

December 12, 2013

VIA EMAIL

Ms. Kathy Lea
Deputy 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: HEART Act Survivor Benefits in the Alaska Retirement Systems Actuarial Valuations

Dear Kathy:

As requested, we are providing you this letter to document our correspondence regarding the application of the 2008 HEART Act in the actuarial valuations of the State of Alaska. Specifically, you have asked how we are treating retirement system members who are called to active duty and die while performing qualified military service. Under the requirements of the HEART Act, the eligible survivors would be eligible for death benefits under the retirement system as if the member had resumed employment and plan membership the day before death.

As you have confirmed, according to your records, no employees have died in this manner since 2009. In addition, our mortality assumptions are updated every four years to reflect actual death experience of members that are eligible to receive death benefits under the retirement systems. On the basis of your experience and our experience analysis, we expect any future impact on the retirement systems to be de minimus for actuarial valuation purposes. If in performing a future actuarial experience analysis we find that this mortality experience is not de minimus, we will recommend adjusting our mortality assumptions and request specific member data to capture and recognize expected future liability of these survivor benefits.

Please let us know if you need any further information.

Sincerely,



David H. Sliskinsky, F.C.A., A.S.A., E.A.
Principal and Consulting Actuary

c: Mr. Mike Barnhill, State of Alaska
Mr. Jim Puckett, State of Alaska
Ms. Rebecca Williams, Buck Consultants