



STATE OF ALASKA
JUDICIAL RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Financial Statements and Supplemental Schedules

June 30, 2022

(With summarized financial information for June 30, 2021)

(With Independent Auditors' Report Thereon)

STATE OF ALASKA
JUDICIAL RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

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KPMG LLP
Suite 600
701 West Eighth Avenue
Anchorage, AK 99501

Independent Auditors' Report

The Division of Retirement and Benefits and
Members of the Alaska Retirement Management Board
State of Alaska Judicial Retirement System:

Opinion

We have audited the combining financial statements of the State of Alaska Judicial Retirement System (the System) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, the accompanying combining financial statements referred to above present fairly, in all material respects, the fiduciary net position of the System as of June 30, 2022, and the changes in its fiduciary net position for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited the System's 2021 combining financial statements, and we expressed an unmodified opinion on those financial statements in our report dated October 20, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit for the year ended June 30, 2022 was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the System's basic financial statements for the year ended June 30, 2022. The supplemental schedules listed in the table of contents for the year ended June 30, 2022 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been



subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2022 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2022.

We also previously audited, in accordance with GAAS, the basic financial statements of the System as of and for the year ended June 30, 2021 (not presented herein), and have issued our report thereon dated October 20, 2021 which expressed an unmodified opinion. The supplemental schedules listed in the table of contents for the year ended June 30, 2021 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information was subjected to the audit procedures applied in the audit of the basic financial statements for the year ended June 30, 2021 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2021.

KPMG LLP

Anchorage, Alaska
October 14, 2022

STATE OF ALASKA
JUDICIAL RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)
Management's Discussion and Analysis (Unaudited)
June 30, 2022

This section presents management's discussion and analysis (MD&A) of the State of Alaska Judicial Retirement System's (the System) financial position and performance for the years ended June 30, 2022 and 2021. This section is presented as a narrative overview and analysis. Please read the MD&A in conjunction with the financial statements, notes to financial statements, required supplementary information, and supplemental schedules to better understand the financial condition and performance of the System during the fiscal years ended June 30, 2022 and 2021. Information for fiscal year 2020 is presented for comparative purposes.

Financial Highlights

The System's financial highlights for the year ended June 30, 2022 were as follows:

- The System's fiduciary net position restricted for pension and postemployment healthcare benefits decreased by \$20.8 million.
- The plan member and employer contributions of \$8.1 million decreased by \$332,039 when compared to fiscal year 2021.
- The State of Alaska (the State) directly appropriated \$4.185 million to the System.
- The System's net investment income decreased \$84 million when compared to fiscal year 2021, to a loss of \$17.3 million.
- The System's pension benefit expenditures totaled \$14.8 million.
- The System's postemployment healthcare benefit expenditures totaled \$1.3 million.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the System's financial statements. The System's financial statements are composed of three components: (1) combining statement of fiduciary net position, (2) combining statement of changes in fiduciary net position, and (3) notes to financial statements. This report also contains required supplementary information and other supplemental schedules.

Combining statement of fiduciary net position – This statement presents information regarding the System's assets, liabilities, and resulting net position restricted for pension and postemployment healthcare benefits. This statement reflects the System's investments at fair value, along with cash and cash equivalents, receivables, and other assets, less liabilities at June 30, 2022.

Combining statement of changes in fiduciary net position – This statement presents how the System's net position restricted for pension and postemployment healthcare benefits changed during the fiscal year ended June 30, 2022. This statement presents contributions and investment income during the period. Deductions for pension and postemployment healthcare benefits, refunds, and operating deductions are also presented.

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June 30, 2022

The above statements represent resources available for investment and payment of benefits as of June 30, 2022 and the sources and uses of those funds during fiscal year 2022.

Notes to financial statements – The notes to financial statements are an integral part of the financial statements and provide additional detailed information and schedules that are essential to a full understanding of the System's financial statements.

Required supplementary information and related notes – The required supplementary information consists of six schedules and related notes concerning the funded status of the System and actuarial assumptions and methods used in the actuarial valuation.

Supplemental schedules – Supplemental schedules include detailed information on administrative and investment deductions incurred by the System and payments to consultants (other than investment advisors) for professional services.

Condensed Financial Information

Description	Plan Fiduciary Net Position		Increase		2020
	2022	2021	Amount	Percentage	
Assets:					
Cash and cash equivalents	\$ 3,799,782	3,284,166	515,616	15.7 %	\$ 2,508,034
Due from State of Alaska General Fund	1,762,801	2,338,732	(575,931)	(24.6)	1,015,397
Other receivables	45,560	19,209	26,351	137.2	1,004
Investments at fair value	262,485,328	283,489,650	(21,004,322)	(7.4)	220,767,779
Other assets	3,076	3,076	—	—	3,076
Total assets	268,096,547	289,134,833	(21,038,286)	(7.3)	224,295,290
Liabilities:					
Claims payable	110,000	148,000	(38,000)	(25.7)	111,000
Accrued expenses	34,327	38,304	(3,977)	(10.4)	17,879
Securities lending collateral payable	502,734	727,183	(224,449)	(30.9)	285,884
Total liabilities	647,061	913,487	(266,426)	(29.2)	414,763
Plan fiduciary net position	\$ 267,449,486	288,221,346	(20,771,860)	(7.2)%	\$ 223,880,527

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June 30, 2022

Description	Changes in Plan Fiduciary Net Position				
	2022	2021	Increase (decrease)		2020
			Amount	Percentage	
Plan fiduciary net position, beginning of year	\$ 288,221,346	223,880,527	64,340,819	28.7 %	\$ 217,718,144
Additions:					
Contributions – employer and plan member	8,122,637	8,454,676	(332,039)	(3.9)	7,686,183
Nonemployer contribution - State of Alaska	4,185,000	5,145,000	(960,000)	(18.7)	5,010,000
Net investment income (loss)	(17,288,680)	66,741,226	(84,029,906)	(125.9)	8,915,235
Employer group waiver plan	165,088	167,474	(2,386)	(1.4)	108,886
Medicare retiree drug subsidy	179,003	685	178,318	26,031.8	—
Pharmacy rebates	122,908	77,257	45,651	59.1	202,491
Pharmacy management allowance	2,277	1,942	335	17.3	—
Other income	101	22,236	(22,135)	(99.5)	23,956
Total additions (reductions)	(4,511,666)	80,610,496	(85,122,162)	(105.6)	21,946,751
Deductions:					
Pension and postemployment healthcare benefits	16,075,163	16,097,947	(22,784)	(0.1)	15,604,088
Administrative	185,031	171,730	13,301	7.7	180,280
Total deductions	16,260,194	16,269,677	(9,483)	(0.1)	15,784,368
Increase (decrease) in fiduciary net position	(20,771,860)	64,340,819	(85,112,679)	(132.3)	6,162,383
Plan fiduciary net position, end of year	\$ 267,449,486	288,221,346	(20,771,860)	(7.2)%	\$ 223,880,527

Financial Analysis of the System

The statements of fiduciary net position as of June 30, 2022 and 2021 show net position restricted for pension and postemployment healthcare benefits of \$267,449,486 and \$288,221,346, respectively. The entire amount is available to cover the System's obligation to pay pension and postemployment healthcare benefits to its members and their beneficiaries, as well as administrative costs.

This represents a decrease in the System's net position restricted for pension and postemployment healthcare benefits of \$20,771,860 or 7.2% from fiscal year 2021 to 2022 and an increase of \$64,340,819 or 28.7% from fiscal year 2020 to 2021. Over the long term, plan member and employer contributions, as well as investment income earned, are anticipated to sufficiently fund the pension benefit and postemployment healthcare costs of the System.

During the 32nd Alaska State Legislature and as part of the State's Fiscal Year 2022 Operating Budget, House Bill 69 appropriated \$4,185,000 from the General Fund and the Budget Reserve Fund to the Department of Administration for deposit in the Defined Benefit Pension fund.

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The investment of pension funds is a long-term undertaking. On an annual basis, the Alaska Retirement Management Board (the Board) reviews and adopts an asset allocation strategy to ensure the asset mix will remain at an optimal risk/return level given the System's constraints and objectives.

System Asset Allocation

During fiscal years 2022 and 2021, the Board adopted the following asset allocations:

	2022		2021	
	Pension and healthcare trusts		Pension and healthcare trusts	
	Allocation	Range	Allocation	Range
Broad domestic equity	27.0 %	± 6%	28.0 %	± 6%
Global equity ex-U.S.	18.0	± 4	19.0	± 4
Fixed income	21.0	± 10	22.0	± 10
Opportunistic	6.0	± 4	6.0	± 4
Real assets	14.0	± 7	13.0	± 7
Private equity	14.0	± 6	12.0	± 6
Total	<u>100.0 %</u>		<u>100.0 %</u>	
Expected return 20-year geometric mean	6.88 %		7.13 %	
Projected standard deviation	13.89		13.55	

For fiscal years 2022 and 2021, the Pension Plan's investments generated a (4.09)% and 27.64% rate of return, respectively. For fiscal years 2022 and 2021, the Alaska Retiree Healthcare Trust Plan's investments generated a (4.07)% and 27.69% rate of return, respectively.

Contributions, Investment Income, and Other Additions

The additions required to fund retirement benefits are accumulated through a combination of employer and plan member contributions, State appropriation, investment income, and other additions as follows:

Description	Additions				
	2022	2021	Increase (decrease)		2020
			Amount	Percentage	
Employer contributions	\$ 7,260,609	7,616,990	(356,381)	(4.7)%	6,847,507
Plan members contributions	862,028	837,686	24,342	2.9	838,676
Nonemployer contributions –					
State of Alaska	4,185,000	5,145,000	(960,000)	(18.7)	5,010,000
Net investment income (loss)	(17,288,680)	66,741,226	(84,029,906)	(125.9)	8,915,235
Employer group waiver plan	165,088	167,474	(2,386)	(1.4)	108,886
Medicare retiree drug subsidy	179,003	685	178,318	26,031.8	—
Pharmacy rebates	122,908	77,257	45,651	59.1	202,491
Pharmacy management allowance	2,277	1,942	335	17.3	—
Other income	101	22,236	(22,135)	(99.5)	23,956
	<u>\$ (4,511,666)</u>	<u>80,610,496</u>	<u>(85,122,162)</u>	<u>(105.6)%</u>	<u>21,946,751</u>

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The System's employer contributions decreased from \$7,616,990 during fiscal year 2021 to \$7,260,609 in fiscal year 2022, a decrease of \$356,381, or 4.7%. The System's employer contributions increased from \$6,847,507 during fiscal year 2020 to \$7,616,990 during fiscal year 2021, an increase of \$769,483, or 11.2%. The decrease in employer contributions for fiscal year 2022 was caused by a reduction in additional funding provided by the employer outside the payroll process. The increase in employer contributions for fiscal year 2021 was caused by a combination of an increase in the employer contributions paid through the payroll process and an increase in additional funding from the employer.

Beginning in fiscal year 2010, the Alaska Court System, sole employer of the System's participants, began paying only the normal cost portion of the plan employer contribution rate and the State funded the past service cost through a direct appropriation. The normal cost rate decreased from 48.16% in fiscal year 2021 to 46.0% in fiscal year 2022. Additionally, the Alaska Court System has contributed additional employer contributions in fiscal year 2022 to aid in the funded level of the pension plan.

The System's net investment income in fiscal year 2022 decreased by \$84,029,906 or 125.9% from amounts in fiscal year 2021. The System's net investment income in fiscal year 2021 increased by \$57,825,991 or 648.6% from amounts in fiscal year 2020. The investment losses in fiscal year 2022 were lower than the investment gains seen in fiscal year 2021, causing a difference in investment returns when comparing 2022 and 2021. Over the long term, investment earnings play a significant role in funding Plan benefits. The Board continues to look at investment classes and strategies best suited to meet the expected earnings returns to meet future benefit payments.

Effective January 1, 2019, the Division of Retirement and Benefits (the Division) implemented a group Medicare Part D prescription drug plan known as an enhanced Employer Group Waiver Plan (EGWP) for all Medicare-eligible members covered under the Plan. During fiscal year 2022, the Plan received \$165,088 in EGWP funds from the Center of Medicare and Medicaid Services (CMS) through the EGWP Plan Sponsor, OptumRx.

Pharmacy rebates are reimbursed to the Plan by the third-party administrators. During fiscal year 2022, the Plan received \$122,908 compared to \$77,257 from fiscal year 2021 and \$202,491 in fiscal year 2020. The change from year to year is based upon usage of prescription drugs and rebates available during each fiscal year for those prescriptions. The Plan did allow for additional prescription drug refills during the Coronavirus Pandemic, which increased costs in fiscal year 2020, allowing for additional rebates. Usage varies annually which has a direct impact on rebates.

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The Pension Plan's investment rates of return for the year ended June 30 were as follows:

	Year ended		
	2022	2021	2020
Plan returns	(4.09)%	27.64 %	3.84 %
Broad domestic equity	(11.74)	42.69	2.61
Global equity ex-U.S.	(20.95)	38.54	(3.59)
Fixed income	(6.99)	2.19	7.36
Opportunistic	(10.58)	23.85	0.52
Real assets	14.29	9.86	2.06
Private equity	26.25	50.67	10.49
Actuarially assumed rate of return	7.25	7.38	7.38

The Alaska Retiree Healthcare Trust Plan's investment rates of return for the year ended June 30 were as follows:

	Year ended		
	2022	2021	2020
Plan returns	(4.07)%	27.69 %	3.93 %
Broad domestic equity	(11.73)	42.69	2.62
Global equity ex-U.S.	(20.95)	38.57	(3.58)
Fixed income	(6.99)	2.20	7.36
Opportunistic	(10.58)	23.86	0.05
Real assets	14.41	10.00	2.37
Private equity	26.25	50.67	10.54
Actuarially assumed rate of return	7.25	7.38	7.38

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Benefits and Other Deductions

The primary deduction of the Plan is the payment of pension and postemployment healthcare benefits. These benefit payments and the cost of administering the System comprise the cost of operations as follows:

	2022	2021	Deductions		2020
			Increase (decrease)		
			Amount	Percentage	
Pension benefits	\$ 14,770,632	14,368,857	401,775	2.8 %	\$ 14,178,500
Postemployment healthcare benefits	1,304,531	1,729,090	(424,559)	(24.6)	1,425,588
Administrative	185,031	171,730	13,301	7.7	180,280
Total	\$ <u>16,260,194</u>	<u>16,269,677</u>	<u>(9,483)</u>	<u>(0.1)%</u>	\$ <u>15,784,368</u>

The System's pension benefit payments in 2022 increased \$401,775 or 2.8% from fiscal year 2021, which increased \$190,357 or 1.3% from fiscal year 2020. The increase in pension benefits in fiscal year 2022 is the result of an increase in the retirees from 145 in 2021 to 149 in 2022, or a 2.8% increase.

The System's postemployment healthcare benefit payments in fiscal year 2022 decreased \$424,559 or 24.6% from fiscal year 2021, which increased \$303,502 or 21.3% from fiscal year 2020. The fiscal year 2022 decrease in healthcare costs was due to a decrease in per member claim costs.

Net Pension Asset

Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*, requires the pension plan to report the total pension liability, fiduciary net position, and net pension asset. The total pension liability represents the total obligation for the Plan's pension benefits related to costs incurred as a result of years of service, changes in benefit terms, changes in actuarial assumptions, and any differences between the actuarial assumptions and actual experience. The Plan's fiduciary net position represents the assets available to pay the Plan's future payment stream. The assets are derived from contributions received from participating employers, plan members, and nonemployer contributions as well as investment earnings, less benefit payments during the year and the related costs to administer the Plan. The difference between the total pension liability and fiduciary net position is the net pension asset, or the overfunded portion of the total pension liability.

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The components of the net pension asset of the participating employer of the Plan as of June 30 were as follows:

	<u>2022</u>	<u>2021</u>
Total pension liability	\$ 208,987,920	218,717,460
Plan fiduciary net position	<u>(227,181,866)</u>	<u>(245,047,997)</u>
Employer's net pension asset	<u>\$ (18,193,946)</u>	<u>(26,330,537)</u>
Plan fiduciary net position as a percentage of the total pension liability	108.71 %	112.04 %

Net OPEB Asset

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, requires the other postemployment benefit (OPEB) Plan to report the total OPEB liability, fiduciary net position, and net OPEB asset. The total OPEB liability represents the total obligation for the Plan's postemployment healthcare benefits related to costs incurred as a result of years of service, changes in benefit terms, changes in actuarial assumptions, and any differences between the actuarial assumptions and actual experience. The Plan's fiduciary net position represents the assets available to pay the Plan's future payment stream. The assets are derived from contributions received from participating employers, plan members, and nonemployer contributions as well as investment earnings, less benefit payments during the year and the related costs to administer the Plan. The difference between the total OPEB liability and fiduciary net position is the net OPEB asset, or the overfunded portion of the total OPEB liability.

The components of the net OPEB asset of the participating employer of the Plan as of June 30 were as follows:

	<u>2022</u>	<u>2021</u>
Total OPEB liability	\$ 18,309,351	17,920,646
Plan fiduciary net position	<u>(40,267,620)</u>	<u>(43,173,349)</u>
Employer's net OPEB asset	<u>\$ (21,958,269)</u>	<u>(25,252,703)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	219.93 %	240.91 %

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Funding

Retirement benefits are financed by accumulations from employer, nonemployer, and plan member contributions and income earned on System investments:

- The actuarially determined contribution rate is calculated by the System's consulting actuary and approved by the administrator. Contributions are determined on an annual basis either through the actuarial valuation or the actuarial valuation roll-forward process. Plan member contributions are set by Alaska Statute 22.25.011.
- The Board works with an external consultant to determine the proper asset allocation strategy.

Legislation

During fiscal year 2022, the 32nd Alaska State Legislature enacted one law that affects the System. Conference Committee Substitute First Special Session House Bill 281, Section 80(c), appropriates \$3,225,000 from the general fund to the Department of Administration for deposit in the System's defined benefit pension fund as partial payment of the participating employer's contributions for the fiscal year ending June 30, 2023.

Economic Conditions, Future Contribution Rates, and Status of Unfunded Liability

Fiscal year 2022 had negative investment returns. Net investment income decreased from \$66,741,226 in fiscal year 2021 to \$(17,288,680) in fiscal year 2022, a decrease of \$84,029,906, or 125.9%. The Board continues to work with its investment counsel and the Alaska Department of Revenue, Treasury Division, to diversify the portfolio of the System to maintain an optimal risk/return ratio.

The actuarial valuation roll-forward report for fiscal year 2021 reports a funding ratio of 107.1% and a funding excess of \$16.9 million. The actuarial valuation for June 30, 2020 reported a funding ratio of 100.5% and a funding excess of \$1.1 million. The decrease in the unfunded liability is attributable to significant investment income during fiscal year 2021. Additionally, the Plan benefited from updated healthcare cost trend assumptions. Both the actuarial valuation roll-forward report of June 30, 2021 and the actuarial valuation report of June 30, 2020 are posted to the Plan's web page. The actuarial valuation reports for the Plan are conducted biennially. The roll-forward June 30, 2021 report was completed and presented in March 2022, and adopted by the Board in June 2022. The next full actuarial valuation report will be completed for the period ending June 30, 2022. The Board also adopted new valuation assumptions as a result of an experience study conducted for the period July 1, 2017 to June 30, 2021. The adoption of these assumptions occurred in June 2022 and will be used on the next annual actuarial valuation report for the year ended June 30, 2022.

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Requests for Information

This financial report is designed to provide a general overview for those parties interested in the System's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

State of Alaska Judicial Retirement System
Division of Retirement and Benefits, Finance Section
P.O. Box 110203
Juneau, Alaska 99811-0203

Questions concerning any of the investment information provided in this report or requests for additional investment information should be addressed to:

State of Alaska
Department of Revenue, Treasury Division
P.O. Box 110405
Juneau, Alaska 99811-0405

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Combining Statement of Fiduciary Net Position

June 30, 2022

(With summarized financial information for June 30, 2021)

	<u>Defined benefit pension</u>	<u>Alaska Retiree Healthcare Trust</u>	<u>System total June 30, 2022</u>	<u>System total June 30, 2021</u>
Assets:				
Cash and cash equivalents:				
Short-term fixed income pool	\$ 2,820,785	476,263	3,297,048	2,556,984
Securities lending collateral	426,633	76,101	502,734	727,182
Total cash and cash equivalents	<u>3,247,418</u>	<u>552,364</u>	<u>3,799,782</u>	<u>3,284,166</u>
Receivables:				
Due from State of Alaska General Fund	1,741,927	20,874	1,762,801	2,338,732
Other receivables	766	44,794	45,560	19,209
Total receivables	<u>1,742,693</u>	<u>65,668</u>	<u>1,808,361</u>	<u>2,357,941</u>
Investments at fair value:				
Fixed-income securities:				
Alternative fixed income pool	6,129,357	1,096,931	7,226,288	7,002,364
Barclays aggregate bond fund	8,066,166	1,443,643	9,509,809	10,216,766
Opportunistic fixed income pool	33,851,828	6,058,431	39,910,259	40,804,828
Total fixed-income securities	<u>48,047,351</u>	<u>8,599,005</u>	<u>56,646,356</u>	<u>58,023,958</u>
Broad domestic equity pool:				
Large cap pool	50,255,479	8,994,225	59,249,704	72,375,013
Small cap pool	4,428,022	792,475	5,220,497	6,132,978
Total broad domestic equity	<u>54,683,501</u>	<u>9,786,700</u>	<u>64,470,201</u>	<u>78,507,991</u>
Global equity ex-U.S.:				
International equity pool	29,684,190	5,312,200	34,996,390	43,267,126
Emerging markets equity pool	6,642,988	1,188,930	7,831,918	9,191,482
Total global equity ex-U.S.	<u>36,327,178</u>	<u>6,501,130</u>	<u>42,828,308</u>	<u>52,458,608</u>
Opportunistic:				
Alternative equity pool	2,325,420	416,198	2,741,618	3,301,803
Alternative beta pool	2,562,832	458,637	3,021,469	2,636,714
Other opportunities pool	31,650	5,632	37,282	173,081
Tactical allocation strategies pool	8,234,332	1,473,684	9,708,016	10,609,599
Total opportunistic	<u>13,154,234</u>	<u>2,354,151</u>	<u>15,508,385</u>	<u>16,721,197</u>
Private equity pool	<u>37,168,110</u>	<u>6,652,003</u>	<u>43,820,113</u>	<u>42,574,904</u>
Real assets:				
Real estate pool	13,273,708	2,380,557	15,654,265	13,017,274
Real estate investment trust pool	3,713,069	664,536	4,377,605	4,590,409
Infrastructure private pool	5,881,138	1,052,559	6,933,697	6,323,437
Energy pool	468,486	83,865	552,351	527,562
Farmland pool	7,092,583	1,269,348	8,361,931	7,632,765
Timber pool	2,826,285	505,831	3,332,116	3,111,545
Total real assets	<u>33,255,269</u>	<u>5,956,696</u>	<u>39,211,965</u>	<u>35,202,992</u>
Total investments	<u>222,635,643</u>	<u>39,849,685</u>	<u>262,485,328</u>	<u>283,489,650</u>
Other assets	<u>—</u>	<u>3,076</u>	<u>3,076</u>	<u>3,076</u>
Total assets	<u>227,625,754</u>	<u>40,470,793</u>	<u>268,096,547</u>	<u>289,134,833</u>
Liabilities:				
Claims payable	—	110,000	110,000	148,000
Accrued expenses	17,255	17,072	34,327	38,304
Securities lending collateral payable	426,633	76,101	502,734	727,183
Total liabilities	<u>443,888</u>	<u>203,173</u>	<u>647,061</u>	<u>913,487</u>
Net position restricted for pension and postemployment healthcare benefits	<u>\$ 227,181,866</u>	<u>40,267,620</u>	<u>267,449,486</u>	<u>288,221,346</u>

See accompanying notes to financial statements.

STATE OF ALASKA
JUDICIAL RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Combining Statement of Changes in Fiduciary Net Position

Year ended June 30, 2022

(With summarized financial information for June 30, 2021)

	<u>Defined benefit pension</u>	<u>Alaska Retiree Healthcare Trust</u>	<u>System total June 30, 2022</u>	<u>System total June 30, 2021</u>
Additions (reductions):				
Contributions:				
Employer	\$ 6,638,140	622,469	7,260,609	7,616,990
Plan members	862,028	—	862,028	837,686
Nonemployer contribution – State of Alaska	4,185,000	—	4,185,000	5,145,000
Total contributions	<u>11,685,168</u>	<u>622,469</u>	<u>12,307,637</u>	<u>13,599,676</u>
Investment income (loss):				
Net appreciation (depreciation) in fair value	(17,274,177)	(3,079,123)	(20,353,300)	64,210,378
Interest	861,654	151,766	1,013,420	821,578
Dividends	2,326,609	415,095	2,741,704	2,342,393
Total investment income (loss)	<u>(14,085,914)</u>	<u>(2,512,262)</u>	<u>(16,598,176)</u>	<u>67,374,349</u>
Less investment expense	<u>593,249</u>	<u>103,769</u>	<u>697,018</u>	<u>640,054</u>
Net investment income (loss) before securities lending activities	<u>(14,679,163)</u>	<u>(2,616,031)</u>	<u>(17,295,194)</u>	<u>66,734,295</u>
Securities lending income	6,922	1,221	8,143	8,661
Less securities lending expense	<u>1,385</u>	<u>244</u>	<u>1,629</u>	<u>1,730</u>
Net income from securities lending activities	<u>5,537</u>	<u>977</u>	<u>6,514</u>	<u>6,931</u>
Net investment income (loss)	<u>(14,673,626)</u>	<u>(2,615,054)</u>	<u>(17,288,680)</u>	<u>66,741,226</u>
Other income:				
Employer group waiver plan	—	165,088	165,088	167,474
Medicare retiree drug subsidy	—	179,003	179,003	685
Pharmacy rebates	—	122,908	122,908	77,257
Pharmacy management allowance	—	2,277	2,277	1,942
Miscellaneous income	—	101	101	22,236
Total other income	<u>—</u>	<u>469,377</u>	<u>469,377</u>	<u>269,594</u>
Total additions (reductions)	<u>(2,988,458)</u>	<u>(1,523,208)</u>	<u>(4,511,666)</u>	<u>80,610,496</u>
Deductions:				
Pension and postemployment healthcare benefits	14,770,632	1,304,531	16,075,163	16,097,947
Administrative	<u>107,041</u>	<u>77,990</u>	<u>185,031</u>	<u>171,730</u>
Total deductions	<u>14,877,673</u>	<u>1,382,521</u>	<u>16,260,194</u>	<u>16,269,677</u>
Net increase (decrease)	<u>(17,866,131)</u>	<u>(2,905,729)</u>	<u>(20,771,860)</u>	<u>64,340,819</u>
Net position restricted for pension and postemployment healthcare benefits:				
Balance, beginning of year	<u>245,047,997</u>	<u>43,173,349</u>	<u>288,221,346</u>	<u>223,880,527</u>
Balance, end of year	<u>\$ 227,181,866</u>	<u>40,267,620</u>	<u>267,449,486</u>	<u>288,221,346</u>

See accompanying notes to financial statements.

STATE OF ALASKA
JUDICIAL RETIREMENT SYSTEM
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Notes to Financial Statements

June 30, 2022

(1) Description

The State of Alaska Judicial Retirement System (the System) is a component unit of the State of Alaska (the State). The System consists of a single employer defined benefit pension plan and a defined benefit other postemployment healthcare plan and is administered by the Division of Retirement and Benefits within the Department of Administration to provide pension and postemployment healthcare benefits for eligible state justices and judges. Benefit and contribution provisions are established by State law and may be amended only by the State legislature. The Alaska Retirement Management Board (the Board) is responsible for overseeing the management and investment of the System. The Board consists of nine trustees as follows, two trustees consisting of the commissioner of administration and the commissioner of revenue, two trustees who are members of the general public, one trustee who is employed as a finance officer for a political subdivision participating in either the Public Employees' Retirement System (PERS) or Teachers' Retirement System (TRS), two trustees who are PERS members, and two trustees who are TRS members.

(a) Defined Benefit Pension Plan

Inclusion in the Plan is a condition of employment for eligible State justices and judges. At June 30, 2022, the plan membership consisted of the following:

Retired plan members or beneficiaries currently receiving benefits	149
Inactive plan members entitled to but not yet receiving benefits	3
Active plan members	73
	225
	225

(b) Pension Benefits

Members with five or more paid-up years of credited service are entitled to annual pension benefits beginning at normal retirement at age 60 or early retirement at age 55. Members who are under age 60 and have 20 or more years of credited service may retire at any age and receive an actuarially reduced benefit.

The normal monthly pension benefit is based on the member's years of service and the current authorized salary for the position from which they retired. The pension benefit is equal to 5% for each year of service up to a maximum of 75% of the current base salary for an active judge in the month the benefit is paid. In the event of salary increases for active judges, the monthly pension benefit for retired judges also increases.

(c) Death Benefits

Upon the death of a member who has served for at least two years, the surviving spouse is entitled to receive monthly benefits equal to one-half of the monthly retirement pay the member would have been entitled to receive if retired at the time of death. If the member was not eligible to retire or would have been entitled to less than 60% of the monthly authorized salary, the spouse is entitled to monthly benefits not less than 30% of the authorized salary. The benefits continue until the surviving spouse dies.

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If there is no eligible surviving spouse, the member's surviving dependent child(ren) are entitled to receive a benefit equal to 50% of the above survivor's benefit. Each child will receive an equal share of the benefit while they are dependent. If there is no surviving spouse or dependent child(ren), the member's beneficiary(ies) shall receive the difference between contributions made and interest accrued in the System, less benefits paid by the System.

(d) Disability Benefits

Members who are involuntarily retired for incapacity and have a minimum of five years of service at the time of retirement for incapacity are eligible for pension benefits.

(e) Contributions

Contribution requirements of the active plan members and the participating employers are actuarially determined and approved by the Board as an amount that, when combined, is expected to finance the costs of both pension and postemployment healthcare benefits earned by plan members during the year. The plan members first appointed after July 1, 1978 contribute 7.00% of their compensation as required by statute. Contributions are not required after members have made contributions for 15 years. Members appointed before July 1, 1978 are not required to make contributions. For fiscal years 2022 and 2021, employer contribution rates are 77.25% and 83.94% of eligible compensation, respectively, of which only the employer normal cost rates of 46.00% and 48.16% were required from the Alaska Court System. The past service costs were paid for separately by the State via annual appropriations.

(f) Refunds

Plan member contributions may be voluntarily refunded to the justice or judge if office is vacated before the justice or judge is fully vested. A justice or judge shall have a vested right to accrued pay if the justice or judge has served five years or more. Plan member contributions may be involuntarily refunded to a garnishing agency. Members whose contributions have been refunded forfeit all retirement benefits, including postemployment healthcare benefits. Members are allowed to reinstate voluntarily refunded service by repaying the voluntarily refunded balance and accrued interest, as long as they have returned to active service. Members are allowed to reinstate refunded service due to involuntary refunds by repaying the involuntary refunded balance and accrued interest.

(g) Other Postemployment Benefit Plan

The Alaska Retiree Healthcare Trust Plan (ARHCT), a healthcare trust fund of the State, provides major medical coverage to retirees of the Plan. These major medical benefits, to cover medical expenses, are provided without cost to retired plan members. The ARHCT is self-funded and self-insured. As of June 30, 2022, membership in the plan was as follows:

Retired plan members or beneficiaries currently receiving benefits	149
Inactive plan members entitled to but not yet receiving benefits	3
Active plan members	73
	225

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June 30, 2022

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The accompanying financial statements have been prepared using the economic resources measurement focus and on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles (GAAP), as prescribed by the Governmental Accounting Standards Board (GASB). Contributions are due to the System when employee services have been performed and paid. Contributions are recognized as revenue when due pursuant to statutory requirements. Benefits and refunds are recognized when due and payable and expenses are recorded when the corresponding liabilities are incurred, regardless of when contributions are received, or payment is made.

(b) Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

(c) Cash and Cash Equivalents

Cash and cash equivalents include the System's holdings within the short-term fixed-income pool and overnight investments associated with securities lending collateral. These holdings have the general characteristics of a demand deposit account.

(d) Investments

The System owns shares in various investment pools that are administered by the State of Alaska, Department of Revenue, Division of Treasury (Treasury). The System's investment in the pools, except for the short-term fixed-income pool, is reported at fair value based on the net asset value reported by the Treasury. The short-term fixed-income pool maintains a share price of \$1. Each participant owns shares in the pool, the number of which fluctuates daily with contributions and withdrawals.

(e) Contributions Receivable

Contributions from the System's members and the employer for payrolls received through August 31 for wages paid for service through June 30 are accrued. These contributions are considered fully collectible, and accordingly, no allowance for uncollectible receivables is reflected in the financial statements.

(f) Due from State of Alaska General Fund

Amounts due from State of Alaska General Fund represent the amounts remitted by employers to the General Fund but not yet transmitted to the System.

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(g) Other Income

Other income consists of Employer Group Waiver Plan (EGWP) rebates, Medicare Part D Retiree Drug Subsidy (RDS) rebates, pharmacy rebates, and other miscellaneous items. The RDS are rebates provided to the plan sponsor. The State has elected to voluntarily put the RDS back into the trust and treat it as a contribution for purposes of calculating the net OPEB liability. The EGWP and pharmacy rebates are provided to the Plan through the third-party administrators and are treated as a reduction to the benefit payments for purposes of calculating the net OPEB liability. RDS and pharmacy rebates are recognized on an accrual basis.

(h) Administrative Costs

Administrative costs are paid from investment earnings.

(i) Federal Income Tax Status

The Plans are qualified plans under Section 401(a) of the Internal Revenue Code and are exempt from federal income taxes under Section 501(a).

(j) Reclassifications

The System made certain reclassifications to the 2021 balances in the accompanying supplemental schedules to make them consistent with the 2022 presentation.

(3) Investments

The Board is the investment oversight authority of the System's investments. As the fiduciary, the Board has the statutory authority to invest assets under the Prudent Investor Rule. Fiduciary responsibility for the Board's invested assets is pursuant to AS 37.10.210-390.

AS 37.10.071 provides that investments shall be made with the judgment and care under circumstances then prevailing that an institutional investor of ordinary professional prudence, discretion, and intelligence exercises in managing large investment portfolios.

Treasury provides staff for the Board. Treasury has created a pooled environment by which it manages investments of the Board.

Actual investing is performed by investment officers in Treasury or by contracted external investment managers. The Board has developed investment guidelines, policies, and procedures for Treasury staff and external investment managers to adhere to when managing investments. Treasury manages the U.S. Treasury Fixed-Income Pool, Real Estate Investment Trust Pool, and Treasury Inflation-Protected Securities Pool, in addition to acting as oversight manager for all externally managed investments. All other investments are managed by external management companies.

The short-term fixed-income pool is a State pool managed by Treasury that holds investments on behalf of the Board as well as other State funds.

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Rate of Return

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The annual money-weighted rate of return, net of investment expense, for the year ended June 30, 2022 for the Defined Benefit Pension Plan is (5.98)% and for the ARHCT Plan is (6.08)%.

For additional information on securities lending, interest rate risk, credit risk, foreign exchange, derivatives, fair value, and counterparty credit risk, see the separately issued report on the Invested Assets of the State of Alaska Retirement and Benefits Plans at <http://treasury.dor.alaska.gov/armb/Reports-and-Policies/Annual-Audited-Financial-Schedules>

(4) Net Pension Asset – Defined Benefit Pension Plan

The components of the net pension asset of the participating employer of the Plan at June 30, 2022 were as follows:

Total pension liability	\$	208,987,920
Plan fiduciary net position		<u>(227,181,866)</u>
Employers' net pension asset	\$	<u>(18,193,946)</u>
Plan fiduciary net position as a percentage of the total pension liability		108.71 %

(a) Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2020, rolled forward to the measurement date of June 30, 2022 and adjusted to reflect updated assumptions. The updated demographic and economic assumptions were adopted by the Board in June 2022 based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021. The new

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assumptions shown below were adopted to better reflect expected future experience and are effective June 30, 2022:

Inflation	2.50% per year
Salary increases	0% per year through FY24, and 3.00% per year thereafter.
Investment rate of return	7.25%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.75%.
Mortality	<p>Pre-commencement mortality rates were based on the Pub-2010 General Employee table, above-median, amount-weighted, and projected with MP-2021 generational improvement.</p> <p>Post-commencement mortality rates for healthy retirees were based on the Pub-2010 General Retiree table, above-median, amount-weighted, and projected with MP-2021 generational improvement.</p> <p>Post-commencement mortality rates for disabled retirees were based on the Pub-2010 General Retiree table, above-median, amount-weighted, and projected with MP-2021 generational improvement.</p> <p>Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, above-median, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.</p>
Other	Please see the experience study report dated July 15, 2022.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the pension plan's target asset

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allocation as of June 30, 2022 are summarized in the following table (note that the rates shown below exclude an inflation component of 2.88%).

Asset class	Long-term expected real rate of return
Domestic equity	6.51 %
Global equity (non-U.S.)	5.70
Aggregate bonds	0.31
Real assets	3.71
Private equity	9.61
Cash equivalents	(0.50)

(b) Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability in accordance with the method prescribed by GASB 67. In the event benefit payments are not covered by the plan's fiduciary net position, a municipal bond rate would be used to discount the benefit payments not covered by the plan's fiduciary net position. The S&P Municipal Bond 20-Year High Grade Index rate was 4.09% as of June 30, 2022.

(c) Sensitivity of the Net Pension Asset to Changes in the Discount Rate

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

	1.00% decrease (6.25%)	Current discount rate (7.25%)	1.00% increase (8.25%)
Net pension liability (asset)	\$ 3,251,750	(18,193,946)	(36,452,026)

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(5) Net OPEB Asset – ARHCT Plan

The components of the net OPEB asset of the participating employer of the Plan at June 30, 2022 were as follows:

Total OPEB liability	\$	18,309,351
Plan fiduciary net position		<u>(40,267,620)</u>
Employer’s net OPEB asset	\$	<u>(21,958,269)</u>
Plan fiduciary net position as a percentage of the total OPEB liability		219.93 %

(a) Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2020, rolled forward to the measurement date of June 30, 2022 and adjusted to reflect updated assumptions. The updated demographic and economic assumptions were adopted by the Board in June 2022 based on the

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Notes to Financial Statements

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results of an actuarial study for the period from July 1, 2017 to June 30, 2021. The new assumptions were adopted to better reflect expected future experience and are effective June 30, 2022.

Inflation	2.50% per year
Salary increases	0% per year through FY24, and 3.00% per year thereafter.
Investment rate of return	7.25% per year, net of post-retirement healthcare investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.75%.
Trend rates	Pre-65 medical: 7.0% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% Rx / EGWP: 7.5% grading down to 4.5% Initial trend rates are for FY 2023 Ultimate trend rates reached in FY 2050
Mortality	Pre-commencement mortality rates were based on the Pub-2010 General Employee table, above-median, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 General Retiree table, above-median, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, above-median, headcount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.
Other	Please see the experience study report dated July 15, 2022.

The long-term expected rate of return on postretirement healthcare plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the

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postretirement healthcare plan's target asset allocation as of June 30, 2022 are summarized in the following table (note that the rates shown below exclude an inflation component of 2.88%):

Asset class	Long-term expected real rate of return
Domestic equity	6.51 %
Global equity (non-U.S.)	5.70
Aggregate bonds	0.31
Real assets	3.71
Private equity	9.61
Cash equivalents	(0.50)

(b) Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2022 was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the postretirement healthcare plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on postretirement healthcare plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability in accordance with the method prescribed by GASB 74. In the event benefit payments are not covered by the plan's fiduciary net position, a municipal bond rate would be used to discount the benefit payments not covered by the plan's fiduciary net position. The S&P Municipal Bond 20-Year High Grade Index rate was 4.09% as of June 30, 2022.

(c) Sensitivity of the Net OPEB Asset to Changes in the Discount Rate

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

	1.00% decrease (6.25%)	Current discount rate (7.25%)	1.00% increase (8.25%)
Net OPEB asset	\$ 19,839,276	21,958,269	23,732,801

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(d) Sensitivity of the Net OPEB Asset to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB asset as of June 30, 2022, calculated using the healthcare cost trend rates as summarized in the 2021 actuarial valuation report, as well as what the System's net OPEB asset would be if it were calculated using trend rates that are one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rates:

	1.00% decrease	Current healthcare cost trend rate	1.00% increase
Net OPEB asset	\$ 24,179,594	21,958,269	19,274,732

(6) Claims Payable

The liability for claims payable and claims incurred but not reported, included in the claims payable amount on the statement of fiduciary net position, represent the estimated amounts necessary to settle all outstanding claims incurred as of the balance sheet date. The plan's reserve estimates are based primarily on historical development patterns adjusted for current trends that would modify past experience. Claims are reevaluated periodically to consider the effects of inflation, claims settlement trends, and other economic factors. The process of establishing loss reserves is subject to uncertainties that are normal, recurring, and inherent in the healthcare business.

Changes in the balances of claims liabilities were as follows:

	2022	2021
Total, beginning of year	\$ 148,000	111,000
Healthcare benefits	1,304,531	1,729,090
Benefits paid	(1,342,531)	(1,692,090)
Total, end of year	\$ 110,000	148,000

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June 30, 2022

(7) Employer Group Waiver Program

Effective January 1, 2019, the Division implemented a group Medicare Part D prescription drug plan known as an enhanced EGWP for all Medicare-eligible members covered under the ARHCT Plan. The enhanced EGWP leverages increased federal subsidies to the ARHCT Plan for prescription drugs covered by Medicare Part D while also providing coverage for medications not covered by Medicare Part D through a “wrap” of additional benefits. Moving to an enhanced EGWP has resulted in the ARHCT Plan receiving significantly higher subsidies, while simultaneously maintaining the prescription drug coverage retirees had prior to implementation of the enhanced EGWP. Currently, EGWP is the primary program used by the Division; however, there are still retirees that are covered by the RDS if they do not meet the requirements of EGWP.

(8) Medicare Part D Retiree Drug Subsidy

One of the provisions of Medicare Part D provides sponsors of pension healthcare plans the opportunity to receive an RDS payment if the sponsor’s plan provides a prescription drug benefit that is actuarially equivalent to the Medicare Part D benefit. The RDS is equal to 28% of the amount of eligible prescription drug benefit costs of retirees who are eligible for, but not enrolled in, Medicare Part D, by virtue of continuing to be covered by the sponsor’s plan. The ARHCT Plan was approved for participation in the Medicare Part D program beginning calendar year 2006.

(9) Commitments and Contingencies

The Division is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Division of Retirement and Benefits’ counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the Division.

REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

STATE OF ALASKA
JUDICIAL RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Required Supplementary Information (Unaudited)

Schedule of Changes in Plan Net Pension (Asset) Liability and Related Ratios – Defined Benefit Pension Plan

Last 10 Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total pension liability:										
Service cost	\$ 5,850,927	6,406,615	6,580,544	5,639,424	6,452,021	6,226,617	6,024,599	5,814,128	5,185,969	5,004,795
Interest	15,992,334	16,828,004	17,340,132	18,137,715	17,330,757	16,448,646	16,416,869	15,564,753	15,284,981	14,576,016
Differences between expected and actual experience	—	4,375,904	—	(13,087,119)	41,775	(10,826,335)	35,662	(11,187,236)	—	—
Changes of assumptions	(16,802,169)	(23,795,345)	(16,406,216)	10,539,605	—	—	—	4,219,851	—	—
Benefit payments, including refunds of member contributions	<u>(14,770,632)</u>	<u>(14,368,857)</u>	<u>(14,178,500)</u>	<u>(13,627,946)</u>	<u>(12,125,563)</u>	<u>(11,588,512)</u>	<u>(11,228,221)</u>	<u>(10,683,962)</u>	<u>(10,578,414)</u>	<u>(10,343,220)</u>
Net change in total pension liability	(9,729,540)	(10,553,679)	(6,664,040)	7,601,679	11,698,990	260,416	11,248,909	3,727,534	9,892,536	9,237,591
Total pension liability – beginning	<u>218,717,460</u>	<u>229,271,139</u>	<u>235,935,179</u>	<u>228,333,500</u>	<u>216,634,510</u>	<u>216,374,094</u>	<u>205,125,185</u>	<u>201,397,651</u>	<u>191,505,115</u>	<u>182,267,524</u>
Total pension liability – ending (a)	<u>208,987,920</u>	<u>218,717,460</u>	<u>229,271,139</u>	<u>235,935,179</u>	<u>228,333,500</u>	<u>216,634,510</u>	<u>216,374,094</u>	<u>205,125,185</u>	<u>201,397,651</u>	<u>191,505,115</u>
Plan fiduciary net position:										
Contributions – employers	6,638,140	6,962,607	6,117,144	5,347,675	5,142,959	5,673,683	5,819,499	4,980,772	4,578,693	4,443,785
Contributions – member	862,028	837,686	838,676	813,374	832,718	886,162	801,924	810,819	780,054	721,171
Contributions – nonemployer (State)	4,185,000	5,145,000	5,010,000	4,909,000	5,385,000	5,412,366	5,890,788	5,241,619	4,282,876	3,650,650
Net investment income (loss)	(14,673,626)	56,716,668	7,537,504	10,447,841	13,590,028	18,909,380	(567,149)	4,349,487	21,845,311	13,180,214
Benefit payments, including refunds of member contributions	(14,770,632)	(14,368,857)	(14,178,500)	(13,627,946)	(12,125,563)	(11,588,512)	(11,228,221)	(10,683,962)	(10,578,414)	(10,343,220)
Administrative expenses	(107,041)	(97,022)	(106,618)	(59,094)	(62,933)	(79,219)	(60,330)	(86,243)	(65,716)	(82,231)
Other income	—	7,891	—	—	—	—	2,364	92	12	—
Net change in plan fiduciary net position	(17,866,131)	55,203,973	5,218,206	7,830,850	12,762,209	19,213,860	658,875	4,612,584	20,842,816	11,570,369
Plan fiduciary net position – beginning	<u>245,047,997</u>	<u>189,844,024</u>	<u>184,625,818</u>	<u>176,794,968</u>	<u>164,032,759</u>	<u>144,818,899</u>	<u>144,160,024</u>	<u>139,547,440</u>	<u>118,704,624</u>	<u>107,134,255</u>
Plan fiduciary net position – ending (b)	<u>227,181,866</u>	<u>245,047,997</u>	<u>189,844,024</u>	<u>184,625,818</u>	<u>176,794,968</u>	<u>164,032,759</u>	<u>144,818,899</u>	<u>144,160,024</u>	<u>139,547,440</u>	<u>118,704,624</u>
Plan's net pension (asset) liability (a)–(b)	<u>\$ (18,193,946)</u>	<u>(26,330,537)</u>	<u>39,427,115</u>	<u>51,309,361</u>	<u>51,538,532</u>	<u>52,601,751</u>	<u>71,555,195</u>	<u>60,965,161</u>	<u>61,850,211</u>	<u>72,800,491</u>
Plan fiduciary net position as a percentage of the total pension liability	108.71 %	112.04 %	82.80 %	78.25 %	77.43 %	75.72 %	66.93 %	70.28 %	69.29 %	61.99 %
Covered payroll	\$ 14,223,798	13,935,042	14,063,861	13,794,071	13,855,039	13,712,665	13,312,955	13,440,878	13,174,513	12,762,199
Net pension (asset) liability as a percentage of covered payroll	(127.91)%	(188.95)%	280.34 %	371.97 %	371.98 %	383.60 %	537.49 %	453.73 %	469.47 %	570.44 %

See accompanying notes to required supplementary information (unaudited) and independent auditors' report.

STATE OF ALASKA
JUDICIAL RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Required Supplementary Information (Unaudited)

Schedule of Employer and Nonemployer Contributions – Defined Benefit Pension Plan

Last 10 Fiscal Years

<u>Fiscal Year</u>		<u>Actuarially determined contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered Payroll</u>	<u>Contribution as a percentage of covered payroll</u>
2022	\$	9,337,645	10,823,140	(1,485,495)	14,223,798	76.09 %
2021		10,238,911	12,107,606	(1,868,695)	13,935,042	86.89 %
2020		9,388,398	11,127,144	(1,738,746)	14,063,861	79.12 %
2019		9,454,023	10,256,675	(802,652)	13,794,071	74.36 %
2018		10,632,195	10,527,959	104,236	13,855,039	75.99 %
2017		10,470,676	11,086,049	(615,373)	13,712,665	80.85 %
2016		11,182,754	11,710,287	(527,533)	13,312,955	87.96 %
2015		10,328,791	10,222,391	106,400	13,440,878	76.05 %
2014		9,155,796	8,861,569	294,227	13,174,513	67.26 %
2013		8,366,815	8,094,435	272,380	12,762,199	63.43 %

See accompanying notes to required supplementary information (unaudited) and independent auditors' report.

STATE OF ALASKA
JUDICIAL RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)
Required Supplementary Information (Unaudited)
Schedule of Investment Returns – Defined Benefit Pension Plan

Fiscal Year	Annual money-weighted rate of return, net of investment expense
2022	(5.98)%
2021	29.62 %
2020	4.05 %
2019	5.88 %
2018	8.20 %
2017	13.04 %
2016	(0.43)%
2015	3.09 %
2014	18.40 %

This schedule is intended to present information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to required supplementary information (unaudited) and independent auditors' report.

STATE OF ALASKA
JUDICIAL RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Required Supplementary Information (Unaudited)

Schedule of Changes in Plan Net OPEB (Asset) Liability and Related Ratios – Alaska Retiree Healthcare Trust Plan

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability:						
Service cost	\$ 829,927	910,724	757,923	784,426	689,538	733,897
Interest	1,345,479	1,429,308	1,339,558	1,511,105	1,391,440	1,317,927
Differences between expected and actual experience	10,475	663,374	172,561	(735,641)	592,098	209,718
Changes of assumptions	(740,072)	(2,763,326)	131,866	(1,214,467)	—	—
Benefit payments, including refunds of member contributions	(1,222,192)	(1,692,383)	(1,267,666)	(978,813)	(1,575,877)	(1,031,148)
EGWP rebates	165,088	167,474	108,886	22,294	—	—
Net change in total OPEB liability	388,705	(1,284,829)	1,243,128	(611,096)	1,097,199	1,230,394
Total OPEB liability – beginning	17,920,646	19,205,475	17,962,347	18,573,443	17,476,244	16,245,850
Total OPEB liability – ending (a)	18,309,351	17,920,646	19,205,475	17,962,347	18,573,443	17,476,244
Plan fiduciary net position:						
Contributions – employer	622,469	654,383	730,363	591,397	620,951	627,649
Contributions – EGWP rebates	165,088	167,474	108,886	22,294	—	—
Contributions – RDS	179,003	685	—	74,248	20,943	—
Net investment income (loss)	(2,615,054)	10,024,558	1,377,730	1,901,255	2,455,182	3,470,206
	(1,648,494)	10,847,100	2,216,979	2,589,194	3,097,076	4,097,855
Benefit payments	(1,304,531)	(1,729,090)	(1,425,588)	(1,059,105)	(1,590,842)	(1,031,148)
Pharmacy rebates	122,908	77,257	202,491	117,852	43,577	—
Pharmacy management allowance	2,277	1,942	—	—	—	—
Administrative Services Only (ASO) fees	(42,846)	(42,492)	(44,569)	(37,560)	(28,611)	—
Net benefit payments	(1,222,192)	(1,692,383)	(1,267,666)	(978,813)	(1,575,876)	(1,031,148)
Administrative expenses, excluding ASO fees	(35,144)	(32,216)	(29,092)	(17,950)	(15,127)	(50,762)
Other	101	14,345	23,956	2,291	244	127,457
Net change in plan fiduciary net position	(2,905,729)	9,136,846	944,177	1,594,722	1,506,317	3,143,402
Plan fiduciary net position – beginning	43,173,349	34,036,503	33,092,326	31,497,604	29,991,287	26,847,885
Plan fiduciary net position – ending (b)	40,267,620	43,173,349	34,036,503	33,092,326	31,497,604	29,991,287
Plan's net OPEB asset (a)–(b)	\$ (21,958,269)	(25,252,703)	(14,831,028)	(15,129,979)	(12,924,161)	(12,515,043)
Plan fiduciary net position as a percentage of the total OPEB liability	219.93 %	240.91 %	177.22 %	184.23 %	169.58 %	171.61 %
Covered payroll	\$ 14,223,798	13,935,042	14,063,861	13,794,071	13,855,039	13,712,665
Net OPEB asset as a percentage of covered payroll	(154.38)%	(181.22)%	(105.45)%	(109.68)%	(93.28)%	(91.27)%

This schedule is intended to present information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to required supplementary information (unaudited) and independent auditors' report.

STATE OF ALASKA
JUDICIAL RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Required Supplementary Information (Unaudited)

Schedule of Employer and Nonemployer Contributions – Alaska Retiree Healthcare Trust Plan

Last 10 Fiscal Years

<u>Fiscal Year</u>		<u>Actuarially determined contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered Payroll</u>	<u>Contribution as a percentage of covered payroll</u>
2022	\$	826,270	622,469	203,801	14,223,798	4.38 %
2021		805,219	654,383	150,836	13,935,042	4.70 %
2020		578,572	730,363	(151,791)	14,063,861	5.19 %
2019		598,661	591,397	7,264	13,794,071	4.29 %
2018		632,121	620,951	11,170	13,855,039	4.48 %
2017		631,171	627,649	3,522	13,712,665	4.58 %
2016		500,945	508,413	(7,468)	13,312,955	3.82 %
2015		312,548	520,480	(207,932)	13,440,878	3.87 %
2014		1,094,357	881,725	212,632	13,174,513	6.69 %
2013		722,960	834,295	(111,335)	12,762,199	6.54 %

See accompanying notes to required supplementary information (unaudited) and independent auditors' report.

STATE OF ALASKA
JUDICIAL RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Required Supplementary Information (Unaudited)

Schedule of Investment Returns – Alaska Retiree Healthcare Trust Plan

Fiscal Year	Annual money-weighted rate of return, net of investment expense
2022	(6.08)%
2021	29.85 %
2020	4.18 %
2019	6.08 %
2018	8.33 %
2017	12.53 %

This schedule is intended to present information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to required supplementary information (unaudited) and independent auditors' report.

STATE OF ALASKA
JUDICIAL RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Required Supplementary Information (Unaudited)

June 30, 2022

(1) Actuarial Assumptions and Methods

The actuarial valuation was prepared by Buck. The significant actuarial methods and assumptions used in the valuation as of June 30, 2020 were as follows:

- (a) Actuarial cost method – Liabilities and contributions 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 percent of expected payroll.

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 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 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.

- (b) Valuation of assets – The actuarial asset value was reinitialized to equal fair value of assets as of June 30, 2006. Beginning in FY07, the asset value 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. Valuation of assets are constrained to a range of 80% to 120% of the fair value of assets.
- (c) Valuation of retiree medical and prescription drug benefits – 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.).

STATE OF ALASKA
JUDICIAL RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Notes to Required Supplementary Information (Unaudited)

June 30, 2022

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.

- (d) Investment return – 7.38% per year, net of investment expenses
- (e) Salary scale – 0% per year for FY21 through FY24, and 3.62% per year thereafter
- (f) Payroll growth – 2.75% per year (inflation + productivity)
- (g) 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.
- (h) Compensation and benefit limit increases – Compensation is limited to the IRC 401 (a)(17) amount, which was \$285,000 for 2020. This limit is assumed to increase 2.50% each year thereafter.

Benefits are limited to the IRC 415 amount, which was \$230,000 for 2020. This limit is assumed to increase 2.50% each year thereafter.
- (i) Benefit payment increase – Benefits for retired members are assumed to increase 0.0% per year for FY21 through FY24, and 3.62% per year thereafter.
- (j) Mortality (pre-commencement) – Mortality rates based upon the 2013–2017 actual experience. RP-2014 employee table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement.
- (k) Mortality (post-commencement) – Mortality rates based upon the 2013–2017 actual experience. 93% of male and 90% of female rates of the RP-2014 healthy annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement.
- (l) Turnover – 3% if service is less than 10 years, with an ultimate rate of 1% thereafter. Turnover rates cease once a member is eligible for retirement.
- (m) Disability – Post-disability mortality in accordance with the RP-2014 disability table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement.
- (n) Retirement – Deferred vested members are assumed to retire at age 60.
- (o) Form of payment – Married members are assumed to choose the 50% Joint and Survivor benefit option. Single members are assumed to elect the Modified Cash Refund Annuity.

**STATE OF ALASKA
JUDICIAL RETIREMENT SYSTEM**
(A Component Unit of the State of Alaska)

Notes to Required Supplementary Information (Unaudited)

June 30, 2022

- (p) Spouse age difference – Males are assumed to be four years older than their wives. Females are assumed to be four years younger than husbands.
- (q) Percent married for pension – 90% of male members and 70% female members are assumed to be married at termination from active service.
- (r) Dependent spouse medical coverage election – Applies to members who do not have double medical coverage. 90% of male members and 70% female members are assumed to be married and cover a dependent spouse.
- (s) 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).
- (t) Contribution Refunds – 0% of terminating member with vested benefits are assumed to have their contributions refunded. 100% of those with non-vested benefits are assumed to have their contributions refunded.
- (u) 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.
- (v) Expenses – The investment return assumption is net of investment expenses. The Normal Cost as of June 30, 2020 was increased by the following amounts for administrative expenses: Pension – \$83,000 and Healthcare – \$24,000.
- (w) Per capita claims cost – Sample claims cost rates adjusted to age 65 for FY21 medical and prescription drug benefits are shown below:

		Medical	Prescription drugs
Pre-Medicare	\$	15,360	3,393
Medicare Parts A and B		1,618	3,340
Medicare Part B only		5,340	3,340
Medicare Part D – EGWP		N/A	1,003

Members are assumed to attain Medicare eligibility at age 65. All costs are for the 2021 fiscal year (July 1, 2020 – June 30, 2021).

STATE OF ALASKA
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(A Component Unit of the State of Alaska)

Notes to Required Supplementary Information (Unaudited)

June 30, 2022

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.

- (x) Third-party administrator fees – \$449 per person per year; assumed trend rate of 4.5% per year
- (y) Medicare Part B Only – It's assumed that 5% of actives hired before April 1, 1986 and current retirees who are not yet Medicare eligible will not be eligible for Medicare Part A.
- (z) Healthcare cost trend – The table below shows the rates used to project the cost from the shown fiscal year to the next fiscal year. For example, 6.5% is applied to the FY21 pre-Medicare medical claims cost to get the FY22 medical claims cost:

<u>Fiscal year</u>	<u>Medical</u>		<u>Prescription drugs/EGWP</u>
	<u>Pre-65</u>	<u>Post-65</u>	
2021	6.5 %	5.4 %	7.5 %
2022	6.3	5.4	7.1
2023	6.1	5.4	6.8
2024	5.9	5.4	6.4
2025	5.8	5.4	6.1
2026	5.6	5.4	5.7
2027–2040	5.4	5.4	5.4
2041	5.3	5.3	5.3
2042	5.2	5.2	5.2
2043	5.1	5.1	5.1
2044	5.1	5.1	5.1
2045	5.0	5.0	5.0
2046	4.9	4.9	4.9
2047	4.8	4.8	4.8
2048	4.7	4.7	4.7
2049	4.6	4.6	4.6
2050+	4.5	4.5	4.5

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.

**STATE OF ALASKA
JUDICIAL RETIREMENT SYSTEM**
(A Component Unit of the State of Alaska)

Notes to Required Supplementary Information (Unaudited)

June 30, 2022

(aa) Aging factors:

Age	Medical	Prescription drugs
0–44	2.0 %	4.5 %
45–54	2.5	3.5
55–64	2.5	1.5
65–74	3.0	2.0
75–84	2.0	(0.5)
85–94	0.3	(2.5)
95+	—	—

(bb) Health participation – 100% system paid of members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

The assumptions and methods, when applied in combination, fairly represent past and anticipated future experience of the Plan. The foregoing actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated benefits.

Changes in Actuarial Methods since the Prior Valuation – June 30, 2020 to June 30, 2021

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

Changes in Actuarial Assumptions since the Prior Valuation – June 30, 2020 to June 30, 2021

Effective for the June 30, 2021 roll-forward valuation, the Board adopted a change in the Normal Cost for the administrative expenses from 83,000 to \$102,000 for pension and \$24,000 to \$31,000 for healthcare, based on the most recent two years of actual administrative expenses paid from plan assets.

Changes in Benefit Provisions since the Prior Valuation – June 30, 2020 to June 30, 2021

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

SUPPLEMENTAL SCHEDULES

STATE OF ALASKA
JUDICIAL RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Schedules of Administrative and Investment Deductions

Years ended June 30, 2022 and 2021

	<u>Administrative</u>	<u>Investment</u>	<u>Total</u>	
			<u>2022</u>	<u>2021</u>
Personal services:				
Wages	\$ 18,558	26,531	45,089	43,773
Benefits	11,880	13,787	25,667	21,261
Total personal services	<u>30,438</u>	<u>40,318</u>	<u>70,756</u>	<u>65,034</u>
Travel:				
Transportation	15	247	262	89
Per diem	3	43	46	12
Total travel	<u>18</u>	<u>290</u>	<u>308</u>	<u>101</u>
Contractual services:				
Management and consulting	73,521	4,617	78,138	88,491
Investment management and custodial fees	—	639,295	639,295	587,437
Accounting and auditing	44,225	94	44,319	31,412
Data processing	31,722	9,168	40,890	31,716
Communications	378	113	491	525
Advertising and printing	844	14	858	89
Rental/leases	485	1,073	1,558	2,416
Legal	602	359	961	595
Repairs and maintenance	11	7	18	23
Transportation	912	11	923	346
Securities lending expenses	—	1,629	1,629	1,729
Other professional services	1,799	719	2,518	2,498
Total contractual services	<u>154,499</u>	<u>657,099</u>	<u>811,598</u>	<u>747,277</u>
Other:				
Supplies	54	829	883	934
Equipment	22	111	133	168
Total other	<u>76</u>	<u>940</u>	<u>1,016</u>	<u>1,102</u>
Total administrative and investment deductions	<u>\$ 185,031</u>	<u>698,647</u>	<u>883,678</u>	<u>813,514</u>

See accompanying independent auditors' report.

STATE OF ALASKA
JUDICIAL RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Schedules of Payments to Consultants Other Than Investment Advisors

Years ended June 30, 2022 and 2021

<u>Firm</u>	<u>Services</u>	<u>2022</u>	<u>2021</u>
Buck Global LLC	Actuarial services	\$ 27,016	39,204
KPMG LLP	Auditing services	44,000	31,000
State Street Bank and Trust	Custodial banking services	12,496	11,429
Applied Microsystems Incorporated	Data processing services	2,118	3,383
Sagitec Solutions	Data processing services	26,587	16,900
TechData Service Company	Data processing services	1,138	—
		<u>\$ 113,355</u>	<u>101,916</u>

This schedule presents payments to consultants who received greater than \$1,000.

See accompanying independent auditors' report.