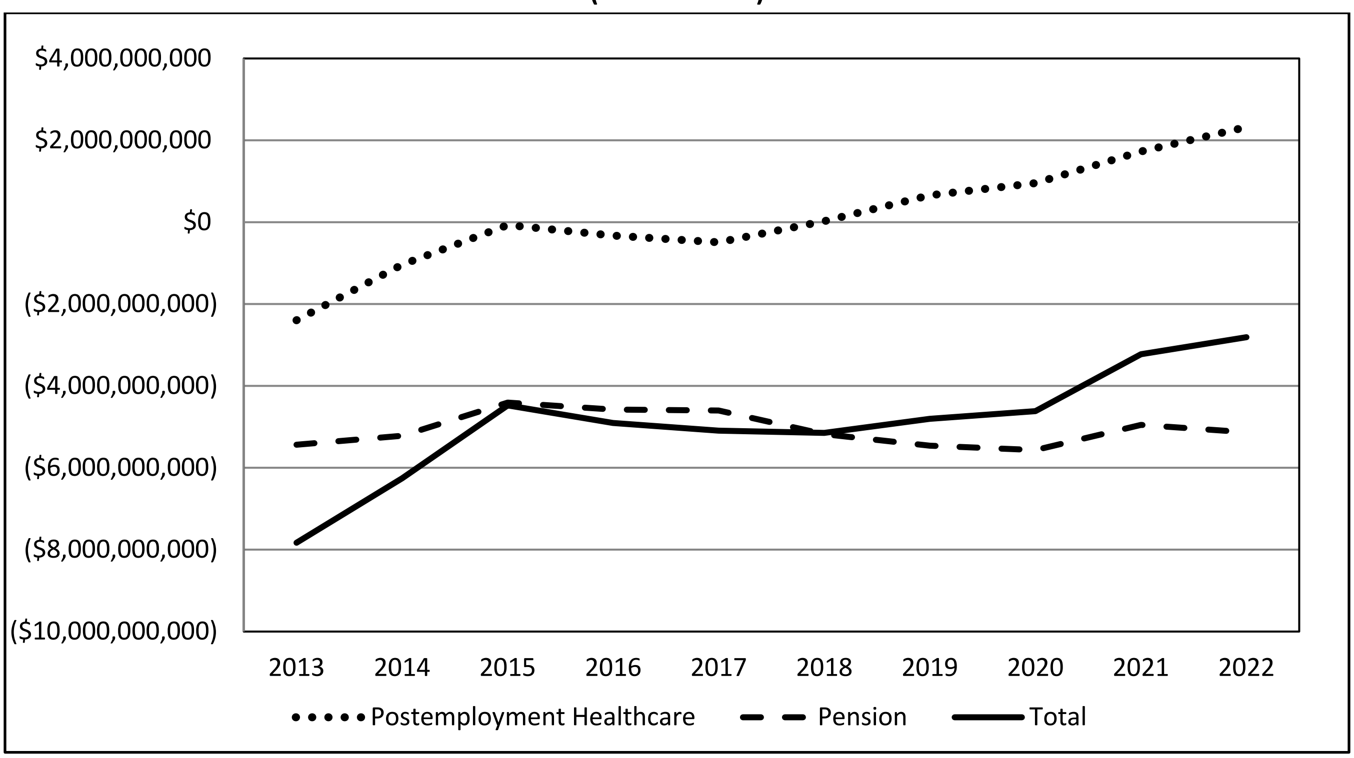
Summary of Actuarial Assumptions and Changes in Assumptions

Table 4b
All Others
Retirement Table

	Retirement Rate			
	Reduced		Unreduced	
Age at Retirement	Male	Female	Male	Female
< 50	N/A	N/A	11.50%	11.50%
50	7.00%	8.50%	37.50	40.50
51	7.00	8.50	37.50	40.50
52	11.00	8.50	37.50	40.50
53	11.00	8.50	37.50	40.50
54	24.00	16.50	37.50	24.00
55	7.00	6.50	25.50	24.00
56	7.00	6.50	25.50	24.00
57	7.00	6.50	25.50	24.00
58	7.00	6.50	25.50	24.00
59	18.00	22.00	25.50	24.00
60 - 64	N/A	N/A	26.50	24.50
65 - 69	N/A	N/A	30.50	28.50
70 - 74	N/A	N/A	27.50	27.50
75 - 79	N/A	N/A	50.00	50.00
80 +	N/A	N/A	100.00	100.00

Public Employees' Retirement System Defined Benefit Retirement Plan Funding Excess/(Unfunded Liability) (In thousands)				
Actuarial Valuation Year Ended June 30	**Postemployment Healthcare**	**Pension**	**Total Funding Excess/ (Unfunded Liability)**	**Funded Ratio**
2022	$ 2,322,874	(5,132,181)	(2,809,307)	87.7%
2021	1,724,985	(4,953,266)	(3,228,281)	85.5
2020	952,808	(5,565,815)	(4,613,007)	79.3
2019	658,797	(5,462,487)	(4,803,690)	78.4
2018	28,405	(5,175,841)	(5,147,436)	76.0
2017	(492,197)	(4,602,427)	(5,094,624)	74.4
2016	(325,127)	(4,576,371)	(4,901,498)	70.0
2015	(68,435)	(4,406,769)	(4,475,204)	75.4
2014	(1,036,453)	(5,216,321)	(6,252,774)	70.1
2013	(2,395,001)	(5,435,132)	(7,830,133)	60.8

10-YEAR TREND OF FUNDING EXCESS/(UNFUNDED) LIABLITY
(In thousands)



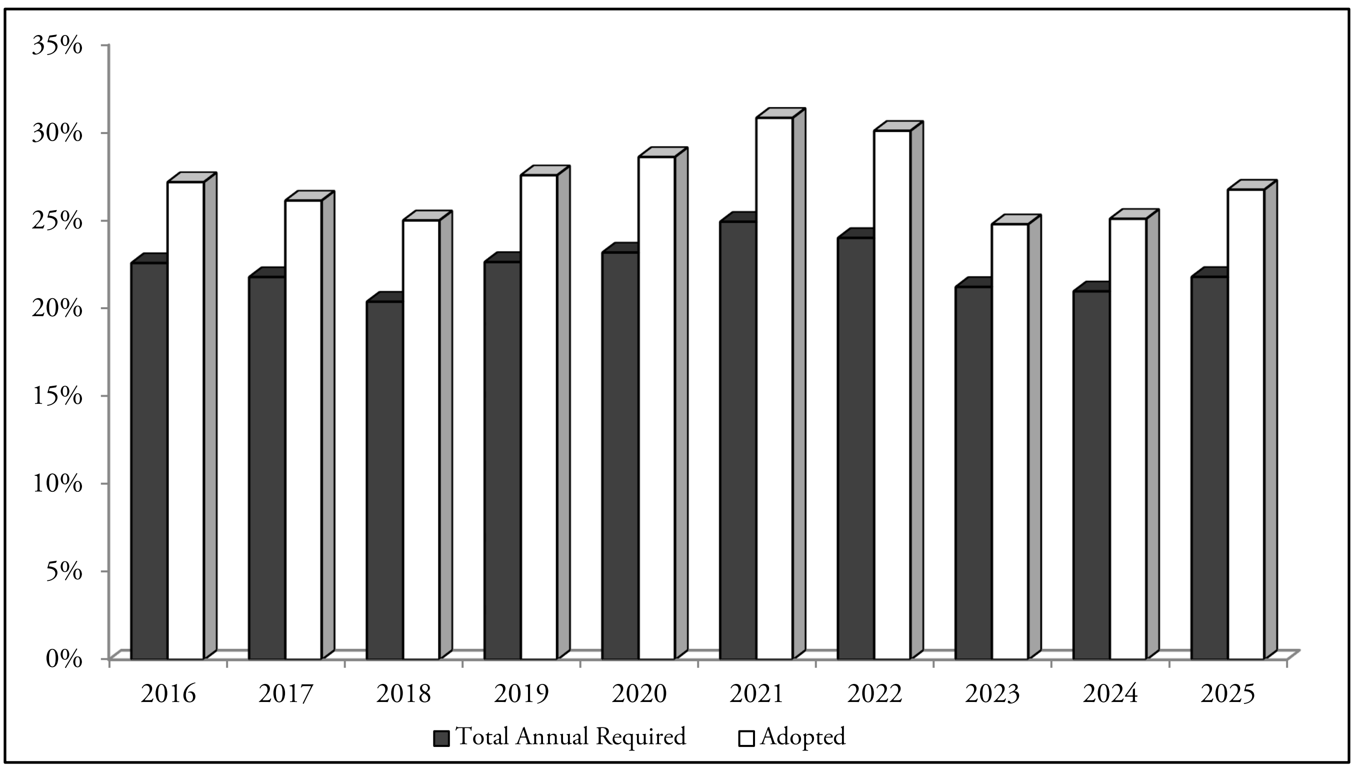
Public Employees' Retirement System
Defined Benefit Retirement Plan
Employer Contribution Rates

Year Ended June 30	Actuarially Determined: Actuarial Valuation Year Ended June 30	Normal Cost[1]	Past Service	Total Annual Required	Adopted
2025	2022	4.09	17.70	21.79	26.76
2024	2021	4.64	16.33	20.97	25.10
2023	2020	5.21	16.01	21.22	24.79
2022	2019	5.70	18.31	24.01	30.11
2021	2018	6.70	18.23	24.93	30.85
2020	2017	5.74	17.44	23.18	28.62
2019	2016	6.11	16.53	22.64	27.58
2018	2015	5.10	15.28	20.38	25.01
2017	2014	5.76	16.02	21.78	26.14
2016	2013	6.05	16.53	22.58	27.19

[1] Also referred to as the consolidated rate.

Beginning with the June 30, 2014 valuation, contribution rates for FY17 and beyond are determined using new methodology in accordance with 2014 legislation under HB 385 and SB 119, 2014 Alaska Laws, which changed the amortization methodology to a closed 25-year period as a level percentage of pay, and eliminated the time lag on the contribution rate calculation by using a 2-year year "roll-forward" approach and assuming 0% population growth. Investment gains and losses are recognized over a 5-year period beginning in FY15. Beginning with the June 30, 2018 valuation, the UAAL amortization was changed as described in Section 5.2.

10-YEAR COMPARISON OF AVERAGE EMPLOYER CONTRIBUTION RATES



Valuation Date	Number	Annual Earnings (In thousands)	Annual Average Earnings	Percent Increase in Average Earnings	Number of Participating Employers
All Others					
June 30, 2022	7,781	$ 650,807	$ 83,641	3.3%	150
June 30, 2021	8,751	708,718	80,987	3.0	151
June 30, 2020	9,767	767,817	78,613	1.7	153
June 30, 2019	10,770	832,832	77,329	4.6	155
June 30, 2018	11,927	881,716	73.926	1.0	155
June 30, 2017	13,113	960,106	73,218	1.4	155
June 30, 2016	14,401	1,039,960	72,214	3.2	155
June 30, 2015	15,833	1,108,218	69,994	2.1	159
June 30, 2014	17,339	1,188,918	68,569	3.4	159
June 30, 2013	18,890	1,252,786	66,320	4.5	159
Peace Officer / Firefighter					
June 30, 2022	1,014	$ 137,252	$ 135,357	6.3%	150
June 30, 2021	1,137	144,771	127,327	3.2	151
June 30, 2020	1,266	156,271	123,436	2.8	153
June 30, 2019	1,382	165,963	120,089	10.6	155
June 30, 2018	1,507	163,630	108,580	1.5	155
June 30, 2017	1,606	171,821	106,987	1.6	155
June 30, 2016	1,704	179,461	105,317	3.8	155
June 30, 2015	1,827	185,350	101,450	2.5	159
June 30, 2014	1,958	193,737	98,946	3.4	159
June 30, 2013	2,065	197,534	95,658	4.8	159

Total and average annual earnings (“valuation pay”) are the annualized earnings for the fiscal year ending on the valuation date.

Public Employees' Retirement System
Defined Benefit Retirement Plan
Schedule of Pension Benefit Recipients Added to and Removed from Rolls

Year Ended	Added to Rolls		Removed from Rolls		Rolls - End of Year		Percent Increase in Annual Pension Benefits	Average Annual Pension Benefit
	No.*	Annual Pension Benefits*	No.*	Annual Pension Benefits*	No.	Annual Pension Benefits		
All Others								
June 30, 2022	1,453	$ 44,793,084	1,009	$ (5,580,072)	34,488	$ 846,462,743	6.3%	$ 24,544
June 30, 2021	1,576	44,216,256	1,070	20,522,550	34,044	796,089,587	3.1	23,384
June 30, 2020	1,472	42,340,608	779	9,911,423	33,538	772,395,881	4.4	23,030
June 30, 2019	1,543	43,301,707	765	3,096,594	32,845	739,966,696	5.7	22,529
June 30, 2018	1,708	46,316,673	673	10,533,376	32,067	699,761,583	5.4	21,823
June 30, 2017	1,699	44,619,382	816	14,610,212	31,032	663,978,286	4.7	21,397
June 30, 2016	1,780	44,409,702	660	12,099,362	30,149	633,969,116	5.4	21,028
June 30, 2015	1,583	39,939,292	627	7,232,812	29,029	601,658,776	5.7	20,726
June 30, 2014	1,778	44,823,611	603	3,011,383	28,073	568,952,296	7.9	20,267
June 30, 2013	1,808	43,247,667	554	4,861,626	26,898	527,140,068	7.9	19,598
Peace Officer / Firefighter								
June 30, 2022	157	$ 8,928,276	75	$ (1,692,346)	3,755	$ 153,738,267	7.4%	$ 40,942
June 30, 2021	191	9,635,568	86	2,931,719	3,673	143,117,645	4.9	38,965
June 30, 2020	164	8,472,240	61	1,078,932	3,568	136,413,796	5.7	38,233
June 30, 2019	149	6,713,940	71	233,335	3,465	129,020,488	5.3	37,235
June 30, 2018	153	7,002,504	81	2,573,694	3,387	122,539,883	3.7	36,179
June 30, 2017	165	6,971,580	54	2,132,027	3,315	118,111,073	4.3	35,629
June 30, 2016	137	6,618,744	49	1,594,394	3,204	113,271,520	4.6	35,353
June 30, 2015	136	5,617,344	46	633,046	3,116	108,247,168	4.8	34,739
June 30, 2014	109	4,270,620	50	(145,771)	3,026	103,262,870	4.5	34,125
June 30, 2013	113	4,162,920	42	240,775	2,967	98,846,479	4.1	33,315

* Numbers are estimated and include other internal transfers.

Public Employees' Retirement System Defined Benefit Retirement Plan Pension Solvency Test (In thousands)							
	Pension Actuarial Accrued Liability For:				Portion of Actuarial Accrued Liabilities Covered by Assets:		
Valuation Date	(1) Active Member Contributions	(2) Inactive Members	(3) Active Members (Employer-Financed Portion)	Pension Valuation Assets	(1)	(2)	(3)
June 30, 2022	$ 1,220,552	$ 12,209,639	$ 2,663,488	$ 10,961,498	100.0%	79.8%	—%
June 30, 2021	1,291,313	11,524,330	2,604,332	10,466,709	100.0	79.6	—
June 30, 2020	1,336,269	11,210,836	2,732,420	9,713,710	100.0	74.7	—
June 30, 2019	1,375,913	10,801,729	2,861,538	9,576,693	100.0	75.9	—
June 30, 2018	1,411,881	10,300,818	2,893,334	9,430,192	100.0	77.8	—
June 30, 2017	1,435,091	9,505,267	2,891,772	9,229,703	100.0	82.0	—
June 30, 2016	1,458,830	9,147,818	3,026,385	9,056,662	100.0	83.1	—
June 30, 2015	1,475,852	8,762,863	3,099,214	8,931,160	100.0	85.1	—
June 30, 2014	1,486,335	8,264,683	3,196,741	7,731,438	100.0	75.6	—
June 30, 2013	1,479,538	7,514,255	2,952,088	6,510,749	100.0	67.0	—

Change in assumptions reflected in 2022, 2018, and 2014 valuation reports.
Change in methods reflected in 2014 valuation report.

Public Employees' Retirement System
Defined Benefit Retirement Plan
Healthcare Solvency Test
(In thousands)

Valuation Date	Healthcare Actuarial Accrued Liability For: (1) Active Member Contributions	(2) Inactive Members	(3) Active Members (Employer-Financed Portion)	Healthcare Valuation Assets	Portion of Actuarial Accrued Liabilities Covered by Assets: (1)	(2)	(3)
June 30, 2022	$ —	$ 5,188,441	$ 1,468,628	$ 8,979,943	100.0%	100.0%	100.0%
June 30, 2021	—	5,260,804	1,595,366	8,581,155	100.0	100.0	100.0
June 30, 2020	—	5,306,689	1,729,861	7,989,358	100.0	100.0	100.0
June 30, 2019	—	5,304,790	1,846,904	7,810,491	100.0	100.0	100.0
June 30, 2018	—	5,546,497	2,111,607	7,686,509	100.0	100.0	100.0
June 30, 2017	—	5,671,509	2,377,756	7,557,068	100.0	100.0	79.3
June 30, 2016	—	5,393,537	2,342,920	7,411,330	100.0	100.0	86.1
June 30, 2015	—	5,159,283	2,151,451	7,242,299	100.0	100.0	96.8
June 30, 2014	—	5,455,114	2,494,499	6,913,160	100.0	100.0	58.5
June 30, 2013	—	5,298,380	2,748,498	5,651,877	100.0	100.0	12.9

Change in assumptions reflected in 2022, 2018, 2016, and 2014 valuation reports.
Change in methods reflected in 2018 and 2014 valuation reports.

Public Employees' Retirement System
Defined Benefit Retirement Plan
Analysis of Financial Experience

Change in Employer/State Contribution Rate Due to (Gains) and Losses in Actuarial Accrued Liabilities During the Last Five Fiscal Years Resulting from Differences Between Assumed Experience and Actual Experience

Type of (Gain) or Loss	Change in Employer/State Contribution Rate During Fiscal Year Total				
	2022	2021	2020	2019	2018
Health Claims	(0.11)%	(0.12)%	(0.87)%	(2.39)%	(1.51)%
Salary Experience	0.13	0.05	(0.03)	0.16	(0.30)
Investment Experience	(0.34)	(1.06)	0.75	0.88	0.92
Demographic Experience and Miscellaneous	0.15	(0.80)	0.19	0.71	(0.82)
Actual vs Expected Contributions	(0.14)	(0.06)	(0.01)	0.13	0.20
(Gain) or Loss During Year From Experience	(0.31)	(1.99)	0.03	(0.51)	(1.51)
Assumption / Method Changes	0.32	—	—	—	3.85
System Benefit Changes	—	(0.03)	—	—	—
Composite (Gain) or Loss During Year	0.01	(2.02)	0.03	(0.51)	2.34
Beginning Total Employer/State Contribution Rate	22.09	24.11	24.08	24.59	22.25
Ending Valuation Year Employer/State Contribution Rate	22.10%	22.09%	24.11%	24.08%	24.59%
Fiscal Year Employer/State Contribution Rate	20.03%	18.47%	18.38%	24.01%	24.93%
Fiscal Year for which Rate Applies	FY25	FY24	FY23	FY22	FY21

Public Employees' Retirement System
Defined Benefit Retirement Plan
Analysis of Financial Experience

Change in Employer/State Contribution Rate Due to (Gains) and Losses in Actuarial Accrued Liabilities During the Last Three Fiscal Years Resulting from Differences Between Assumed Experience and Actual Experience

Type of (Gain) or Loss	Change in Employer/State Contribution Rate During Fiscal Year					
	Pension			Healthcare		
	2022	2021	2020	2022	2021	2020
Health Claims	N/A	N/A	N/A	(0.11)%	(0.12)%	(0.87)%
Salary Experience	0.13%	0.05%	(0.03)%	N/A	N/A	N/A
Investment Experience	(0.34)	1.06	0.44	—	—	0.31
Demographic Experience and Miscellaneous	0.52	(0.54)	(0.19)	(0.37)	(0.26)	0.38
Actual vs Expected Contributions	(0.14)	(0.06)	0.15	—	—	(0.16)
(Gain) or Loss During Year From Experience	0.17	(1.61)	0.37	(0.48)	(0.38)	(0.34)
Assumption and Method Changes	0.54	—	—	(0.22)	—	—
System Benefit Changes	—	—	—	—	(0.03)	—
Composite (Gain) or Loss During Year	0.71	(1.61)	0.37	(0.70)	(0.41)	(0.34)
Beginning Employer/State Contribution Rate	18.93	20.54	20.17	3.16	3.57	3.91
Ending Valuation year Employer/State Contribution Rate	19.64%	18.93%	20.54%	2.46%	3.16%	3.57%
Fiscal Year Employer/State Contribution Rate	20.03%	18.47%	18.38%	1.94%	0.00%	0.00%
Fiscal Year for Which Rate Applies	FY25	FY24	FY23	FY25	FY24	FY23

Public Employees' Retirement System Defined Benefit Retirement Plan Defined Benefit Pension Schedule of Funding Progress (In thousands)						
Valuation Date June 30*	Total Actuarial Accrued Liability	Valuation Assets	Assets as a Percent of Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Annual Active Member Payroll	UAAL as a Percent of Annual Active Member Payroll
2022	$ 16,093,679	$ 10,961,498	68.1%	$ 5,132,181	$ 796,666	644.2%
2021	15,419,975	10,466,709	67.9%	4,953,266	858,641	576.9%
2020	15,279,525	9,713,710	63.6%	5,565,815	930,061	598.4%
2019	15,039,180	9,576,693	63.7%	5,462,487	1,004,467	543.8%
2018	14,606,033	9,430,192	64.6%	5,175,841	1,049,152	493.3%
2017	13,832,130	9,229,703	66.7%	4,602,427	1,159,599	396.9%
2016	13,633,033	9,056,662	66.4%	4,576,371	1,247,884	366.7%
2015	13,337,929	8,931,160	67.0%	4,406,769	1,322,925	333.1%
2014	12,947,759	7,731,438	59.7%	5,216,321	1,412,237	369.4%
2013	11,945,881	6,510,749	54.5%	5,435,132	1,514,034	359.0%

Public Employees' Retirement System Defined Benefit Retirement Plan Alaska Retiree Healthcare Trust Schedule of Funding Progress (In thousands)						
Valuation Date June 30*	Total Actuarial Accrued Liability	Valuation Assets	Assets as a Percent of Actuarial Accrued Liability	Unfunded / (Excess funded) Actuarial Accrued Liability (UAAL)	Annual Active Member Payroll	UAAL as a Percent of Annual Active Member Payroll
2022	$ 6,657,069	$ 8,979,943	134.9%	$ (2,322,874)	$ 796,666	(291.6)%
2021	6,856,170	8,581,155	125.2%	(1,724,985)	858,641	(200.9)%
2020	7,036,550	7,989,358	113.5%	(952,808)	930,061	(102.4)%
2019	7,151,694	7,810,491	109.2%	(658,797)	1,004,467	(65.6)%
2018	7,658,104	7,686,509	100.4%	(28,405)	1,049,152	(2.7)%
2017	8,049,265	7,557,068	93.9%	492,197	1,159,599	42.4%
2016	7,736,457	7,411,330	95.8%	325,127	1,247,884	26.1%
2015	7,310,734	7,242,299	99.1%	68,435	1,322,925	5.2%
2014	7,949,613	6,913,160	87.0%	1,036,453	1,412,237	73.4%
2013	8,046,878	5,651,877	70.2%	2,395,001	1,514,034	158.2%

State of Alaska
Public Employees' Retirement System
Defined Benefit Retirement Plan
Summary of Plan Provisions and Changes in Plan Provisions

1. Effective Date

January 1, 1961, with amendments through June 30, 2022. Chapter 82, 1986 Session Laws of Alaska, created a two-tier retirement system. Members who were first hired under PERS before July 1, 1986 (Tier 1) are eligible for different benefits than members hired after June 30, 1986 (Tier 2). Chapter 4, 1996 Session Laws of Alaska created a third tier for members who were first hired after June 30, 1996 (Tier 3). Chapter 9, 2005 Session Laws of Alaska, closed the plan to new members hired after June 30, 2006.

2. Administration of Plan

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

Prior to June 30, 2005, the Public Employees' Retirement Board prescribed policies and adopted regulations and performed other activities necessary to carry out the provisions of the system. The Alaska State Pension Investment Board, Department of Revenue, Treasury Division was responsible for investing PERS funds.

On July 27, 2005, Senate Bill 141, enacted as Chapter 9, 2005 Session laws of Alaska, replaced the Public Employees' Retirement Board and the Alaska State Pension Investment Board with the Alaska Retirement Management Board.

3. Employers Included

Currently there are 150 employers participating in PERS, including the State of Alaska and 149 political subdivisions and public organizations. Two additional political subdivisions participate in PERS for healthcare benefits only.

4. Membership

PERS membership is mandatory for all permanent full-time and part-time employees of the State of Alaska and participating political subdivisions and public organizations, unless they are specifically excluded by Alaska Statute or employer participation agreements. Employees participating in the University of Alaska's Optional Retirement Plan or other retirement plans funded by the State are not covered by PERS. Elected officials may waive PERS membership.

Certain members of the Alaska Teachers' Retirement System (TRS) are eligible for PERS retirement benefits for their concurrent elected public official service with municipalities. In addition, employees who work half-time in PERS and TRS simultaneously are eligible for half-time PERS and TRS credit.

Senate Bill 141, signed into law on July 27, 2005, closes the plan effective July 1, 2006, to new members first hired on or after July 1, 2006.

State of Alaska
Public Employees' Retirement System
Defined Benefit Retirement Plan
Summary of Plan Provisions and Changes in Plan Provisions

5. Credited Service

Permanent employees who work at least 30 hours a week earn full-time credit; part-time employees working between 15 and 30 hours a week earn partial credit based on the number of hours worked. Members receiving PERS occupational disability benefits continue to earn PERS credit while disabled. Survivors who are receiving occupational death benefits continue to earn PERS service credit while occupational survivor benefits are being paid.

Members may claim other types of service, including:

- part-time State of Alaska service rendered after December 31, 1960, and before January 1, 1976;
- service with the State, former Territory of Alaska, or U.S. Government in Alaska before January 1, 1961;
- past Peace Officer, correctional officer, fire fighter, and special officer service after January 1, 1961;
- military service (not more than five years may be claimed);
- temporary service after December 31, 1960;
- elected official service before January 1, 1981;
- Alaska Bureau of Indian Affairs service;
- past service rendered by employees who worked half-time in PERS and TRS simultaneously;
- leave without pay service after June 13, 1987, while receiving Workers' Compensation;
- Village Public Safety Officer service; and
- service as a temporary employee of the legislature before July 1, 1979, but this service must have been claimed no later than July 1, 2003, or by the date of retirement, if sooner (not more than ten years may be claimed).

Except for service before January 1, 1961, with the State, former Territory of Alaska, or U.S. Government in Alaska, contributions are required for all past service.

Past employment with participating political subdivisions that occurred before the employers joined PERS is creditable if the employers agree to pay the required contributions.

At the election of certain PERS members, certain service may be credited in the same fashion as members in TRS.

Members employed as dispatchers or within a state correctional facility may, at retirement, elect to convert their dispatcher or correctional facility service from "all other" service to Peace Officer/Firefighter service and retire under the 20-year retirement option. Members pay the full actuarial cost of conversion.

6. Employer Contributions

PERS employers contribute the amounts required, in addition to employees' contributions, to fund the benefits of the system.

The normal cost rate is a uniform rate for all participating employers (less the value of members' contributions).

The past service rate is a uniform rate for all participating employers to amortize the unfunded past service liability with

State of Alaska
Public Employees' Retirement System
Defined Benefit Retirement Plan
Summary of Plan Provisions and Changes in Plan Provisions

payments that are a level percentage of payroll amount over a closed 25-year period starting June 30, 2014. Effective June 30, 2018, each future year's unfunded service liability is separately amortized on a level percent of pay basis over 25 years.

Employer rates cannot be less than the normal cost rate.

Pursuant to AS 39.35.255 effective July 1, 2008, and subsequently amended on July 1, 2021, each non-state PERS employer will pay a simple uniform contribution rate of 22% of non-state member payroll and the State as an employer will pay the total contribution rate, adopted by the Board, of State member payroll.

7. Additional State Contributions

Pursuant to AS 39.35.280 effective July 1, 2008, the State shall contribute an amount (in addition to the State contribution as an employer) that, when combined with the total employer contributions, will be sufficient to pay the total contribution rate adopted by the Board.

8. Member Contributions

Mandatory Contributions: Peace Officer/Firefighter members are required to contribute 7.5% of their compensation; all Others contribute 6.75%. Those all Others who have elected to have their service calculated under TRS rules contribute 9.76% of their compensation. Members' contributions are deducted from gross wages before federal income taxes are withheld.

Contributions for Claimed Service: Member contributions are also required for most of the claimed service described above.

Voluntary Contributions: Members may voluntarily contribute up to 5% of their salary on an after-tax basis. Voluntary contributions are recorded in a separate account and are payable to the:

a. member in lump sum payment upon termination of employment;
b. member's beneficiary if the member dies; or
c. member in a lump sum, life annuity, or payments over a designated period of time when the member retires.

Interest: Members' contributions earn 4.5% interest, compounded semiannually on June 30 and December 31.

Refund of Contributions: Terminated members may receive refunds of their member contribution accounts which includes their mandatory and voluntary contributions, indebtedness payments, and interest earned. Terminated members' accounts may be attached to satisfy claims under Alaska Statute 09.38.065, federal income tax levies, and valid Qualified Domestic Relations Orders.

Reinstatement of Contributions: Refunded accounts and the corresponding PERS service may be reinstated upon reemployment in PERS prior to July 1, 2010. Interest accrues on refunds until paid in full or members retire.

State of Alaska
Public Employees' Retirement System
Defined Benefit Retirement Plan
Summary of Plan Provisions and Changes in Plan Provisions

9. Retirement Benefits

Eligibility**:**

a. Members, including deferred vested members, are eligible for normal retirement at age 55 or early retirement at age 50 if they were hired before July 1, 1986 (Tier 1), and 60 or early retirement at age 55 if they were hired after July 1, 1986 (Tiers 2 & 3). Additionally, they must have at least:

   i. five years of paid-up PERS service;

   ii. 60 days of paid-up PERS service as employees of the legislature during each of the five legislative sessions and they were first hired by the legislature before May 30, 1987;

   iii. 80 days of paid-up PERS service as employees of the legislature during each of the five legislative sessions and they were first hired by the legislature after May 29, 1987;

   iv. two years of paid-up PERS service and they are vested in the Teachers' Retirement System (TRS); or

   v. two years of paid-up PERS service and a minimum three years of TRS service to qualify for a public service benefit.

b. Members may retire at any age when they have:

   vi. 20 paid-up years of PERS Peace Officer/Firefighter service; or

   vii. 30 paid-up years of PERS "all other" or "elected official" service.

Benefit Type: Lifetime benefits are paid to members. Eligible members may receive normal, unreduced benefits when they (1) reach normal retirement age and complete the service required; or (2) satisfy the minimum service requirements under the "20 and out" or "30 and out" provisions. Members may receive early, reduced benefits when they reach early retirement age and complete the service required. Benefits are reduced by 6% per year prior to a member's normal retirement date.

Members may select a joint and survivor option. Members who entered PERS prior to July 1, 1996 may also select a 66-2/3 last survivor option or a level income option. Under these options and early retirement, benefits are actuarially adjusted so that members receive the actuarial equivalents of their normal benefit amounts.

Benefit Calculations: Retirement benefits are calculated by multiplying the average monthly compensation (AMC) times credited PERS service times the percentage multiplier. The AMC is determined by averaging the salaries earned during the five highest (three highest for Peace Officer/Firefighter members or members hired prior to July 1, 1996) consecutive payroll years. Members must earn at least 115 days of credit in the last year worked to include it in the AMC calculation. PERS pays a minimum benefit of $25.00 per month for each year of service when the calculated benefit is less.

The percentage multipliers for Peace Officer/Firefighter members are 2% for the first ten years of service and 2.5% for all service over ten years.

The percentage multipliers for all Others are 2% for the first ten years, 2.25% for the next ten years, and 2.5% for all remaining service earned on or after July 1, 1986. All service before that date is calculated at 2%.

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Public Employees' Retirement System
Defined Benefit Retirement Plan
Summary of Plan Provisions and Changes in Plan Provisions

Salaries are subject to compensation limits under IRC 401(a)(17) for members first hired on or after July 1, 1996. Retirement benefit amounts are subject to IRC 415(b) limits regardless of hire date.

Indebtedness: Members who terminate and refund their PERS contributions are not eligible to retire unless they return to PERS employment and pay back their refunds plus interest or accrue additional service which qualifies them for retirement. PERS refunds must be paid in full if the corresponding service is to count toward the minimum service requirements for retirement. Refunded PERS service is included in total service for the purpose of calculating retirement benefits. However, when refunds are not completely paid before retirement, benefits are actuarially reduced for life. Indebtedness balances may also be created when a member purchases qualified claimed service.

Reemployment of Retired Members: Retirement and retiree healthcare benefits are suspended while retired members are reemployed under PERS. During reemployment, members earn additional PERS service and contributions are withheld from their wages. A member who retired with a normal retirement benefit can elect to waive payment of PERS contributions. The waiver allows the member to continue receiving the retirement benefit during the period of reemployment. Members who elect the waiver option do not earn additional PERS service. The Waiver Option first became effective July 1, 2005 and applies to reemployment periods after that date. The Waiver Option is not available to members who retired early or under the Retirement Incentive Programs (RIPs). The Waiver Option is no longer available after June 30, 2009.

Members retired under the Retirement Incentive Programs (RIPs) who return to employment will:

a. forfeit the three years of incentive credits that they received;

b. owe PERS 150% of the benefits that they received for state and political subdivision members, and 110% for school district employees, under the 1996-2000 RIP, which may include costs for health insurance, excluding amounts that they paid to participate for the 1986 and 1989 RIPs. Under prior RIPs, the penalty is 110% of the benefits received; and

c. be charged 7% interest from the date that they are reemployed until their indebtedness is paid in full or they retire again. If the indebtedness is not completely paid, future benefits will be actuarially reduced for life.

Employers make contributions to the unfunded liability of the plan on behalf of rehired retired members at the rate the employer is making contributions to the unfunded liability of the plan for other members.

State of Alaska
Public Employees' Retirement System
Defined Benefit Retirement Plan
Summary of Plan Provisions and Changes in Plan Provisions

10. Postemployment Healthcare Benefits

Major medical benefits are provided to retirees and their surviving spouses by PERS for all employees hired before July 1, 1986 (Tier 1) and disabled retirees. Employees hired after June 30, 1986 (Tier 2) and their surviving spouses with five years of credited service (or ten years of credited service for those first hired after June 30, 1996 (Tier 3)) must pay the full monthly premium if they are under age sixty and will receive benefits paid by PERS if they are over age sixty. Tier 3 Members with between five and ten years of credited service must pay the full monthly premium regardless of their age. Tier 2 and Tier 3 Members with less than five years of credited service are not eligible for postemployment healthcare benefits. Tier 2 Members who are receiving a conditional benefit and are age eligible are eligible for postemployment healthcare benefits. In addition, Peace Officers and their surviving spouses with twenty-five years of Peace Officer membership service, Other employees and their surviving spouses with thirty years of membership service, and any disabled member receive benefits paid by PERS, regardless of their age or date of hire.

Medical, prescription drug, dental, vision and audio coverage is provided through the AlaskaCare Retiree Health Plan. Health plan provisions do not vary by retirement tier or age, except for Medicare coordination. Participants in dental, vision, and audio coverage pay a full self-supporting rate and those benefits are not included in this valuation.

Starting in 2022, prior authorization will be required for certain specialty medications for all participants. There is no change to the medications that are covered by the plan.

Starting in 2022, certain preventive benefits for pre-Medicare participants will now be covered by the plan.

Surviving spouses continue coverage only if a pension payment form that provided survivor benefits was elected. Alternate payees (i.e. individuals who are the subject of a domestic relations order or DRO) are allowed to participate in the plan, but must pay the full cost.

Where premiums are required prior to age 60, the valuation bases this payment upon the age of the retiree.

Participants in the defined benefit plan are covered under the following benefit design:

Plan Feature	Amount
Deductible (single/family)	$150 / $450
Coinsurance - most services	20%
Outpatient surgery/testing	0%
Maximum Out-of-Pocket (single/family, excl. deductible)	$800 / $2,400
Rx Copays (generic/brand/mail-order), does not apply to OOP max	$4 / $8 / $0
Lifetime Maximum	$2,000,000

The plan coordinates with Medicare on a traditional Coordination of Benefits Method. Starting in 2019, the prescription drug coverage will be through a Medicare Part D EGWP arrangement.

State of Alaska
Public Employees' Retirement System
Defined Benefit Retirement Plan
Summary of Plan Provisions and Changes in Plan Provisions

11. Disability Benefits

Monthly disability benefits are paid to permanently disabled members until they die, recover, or become eligible for normal retirement. Members are appointed to normal retirement on the first of the month after they become eligible.

Occupational Disability: Members are not required to satisfy age or service requirements to be eligible for occupational disability. Monthly benefits are equal to 40% of their gross monthly compensation on the date of their disability. Members on occupational disability continue to earn PERS service until they become eligible for normal retirement. Peace Officer/Firefighter members may elect to retain the disability benefit formula for the calculation of their normal retirement benefits.

At the time a disabled Peace Officer/Firefighter member retires, the retirement benefit will be increased by a percentage equal to the total cumulative percentage that has been applied to the disability benefit.

Nonoccupational Disability: Members must be vested (five paid up years of PERS service) to be eligible for non-occupational disability benefits. Monthly benefits are calculated based on the member's average monthly compensation and PERS service on the date of termination from employment because of disability. Members do not earn PERS service while on non-occupational disability.

12. Death Benefits

Monthly death benefits may be paid to a spouse or dependent children upon the death of a member. If monthly benefits are not payable under the occupational and non-occupational death provisions, the designated beneficiary receives the lump sum benefit described below.

Occupational Death: When an active member (vested or non-vested) dies from occupational causes, a monthly survivor's pension may be paid to the spouse. The pension equals 40% of the member's gross monthly compensation on the date of death or disability, if earlier. If there is no spouse, the pension may be paid to the member's dependent children. On the member's normal retirement date, the benefit converts to a normal retirement benefit. The normal benefit is based on the member's salary on the date of death and service, including service accumulated from the date of the member's death to the normal retirement date. Survivors of Peace Officer/Firefighter members receive the greater of 50% of the member's gross monthly compensation on the date of death or disability, or 75% of the member's monthly normal retirement benefit (including service projected to Normal Retirement). If the member is unmarried with no children, a refund of contributions is payable to the estate.

Death after Occupational Disability: When a member dies while occupationally disabled, benefits are paid as described above in Occupational Death.

Nonoccupational Death: When a vested member dies from non-occupational causes, the surviving spouse may elect to receive a monthly 50% joint and survivor benefit or a lump sum benefit. The monthly benefit is calculated on the member's average monthly compensation and PERS service at the time of termination or death.

Lump Sum Non-occupational Death Benefit: Upon the death of a member who has less than one year of service, the designated beneficiary receives the member's contribution account, which includes mandatory and voluntary contributions, indebtedness payments, and interest earned. If the member has more than one year of PERS service or is vested, the beneficiary also receives $1,000 and $100 for each year of PERS service.

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Death After Retirement: When a retired member dies, the designated beneficiary receives the member's contribution account, less any benefits already paid and the member's last benefit check. If the member selected a survivor option at retirement, the eligible spouse receives continuing, lifetime monthly benefits.

13. Postretirement Pension Adjustments

Postretirement pension adjustments (PRPAs) are granted annually to eligible benefit recipients when the consumer price index (CPI) for urban wage earners and clerical workers for Anchorage increases during the preceding calendar year. PRPAs are calculated by multiplying the recipient's base benefit including past PRPAs, but excluding the Alaska COLA, times:

a. The lesser of 75% of the CPI increase in the preceding calendar year or 9%, if the recipient is at least age 65 or on PERS disability; or

b. The lesser of 50% of the CPI increase in the preceding calendar year or 6%, if the recipient is at least age 60, or has been receiving benefits for at least five years.

Ad hoc PRPAs, up to a maximum of 4%, may be granted to eligible recipients who were first hired before July 1, 1986 (Tier 1) if the CPI increases and the funded ratio is at least 105%.

In a year where an ad-hoc PRPA is granted, eligible recipients will receive the higher of the two calculations.

14. Alaska Cost of Living Allowance

Eligible benefit recipients who reside in Alaska receive an Alaska cost of living allowance (COLA) equal to 10% of their base benefits or $50, whichever is more. The following benefit recipients are eligible:

a. members who first entered PERS before July 1, 1986 (Tier 1) and their survivors;

b. members who first entered PERS after June 30, 1986 (Tiers 2 & 3) and their survivors if they are at least age 65; and

c. all disabled members.

15. Changes in Benefit Provisions Valued Since the Prior Valuation

There were no changes in benefit provisions since the prior valuation.

BUCK

April 24, 2023

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

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 Public Employees' Retirement System Defined Contribution Retirement (PERS DCR) Plan as of June 30, 2022 performed by Buck Global, LLC (Buck).

The actuarial valuation is based on financial information provided in the financial statements audited by KPMG LLP, member data provided by the Division of Retirement and Benefits, and medical enrollment data provided by the healthcare claims administrator (Aetna), as summarized in this report. The benefits considered are those delineated in Alaska statutes effective June 30, 2022. The actuary did not verify the data submitted, but did perform tests for consistency and reasonableness.

All costs, liabilities and other factors under PERS DCR 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 is solely responsible for the actuarial data and actuarial results presented in this report. This report fully and fairly discloses the actuarial position of PERS DCR as of June 30, 2022.

PERS DCR is funded by Employer Contributions in accordance with the funding policy adopted by the Alaska Retirement Management Board (Board). The funding objective for PERS DCR is to pay required contributions that remain level as a percent of PERS 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 PERS DCR compensation over closed layered 25-year periods. This objective is currently being met and is projected to continue to be met as required by the Alaska State statutes. Absent future gains/losses, actuarially determined contributions are expected to remain level as a percent of pay and the funded status of the occupational death & disability trust and the retiree medical trust are expected to remain at or above 100%.

The Board and staff of the State of Alaska may use this report for the review of the operations of PERS DCR. Use of this report for any other purpose or by anyone other than the Board or staff of the State of Alaska may not be appropriate and may result in mistaken conclusions due to failure to understand applicable assumptions, methodologies, or inapplicability of the report for that purpose. Because of the risk of misinterpretation of actuarial results, Buck recommends requesting its advanced review of any statement to be based on information contained in this report. Buck will accept no liability for any such statement made without its prior review.

Future actuarial measurements may differ significantly from current measurements due to plan experience differing from that anticipated by the actuarial assumptions, changes expected as part of the natural operation of the methodology used for these measurements, and changes in plan provisions or applicable law. In particular, retiree group benefits models necessarily rely on the use of approximations and estimates and are sensitive to changes in these approximations and estimates. Small variations in these approximations and estimates may lead to significant changes in actuarial measurements. An analysis of the potential range of such future differences is beyond the scope of this valuation.

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 for the period July 1, 2017 to June 30, 2021. Based on that experience study, the Board adopted new assumptions effective beginning with the June 30, 2022 valuation to better reflect expected future experience. Based on our annual analysis of recent claims experience, changes were made to the healthcare per capita claims cost rates effective June 30, 2022 to better reflect expected future healthcare experience. A summary of the actuarial assumptions and methods used in this actuarial valuation is shown in Sections 4.2 and 4.3. We certify that the assumptions and methods described in Sections 4.2 and 4.3 of this report meet the requirements of all applicable Actuarial Standards of Practice.

Actuarial Standards of Practice No. 27 (ASOP 27) and No. 35 (ASOP 35) require the actuary to disclose the information and analysis used to support the actuary's determination that the assumptions selected by the plan sponsor do not significantly conflict with what, in the actuary's professional judgment, are reasonable for the purpose of the measurement. Buck provides advice on reasonable assumptions when performing periodic experience studies. The Board selects the assumptions used and annually the signing actuary reviews the assumptions through discussions with the Board staff and analyzing actuarial gain/loss experience. In the case of the Board's selection of the expected return on assets (EROA), the signing actuary has used economic information and tools provided by Buck's Financial Risk Management (FRM) practice. A spreadsheet tool created by the FRM practice converts averages, standard deviations, and correlations from Buck's Capital Markets Assumptions that are used for stochastic forecasting into approximate percentile ranges for the arithmetic and geometric average returns. It is intended to suggest possible reasonable ranges for EROA without attempting to predict or select a specific best estimate rate of return. It takes into account the duration (horizon) of investment and the target allocation of assets in the portfolio to various asset classes. Based on the actuary's analysis, including consistency with other assumptions used in the valuation, the percentiles generated by the spreadsheet tool described above, and review of actuarial gain/loss analysis, the actuary believes the assumptions do not significantly conflict with what, in the actuary's professional judgment, are reasonable for the purpose of the measurement.

Annual Comprehensive Financial Report (ACFR)

We have prepared the following information in this report for the Actuarial Section and Statistical Section of the ACFR: (i) member data tables in Section 3; (ii) summary of actuarial assumptions in Section 4.3; and (iii) historical information in Section 5.

Governmental Accounting Standards Board (GASB) Statement No. 74 (GASB 74) was effective for PERS DCR beginning with fiscal year ending June 30, 2017. Please see our separate GASB 74 report for other information needed for the ACFR.

The following schedules provide further related information. Buck is responsible for the following schedules:

- Occupational Death and Disability and Retiree Medical Funding Excess / (Unfunded Liability)
- Occupational Death and Disability and Retiree Medical Benefits Employer Contribution Rates
- Occupational Death and Disability and Retiree Medical Benefits Schedule of Active Member Valuation Data
- Occupational Death and Disability and Retiree Medical Solvency Test
- Occupational Death and Disability and Retiree Medical Schedule of Funding Progress

Assessment of Risks

Actuarial Standard of Practice No. 51 (ASOP 51) applies to actuaries performing funding calculations related to a pension plan. ASOP 51 does not apply to actuaries performing services in connection with other post-employment benefits, such as medical benefits. Accordingly, ASOP 51 does not apply to the retiree medical portion of PERS DCR. We also believe ASOP 51 does not apply to the occupational death & disability portion of PERS DCR. Therefore, information related to ASOP 51 is not included in this report. However, it may be beneficial to review the ASOP 51 information provided in the PERS valuation report for information on risks that may also relate to the occupational death & disability benefits provided by this plan.

Use of Models

Actuarial Standard of Practice No. 56 (ASOP 56) provides guidance to actuaries when performing actuarial services with respect to designing, developing, selecting, modifying, using, reviewing, or evaluating models. In addition to the EROA analysis spreadsheet model disclosed above, Buck uses third-party software in the performance of annual actuarial valuations and projections. The model is intended to calculate the liabilities associated with the provisions of the plan using data and assumptions as of the measurement date under the funding methods specified in this report. The output from the third-party vendor software is used as input to an internally developed model that applies applicable funding methods and policies to the derived liabilities and other inputs, such as plan assets and contributions, to generate many of the exhibits found in this report. Buck has an extensive review process in which the results of the liability calculations are checked using detailed sample life output, changes from year to year are summarized by source, and significant deviations from expectations are investigated. Other funding outputs and the internal model are similarly reviewed in detail and at a higher level for accuracy, reasonability, and consistency with prior results. Buck also reviews the third-party model when significant changes are made to the software. This review is performed by experts within Buck who are familiar with applicable funding methods, as well as the manner in which the model generates its output. If significant changes are made to the internal model, extra checking and review are completed. Significant changes to the internal model that are applicable to multiple clients are generally developed, checked, and reviewed by multiple experts within Buck who are familiar with the details of the required changes.

Buck used manual rate models to determine relative plan values for the defined benefit (DB) retiree medical plan and the DCR retiree medical plan, and to reflect the different Medicare coordination methods between the two plans. The manual rate models are intended to provide benchmark data and pricing capabilities, calculate per capita costs, and calculate actuarial values of different commercial health plans. Buck relied on the models, which were developed using industry data by actuaries and consultants at OptumInsight.

COVID-19

The potential impact of the ongoing COVID-19 pandemic on costs and liabilities was considered and an adjustment was made in setting the medical per capita claims cost assumption. FY21 medical claims were adjusted for a COVID-19 related decline in those claims during the fiscal year. FY22 medical claims were not adjusted. A more detailed explanation on these adjustments is shown in Sections 4.2 and 4.3 and in the valuation report for the DB plan.

This report was prepared under the overall direction of David Kershner, who meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. He is a Fellow of the Society of Actuaries, an Enrolled Actuary, a Member of the American Academy of Actuaries, and a Fellow of the Conference of Consulting Actuaries.

Respectfully submitted,

David J. Kershner, FSA, EA, MAAA, FCA
Principal, Buck

Brett Hunter, ASA, EA, MAAA
Senior Consultant, Buck

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 his qualification to render opinions in such matters in accordance with the Qualification Standards of the American Academy of Actuaries.

Stephen R. Oates, ASA, EA, MAAA, FCA
Principal, Buck

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The funding method used in this valuation was adopted by the Board in October 2006, and was modified as part of the experience study for the period July 1, 2013 to June 30, 2017. 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

Liabilities and contributions shown in the report are computed using the Entry Age Normal Actuarial Cost Method, level percent of pay. Each year's difference between actual and expected unfunded actuarial accrued liability is amortized over 25 years as a level percentage of expected payroll.

Cost factors designed to produce annual costs as a constant percentage of each member's expected compensation in each year for death & disability benefits and 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 was phased in over five years. Fair Value of Assets was $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.

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C. Valuation of Retiree Medical and Prescription Drug Benefits

The methodology used for the valuation of the retiree medical benefits is described in Section 5.2 of the State of Alaska Public Employees' Retirement System Defined Benefit Plan Actuarial Valuation Report as of June 30, 2022.

Starting in 2022, prior authorization is required for certain specialty medications. There is no change to the medications that are covered by the plan. Segal provided an estimate of the impact of this change to the DB retiree health plan cost for calendar year 2022. The resulting adjustment factors for pre-Medicare prescription drug, Medicare prescription drug, and EGWP costs were applied to claims experience incurred before January 1, 2022. Those base claims costs were used for the DCR valuation with further adjustments as noted below. Additionally, starting in 2022, certain common preventive benefits are covered for the DB plan. The resulting adjustment factor for pre-Medicare medical costs was applied to claims experience incurred before January 1, 2022. However, preventive benefits were already covered under the DCR plan so the pre-65 DCR medical adjustment factor referenced below was increased from 3.1% to 4.4%.

Due to the lack of experience for the DCR retiree medical plan, base claims costs are based on those described in the actuarial valuation as of June 30, 2022 for the Defined Benefit (DB) retiree medical plan covering TRS and PERS. The DB rates were used 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, different Medicare coordination for medical benefits, and an indexing of the retiree out-of-pocket dollar amounts. To account for higher initial copays, deductibles, and out-of-pocket limits, projected FY23 claims costs were reduced 4.4% for pre Medicare medical claims, 3.1% for Medicare medical claims, and 8.9% for prescription drugs. In addition, to account for the difference in Medicare coordination, projected FY23 medical claims costs for Medicare eligible retirees were further reduced 29.5%.

FY21 and FY22 experience was thoroughly reviewed to assess the impact of COVID-19 and whether an adjustment to FY21 and FY22 claims was appropriate for use in the June 30, 2022 valuation. FY21 medical per capita claims were noticeably lower than expected, so a 4% load was added to the FY21 medical claims used in the per capita claims cost development to better reflect future expected long-term costs of the plan. FY22 medical per capita claims were reasonable when compared to pre-COVID levels, so no adjustments were made to the FY22 medical claims used in the per capita claims cost development.

No implicit subsidies are assumed. Employees projected to retire with 30 years of service (25 years of service for Peace/Fire) prior to Medicare are valued with commencement deferred to Medicare eligibility, because those members will be required to pay the full plan premium prior to Medicare. Explicit subsidies for disabled and normal retirement are determined using the plan-defined percentages of age-related total projected plan costs, again with no implicit subsidy assumed.

The State transitioned to an Employer Group Waiver Program (EGWP) for DCR participants effective January 1, 2019. The estimated 2023 reimbursements under EGWP were provided by Segal Consulting (who worked with the EGWP administrator, Optum, to develop those estimates).

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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 these provisions.

Because the State plan is retiree-only, not all provisions are required. Unlimited lifetime benefits and dependent coverage to age 26 are two of these provisions. The adopted DCR plan does not place lifetime limits on benefits, but does restrict dependent child coverage.

The Further Consolidated Appropriations Act, 2020 passed in December 2019 repealed several healthcare-related taxes, including the Cadillac Tax.

The Tax Cuts and Jobs Act passed in December 2017 included the elimination of the individual mandate penalty and changed the inflation measure for purposes of determining the limits for the High Cost Excise Tax to use chained CPI. It is our understanding the law does not directly impact other provisions of the ACA. While the nullification of the ACA's individual mandate penalty does not directly impact employer group health plans, it could contribute to the destabilization of the individual market and increase the number of uninsured. Such destabilization could translate to increased costs for employers. We have considered this when setting our healthcare cost trend assumptions and will continue to monitor this issue.

The Inflation Reduction Act was signed into law on August 16, 2022. The law contains several provisions that are expected to impact Alaska's Medicare prescription drug plan (EGWP), which will be considered at the next measurement date.

We have not identified any other specific provisions of healthcare reform or its potential repeal that would be expected to have a significant impact on the measured obligation. We will continue to monitor legislative activity.

E. Changes in Methods Since the Prior Valuation

There were no changes in the asset or valuation methods since the prior valuation.

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The demographic and economic assumptions used in the June 30, 2022 valuation are described below. Unless noted otherwise, these assumptions were adopted by the Board at the June 2022 meeting based on the experience study for the period July 1, 2017 to June 30, 2021.

1. Investment Return — 7.25% per year, net of investment expenses.

2. Salary Scale — Salary scale rates based upon the 2017-2021 actual experience (see Table 1). Inflation – 2.50% per year. Productivity – 0.25% per year.

3. Payroll Growth — 2.75% per year (2.50% inflation + 0.25% productivity).

4. Total Inflation — Total inflation as measured by the Consumer Price Index for urban and clerical workers for Anchorage is assumed to increase 2.50% annually.

5. Mortality (Pre-commencement) — Mortality rates based on the 2017-2021 actual experience, to the extent the experience was statistically credible.

   Employee mortality for Peace Officer/Firefighters in accordance with the following tables:

   - Occupational Death & Disability: Pub-2010 Safety Employee table, amount-weighted, and projected with MP-2021 generational improvement.
   - Healthcare: Pub-2010 Safety Employee table, headcount-weighted, and projected with MP-2021 generational improvement.

   Employee mortality for Others in accordance with the following tables:

   - Occupational Death & Disability: Pub-2010 General Employee table, amount-weighted, and projected with MP-2021 generational improvement.
   - Healthcare: Pub-2010 General Employee table, headcount-weighted, and projected with MP-2021 generational improvement.

   Deaths are assumed to result from occupational causes 70% of the time for Peace Officer/Firefighters, and 35% of the time for Others.

6. Mortality (Post-commencement) — Mortality rates based upon the 2017-2021 actual experience, to the extent the experience was statistically credible.

   Retiree mortality for Peace Officer/Firefighters in accordance with the following tables:

   - Occupational Death & Disability: Pub-2010 Safety Retiree table, amount-weighted, and projected with MP-2021 generational improvement.
   - Healthcare: Pub-2010 Safety Retiree table, headcount-weighted, and projected with MP-2021 generational improvement.

   Retiree mortality for Others in accordance with the following tables:

   - Occupational Death & Disability: 98% of male and 106% of female rates of the Pub-2010 General Retiree table, amount-weighted, and projected with MP-2021 generational improvement.

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- Healthcare: 101% of male and 110% of female rates of the Pub-2010 General Employee table, headcount-weighted, and projected with MP-2021 generational improvement.

Beneficiary mortality for Peace Officer/Firefighters in accordance with the following tables. These tables are applied only after the death of the original member.

- Occupational Death & Disability: Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement.
- Healthcare: Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement.

Beneficiary mortality for Others in accordance with the following tables. These tables are applied only after the death of the original member.

- Occupational Death & Disability: 102% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement.
- Healthcare: 101% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement.

7. Turnover

Select and ultimate rates based upon the 2017-2021 actual experience (see Table 2a and 2b).

8. Disability

No changes to the incidence rates from the prior valuation due to insufficient 2017-2021 actual experience (see Tables 3a and 3b). For retiree medical benefits, the disability rates cease once a member is eligible for retirement. However, the disability rates continue after retirement eligibility for occupational death & disability benefits.

Disabilities are assumed to be occupational 70% of the time for Peace Officer/Firefighters, and 35% of the time for Others.

For Peace Officer/Firefighters, members are assumed to take the monthly annuity 100% of the time.

Post-disability mortality for Peace Officer/Firefighters in accordance with the following tables.

- Occupational Death & Disability: Pub-2010 Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement.
- Healthcare: Pub-2010 Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement.

Post-disability mortality for Others in accordance with the following tables:

- Occupational Death & Disability: Pub-2010 Non-Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement.

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- Healthcare: Pub-2010 Non-Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement.

9. Retirement	Retirement rates based upon the 2017-2021 actual experience (see Table 4).
10. Spouse Age Difference	Males are assumed to be three years older than their wives. Females are assumed to be two years younger than their husbands.
11. Percent Married for Occupational Death & Disability	For Others, 75% of male members and 70% of female members are assumed to be married at termination from active service. For Peace Officer/Firefighters, 85% of male members and 60% of female members are assumed to be married at termination from active service.
12. Dependent Spouse Medical Coverage Election	Applies to members who do not have double medical coverage. For Peace Officer/Firefighters, 75% of male members and 50% of female members are assumed to be married and cover a dependent spouse. For Others, 60% of male members and 50% of female members are assumed to be married and cover a dependent spouse.
13. Part-Time Service	Peace Officer/Firefighter members are assumed to be full-time employees. For Other members, part-time employees are assumed to earn 0.75 years of service per year.
14. Peace Officer/Firefighter Occupational Disability Retirement Benefit Commencement	The occupational disability retirement benefit is assumed to be first payable from the member's DC account and the retirement benefit payable from the occupational death & disability trust will commence five years later.
15. Imputed Data	Data changes from the prior year which are deemed to have immaterial impact on liabilities and contribution rates are assumed to be correct in the current year's client data. Non-vested terminations with appropriate refund dates are assumed to have received a full refund of contributions. Active members with missing salary and service are assumed to be terminated with status based on their vesting percentage

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16. Administrative Expenses

The Normal Cost as of June 30, 2022 was increased by the following amounts. These amounts are based on the average of actual administrative expenses during the last two fiscal years.

- Occupational Death & Disability – $33,000
- Healthcare – $39,000

17. Retiree Medical Participation

Death / Disability Decrement		Retirement Decrement	
Age	Percent Participation	Age	Percent Participation *
< 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+	

Years of Service	
< 15	75.0%
15-19	80.0
20-24	85.0
25-29	90.0
30+	95.0

*Participation assumption is a combination of (i) the service-based rates for retirement from employment at age 65+ and (ii) the age-based rates for retirement from employment before age 65. These 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.

18. Healthcare Per Capita Claims Cost

Sample claims cost rates (before base claims cost adjustments described below) adjusted to age 65 for FY23 medical and prescription drugs are shown below. The prescription drug costs reflect the plan change to require prior authorization for certain specialty medications.

	Medical	Prescription drugs
Pre-Medicare	$ 15,706	$ 3,712
Medicare Parts A & B	1,625	3,907
Medicare Part D - EGWP	N/A	1,309

Members are assumed to attain Medicare eligibility at age 65. All costs are for the 2023 fiscal year (July 1, 2022 – June 30, 2023).

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The EGWP subsidy is assumed to increase in future years by the trend rates shown on the following pages. No future legislative changes or other events are anticipated to impact the EGWP subsidy. If any legislative or other changes occur in the future that impact the EGWP subsidy (which could either increase or decrease the plan's Actuarial Accrued Liability), those changes will be evaluated and quantified at the next measurement date.

19. 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:

- 0.956 for the pre-Medicare plan.
- 0.674 for both the Medicare medical plan and Medicare coordination method (3.1% reduction for the medical plan and 29.5% reduction for the coordination method).
- 0.911 for the prescription drug plan.

20. Healthcare Morbidity

Morbidity rates (also called aging factors) are used to estimate utilization of healthcare benefits at each age to reflect the fact that healthcare utilization typically increases with age. Separate morbidity rates are used for medical and prescription drug benefits. These rates are based on the 2017-2021 actual experience.

Age	Medical	Prescription drugs
0–44	2.0%	4.5%
45–54	2.5	3.5
55–64	2.5	1.0
65–74	2.0	2.1
75–84	2.2	(0.3)
85–94	0.5	(2.5)
95+	—	—

21. Third Party Administrator Fees

$449 per person per year; assumed trend rate of 4.5% per year.

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22. Healthcare 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, 7.0% is applied to the FY23 pre-Medicare medical claims costs to get the FY24 medical claims costs.

Fiscal year	Medical pre-65	Medical post-65	Prescription Drugs / EGWP
2023	7.00%	5.50%	7.50%
2024	6.70	5.50	7.20
2025	6.40	5.40	6.90
2026	6.20	5.40	6.65
2027	6.05	5.35	6.35
2028	5.85	5.35	6.10
2029	5.65	5.30	5.80
2030	5.45	5.30	5.55
2031 - 38	5.30	5.30	5.30
2039	5.25	5.25	5.25
2040	5.20	5.20	5.20
2041	5.10	5.10	5.10
2042	5.05	5.05	5.05
2043	4.95	4.95	4.95
2044	4.90	4.90	4.90
2045	4.80	4.80	4.80
2046	4.75	4.75	4.75
2047	4.70	4.70	4.70
2048	4.60	4.60	4.60
2049	4.55	4.55	4.55
2050+	4.50	4.50	4.50

For the June 30, 2014 valuation and later, the updated Society of Actuaries' Healthcare Cost Trend Model is used to project medical and prescription drug costs. This model estimates trend amounts that are projected out for 80 years. The model has been populated with assumptions that are specific to the State of Alaska.

23. Changes in Assumptions Since the Prior Valuation

Effective for the June 30, 2022 valuation, the Board adopted the changes to the demographic and economic assumptions recommended by the actuary, based on the results of an experience study performed on the plan experience from July 1, 2017 to June 30, 2021. The changes in assumptions were adopted at the June 2022 Board meeting.

(The healthcare per capita claims cost assumption is updated annually as described in Section 4.2. The amounts included in the Normal Cost for administrative expenses were changed from $16,000 to $33,000 for occupational death & disability, and from $24,000 to $39,000 for retiree medical (based on the most recent two years of actual administrative expenses paid from plan assets).

State of Alaska
Public Employees' Retirement System
Defined Contribution Retirement Plan
Summary of Actuarial Assumptions and Changes in Assumptions

Table 1
Salary Scale

Peace Officer/Firefighter:

Years of Service	Percent Increase
< 1	8.50%
1	7.75
2	7.25
3	7.00
4	6.75
5	6.25
6	5.75
7	5.50
8	5.25
9	5.05
10	4.95
11	4.85
12	4.75
13	4.65
14	4.55
15	4.45
16	4.35
17	4.25
18	4.05
19	4.05
20 +	3.85

Others:

Years of Service	Percent Increase
< 1	6.75%
1	6.00
2	5.50
3	5.00
4	4.75
5	4.25
6	4.05
7	3.95
8	3.75
9	3.55
10	3.45
11	3.25
12	3.10
13	3.05
14	3.00
15	2.95
16	2.90
17 +	2.85

State of Alaska
Public Employees' Retirement System
Defined Contribution Retirement Plan
Summary of Actuarial Assumptions and Changes in Assumptions

Table 2a
Turnover Assumptions

Peace Officer/Firefighter:

Select Rates of Turnover During the First 5 Years of Employment

Years of Service	Male	Female
0	17.00%	27.00%
1	12.00	21.00
2	11.00	15.00
3	11.00	13.00
4	10.00	9.00

Ultimate Rates After the First 5 Years of Employment

Age	Male	Female
< 30	6.60%	10.20%
30 - 34	6.80	10.00
35 - 39	6.70	9.90
40 - 44	6.50	9.50
45 - 49	6.50	9.30
50 - 54	8.50	9.10
55 - 59	9.80	9.60
60 - 64	12.50	10.30
65 +	19.20	10.70

State of Alaska
Public Employees' Retirement System
Defined Contribution Retirement Plan
Summary of Actuarial Assumptions and Changes in Assumptions

Table 2b
Turnover Assumptions

Other:

Select Rates during the First 5 Years of Employment

Years of Service	Male	Female
< 1	28.00%	29.00%
1	20.00	24.00
2	16.00	19.00
3	14.00	16.00
4	12.00	14.00

Ultimate Rates After the First 5 Years of Employment

Age	Male	Female
< 30	13.70%	15.80%
30 - 34	12.20	11.20
35 - 39	9.70	10.20
40 - 44	8.50	10.60
45 - 49	8.90	8.90
50 - 54	8.40	8.70
55 - 59	8.70	9.50
60 - 64	10.10	11.80
65 +	11.20	15.70

State of Alaska
Public Employees' Retirement System
Defined Contribution Retirement Plan
Summary of Actuarial Assumptions and Changes in Assumptions

Table 3a
Disability Rates
Peace Officer/ Firefighter Rate

Age	Male	Female	Age	Male	Female
< 23	0.0179 %	0.0112%	47	0.1337%	0.0836%
23	0.0244	0.0153	48	0.1462	0.0914
24	0.0310	0.0194	49	0.1588	0.0993
25	0.0374	0.0234	50	0.1714	0.1071
26	0.0440	0.0275	51	0.1839	0.1150
27	0.0505	0.0316	52	0.1965	0.1228
28	0.0526	0.0329	53	0.2294	0.1434
29	0.0548	0.0343	54	0.2624	0.1640
30	0.0570	0.0356	55	0.2954	0.1846
31	0.0591	0.0370	56	0.3283	0.2052
32	0.0612	0.0383	57	0.3613	0.2258
33	0.0634	0.0397	58	0.4112	0.2570
34	0.0657	0.0411	59	0.4611	0.2882
35	0.0679	0.0425	60	0.5110	0.3194
36	0.0702	0.0439	61	0.5610	0.3506
37	0.0724	0.0453	62	0.6109	0.3818
38	0.0757	0.0473	63	0.6109	0.3818
39	0.0789	0.0493	64	0.6109	0.3818
40	0.0822	0.0514	65	0.6109	0.3818
41	0.0854	0.0534	66	0.6109	0.3818
42	0.0886	0.0554	67	0.6109	0.3818
43	0.0977	0.0611	68	0.4073	0.2546
44	0.1066	0.0667	69	0.2036	0.1273
45	0.1157	0.0723	70+	0.2036	0.1273
46	0.1247	0.0780			

State of Alaska
Public Employees’ Retirement System
Defined Contribution Retirement Plan
Summary of Actuarial Assumptions and Changes in Assumptions

Table 3b
Disability Rates
Other Member Rates

Age	Male	Female	Age	Male	Female
< 23	0.0327%	0.0376%	47	0.1208%	0.1236%
23	0.0360	0.0400	48	0.1329	0.1360
24	0.0392	0.0424	49	0.1451	0.1484
25	0.0425	0.0448	50	0.1572	0.1608
26	0.0456	0.0472	51	0.1694	0.1734
27	0.0489	0.0496	52	0.1815	0.1858
28	0.0501	0.0510	53	0.2132	0.2168
29	0.0513	0.0524	54	0.2450	0.2478
30	0.0524	0.0538	55	0.2766	0.2788
31	0.0536	0.0554	56	0.3084	0.3098
32	0.0548	0.0568	57	0.3401	0.3408
33	0.0566	0.0586	58	0.4068	0.4096
34	0.0584	0.0606	59	0.4736	0.4784
35	0.0602	0.0624	60	0.5405	0.5470
36	0.0620	0.0644	61	0.6072	0.6158
37	0.0638	0.0662	62	0.6740	0.6844
38	0.0669	0.0696	63	0.8526	0.8450
39	0.0701	0.0728	64	1.0314	1.0054
40	0.0734	0.0762	65	1.2101	1.1660
41	0.0765	0.0794	66	1.3889	1.3264
42	0.0797	0.0826	67	1.5675	1.4870
43	0.0879	0.0908	68	1.0451	0.9914
44	0.0962	0.0990	69	0.5225	0.4956
45	0.1043	0.1072	70+	0.5225	0.4956
46	0.1125	0.1154			

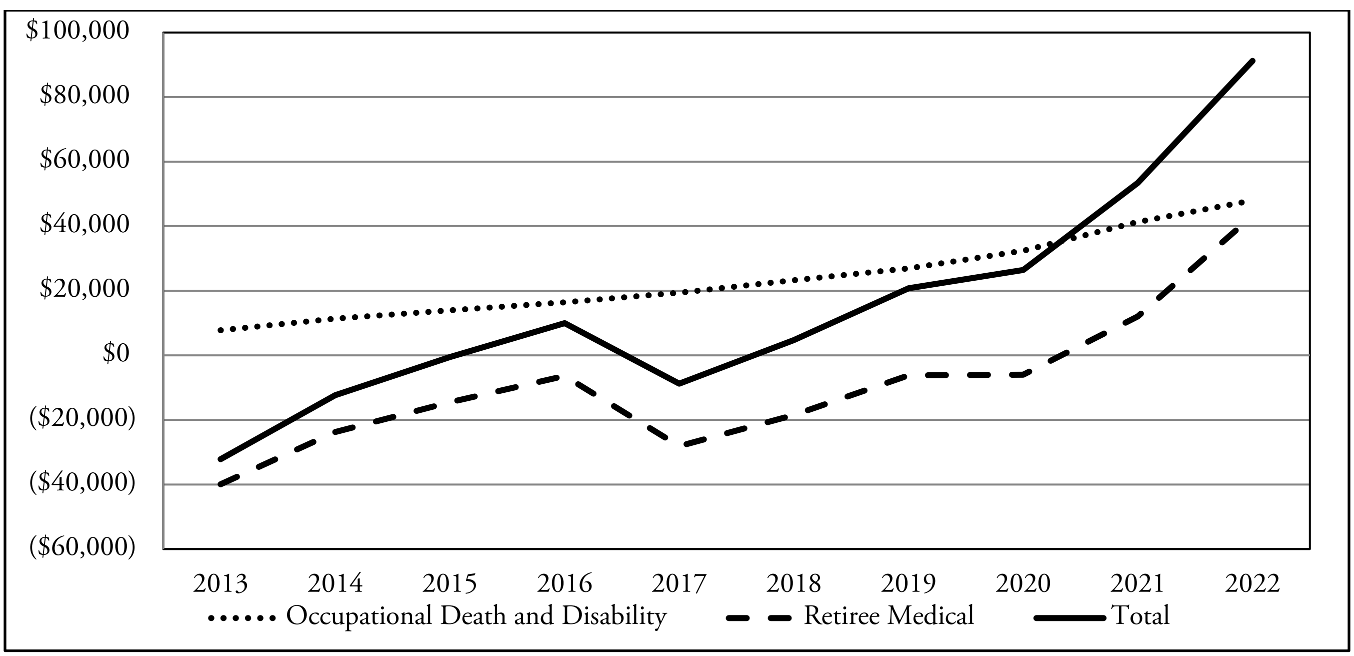
State of Alaska
Public Employees' Retirement System
Defined Contribution Retirement Plan
Summary of Actuarial Assumptions and Changes in Assumptions

Table 4
Retirement Rates

Age	Rate
< 55	2.00%
55	3.00
56	3.00
57	3.00
58	3.00
59	3.00
60	5.00
61	5.00
62	10.00
63	5.00
64	5.00
65	25.00
66	25.00
67	25.00
68	20.00
69	20.00
70+	100.00

Public Employees' Retirement System Defined Contribution Retirement Plan Occupational Death and Disability and Retiree Medical Benefits Funding Excess/(Unfunded Liability) (In thousands)				
Actuarial Valuation Year Ended June 30	**Occupational Death and Disability**	**Retiree Medical**	**Total Funding Excess/ (Unfunded Liability)**	**Funded Ratio**
2022	47,986	43,242	91,228	149.5%
2021	41,335	12,064	53,399	146.9
2020	13,965	(5,954)	26,441	113.8
2019	16,413	(6,163)	20,764	114.9
2018	19,404	(18,501)	4,747	103.8
2017	23,248	(28,144)	(8,740)	92.5
2016	26,927	(6,438)	9,975	112.9
2015	32,395	(14,495)	(530)	99.2
2014	11,368	(23,751)	(12,383)	77.0
2013	7,770	(39,946)	(32,176)	49.6

10-YEAR TREND OF FUNDING EXCESS/(UNFUNDED) LIABILITY
(In thousands)



Public Employees' Retirement System
Defined Contribution Retirement Plan
Occupational Death and Disability and Retiree Medical Benefits
Employer Contribution Rates

Fiscal Year	Actuarial Valuation Year Ended June 30	Actuarially Determined				Adopted
		Occupational Death and Disability		Retiree Medical	Total Required	
		Peace Officer/ Firefighter	All Others			
2025	2022	0.69	0.24	0.83	1.76	1.76
2024	2021	0.68	0.30	1.01	1.99	1.99
2023	2020	0.68	0.30	1.10	2.08	2.08
2022	2019	0.68	0.31	1.07	2.06	2.06
2021	2018	0.70	0.31	1.27	2.28	2.28
2020	2017	0.72	0.26	1.32	2.30	2.30
2019	2016	0.76	0.26	0.94	1.96	1.96
2018	2015	0.43	0.16	1.03	1.62	1.62
2017	2014	0.49	0.17	1.18	1.84	1.84
2016	2013	1.05	0.22	1.68	2.95	2.95

Valuations are used to set contribution rates in future years.

Public Employees' Retirement System
Defined Contribution Retirement Plan
Occupational Death and Disability and Retiree Medical Benefits
Schedule of Active Member Valuation Data

Valuation Date	Number	Annual Earnings (In thousands)	Annual Average Earnings	Percent Increase/ (Decrease) in Average Earnings	Number of Participating Employers
June 30, 2022	24,702	$1,622,742	$65,693	2.7%	150
June 30, 2021	23,933	1,530,905	63,966	2.7	151
June 30, 2020	22,923	1,428,140	62,302	2.7	153
June 30, 2019	21,902	1,328,934	60,676	2.3	155
June 30, 2018	20,378	1,209,152	59,336	2.3	155
June 30, 2017	19,171	1,112,398	58,025	1.5	157
June 30, 2016	18,215	1,041,437	57,175	3.4	157
June 30, 2015	17,098	945,496	55,299	1.9	159
June 30, 2014	15,800	857,150	54,250	3.7	159
June 30, 2013	14,316	748,658	52,295	4.7	159

Total and average annual earnings ("valuation pay") are the annualized earnings for the fiscal year ending on the valuation date.

Public Employees' Retirement System Defined Contribution Retirement Plan Occupational Death and Disability Plan Solvency Test (In thousands)							
	Occupational Death & Disability Actuarial Accrued Liability For:				Portion of Actuarial Accrued Liabilities Covered by Assets:		
Valuation Date	(1) Active Member Contributions	(2) Inactive Members	(3) Active Members (Employer-Financed Portion)	Pension Valuation Assets	(1)	(2)	(3)
June 30, 2022	$ —	$ 7,593	$ 7,359	$ 62,938	100.0%	100.0%	100.0%
June 30, 2021	—	5,743	5,997	53,075	100.0	100.0	100.0
June 30, 2020	—	5,432	5,202	43,029	100.0	100.0	100.0
June 30, 2019	—	5,350	4,424	36,701	100.0	100.0	100.0
June 30, 2018	—	3,978	3,735	30,961	100.0	100.0	100.0
June 30, 2017	—	3,437	4,103	26,944	100.0	100.0	100.0
June 30, 2016	—	3,147	3,616	23,176	100.0	100.0	100.0
June 30, 2015	—	2,502	2,547	19,014	100.0	100.0	100.0
June 30, 2014	—	1,367	2,260	14,995	100.0	100.0	100.0
June 30, 2013	—	666	2,937	11,373	100.0	100.0	100.0

Change in assumptions reflected in 2022, 2018, and 2014 valuation reports.

Public Employees' Retirement System
Defined Contribution Retirement Plan
Retiree Medical Plan
Solvency Test
(In thousands)

Valuation Date	Retiree Medical Actuarial Accrued Liability For: (1) Active Member Contributions	(2) Inactive Members	(3) Active Members (Employer-Financed Portion)	Pension Valuation Assets	Portion of Actuarial Accrued Liabilities Covered by Assets: (1)	(2)	(3)
June 30, 2022	$ —	$ 9,069	$ 160,327	$ 212,638	100.0%	100.0%	100.0%
June 30, 2021	—	5,191	163,281	180,536	100.0	100.0	100.0
June 30, 2020	—	3,885	146,816	144,747	100.0	100.0	95.9
June 30, 2019	—	2,647	122,299	118,783	100.0	100.0	95.0
June 30, 2018	—	1,915	116,683	100,097	100.0	100.0	84.1
June 30, 2017	—	982	108,721	81,559	100.0	100.0	74.1
June 30, 2016	—	528	69,761	63,851	100.0	100.0	90.8
June 30, 2015	—	339	58,344	44,188	100.0	100.0	75.2
June 30, 2014	—	124	50,093	26,466	100.0	100.0	52.6
June 30, 2013	—	101	60,181	20,336	100.0	100.0	33.6

Change in assumptions reflected in 2022, 2020, 2018, 2017, and 2014 valuation reports.
Change in methods reflected in 2018 valuation reports.
Change in plan provisions reflected in 2021 and 2016 valuations.

Public Employees' Retirement System Defined Contribution Retirement Plan Occupational Death and Disability Plan Schedule of Funding Progress (In thousands)						
Valuation Date June 30*	Total Actuarial Accrued Liability	Valuation Assets	Assets as a Percent of Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Annual Active Member Payroll	UAAL as a Percent of Annual Active Member Payroll
2022	$ 14,952	$ 62,938	420.9%	$ (47,986)	$1,645,341	(2.9)%
2021	11,740	53,075	452.1%	(41,335)	1,548,116	(2.7)%
2020	10,634	43,029	404.6%	(32,395)	1,443,017	(2.2)%
2019	9,774	36,701	375.5%	(26,927)	1,342,839	(2.0)%
2018	7,713	30,961	401.4%	(23,248)	1,218,186	(1.9)%
2017	7,540	26,944	357.3%	(19,404)	1,131,441	(1.7)%
2016	6,763	23,176	342.7%	(16,413)	1,059,791	(1.5)%
2015	5,049	19,014	376.6%	(13,965)	958,135	(1.5)%
2014	3,627	14,995	413.4%	(11,368)	865,146	(1.3)%
2013	3,603	11,373	315.7%	(7,770)	802,645	(1.0)%

Public Employees' Retirement System Defined Contribution Retirement Plan Retiree Medical Plan Schedule of Funding Progress (In thousands)						
Valuation Date June 30*	Total Actuarial Accrued Liability	Valuation Assets	Assets as a Percent of Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Annual Active Member Payroll	UAAL as a Percent of Annual Active Member Payroll
2022	$ 169,396	$ 212,638	125.5%	$ (43,242)	$ 1,645,341	(2.6)%
2021	168,472	180,536	107.2%	(12,064)	1,548,116	(0.8)%
2020	150,701	144,747	96.0%	5,954	1,443,017	0.4%
2019	124,946	118,783	95.1%	6,163	1,342,839	0.5%
2018	118,598	100,097	84.4%	18,501	1,218,186	1.5%
2017	109,703	81,559	74.3%	28,144	1,131,441	2.5%
2016	70,289	63,851	90.8%	6,438	1,059,791	0.6%
2015	58,683	44,188	75.3%	14,495	958,135	1.5%
2014	50,217	26,466	52.7%	23,751	865,146	2.7%
2013	60,282	20,336	33.7%	39,946	802,645	5.0%

State of Alaska
Public Employees' Retirement System
Defined Contribution Retirement Plan
Summary of Plan Provisions and Changes in Plan Provisions

1. Effective Date

July 1, 2006, with amendments through June 30, 2022.

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 150 employers participating in PERS DCR, including the State of Alaska, and 149 political subdivisions and public 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 employees of the State of Alaska, participating political subdivisions or public organizations. An employee must be regularly scheduled to work 30 or more hours per week to be considered full-time by the PERS. An employee must be regularly scheduled to work 15 or more hours per week but less than 30 hours to be considered a part-time employee for PERS purposes.
- Elected state officials.
- Elected municipal officials who are compensated and receive at least $2,001.00 per month.

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

5. Member Contributions

Other than the member-paid premiums discussed later in this section, there are no member contributions for the occupational death & disability and retiree medical benefits.

State of Alaska
Public Employees' Retirement System
Defined Contribution Retirement Plan
Summary of Plan Provisions and Changes in Plan Provisions

6. Retiree Medical Benefits

- Member must retire directly from the plan to be eligible for retiree medical coverage. Normal retirement eligibility is the earlier of a) 25 years of service as a peace officer or firefighter and 30 years of service for any other employee or b) Medicare eligible and 10 years of service.
- No subsidized retiree medical benefits are provided until normal retirement eligibility. The member's and any covered dependent's premium is 100% until the member is Medicare eligible. Upon the member's Medicare-eligibility, the required contribution will follow the service-based schedule shown below.
- 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 following is a summary of the medical benefit design adopted in July 2016. The plan description below is used for valuation purposes and indicates participant cost-sharing. Please refer to the benefit handbook for more details.

Plan Design Feature	In-Network[1]	Out-of-Network [1][2]
Deductible (single/family)	$300 / $600	$300 / $600
Medical services (participant share)	20%	40%
Emergency Room Copay (non-emergent use)	$100	$100
Medical Out-of-Pocket Maximum (single/famly, after deductible)	$1,500 / $3,000	$3,000 / $6,000
Medicare Coordination	Exclusion	Exclusion
Pharmacy	No Deductible	No Deductible
Retail Generic (per 30-day fill)	20% $10 min / $50 max	40%
Retail Non-Formulary Brand (per 30-day fill)	25% $25 min / $75 max	
Retail Formulary Brand (per 30-day fill)	35% $80 min / $150 max	
Mail-Order Generic	$20 copay	40%
Mail-Order Non-Formulary Brand	$50 copay	
Mail-Order Formulary Brand	$100 copay	
Pharmacy Out-of-Pocket Max (single/family)	$1,000 / $2,000	$1,000 / $2,000
Medicare Pharmacy Arrangement	Retiree Drug Subsidy / Employer Group Waiver Plan Effective 1/1/2019	
Wellness/Preventative	100% covered, not subject to deductible	20%, after deductible

[1] Section 1.1 of the AlaskaCare Defined Contribution Retiree Benefit Plan states that this health plan shall be updated from time
to time to reflect changes in benefits, including annual adjustments to the premium, deductible, coinsurance, medical
[2] OON applies only to non-Medicare elgibile participants.

State of Alaska
Public Employees' Retirement System
Defined Contribution Retirement Plan
Summary of Plan Provisions and Changes in Plan Provisions

- Buck used manual rate models to determine relative plan values for the defined benefit (DB) retiree medical plan and the DCR retiree medical plan outlined above. We applied the ratio of the DCR retiree medical plan value to the DB retiree medical plan value to the per capita costs determined for each of pre/post-Medicare medical and pharmacy benefits to estimate corresponding values for the DCR retiree medical plan design. These factors are noted in Section 4.3. We further adjusted the Medicare medical manual rate to reflect the Medicare coordination method adopted. The estimated 2023 reimbursements under EGWP were provided by Segal Consulting (who worked with the EGWP administrator, Optum, to develop those estimates). We reflect estimated discounts and pharmacy rebates in the defined benefit medical cost so no further adjustment was needed for the DCR retiree medical plan. The medical network differential is reflected in the relative plan value adjustments.
- Starting in 2022, prior authorization is required for certain specialty medications. There is no change to the medications that are covered by the plan.
- The retiree medical plan's coverage is supplemental to Medicare. Medicare coordination is described in the DCR Plan Handbook, referred to in the industry as exclusion coordination: Medicare payment is deducted from the Medicare allowable expense and plan parameters are applied to the remaining amount. Starting in 2019, the prescription drug coverage is through a Medicare Part D EGWP arrangement.
- The premium for Medicare-eligible retirees 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
< 15	30%
15 – 19	25
20 – 24	20
25 – 29	15
30+	10

- The premium for dependents who are not eligible for Medicare aligns with the member's subsidy. While a member is not Medicare-eligible, premiums are 100% of the estimated cost.
- Members have a separate defined contribution Health Reimbursement Arrangement account, which is not reflected in this valuation, that can be used to pay for premiums or other medical expenses.
- For valuation purposes, retiree premiums were assumed to equal the percentages outlined in the table above times the age-related plan costs. Future premiums calculated and charged to DCR participants will need to be determined reflecting any appropriate adjustments to the defined benefit (DB) plan data because current DB premiums were determined using information based upon enrollment with members who have double coverage.
- Coverage will continue for surviving spouses of covered retired members.

State of Alaska
Public Employees' Retirement System
Defined Contribution Retirement Plan
Summary of Plan Provisions and Changes in Plan Provisions

7. Occupational Disability Benefits

- Benefit is 40% of salary at date of disability.
- For Peace Officer and Firefighters there is a Disability Benefit Adjustment such that:
  - The disability benefit is increased by 75% of the cost of living increase in the preceding calendar year or 9%, whichever is less.
  - At the time the disabled member retires, the retirement benefit will be increased by a percentage equal to the total cumulative percentage that has been applied to the disability benefit. Monthly annuity payments are made from the member's contribution balance until the fund is exhausted, at which the plan pays all remaining payments.
- For Others, there is no increase in the occupational disability benefit after commencement.
- 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 for Others members or 25 years of service for Peace Officer/Firefighter members.
- Peace Officer/Firefighter members may select the defined contribution account or the monthly benefit payable as if they were retiring under Tier 3 (service continues during disability, final average salary is as of date of disability), but with payments first made from the member's DC account until it's exhausted.
- No subsidized retiree medical benefits are provided until normal retirement eligibility. The member's premium is 100% of the estimated cost until they are Medicare eligible. Medicare-eligible premiums follow the service-based schedule above.

8. Occupational Death Benefits

- Benefit is 40% of salary for Others members and 50% of salary for Peace Officer/Firefighter members.
- 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 PERS benefits for at least 5 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 subsidized retiree medical benefits are provided until the member would have been eligible for normal retirement. The surviving spouse's premium is 100% of the estimated cost until the member would have been Medicare eligible. Medicare-eligible premiums follow the service-based schedule above.

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9. Changes Since the Prior Valuation

There were no changes in benefit provisions since the prior valuation.