

January 27, 2012

VIA EMAIL

Mr. Jim Puckett
Director
Division of Retirement and Benefits
Department of Administration
State of Alaska
333 Willoughby Avenue
6th Floor State Office Building
Juneau, AK 99811-0208

**Re: Judicial Retirement System and National Guard and
Naval Militia Retirement System Roll-Forward Actuarial Valuations as of June 30, 2011**

Dear Jim:

We have completed the roll-forward actuarial valuations for the State of Alaska Judicial Retirement System (JRS) and the National Guard and Naval Militia Retirement System (NGNMRS) as of June 30, 2011. The valuations have been performed by a projection or "roll forward" of liabilities from the last valuation date of June 30, 2010 to June 30, 2011. A summary of our results and methods is included in this letter.

RESULTS

The actuarial valuation produced an increase of 3.80% in the employer contribution rate for JRS and an increase of \$43,424 in the annual contribution amount for NGNMRS. A full description of the results can be found in the attachments. A summary of the results are as follows:

	<u>June 30, 2010</u>	<u>June 30, 2011</u>
Judicial Retirement System	69.48%	73.28%
National Guard and Naval Militia Retirement System	\$431,367	\$474,791

ACTUARIAL ASSUMPTIONS AND METHODS

In lieu of collecting new data as of June 30, 2011 and performing a full actuarial valuation, it is an acceptable practice to project or "roll forward" liabilities calculated in the last complete valuation as of June 30, 2010 to June 30, 2011 by assuming the actuarial assumptions during the year are exactly realized. This process produces liabilities and normal costs which reflect the best available estimates of the major factors that would be reflected in a full actuarial valuation, including salary increases, cost of living adjustments and increases in medical costs. All data, actuarial assumptions, methods and plan provisions are the same as those used for the June 30, 2010 valuation unless otherwise noted in this letter, including a valuation interest rate of 8.00% for JRS, a valuation interest rate of 7.00% for NGNMRS, and payroll growth for JRS of 3.62%.

The actuarial value of assets was calculated as of June 30, 2011 using actual assets and cash flows during the year. Asset gains experienced during FY11 are recognized at 20%.

Contributions during the year were less than the 2010 actuarial valuation requirement for JRS, creating an actuarial loss, and more than the 2010 actuarial valuation requirement for NGNMRS, creating an actuarial gain. Large gains were experienced during the year by both plans with 20% of the asset gains recognized in this valuation and 80% deferred over the next four years. However, large asset losses still being recognized from prior years created net asset losses for both plans. The net result was an overall actuarial loss for both plans. The net actuarial loss for JRS was \$7,948,000, and the net actuarial loss was \$223,000 for NGNMRS. The sources of actuarial gain/(loss) for these roll-forward valuations are as follows:

	JRS	NGNMRS
Asset gain/(loss)	\$ (3,884,241)	\$ (759,829)
Healthcare claims gain/(loss)	455,729	N/A
Contribution gain/(loss)	(4,519,781)	537,029
Total gain/(loss)	\$ (7,948,293)	\$ (222,800)

Net actuarial losses have the effect of increasing the unfunded liability from what was expected. Given the differences between actual and expected contributions and investment return, this results in changes in the employer contributions from the previous year.

Please let us know if you have any questions.

Sincerely,



David H. Sliskinsky, A.S.A.
Principal and Consulting Actuary

/mlp

Attachments

c: Ms. Teresa Kesey, State of Alaska
Ms. Kathy Lea, State of Alaska
Ms. Melissa Bissett, Buck Consultants
Mr. Chris Hulla, Buck Consultants
Ms. Kyla Kaltenbach, Buck Consultants

State of Alaska Judicial Retirement System

	June 30, 2010	June 30, 2011
Total Pension Accrued Liability	\$ 164,523,775	\$ 173,424,484
Pension Actuarial Value of Assets (AVA)	\$ 115,000,226	\$ 116,213,133
Pension Funded Ratio based on AVA	69.9%	67.0%
Pension Market Value of Assets (MVA)	\$ 95,833,522	\$ 110,601,487
Pension Funded Ratio based on MVA	58.2%	63.8%
Annual Pension Normal Cost	\$ 4,885,249	\$ 5,062,095
Total Postemployment Healthcare Accrued Liability	\$ 20,304,331	\$ 21,406,833
Postemployment Healthcare Actuarial Value of Assets (AVA)	\$ 19,693,969	\$ 20,333,071
Postemployment Healthcare Funded Ratio based on AVA	97.0%	95.0%
Postemployment Healthcare Market Value of Assets (MVA)	\$ 16,983,413	\$ 20,381,131
Postemployment Healthcare Funded Ratio based on MVA	83.6%	95.2%
Annual Postemployment Healthcare Normal Cost	\$ 661,591	\$ 661,591
Total Accrued Liability	\$ 184,828,106	\$ 194,831,317
Actuarial Value of Assets	\$ 134,694,195	\$ 136,546,204
Unfunded Liability	\$ 50,133,911	\$ 58,285,113
Funded Ratio based on Actuarial Value of Assets	72.9%	70.1%
Market Value of Assets	\$ 112,816,935	\$ 130,982,618
Funded Ratio based on Market Value of Assets	61.0%	67.2%
Total Normal Cost	\$ 5,546,840	\$ 5,723,686
Pension Contribution Rate		
– Employer Normal Cost Rate	34.82%	34.82%
– Past Service Rate	28.14%	31.86%
– Pension Contribution Rate	62.96%	66.68%
Postemployment Healthcare Contribution Rate		
– Employer Normal Cost Rate	5.48%	5.28%
– Past Service Rate	1.04%	1.32%
– Postemployment Healthcare Contribution Rate	6.52%	6.60%
Total Employer Contribution Rate		
– Employer Normal Cost Rate	40.30%	40.10%
– Past Service Rate	29.18%	33.18%
– Total Employer Contribution Rate	69.48%	73.28%

This exhibit is an attachment to a letter dated January 27, 2012.

State of Alaska
National Guard and Naval Militia Retirement System

	June 30, 2010	June 30, 2011
Total Accrued Liability	\$ 30,034,407	\$ 31,324,457
Actuarial Value of Assets	32,000,585	33,019,577
Unfunded Liability	(1,966,178)	(1,695,120)
Funded Ratio based on Actuarial Value of Assets	106.5%	105.4%
Market Value of Assets	\$ 29,431,722	\$ 32,912,815
Funded Ratio based on Market Value of Assets	98.0%	105.1%
Normal Cost	\$ 605,097	\$ 605,097
Past Service Payment	(307,730)	(265,306)
Expense Load	134,000	135,000
Total Contribution	\$ 431,367	\$ 474,791

This exhibit is an attachment to a letter dated January 27, 2012.