State of Alaska
Department of Administration

Presentation to the Senate Finance Committee

- Funding Status Update
  - Public Employees’ Retirement System (PERS)
  - Teachers’ Retirement System (TRS)
- Ajay Desai, Director, Division of Retirement and Benefits
- Kevin Worley, Chief Financial Officer
- Emily Ricci, Chief Health Administrator
- Jim Puckett, Chief Pension Officer
- February 18, 2022

Organization – PERS / TRS

Dept. of Revenue
Treasury Division

Invests retirement system assets

- Staff
- General Consultants
- Internal Investment Team
- External Investment Management

Alaska Retirement Management Board (ARMB)

Sets contribution rates, invests retirement system assets

- Investment Advisory Committee
- Reviewer Actuary (GRS)

Dept. of Administration
Division of Retirement & Benefits

Administer retirement and benefits system

- Staff
- Valuation Actuary (Buck)/Consultants
- Third Party Administrators. (TPA)
- External Audits

Membership (as of June 30, 2021)

	PERS			TRS		Total	%
Employers	151			57		208	
Defined Benefit (DB) Plans	Tier I	Tier II	Tier III	Tier I	Tier II		
Actives	655	2,243	7,168	150	3,342	13,558	DB: 31%
Inactive – Vested	250	1,675	3,187	38	703	5,853	DB: 67%
Retired	22,310	9,205	5,189	9,971	3,254	49,929	DB: 100%
TOTAL	**23,215**	**13,123**	**15,544**	**10,159**	**7,299**	**69,340**	
Defined Contribution (DC) Plans							
Actives	24,481			6,009		30,490	DC: 69%
Inactive - Vested	2,082			832		2,914	DC: 33%
Retired	127			30		**157**	DC: 0%
TOTAL	**26,690**			**6,871**		**33,561**	

Source: Division of Retirement and Benefits. June 30, 2021 Audited Financial Statements

Investment Experience

The actual value of assets was reinitialized to equal fair value as of June 30, 2014, with the $3Billion infusion from HB 119.

Beginning in FY 2015, the valuation method recognizes 20% of the investment gain or loss each year for a period of five years *("Smoothing")*.

	2020		2021 *(DRAFT)*	
	PERS	TRS	PERS	TRS
Assumed Actuarial Earnings Rate	7.38%	7.38%	7.38%	7.38%
Based on Fair Value of Assets	4.10%	4.10%	30.00%	30.10%
Based on Actuarial Value of Assets *(Smoothing over 5-Year Period)*	5.80%	5.80%	11.60%	11.60%

Funded Status – Valuation Results ($000's)

Defined Benefit Total - Pension & Health Care combined	PERS			TRS		
	2019	2020	*2021 (DRAFT)*	2019	2020	*2021 (DRAFT)*
a. Actuarial Accrued Liability	$22,190,874	$22,316,075	*$22,275,000*	$9,906,664	$9,936,711	*$9,917,000*
b. Actuarial Value of Assets (AVA)	$17,387,184	$17,703,068	*$19,048,000*	$8,511,493	$8,608,347	*$9,178,000*
c. Unfunded Actuarial Accrued Liability based on AVA	$4,803,690	$4,613,007	$3,227,000	$1,395,171	$1,328,364	*$739,000*
d. Funded Ratio based on AVA	**78.4%**	**79.3%**	**85.5%**	**85.9%**	**86.6%**	***92.5%***
e. Fair Value of Assets (FVA)	$17,257,097	$17,282,672	*$21,696,000*	$8,441,248	$8,398,260	*$10,454,000*
f. Unfunded Actuarial Accrued Liability based on FVA	$4,933,777	$5,033,403	$579,000	$1,465,416	$1,538,451	*($537,000)*
g. Funded Ratio based on FVA	**77.8%**	**77.4%**	**97.4%**	**85.2%**	**84.5%**	***105.4%***

Source: Buck, Actuarial Valuation Reports as of June 30, 2019 and 2020, and 2021 draft results for PERS and TRS DB

Funded Status – Pension ($000's)

Defined Benefit Pension	PERS			TRS		
	2019	2020	*2021 (DRAFT)*	2019	2020	*2021 (DRAFT)*
a. Actuarial Accrued Liability	$15,039,180	$15,279,525	*$15,419,000*	$7,388,020	$7,447,036	*$7,481,000*
b. Actuarial Value of Assets (AVA)	$9,576,693	$9,713,710	*$10,467,000*	$5,563,931	$5,587,064	*$5,910,000*
c. Unfunded Actuarial Accrued Liability based on AVA	$5,462,487	$5,565,815	$4,952,000	$1,824,089	$1,859,972	*$1,571,000*
d. Funded Ratio based on AVA	**63.7%**	**63.6%**	**67.9%**	**75.3%**	**75.0%**	***79.0%***
e. Fair Value of Assets (FVA)	$9,489,405	$9,469,161	*$11,912,000*	$5,511,929	$5,444,799	*$6,731,000*
f. Unfunded Actuarial Accrued Liability based on FVA	$5,549,775	$5,810,364	$3,507,000	$1,876,091	$2,002,237	*$750,000*
g. Funded Ratio based on FVA	**63.1%**	**62.0%**	**77.3%**	**74.6%**	**73.1%**	***90.0%***

According to the June 30, 2020 PERS and TRS DB actuarial valuation reports, PERS DB pension trust fund was projected to be 93.4% funded and TRS at 96.3% by June 30, 2039.

It is anticipated the June 30, 2021 projections to be presented to the ARM Board at the March meeting will reflect a 100% funded level 2 or 3 years earlier than the last reported projections, based on the FY 2021 investment returns .

Source: Buck, Actuarial Valuation Reports as of June 30, 2019 and 2020, and 2021 draft results for PERS and TRS DB

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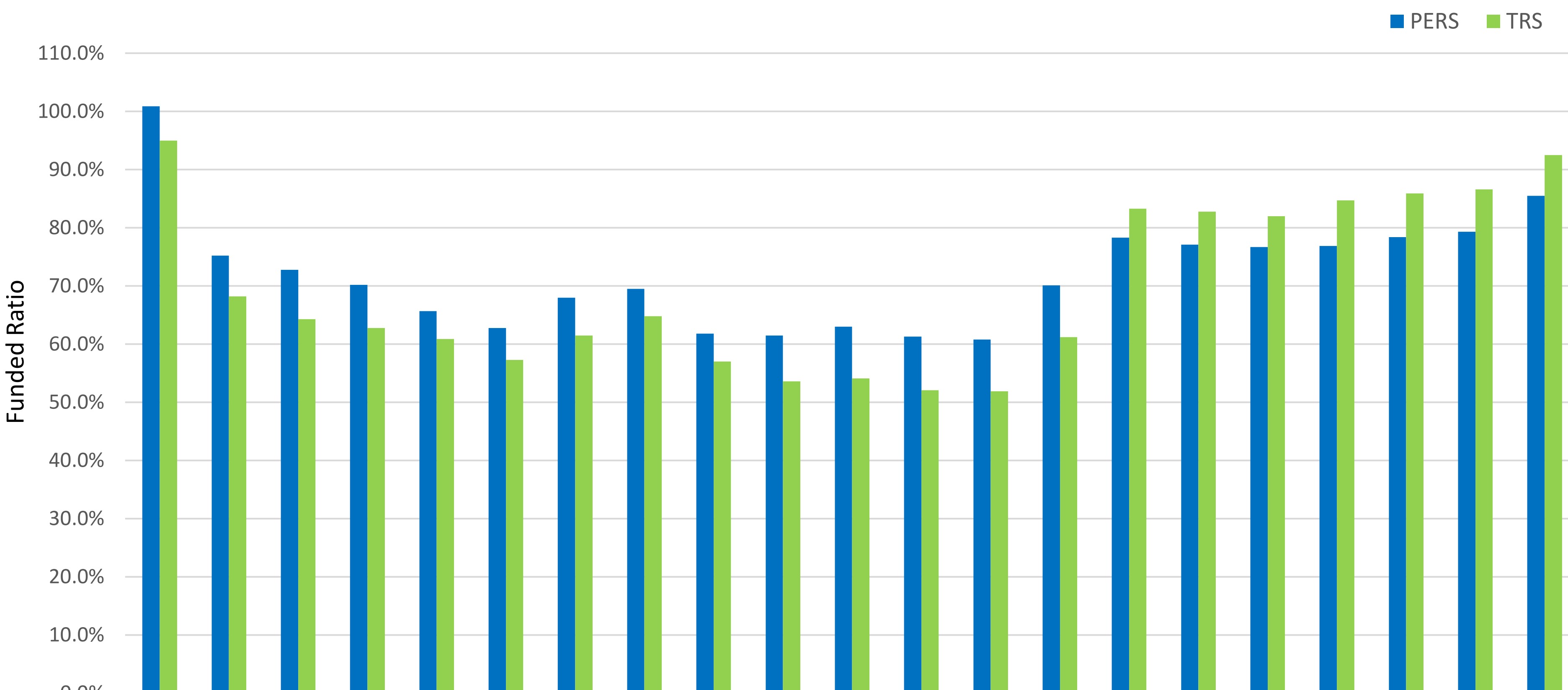
Funded Status – HealthCare ($000's)

Defined Benefit Health Care	PERS			TRS		
	2019	2020	*2021 (DRAFT)*	2019	2020	*2021 (DRAFT)*
a. Actuarial Accrued Liability	$7,151,694	$7,036,550	*$6,856,000*	$2,518,644	$2,489,675	*$2,436,000*
b. Actuarial Value of Assets (AVA)	$7,810,491	$7,989,358	*$8,581,000*	$2,947,562	$3,021,283	*$3,268,000*
c. Unfunded Actuarial Accrued Liability based on AVA	($658,797)	($952,808)	($1,725,000)	($428,918)	($531,608)	*($832,000)*
d. Funded Ratio based on AVA	**109.2%**	**113.5%**	**125.2%**	**117.0%**	**121.4%**	***134.2%***
e. Fair Value of Assets (FVA)	$7,767,692	$7,813,511	*$9,784,000*	$2,929,319	$2,953,461	*$3,723,000*
f. Unfunded Actuarial Accrued Liability based on FVA	($615,998)	($776,961)	($2,928,000)	($410,675)	($463,786)	*($1,287,000)*
g. Funded Ratio based on FVA	**108.6%**	**111.0%**	**142.7%**	**116.3%**	**118.6%**	***152.8%***

Source: Buck, Actuarial Valuation Reports as of June 30, 2019 and 2020, and 2021 draft results for PERS and TRS DB

Funded Ratio – History (Based on Actuarial Valuation Reports)



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
PERS	100.9%	75.2%	72.8%	70.2%	65.7%	62.8%	68.0%	69.5%	61.8%	61.5%	63.0%	61.3%	60.8%	70.1%	78.3%	77.1%	76.7%	76.9%	78.4%	79.3%	85.5%
TRS	95.0%	68.2%	64.3%	62.8%	60.9%	57.3%	61.5%	64.8%	57.0%	53.6%	54.1%	52.1%	51.9%	61.2%	83.3%	82.8%	82.0%	84.7%	85.9%	86.6%	92.5%

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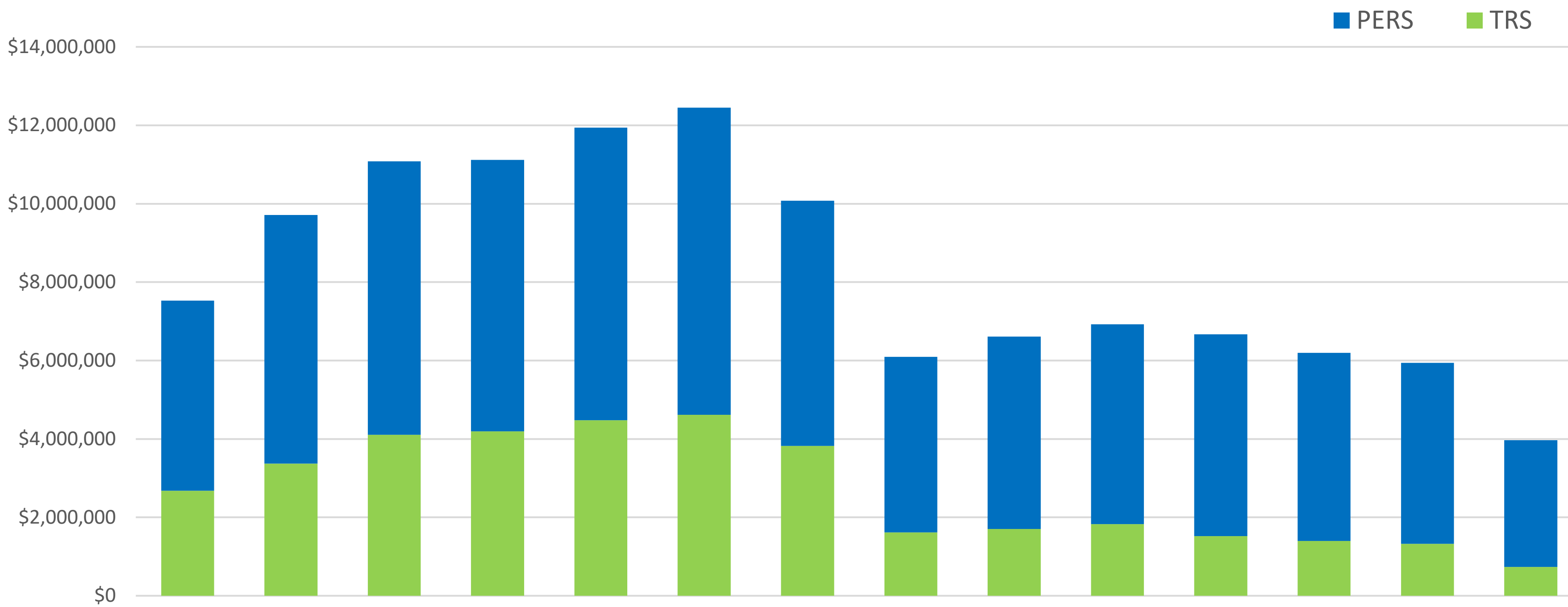
Source: Buck, Actuarial Valuation Reports as of June 30, 2020, and 2021 draft results for PERS and TRS DB

Unfunded Actuarial Liability – PERS / TRS ($000's)



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
PERS	4,848,035	6,336,393	6,975,028	6,926,776	7,460,331	7,830,133	6,252,774	4,475,204	4,901,498	5,094,624	5,147,436	4,803,690	4,613,007	3,227,000
TRS	2,682,202	3,374,556	4,108,660	4,190,858	4,477,290	4,618,031	3,821,758	1,620,194	1,707,233	1,830,981	1,520,131	1,395,171	1,328,364	739,000

FY 2023 Employer Contribution Rates

(with and without Health Plan Normal Cost)

	PERS				TRS			
	FY23 PERS Total Payroll *		2,405,076,000		FY23 TRS Total Payroll		754,801,000	
	Preliminary	Contribution	Adopted	Contribution	Preliminary	Contribution	Adopted	Contribution
DB Pension Plan - Normal Cost	2.37%	57,000,000	2.37%	57,000,000	2.24%	16,908,000	2.24%	16,908,000
DB Pension Plan - Past Service Cost	16.01%	385,053,000	16.01%	385,053,000	15.66%	118,202,000	15.66%	118,202,000
DB Health Plan - Normal Cost	2.84%	68,304,000	**0.00%**	-	2.72%	20,531,000	**0.00%**	-
DCR Plan	6.41%	154,165,000	6.41%	154,165,000	6.72%	50,723,000	6.72%	50,723,000
	27.63%	664,522,000	**24.79%**	596,218,000	**27.34%**	206,364,000	**24.62%**	185,832,000
State Of Alaska Contributions	27.63%	328,473,000	24.79%	294,711,000				
Non-State Employer Contributions	**22.00%**	267,574,000	**22.00%**	267,574,000	**12.56%**	94,803,000	**12.56%**	94,803,000
Additional State Contributions	5.63%	68,475,000	2.79%	33,933,000	14.78%	111,560,000	12.06%	91,029,000

* PERS Non-State Employers Total Payroll:	1,216,247,000
PERS State as an Employer Total Payroll:	1,188,829,000
FY23 PERS Total Payroll:	2,405,076,000

Total Savings: 68,304,000 (PERS) + 20,531,000 (TRS) = **$ 88,835,000**

Source: ARM Board packet, October 2021 (information consolidated for presentation)

Additional State Contributions – Projected

(Buck – Presented to the ARM Board at October 2021 Meeting)

Fiscal Year	PERS	TRS	Total
2023	$ 33,933,000	$ 91,029,000	$ 124,962,000
2024	25,778,000	81,239,000	107,017,000
2025	17,492,000	71,400,000	88,892,000
2026	7,909,000	60,010,000	67,919,000
2027	11,080,000	63,302,000	74,382,000
2028	14,226,000	66,607,000	80,833,000
2029	17,359,000	69,848,000	87,207,000
2030	20,609,000	73,255,000	93,864,000
2031	23,720,000	76,583,000	100,303,000
2032	26,734,000	79,944,000	106,678,000
2033	29,883,000	83,377,000	113,260,000
2034	32,878,000	86,517,000	119,395,000
2035	35,711,000	89,890,000	125,601,000
2036	38,971,000	93,039,000	132,010,000
2037	42,048,000	96,229,000	138,277,000
2038	45,410,000	99,523,000	144,933,000
2039	48,447,000	102,752,000	151,199,000
	$ 472,188,000	**$ 1,384,544,000**	**$ 1,856,732,000**

Source: Buck, October 2021 ARMB Meeting Presentation

Health Care Trusts

Funded Levels with and without normal cost contributions

Buck has determined that the PERS and TRS health trusts would have to suffer the following investment losses in FY 2022 on the FAIR value of assets to return to 100% funded levels at June 30, 2022:

PERS: -19.9%
TRS: - 25.5%

The PERS and TRS health trusts would have to suffer the following investment losses in FY 2022 on the ACTUARIAL value of assets to return to 100% funded levels at June 30, 2022:

PERS: -86%
TRS: - 115%

	PERS		TRS	
	With NC Contributed	Without NC Contributed	With NC Contributed	Without NC Contributed
6/30/2020	113.5%	113.5%	121.4%	121.4%
6/30/2021	114.2%	112.8%	122.1%	121.1%
6/30/2022	113.8%	111.3%	122.0%	120.1%
6/30/2023	113.5%	110.0%	122.2%	119.3%
6/30/2024	113.6%	109.0%	122.6%	118.9%
6/30/2025	114.4%	108.8%	123.9%	119.4%
6/30/2026	115.2%	108.7%	125.3%	119.9%
6/30/2027	116.2%	108.7%	126.8%	120.7%
6/30/2028	117.2%	108.7%	128.5%	121.6%
6/30/2029	118.4%	108.9%	130.4%	122.7%
6/30/2030	119.6%	109.2%	132.6%	124.0%
6/30/2031	121.1%	109.5%	135.0%	125.5%
6/30/2032	122.6%	110.0%	137.6%	127.2%
6/30/2033	124.4%	110.5%	140.6%	129.2%
6/30/2034	126.3%	111.2%	144.0%	131.4%
6/30/2035	128.5%	111.9%	147.8%	134.0%
6/30/2036	131.0%	112.9%	152.0%	136.9%
6/30/2037	133.8%	113.9%	156.8%	140.1%
6/30/2038	136.9%	115.1%	162.1%	143.8%
6/30/2039	140.5%	116.5%	168.1%	148.0%

Source: Buck – October 2021 ARMB Meeting Presentation

Additional State Contributions - History

FY	Legislation	PERS	TRS	Total
2006	Chapter 3, FSSLA 05 (SB 46), Sec 59(b)	$ 18,426,923	$ -	$ 18,426,923
2007	Chapter 82, SLA 06 (SB 231), Sec 60(b)	18,581,921	-	18,581,921
2008	Chapter 30, SLA 07 (SB 53), Sec 55(e)	185,000,000	269,992,300	454,992,300
	Chapter 28, SLA 07 (HB95), Sec 15(a)			
2009	Chapter 27, SLA 08 (HB 310), Sec 13(b) & (a)	241,600,000	206,300,000	447,900,000
2010	Chapter 12, SLA 09 (HB 81), Sec 23(b) & (a)	107,953,000	173,462,000	281,415,000
2011	Chapter 41, SLA 10 (HB 300), Sec 29(b) & (a)	165,841,171	190,850,258	356,691,429
2012	Chapter 3, FSSLA 11 (HB 108), Sec 29(b) & (a)	242,609,397	234,517,333	477,126,730
2013	Chapter 15, SLA 12 (HB 284), Sec 27(a) & (b)	307,302,392	302,777,153	610,079,545
2014	Chapter 14, SLA 13 (HB 65), Sec 29(a) & (b)	312,472,952	316,847,291	629,320,243
2015	Chapter 18, SLA 14 (HB 119), Sec 48(a) & (b)	1,000,000,000	2,000,000,000	3,000,000,000
2016	Chapter 1, SSSLA 15 (HB 2001), Sec 10(a) & (b)	126,520,764	130,108,327	256,629,091
2017	Chapter 3, 4SSLA 16 (HB 256), Sec 28(a) & (b)	99,166,576	116,699,959	215,866,535
2018	Chapter 1, SSSLA 17 (HB 57), Sec 41(a) & (b)	72,719,000	111,757,000	184,476,000
	Chapter 17, SLA 18 (HB 286), Sec 25(a)			
2019	Chapter 17, SLA 18 (HB 286), Sec 25(b) & (c)	135,219,000	128,174,000	263,393,000
2020	Chapter 1, FSSLA 19 (HB 39), Sec 35(a) & (b)	159,055,000	141,129,000	300,184,000
2021	Chapter 8, SLA 20 (HB 205), Sec 41(a) & (b)	203,585,000	134,976,000	338,561,000
2022	Chapter 1, SSSLA 21 (HB 69), Sec 73(b) & (c)	97,699,500	142,665,000	240,364,500
	Total:	$ 3,493,752,596	$ 4,600,255,621	$ 8,094,008,217

Source: Legislative Bills for the respective year

Historical Rate of Return and Funded Ratio

Fiscal Year End 30-Jun	Assumed Actuarial Earnings Rate	Actual Rate of Return	Actuarially Funded Ratio	Actual Rate of Return	Actuarially Funded Ratio
		PERS		TRS	
1996	8.00%	13.79%	105.8%	14.35%	97.2%
1997	**8.25%**	18.18%	106.3%	18.12%	94.0%
1998	8.25%	14.73%	105.9%	14.83%	97.7%
1999	8.25%	10.59%	105.5%	10.67%	102.5%
2000	8.25%	10.07%	101.1%	10.15%	99.6%
2001	8.25%	-5.25%	100.9%	-5.35%	95.0%
2002	8.25%	-5.48%	75.2%	-5.49%	68.2%
2003	8.25%	3.67%	72.8%	3.68%	64.3%
2004	8.25%	15.08%	70.2%	15.09%	62.8%
2005	8.25%	8.95%	65.7%	9.01%	60.9%
2006	8.25%	11.74%	62.8%	11.78%	57.3%
2007	8.25%	18.87%	66.2%	18.92%	60.1%
2008	8.25%	-3.06%	69.5%	-3.05%	64.8%
2009	8.25%	-20.49%	61.8%	-20.62%	57.0%
2010	8.25%	11.39%	52.8%	11.58%	53.6%
2011	**8.00%**	21.22%	60.8%	21.40%	54.1%
2012	8.00%	0.46%	61.3%	0.51%	52.1%
2013	8.00%	12.50%	60.8%	12.59%	51.9%
2014	8.00%	18.56%	70.1%	18.56%	61.2%
2015	8.00%	3.29%	75.4%	3.30%	83.3%
2016	8.00%	-0.36%	77.1%	-0.36%	82.8%
2017	8.00%	13.35%	76.7%	13.36%	82.0%
2018	8.00%	9.61%	76.9%	9.62%	84.7%
2019	**7.38%**	6.40%	78.4%	6.39%	85.8%
2020	7.38%	3.83%	79.3%	3.82%	86.6%
2021	7.38%	27.62%	85.5%	27.65%	92.5%
30-year average rate of return		8.33%		8.37%	

Source: Funded Ratio - Actuarial Reports; Actual Rate of Returns - Department of Revenue, Investment Performance

SFC Request - Infusion into the PERS DB Pension Trust

The following table illustrates projections based on $250M and $500M additional infusion into the Defined Benefit Pension Trust fund.

PERS				
FY	Preliminary with Healthcare Trust	Adopted Pension Trust Only	Scenario 1 $250M Infusion in Pension Trust	Scenario 2 $500M Infusion in Pension Trust
2023	$ 68,475	$ 33,933	$ 283,933	$ 533,933
2024	56,711	25,778	17,062	8,347
2025	45,032	17,492	8,560	0
2026	32,140	7,909	0	0
2027	32,476	11,080	1,528	0
2028	32,850	14,226	4,397	0
2029	33,667	17,359	7,233	0
2030	34,661	20,609	10,171	0
2031	35,852	23,720	13,087	2,317
2032	37,178	26,734	15,734	4,734
2033	38,563	29,883	18,499	7,115
2034	40,298	32,878	21,240	9,602
2035	41,812	35,711	23,808	11,755
2036	43,994	38,971	26,640	14,310
2037	46,097	42,048	29,434	16,664
2038	48,597	45,410	32,504	19,439
2039	50,894	48,447	35,071	21,695
TOTAL	$ 650,822	$ 438,255	$ 264,968	$ 115,978
TOTAL vs (B)	$ 212,567	N/A	$ (173,287)	$ (322,277)

Source: Buck, October 2021 ARMB Meeting Presentation

Additional Infusion into the DB Pension Trust Fund - PERS

NOTES:

In years that the PERS total employer contribution rate is 22% or higher –

1. State-as-an-employer contributes the total contribution rate
2. Non-State employers contribute 22% (capped rate)
3. Additional state contributions are greater than zero

In years that the PERS total employer contribution rate is less than 22% –

1. State-as-an-employer contributes the total contribution rate
2. Non-State employers contribute the total contribution rate
3. Additional state contributions are zero

Source: Buck, October 2021 ARMB Meeting Presentation

SFC Request - Infusion into the TRS DB Pension Trust

The following table illustrates projections based on $250M and $500M additional infusion into the Defined Benefit Pension Trust fund.

TRS				
FY	Preliminary with Healthcare Trust	Adopted Pension Trust Only	Scenario 1 $250M Infusion in Pension Trust	Scenario 2 $500M Infusion in Pension Trust
2023	$ 111,560	$ 91,029	$ 341,029	$ 591,029
2024	99,793	81,239	63,907	46,575
2025	88,186	71,400	53,608	35,816
2026	74,993	60,010	41,733	23,455
2027	76,519	63,302	44,510	25,639
2028	78,261	66,607	47,345	28,002
2029	79,897	69,848	49,997	30,147
2030	81,814	73,255	52,864	32,474
2031	84,028	76,583	55,619	34,655
2032	86,147	79,944	58,451	36,870
2033	88,376	83,377	61,149	39,100
2034	90,715	86,517	63,792	40,977
2035	93,157	89,890	66,460	43,125
2036	95,618	93,039	68,968	44,991
2037	98,381	96,229	71,585	46,941
2038	101,025	99,523	74,192	48,860
2039	103,880	102,752	76,705	50,658
TOTAL	$ 1,420,790	$ 1,293,515	$ 950,885	$ 608,285

TOTAL vs (B)	$ 127,275	N/A	$ (342,630)	$ (685,230)

Source: Buck, October 2021 ARMB Meeting Presentation

FY2023 Contribution Rates – Defined Benefit Plans

Defined Benefit Plans	PERS	TRS
Employee		
• All Other Employees	6.75%	
• Peace Officer/Firefighter	7.50%	8.65%
• School District Alternate Option	9.60%	
Employer (Rates capped by Alaska statute)	22.00%	12.56%
Additional State Contribution (for non-State employers)	2.79%	12.06%
Total Required Contributions for the Fiscal Year *	**24.79%**	**24.62%**

* The total contribution rates for PERS and TRS include the DCR contribution rates.

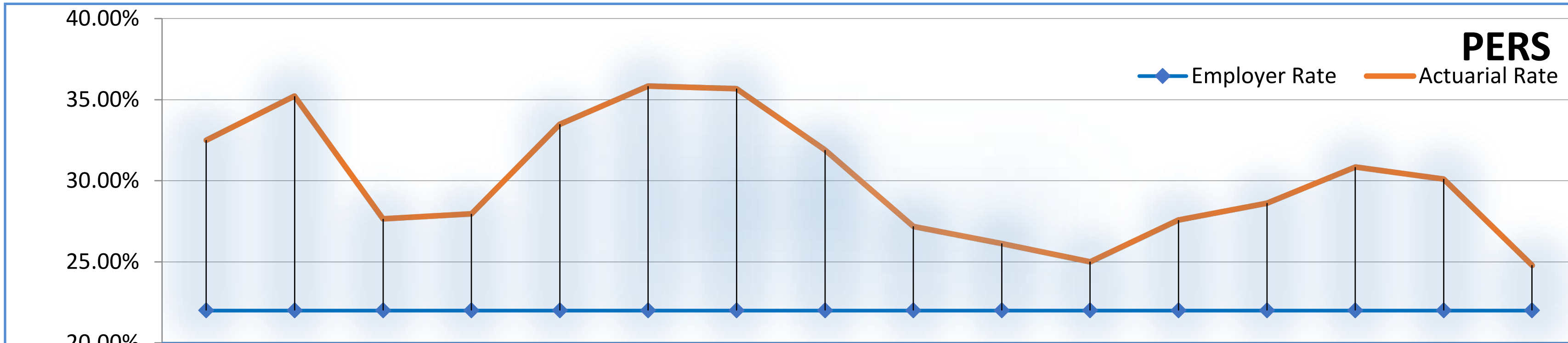
Source: Buck, Actuarial Valuation Reports as of June 30, 2020 for PERS and TRS DB and DCR

FY2023 Contribution Rates – Defined Contribution Plans

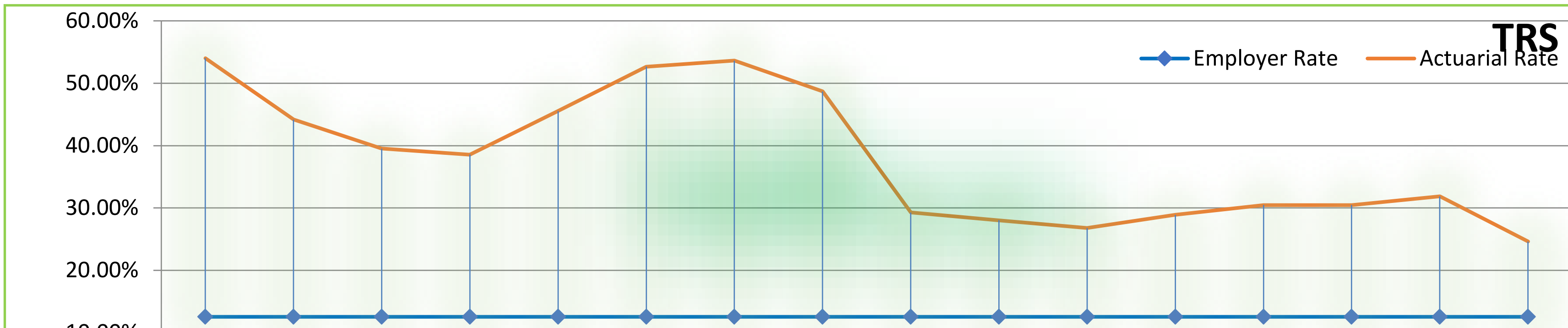
Defined Contribution Plans	PERS	TRS
Employee	8.00%	8.00%
Employer		
Investment Account	5.00%	7.00%
Health Care	1.10%	0.87%
Occupational Death & Disability		
• All Others	0.30%	0.08%
• Peace Officer/Firefighter	0.68%	N/A
Health Reimbursement Account (HRA) *(3% of all PERS/TRS average annual compensation)*	Flat dollar	Flat dollar
Excess from Employers' Contributions (22% / 12.56%)	To DB Plans – Unfunded Liability	

Source: Buck, Actuarial Valuation Reports as of June 30, 2020 for PERS and TRS DCR

Contribution Rates – History



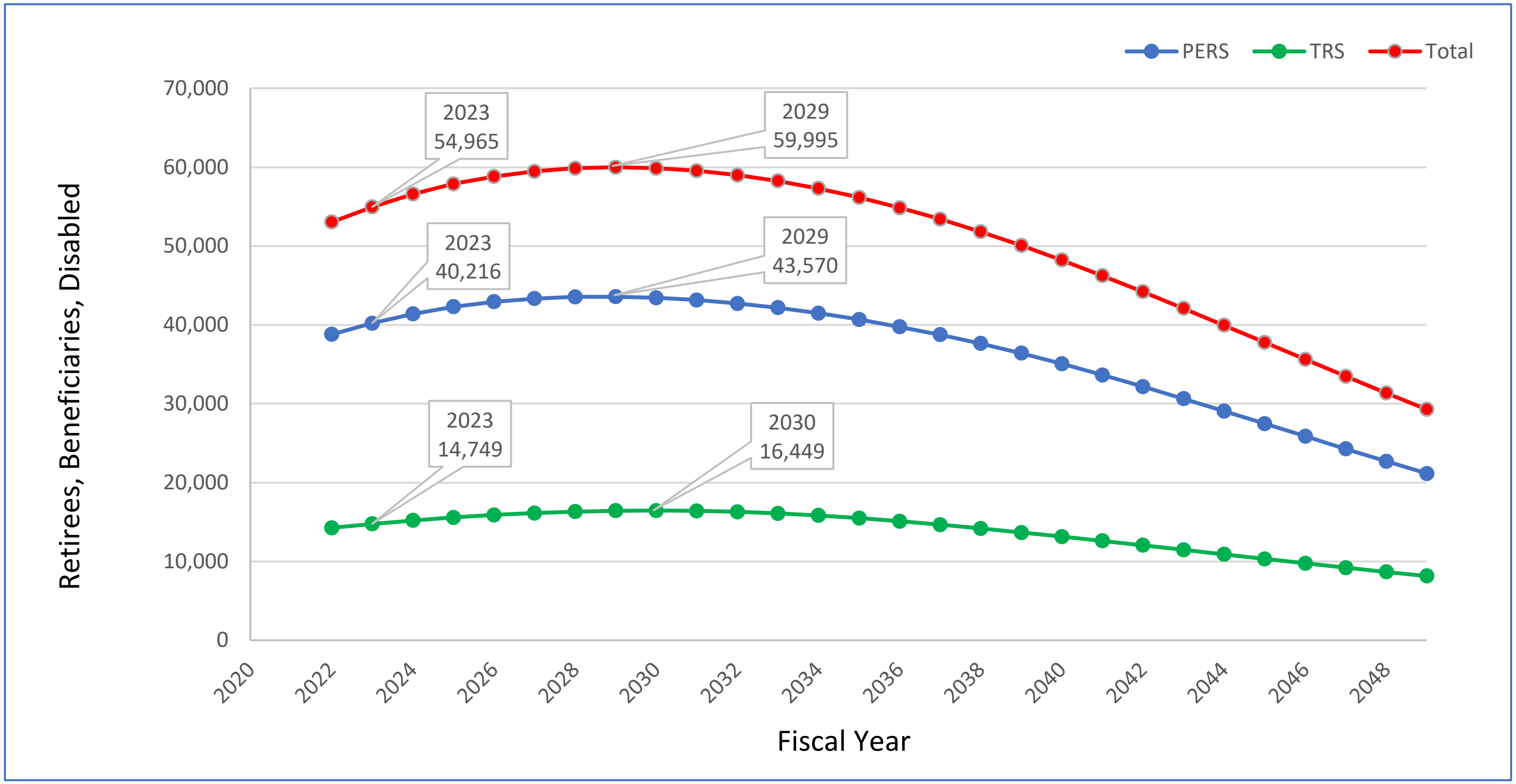
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Employer Rate	22.00%	22.00%	22.00%	22.00%	22.00%	22.00%	22.00%	22.00%	22.00%	22.00%	22.00%	22.00%	22.00%	22.00%	22.00%	22.00%
Actuarial Rate	32.51%	35.22%	27.65%	27.96%	33.49%	35.84%	35.68%	31.90%	27.19%	26.14%	25.01%	27.58%	28.62%	30.85%	30.11%	24.79%



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Employer Rate	12.56%	12.56%	12.56%	12.56%	12.56%	12.56%	12.56%	12.56%	12.56%	12.56%	12.56%	12.56%	12.56%	12.56%	12.56%	12.56%
Actuarial Rate	54.03%	44.17%	39.53%	38.56%	45.55%	52.67%	53.62%	48.69%	29.27%	28.02%	26.78%	28.90%	30.47%	30.47%	31.85%	24.62%

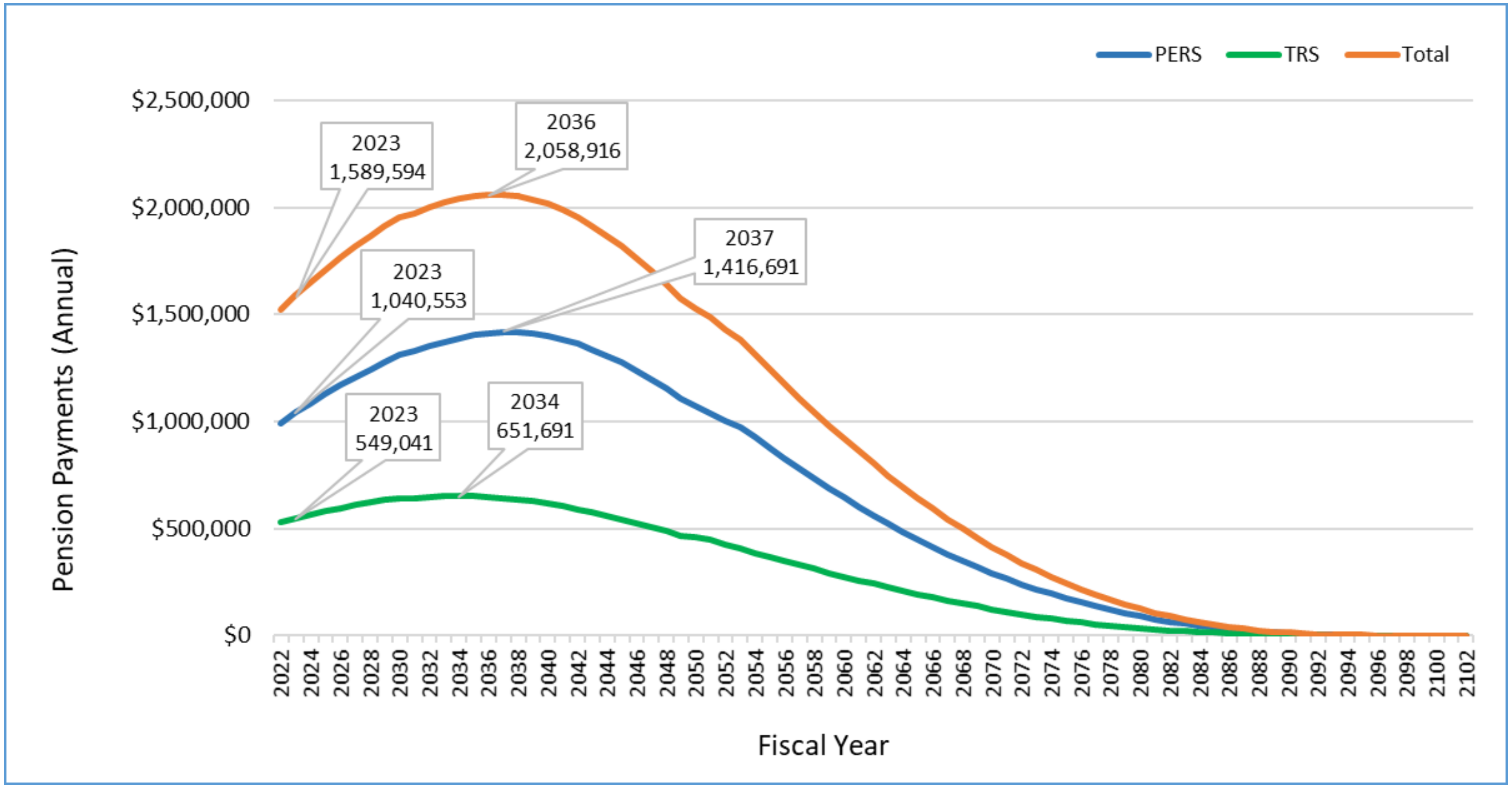
Source: June 30, 2020 - Board Adopted Rates Report (BUCK)

Projected Pension Benefit Recipients



Source: Buck - Supplemental Data

Projected Pension Benefits Payment ($000's)



Employers and Additional State Contributions

Process Timeline

Allocation of Projected Employer and Additional State Contributions with Liabilities "Rolled Forward" Two-Years, Assets "Rolled Forward" One-Year and Smoothed

March 2021	October 2021		
2020 Valuation – Liabilities (Data Extract – August 2020)	2021 Assets w/Actual Rate of Return (ROR)	2022 Assets w/Projected ROR (7.38%)	**FY2023** Employers and Additional State Contributions

2021 Valuation (March 2022)	2022 Assets	2023 Assets	FY2024 Contributions
2022 Valuation (4-Year Experience Study)	2023 Assets	2024 Assets	FY2025 Contributions
2023 Valuation (March 2024)	2024 Assets	2025 Assets	FY2026 Contributions
2024 Valuation (March 2025)	2025 Assets	2026 Assets	FY2027 Contributions

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An Employer Group Waiver Plan (EGWP) Subsidy

Types of Funding	$ (Millions)		
	2019 (Actual)	2020 (Actual)	2021 (Estimated*)
Direct Subsidy	$ 1.30	$ 0.04	$ (2.64)
Catastrophic Reinsurance*	28.80	20.76	25.98
Low Income Premiums Subsidy	18.20	0.22	0.22
Low Income Cost Sharing Subsidy*	0.20	1.10	1.10
Coverage Gap Discount*	1.00	36.26	39.75
TOTAL	$ 49.50	$ 58.38	$ 64.41

* 2021 Amounts described above are estimates due to the dynamic nature of claims. Actual subsidy is subject to minor adjustment due to true-up.

Source: OptumRx

Health Care Cost Trend Rates

Fiscal Year	Medical Pre-65	Medical Post-65	Rx / EGWP
2021	6.50%	5.40%	7.50%
2022	6.30%	5.40%	7.10%
2023	6.10%	5.40%	6.80%
2025	5.80%	5.40%	6.10%
2040	5.40%	5.40%	5.40%
2045	5.00%	5.00%	5.00%
2050+	4.50%	4.50%	4.50%

Rates were unchanged through fiscal 2040. Beginning in fiscal 2041, trend rates were revised to reach an ultimate rate of 4.5% in fiscal 2050 instead of the previously assumed ultimate rate of 4.0%.

Source: Buck - Trend rates used in the June 30, 2020 valuation

Department of Administration

Championing improvement in the State's performance and results.

For more information, please contact Ken Truitt at Ken.Truitt@alaska.gov