# Alaska

PERS/TRS DEFINED CONTRIBUTION RETIREMENT SYSTEM

## *Information Handbook*

DCR 2018

DCR
DEFINED CONTRIBUTION RETIREMENT PLAN

ALASKA DIVISION OF
Retirement
and Benefits

*The Alaska Department of Administration complies with Title II of the Americans with Disabilities Act (ADA) of 1990. This publication is available in alternative communication formats upon request. To make necessary arrangements, contact the ADA Coordinator for the Division of Retirement and Benefits at (907) 465-4460 or contact the TDD for the hearing impaired at (907) 465-2805.*

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# WELCOME

WELCOME to the Alaska's Public Employees' Retirement System (PERS) and Teachers' Retirement System (TRS) Defined Contribution Retirement (DCR) plan. We are proud to have you with us and believe you have an important role to play in Alaska's rapidly changing workplace.

This handbook gives a summary of the benefits provided to you during your working career and when you retire. Please take time to read it carefully and to ask questions about your defined contribution retirement plan. The Division of Retirement and Benefits has counselors available to help you understand your benefits. The Division also contracts with Empower Retirement Services to provide help with the investment of your contributions.

Your retirement plan is designed to keep pace with your career; on your very first day of work you are in control. Your defined contribution retirement account is participant-directed, requiring your attention and understanding as you choose investment funds that fit your needs. If you want to manage your investments yourself, we have an extensive online resource center that provides you with financial education and investment tools to help you make the most of your account. If you want help, assistance ranges from full professional management accounts to "do it yourself" information.

Again, welcome to Alaska's PERS/TRS DCR plan. Remember that counselors stand ready to answer your questions. Thank you for using this handbook to help you understand and manage your Alaska retirement plan.

# INTRODUCTION

THIS handbook provides a brief summary of your plan benefits, which include an account balance, medical benefits, a health reimbursement arrangement, and occupational disability and death benefits.

If you have difficulty understanding any part of this booklet, please contact the Member Services Contact Center toll-free at (800) 821-2251, option 5, or call (907) 465-5700 in Juneau during the Contact Center business hours of 8:30 a.m. to 4:00 p.m. Monday-Thursday and 8:30 a.m. to 3:00 p.m. Friday Alaska Time. You may also contact customer service representatives by email at doa.drb.mscc@alaska.gov.

This publication is also available in alternative communication formats upon request. To make necessary arrangements, contact the ADA Coordinator for the Division of Retirement and Benefits toll-free at (800) 821-2251 or in Juneau at (907) 465-4460 or the TDD for the hearing impaired at (907) 465-2805.

This handbook is not intended to interpret, extend, or change the statutes and regulations that comprise the plan document in any way. It merely summarizes it for you. The statutes and regulations will govern in the event of any discrepancy between the handbook and the statutory provisions of the plan.

The plan document is defined as Alaska Statutes 39.35 and 14.25.

Copies of the plan document are available on our website at ***Alaska.gov/drb***. If you do not have Internet access, please contact the Division. Investment information can be found in the PERS/TRS DCR Plan Investment Guide, or by contacting Empower Retirement Services.

## Empower Customer Services – Financial Advice and Education

### *Live Help*

Contact a Client Service Representative at KeyTalk® between the hours of 5 a.m. and 5:30 p.m. Alaska Time, Monday through Friday at (800) 232-0859.

### *Automated Help*

KeyTalk® is a toll-free, touch-tone telephone service that allows you to access your account seven days a week, 24 hours a day (except between 10 p.m. Saturday and 10 a.m. Sunday, Alaska Time) at (800) 232-0859.

24-hour, 7 days a week KeyTalk® Functions:

- Current account balance
- Current interest rates
- Current unit values or share prices
- Current account balance by fund
- Current fund allocation
- Recent transaction history
- Change investment fund allocation

- Transfer among investment funds
- Rebalance portfolio
- Change a PIN
- Order a copy of existing PIN

The above information can also be accessed from the Empower Retirement Services website at akdrb.gwrs.com.

To utilize the automated KeyTalk® services, you will need a PIN. If you do not have a PIN, request your PIN from a Empower customer service representative at (800) 232-0859.

# GENERAL INFORMATION

THE Public Employees' and Teachers' Defined Contribution Retirement plan (PERS/TRS DCR plan) is a hybrid plan. This plan includes the defined contribution retirement account and benefits that are traditionally associated with defined benefit retirement plans, such as occupational death and disability benefits and retiree medical insurance. These plans are intended to qualify under the Internal Revenue Code §401(a) and 414(k).

Also included in the plan is a separate Health Reimbursement Arrangement (HRA) account that will help retired members pay medical premiums and other eligible medical expenses not covered by the medical plan. (See specific chapters on each benefit for more detailed information.)

## Administration of the Plan

### *The Plan Administrator*

The plan administrator recommends regulations to manage the plan to the Commissioner of Administration and is responsible for interpretation of the statutes governing the plan. The plan administrator has sole discretion, authority, and responsibility to interpret the plan document and to determine the benefit entitlement of employees, participants, and beneficiaries. A decision of the plan administrator is binding.

Decisions of the plan administrator can be appealed to the Office of Administrative Hearings (OAH) where an administrative law judge is assigned to hear the appeal. Final decisions by the administrative law judge can be appealed to the Alaska Superior Court.

### *The Board*

In accordance with AS 37.10.210, the Alaska Retirement Management Board (ARMB) is authorized to select the investment options available to participants and to invest and manage the health funds for this plan. Two trustees are commissioners, and the governor appoints seven other trustees. The trustees must have competence in investment management, finance, banking, economics, accounting, pension administration, or actuarial analysis. The trustees, except the two commissioners, serve four year staggered terms and may be reappointed to the board. The commissioners serve as long as they are commissioners. The board is comprised of the following trustees:

- The Commissioner of Administration and the Commissioner of Revenue;
- Two trustees who are members of the general public;
- One trustee who is a finance officer for a political subdivision participating in either PERS or TRS;
- Two trustees who are members of the PERS, selected from a list of four nominees submitted by PERS bargaining units; and
- Two trustees who are members of the TRS, selected from a list of four nominees submitted by teachers' bargaining units.

# GENERAL INFORMATION

The ARMB is the fiduciary for your retirement plan and is responsible for selecting your investment options and fund managers. Fund managers go through a rigorous screening process and are all high-quality firms with significant investment expertise.

Your ARMB trustees have relevant professional experience and a staff of investment professionals to assist them. In addition, the board, consultants, and investment staff continually monitor all investment options and managers to ensure they are achieving their performance targets.

### *Alaska Employers in the Plan*

Please refer to this handbook's Appendix A to review a list of employers participating in the DCR plan. You may be a participant only if your employer participates in the defined contribution retirement plan.

# MEMBERSHIP

AN employee of a participating employer who first enters service on or after July 1, 2006, or a member of the defined benefit plans who works for an employer who began participation on or after July 1, 2006, and meets the following criteria is a participant in the plan:

## TRS

- Permanent full-time or part-time elementary or secondary teachers, school nurses, or other persons in a position requiring a teaching certificate as a condition of hire in a public school of the State of Alaska, the Department of Education and Early Development or in the Department of Labor and Workforce Development.
- Full-time or part-time teachers at the University of Alaska or persons occupying full-time administrative positions requiring academic standing who are not in the University's Optional Retirement Plan.

## PERS

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

## Members Who Convert

An eligible nonvested member of the PERS or TRS defined benefit plans whose employer consented in 2006 to transfer to the defined contribution plan and who elected to transfer his or her account balance to the PERS/TRS DCR plan participates in the plan.

Membership does not include:

- Temporary employees;
- Employees who work less than 15 hours a week;
- Employees who participate in the University of Alaska's Optional Retirement Plan (ORP);
- Contractors.

# DCR ACCOUNT

YOUR retirement plan contains a defined contribution retirement account into which both you and your employer make contributions over your working lifetime. Retirement benefits in this type of plan are based on your account balance. The size of your individual account balance depends on the following factors:

- Contributions
- Net investment earnings or losses
- Length of time invested
- Investment options selected

## Mandatory Contributions

### *Employee*

Each pay period you contribute 8% of your gross eligible compensation, before it is taxed, to your retirement account through payroll deductions.

### *Employer*

Employers of PERS participants will contribute an additional five percent of your gross eligible compensation to your retirement account. The employer and employee total contribution will be 13 percent of your gross eligible salary.

Employers of TRS participants will contribute an additional seven percent of your gross eligible compensation to your retirement account. The employer and employee total contribution will be 15 percent of your gross eligible salary.

You are 100 percent vested in the contributions you make to your retirement account. You are vested in the employer contributions on a schedule that equals 100 percent vesting with five years of service. The schedule is as follows:

- 2 years of service
  25% vested in employer contributions
- 3 years of service
  50% vested in employer contributions
- 4 years of service
  75% vested in employer contributions
- 5 years of service
  100% vested in employer contributions

Once the employer contributions are deposited into your account, you will be able to direct their investment along with your contributions regardless of whether you are 100 percent vested. All new

members are automatically enrolled in an age-based target trust. The trust provides a diversified mix of stocks, bonds and cash for long-term investors and investors with a higher tolerance for risk. The trust is designed to gradually invest more conservatively as the target year approaches and beyond. The composition of the target trusts are largley in stocks. You may change where your contributions are invested at any time.

## Investing Your Contributions

To enhance your success in investing your contributions for your future, the plan offers a suite of guidance and advice services provided by Advised Assets Group, LLC, a wholly owned subsidiary of Empower Life & Annuity Insurance Company. The program provides three different services for you to choose from.[1]

***Managed Account***
***(Do-It-For-Me Investor℠)***

The Managed Account Services is the ideal service for participants who are more reluctant or busy investors who lack the time or interest to manage their own account and prefer to have an investment advisory services firm select and manage their retirement account for them. You will receive a personalized and strategically designed retirement portfolio that is automatically managed quarter-to-quarter, and reflects your unique timeframe, personal retirement information, and household financial picture. You will be charged a quarterly fee that will equal 50 basis points or 0.5 percent of your total assets annually. You can choose to opt out of the managed account service at any time, selecting one of the two other options.

***Online Investment Advice***
***(Help-Me-Do-It Investor℠)***

This service provides you with a personalized and professional investment rate and fund-specific recommendations regarding the specific funds available in the plan. The recommendations are tailored to reflect your personal financial situation including outside defined contribution assets and any Social Security benefits you may be entitled to. The service presents personalized recommendations and creates a personal wealth forecast and recommended portfolio. The cost is $25 per year.

***Online Investment Guidance***
***(Do-It-Myself Investor℠)***

This service is free of charge to all participants and provides a personalize asset allocation and investment rate recommendation that reflect your unique financial information, retirement timeframe, goals and financial situation. Using this information, you can build your portfolio with the investment options available in the plan.

Seminars, streaming video on the web and CD-ROM educational tools help provide you with the financial education you need to move towards understanding and managing your own account. Sample topics include:

- Achieving Financial Independence
- Cash Flow
- Debt Management
- Education Planning
- Estate Planning
- Mortgage Planning
- Net Worth
- Retirement Planning

The plan also provides three dedicated education counselors in an office in Anchorage that will be available for in-person appointments in Anchorage or in select field areas. They will conduct on-site job visits, seminars and individual meetings across the state.

As a plan participant you can be assured you will have access to all the tools necessary to make the investment decisions that will maximize your ability to successfully manage your retirement account.

Nothing in this plan guarantees you a rate of return or earnings rate other than that actually earned by your account, less applicable administrative expenses.

### *Fund Options*

To build a balanced and diversified portfolio, you will choose your investments from the board-selected investments within the plan. You will be able to invest in one, several, or any number of the available options. These options range from low- to higher-risk and potential return. Current options are available at akdrb.gwrs.com or by contacting Empower Retirement Services.

The Division of Retirement and Benefits website maintains current up-to-date performance information for each option, including its manager, objectives, make-up, and management style.

For more detailed investment information, please refer to the PERS/TRS DCR Plan Investment Guide.

## Managing Your Account

If you have elected to manage your retirement account on your own, there are two types of changes you can make:

- Transferring your current asset balance among funds, or
- Changing how your future contributions are allocated.

Changes can be made online or by telephone by contacting Empower Retirement Services.

### *Transfers*

You may transfer all or a portion of your account balance among investment options once each day, subject to the completion of prior transfers. Amounts transferred must be in whole percentages only (for example, 20 percent, 33 percent not 33.33 percent), or an amount in dollars and cents (for example, $12,345.67).

For participants with accounts divided by a qualified domestic relations order (QDRO), the participant and the alternate payee are treated as holders of separate retirement accounts for the purpose of transfers, time limits, and investment yields.

Detailed information regarding fund transfers is contained in the PERS/TRS DCR Plan Investment Guide.

## Administrative Expenses

All participants pay monthly and annual administrative fees that cover the cost of operating the plan. Administrative fees cover costs of accounting, recordkeeping, legal fees, benefits payments, financial reporting, making and mailing statements, educational materials, and all other costs related to operating the plan. Two types of expenses are charged to your account to cover these administrative costs.

### *Monthly Fee*

This fee will be applied to your retirement account against all investment options in both the employee and employer accounts. The calculation for this fee is .11 percent annually of the invested balance. The fee is calculated each calendar month on the prior month's ending balance and is charged the first week of the month. For example, fees calculated on your March 31 account balance are charged the first week in April.

### *Annual Fee*

The administrator assesses $35.00 for actively contributing participants and $25.00 for noncontributing participants. Contributing participants are those currently working and contributing through payroll deductions. Noncontributing participants are alternate payees, beneficiaries, or those who have left service.

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[1] Managed account, guidance and advice services are offered by Advised Assets Group, LLC, (AAG) and powered by Ibbotson Associates. Both AAG and Ibbotson Associates are federally registered investment advisers. Securities, when offered, are offered through GWFS Equities, Inc. AAG and GWFS Equities, Inc. are wholly owned subsidiaries of Great-West Life & Annuity Insurance Company. Representatives of GWFS Equities, Inc. are not registered investment advisers, and cannot offer financial, legal or tax advice. Please consult with your financial planner, attorney and/or tax adviser as needed. Ibbotson Associates is not affiliated with GWFS Equities, Inc., Great-West Life & Annuity Insurance Company or Advised Assets Group, LLC.

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These charges will be applied annually after the first payroll contribution has been processed for the plan year. The charges are applied proportionately against all investment options in both the employer and employee accounts. The plan year is July 1 - June 30 and the charges will occur in July.

The fees charged by Advised Assets Group, LLC for managed accounts and online advice, and the administrative expenses charged by Empower Retirement Services for operating the plan, are set by contract with the recordkeeper, currently Empower Life & Annuity Insurance Company. These fees are subject to change in the future when the recordkeeping contract expires.

### *Investment Management Fees*

Investment management fees are deducted from the investment return of the fund before the daily price or performance is calculated. Asset allocation funds are generally subject to a fund operating expense at the fund level, as well as prorated fund operating expenses of each of the underlying funds in which they invest.

For more infomation and a current accounting of all fees, please refer to the "State of Alaska Defined Contribution Plan's Fees and Expenses" disclosure statement on the Division website at ***Alaska.gov/drb***.

# OCCUPATIONAL DISABILITY BENEFITS

YOUR retirement plan will provide you with financial security if you become presumably permanently disabled because of a physical or mental condition caused by an injury or hazard undergone while you are performing your job. Occupational disability benefits provide a portion of your salary at the time you terminate employment because of the disability up to the date you become eligible for normal retirement benefits.

While you are receiving disability benefits, your employer will continue to contribute to your retirement account as though you were still working. Your employer will contribute both employee and employer contributions based on your gross monthly salary at the time you terminate employment because of the disability. You will continue to earn service credit while you receive disability benefits. When you reach normal retirement eligibility, your disability benefits stop and you will have access to your retirement account balance. You will also be eligible at that time to elect retiree medical benefits. If you are Medicare eligible at that time you will receive a premium subsidy based on your accrued years of service.

Normal retirement eligibility is reached:

- at Medicare eligible age with at least 10 years of service credit, or
- any age with 25 years of service for peace officers and firefighters, or
- any age with 30 years of service for other public employees and teachers.

## Eligibility Requirements

To qualify for an occupational disability benefit, you must meet the following requirements:

- You have a total and presumably permanent disability because of a physical or mental condition caused by a bodily injury sustained, or a hazard undergone, while in the performance and within the scope of your duties and not the result of your willful negligence;
- You have a physical or mental condition that presumably permanently prevents you from satisfactorily performing your usual duties for an employer or the duties of another comparable position or job that an employer makes available for which you are qualified by training or education;
- You terminated PERS/TRS employment because of the disability; and
- You filed a timely application for the disability benefit with the plan administrator. The application is timely if it is filed within 90 days after the termination of your employment.

The plan administrator will review your medical reports and other evidence to determine if you qualify. If you are determined ineligible, you may appeal the denial to the Office of Administrative Hearings.

## Monthly Occupational Disability Benefit

Your monthly occupational disability benefit will be 40 percent of your gross monthly compensation immediately before you terminated employment due to the disability.

# OCCUPATIONAL DISABILITY BENEFITS

Participants who are receiving disability benefits are not eligible for medical benefits until the participant meets the eligibility requirements for normal retirement.

## While You Are Receiving Occupational Disability Benefits

- You are 100% vested in the employer contributions upon appointment to disability, regardless of your actual service.
- You continue to earn service credit toward medical eligibility and the HRA.
- Your employer will continue to make the required employer contributions on your behalf, including HRA contributions and contributions to your retirement account and will also make the required employee contributions on your behalf. Contributions to your retirement account will be based on your gross monthly compensation at the time of termination of employment due to disability.
- During these ongoing contributions, your employer does not deduct, or take out, money from your disability payment. Your disability payment is separate from these contributions.
- You continue to direct the investment of contributions while you receive disability benefits; however, contributions cannot be removed from the account until you reach normal retirement eligibility.

You may be required by the plan administrator to undergo a medical examination once a year to show proof of continuing eligibility for the disability benefit.

## Vocational Rehabilitation Requirements

If you are appointed to an occupational disability benefit, you must:

- apply to the Division of Vocational Rehabilitation within 30 days of the date disability benefits begin; and
- enroll in a rehabilitation program if you meet the eligibility requirements of the Division of Vocational Rehabilitation.

## When Occupational Disability Benefits Stop

### *Before Normal Retirement*

You will become ineligible and disability benefits will stop at the end of the first month that you:

- fail to meet requirements under vocational rehabilitation;
- fail to report to the Division of Vocational Rehabilitation;
- are certified by the Division of Vocational Rehabilitation as failing to cooperate in a vocational rehabilitation program;
- fail to interview for a job;
- fail to accept a position offered;
- recover or die from the disability.

# OCCUPATIONAL DISABILITY BENEFITS

***At Normal Retirement***

Occupational disability benefits cease according to your age and length of service. Your occupational disability benefits stop under these conditions:

When a participant is eligible for normal retirement at Medicare-eligible age with at least 10 years of service; OR

***PERS***

- At any age with 30 years of service, or
- At any age if you are a peace officer or firefighter with 25 years of service.

***TRS***

- At any age with 30 years of service.

## Normal Retirement Benefits After Disability

Occupationally disabled peace officers and firefighters have two options to choose from when reaching normal retirement eligibility after receiving disability benefits.

- Access to the defined contribution retirement account; or
- A continuing lifetime monthly retirement benefit calculated under the same formula as the PERS defined benefit plan for peace officers and firefighters.

For all other plan participants and teachers, you will have access to your defined contribution retirement account balance and will be able to choose between the different distribution options.

## Occupational Death

If you die from occupational causes before retirement, your spouse or eligible dependents may be entitled to survivor benefits paid monthly until you would have reached normal retirement eligibility.

### *Monthly Survivor Benefits*

Monthly survivor benefits begin on the first of the month following the date of the participant's death. The monthly survivor benefit will be:

- 50 percent of your gross monthly compensation immediately before you died for peace officers or fire fighters; or
- 40 percent of your gross monthly compensation immediately before you died for all other participants

Survivors who are receiving monthly survivor benefits are not eligible for medical benefits until you would have met the eligibility for normal retirement benefits had you lived.

### *While Your Survivors are Receiving Death Benefits*

- The period during which your survivor is receiving benefits is counted as service credit toward medical benefits and the HRA.
- Your employer will make both the required employer contributions as well as employee contributions to a survivor account established in the occupational death fund, based on your gross monthly compensation, until you would have reached eligibility for normal retirement. Survivor account contributions will earn interest at the rate established by the Alaska Retirement Management Board.
- Your employer will also make continuing contributions to your HRA account until you would have met the eligibility for normal retirement benefits had you lived. These contributions are not deducted from the monthly survivor benefit.
- Your survivors continue to direct the investment of your retirement account; your contributions cannot be removed from your retirement account until you would have reached eligibility for normal retirement benefits had you lived.

### *Death Benefits at Normal Retirement Eligibility*

Monthly survivor benefits cease beginning the last day of the month in which you would have first qualified for normal retirement by either service or age and service. Your surviving spouse or, if there is no surviving spouse your beneficiary, will have access to your defined contribution retirement account balance at that time. The account balance will include all contributions plus investment gains or losses, less expenses, earned over the period invested.

Your surviving spouse will receive the balance of the survivor account established in the occupational death fund plus investment gains or losses, less expenses, earned over the period invested.

# DEATH BENEFITS

Your surviving spouse will also be eligible to elect retiree medical benefits at that time. Once eligible for medical benefits, your surviving spouse will receive a premium subsidy based on your accrued years of service at the time you would have been eligible for Medicare had you lived.

## Nonoccupational Death

If you die before distribution from your retirement account has started, benefits will be paid to your beneficiary in any form of his/her choice other than a joint and survivor annuity. The benefit includes all contributions in the retirement account in which you are vested plus investment gains or losses earned, less expenses.

If you die after distribution payments from your retirement account have begun, your beneficiary will receive further payments only to the extent provided with the form of payment you chose at the time you began annuity payments, if any.

# BENEFICIARY DESIGNATION

ANY benefits payable upon your death will be paid to your primary beneficiary or, if that person is deceased, benefits will be paid to your contingent beneficiary.

## Your Beneficiary Designation is IMPORTANT!

If you are married at the time of your death and you were married to the same person during part of your PERS or TRS employment, your spouse is automatically the primary designated beneficiary. If you wish to elect another person as your primary beneficiary, your spouse must provide written consent on the PERS or TRS Defined Contribution Retirement Plan Beneficiary Designation. Consent is not required if you were married for less than one year and you and your spouse were not living together when the designation was changed.

If a member designates a spouse as a beneficiary and is subsequently divorced or a dissolution or legal annulment of the marriage is granted, the beneficiary designation is void unless the participant, after the divorce, dissolution, or annulment, specifically affirms in writing the former spouse as a beneficiary by completing a new form and filing it with the plan.

If you become divorced and a former spouse is entitled to benefits under the terms of a qualified domestic relations order (QDRO), that person would be eligible to receive whatever portion of the retirement account or benefit the court has ordered. The QDRO must be filed with the court and accepted by the Administrator as a qualified order before it becomes effective. In the event of a QDRO, benefits that would otherwise be payable to other beneficiaries would be affected.

You may change your beneficiary designation as often as you need to keep it up-to-date online at www.akdrb.gwrs.com or by submitting a new form to Empower Retirement Services. Please note, a new beneficiary designation voids any prior designation on file. Be sure to include all beneficiaries with each designation form you submit. Your beneficiaries will appear on your quarterly statements as a helpful reminder for you.

Warning! Payment of death benefits is based on the last designation received by the PERS/TRS DCR plan. Keep your beneficiary designations up-to-date by filing a new Beneficiary Designation for Active and Deferred Members each time you have a life event, such as marriage, birth of a child, divorce, etc.

## No Beneficiary Designation on File

When you fail to designate a beneficiary or, if no designated beneficiary survives you, the death benefit will be paid according to statute in a legally prescribed order as follows:

- 1st: to the surviving spouse or, if there is no spouse;
- 2nd: to the surviving children of the participant in equal parts or, if there is none surviving;
- 3rd: to the surviving parents in equal parts or, if there is none surviving;
- 4th: to the estate.

# BENEFICIARY DESIGNATION

## Leaving Benefits to Minor Children

If you designate a minor as the beneficiary, the plan can make payments without a conservatorship to an adult member of the minor's family if the amount does not exceed $5,000.00. If the minor is the beneficiary and the amount to be paid exceeds $5,000.00, a conservatorship must be established before payments can be made.

An adult member of the minor's family is defined as a court-appointed guardian, a person having custody and care of the minor with whom the minor resides or a financial institution with a federally insured saving account in the sole name of the minor.

Accounts may be paid to a minor if he/she is married or has reached the age of 18.

## Estates/Trusts

When an estate or trust is the beneficiary, a copy of the court document naming the personal representative of the estate or trustee of the trust must be filed with the division. The estate or trust must have an Employer Identification Number (EIN) to issue payment. It is the responsibility of the trustee or personal representative to get this number from the Internal Revenue Service.

The personal representative or trustee is the only person to whom we may release information unless we have written permission from the personal representative to speak to someone else.

# RETIREE MEDICAL BENEFITS

THIS information is only a summary of coverage provided to eligible participants. Retiree medical benefits may differ from the medical benefits available to you as an active employee and the retiree medical benefits provided to members of the PERS and TRS defined benefit plans.

## Retiree Defined Contribution Health Plan Summary

The detailed medical plan document for retirees under the defined contribution retirement (DCR) plan is available online at ***AlaskaCare.gov***. The DCR retiree medical plan differs from the plan provided to retirees under the defined benefit plans. In general, the design of the DCR health plan is a coinsurance major medical and prescription drug plan that maintains, over time, coinsurance levels at approximately 80 percent paid by the plan and 20 percent paid by the participant.

The PERS/TRS DCR retiree medical plan includes limitations and exclusions based on medical necessity determinations, appropriateness of care, experimental, and investigational determinations. These are not all-inclusive and the plan may recognize other limitations and exclusions not listed. The following is a summary of coinsurance levels and out-of-pocket maximums for the DCR retiree medical plan. **This summary is for illustration purposes only, and is not intended to provide an employee or retiree with a contractual vested right.**

# RETIREE MEDICAL BENEFITS

| Deductibles | |
|---|---|
| Annual individual deductible | $300 |
| Annual family unit deductible | $600 |
| **Coinsurance** | |
| Most medical expenses | 80% |
| Most medical expenses after out-of-pocket limit is satisfied | 100% |
| Preventive care with a network provider<br>*No deductible applies* | 100% |
| Preventive care with an out-of-network provider | 80% |
| Transplant services at a preferred transplant facility | 80% |
| Transplant services at a non-preferred transplant facility | 60% |
| Facility services with a network provider | 80% |
| Facility services with an out-of-network hospital or facility in the other 49 states or non-preferred hospital, surgery center, rehabilitative facility, or free standing imaging center in Anchorage | 60% |
| Inpatient mental disorder treatment with a network provider | 80% |
| Inpatient mental disorder treatment with an out-of-network provider | 60% |
| Inpatient substance abuse disorder treatment with a network provider | 80% |
| Inpatient substance abuse disorder treatment with an out-of-network provider | 60% |
| **Out-of-Pocket Limit** | |
| Annual individual out-of-pocket limit (including deductible) if use network provider or preferred hospital | $1,500 |
| Annual family out-of-pocket limit (including deductible) if use network provider or preferred hospital | $3,000 |
| Annual individual out-of-pocket limit (including deductible) if using an out-of-network hospital or facility in the other 49 states or non-preferred hospital, surgery center, rehabilitative facility, or free standing imaging center in Anchorage | $3,000 |
| Annual family out-of-pocket limit (including deductible) if using an out-of-network hospital or facility in the other 49 states or non-preferred hospital, surgery center, rehabilitative facility or free standing imaging center in Anchorage | $6,000 |

## Retiree Premiums

As set out in statute, the premium that must be paid by an eligible retiree or eligible surviving spouse is the premium in effect for the month in which the premium is due for coverage in that month. Current premiums are available online at ***AlaskaCare.gov***.

Prior to Medicare, retirees pay 100 percent of the DCR health plan cost. After Medicare eligibility, retirees pay a percentage of the plan cost based on years of service:

| Years of Service | Contribution Percentage |
|---|---|
| 10-14 | 30% |
| 15-19 | 25% |
| 20-24 | 20% |
| 25-29 | 15% |
| 30+ | 10% |

## Other Plan Features

### *Network Services*

Retiree out-of-pocket costs can be substantially lowered by using network providers, facilities, pharmacies, and services. Network providers contract to provide care for discounted fees. Retiree out-of-pocket maximums are lower for network claims and plan-paid coinsurance is greater in the network. Network providers are selected based on the highest accreditation standards and are supported with an array of tools to improve the quality of care that members receive.

You may find that not all providers at a "network" facility are part of the network. For example, if you have a surgical procedure performed at a network hospital, you may find that the hospital and surgeon are in the network, but the anesthesiologist is out-of-network. You may prevent balance billing by verifying all medical providers are in the network and making sure your AlaskaCare plan covers the services you need. For example, if you are having x-rays, MRIs, CT scans, or PET scans, make sure both the imaging facility and the radiologist who will read your scan are in the network. If you are planning surgery, ask whether the anesthesiologists are in the network. If available, the facility should accommodate your request to use a network provider for your services.

## Who is Covered

A participant and eligible dependents. Eligible dependents are defined under Alaska Statute as:

- The participant's legal spouse;
- Dependent children;

Eligible dependent children are:

- The participant's or participant's spouse's
  - natural child,
  - stepchild,
  - legally adopted child,
  - child who is in the physical custody of the retiree or spouse and for whom bona fide adoption proceedings are underway, or
  - child who is placed with the retiree or spouse by an authorized placement agency or by judgment, decree, or other order of any court of competent jurisdiction.
- Unmarried and provide less than one-half of their own support;
- Share your principal place of residence for more than one-half of the year (unless the child is your natural or adopted child and is living with your ex-spouse);
- Under age 19, or under 23 years of age and registered at and attending on a full-time basis an accredited educational or technical institution.

  Dependent children incapable of employment because of a mental or physical incapacity are covered even if they are past age 23. However, the incapacity must have existed before age 23 and the child must continue to meet all other eligibility criteria. Certification of such incapacity may be required initially and periodically.

## Conditions of Eligibility

As an active participant, you must retire DIRECTLY from the plan AND have worked for 12 months immediately before retiring in order to apply for medical benefits under this plan unless you meet one of the following exceptions:

- A disabled participant receiving an occupational disability benefit at the time of conversion to a normal retirement benefit is considered to have retired directly from the plan.
- A deceased participant whose survivors receive occupational death benefits is considered to have retired directly from the plan on the date the participant would have been eligible for normal retirement if the participant had lived.
- To be eligible for medical benefits at the time of retirement, you must:
  - Have at least 30 years of service (other than peace officers and firefighters); or
  - Have at least 25 years of service if you are a peace officer or firefighter; or
  - Be eligible for Medicare and have a minimum of 10 years of service; or
  - Be a surviving spouse of a participant who had retired or who was eligible for retirement and medical benefits at the time of the participant's death; or
  - Be an eligible dependent of a surviving spouse.

Participants who are receiving disability benefits or survivors who are receiving monthly survivor benefits are not eligible for medical benefits until the participant meets, or would have met if he/she had lived, the eligibility requirements listed above.

## Retiree Medical Coverage Supplements Medicare

Your plan's medical coverage is supplemental to Medicare coverage. The plan will not provide any benefits that a retiree or retiree's dependent is eligible to receive from Medicare, whether or not that person has enrolled in Part A and Part B of Medicare.

In the case of retired Medicare-eligible employees and their covered Medicare-eligible dependents, Medicare shall be the primary provider of coverage. The plan will reduce its benefits payable by any amount(s) paid or payable by Medicare. In the event such a Medicare-eligible individual chooses not to enroll for Medicare coverage (Parts A and B), this plan's payment will still be based on the amount(s) Medicare would have paid had the individual elected coverage under both Parts A and B of Medicare.

Consequently, it is essential that each eligible retiree or retiree's dependent be enrolled in both Part A and Part B of Medicare if Medicare is primary to this plan.

## Coordination of Benefits

You cannot receive coverage under the medical plan both as a DCR plan retiree and as a dependent of a DCR plan retiree, or as a dependent of more than one DCR plan retiree.

The plan protects you and your family to the extent of covered costs incurred. If you are entitled to benefits from other sources, such as employer or government sponsored health plans, the retiree health plan has the right to offset against or recover from those other plans or persons so that you do not duplicate recovery of covered medical expenses.

The retiree health plan coordinates benefits with other group health care plans to which you or your covered dependents belong. Other group plans are defined as benefit sources recognized for coordination of benefits and are listed below:

- Group or nongroup, blanket, or franchise health insurance policies issued by insurers, including health care service contractors.
- Other prepaid coverage under service plan contracts, or under group or individual practice.
- Uninsured arrangements of group or group-type coverage.
- Labor-management trustee plans, labor organization plans, employer organization plans, or employee benefit organization plans.
- Medicare or other governmental benefits.
- Other group-type contracts. Group type contracts are those which are not available to the general public and can be obtained and maintained only because membership in or connection with a particular organization or group.

# RETIREE MEDICAL BENEFITS

Please note that coordination of benefits can be a complicated manual process, and may require periodic verification and updates. If you believe there is an error in your coordination, please contact the claims administrator for review.

Here's how benefits are coordinated when a claim is made:

- The primary plan pays benefits first, without regard to any other plan.
- A secondary plan pays after the primary plan and, depending on the coordination of benefits provisions of the plan, may reduce the benefits it pays to not exceed 100% of the total allowable expense. When the DCR retiree plan is secondary, the combined payment calculated after coordination of benefits may be less than 100% of the total allowable expense.
- In determining the amount to be paid when the DCR medical plan is secondary on a claim, the secondary plan's allowable expenses will be reduced by any benefits payable under the primary plan for those expenses. This will be done before the benefits under the DCR medical plan are determined. In addition, when the DCR medical plan is the secondary plan, the DCR medical plan shall apply allowable expense, reduced by the amount paid by the primary plan for those expenses. The balance remaining will be applied the DCR medical plan deductible until met.
- Neither plan pays more than it would without coordination of benefits. Benefits payable under another plan include the benefits that would have been payable whether or not a claim was actually submitted to the plan.
- Services which are limited to a maximum number of services in a year are not increased by having other coverage. For example, if you have two plans that each cover a single vision exam each year, the plans coordinate to cover up to 100% of a single vision exam; they do not pay for two vision exams in a year.

The example below is intended to be representative, not definitive.

In some cases, members may have unique coordination of benefits situations. You should contact the claims administrator for verification if you have three or more health insurance plans or if you are in need of clarification of the order of your benefit processing.

**Example**

This example assumes that the retiree has Medicare so Medicare pays first, and assumes neither deductible has been met.

| | |
|---|---|
| Medicare Allowable Expenses | $ 2,000.00 |
| Less Medicare Deductible[1] | – 183.00 |
| | = 1,817.00 |
| Medicare Coinsurance | x 80% |
| Medicare Pays | = 1,453.60 |
| | |
| Medicare Allowable Expenses | $ 2,000.00 |
| Less Medicare Payment | – 1,453.60 |
| | = 546.40 |
| Less **Medical Plan** Deductible | – 300.00 |
| | = 246.40 |
| **Medical Plan** Coinsurance | x 80% |
| **Medical Plan** Pays | = 197.12 |
| Applied to **Medical Plan** out-of-pocket maximum | = 349.28 |

[1] Medicare deductible amount is governed by, and may change based on, federal statutes and regulations.

### *Determining Order of Payment*

A plan without coordination provisions is always the primary plan. If all plans have a coordination provision:

- A retiree plan is secondary to Medicare except if Medicare is provided before age 65 due to end stage renal disease. Then the retiree plan remains primary for 30 months after Medicare was effective.
- Any active plan, whether it covers you as the retiree or a dependent, is primary to Medicare.
- The plan covering the retiree directly, rather than as a dependent, is the primary plan, unless the retiree is eligible for Medicare.
- A plan covering the person as a retired employee is secondary to a plan that covers that person as an active employee.

- If a child is covered under both parents' plans, the plan of the parent whose birthday falls earlier in the year (not the oldest) is the primary plan. If both parents have the same birthday, the plan that has covered a parent longer is the primary plan.

Following are exceptions to this birthday rule:

- If the other plan does not have this birthday rule, the other plan's rule is used to decide which plan is primary.
- If you are separated or divorced, the plans pay in the following order:
  - First, the plan of the parent whom the court has established as financially responsible for the child's health care (The claims administrator must be informed of the court decree. However, even though you are divorced and required to pay for medical coverage, your dependents are not automatically eligible for this plan.
  - Second, the plan of the parent with custody of the child.
  - Third, the plan of the spouse of the parent with custody of the child.
  - Fourth, the plan of the parent who does not have custody of the child.
  - If none of the above rules apply, the plan that has covered the patient longer is primary.

It is your responsibility to report the existence of and the benefits payable to you under any plan and to file for those benefits in the interests of computing services or benefits due under this plan.

When a plan provides benefits in the form of services rather than cash payments, the reasonable cash value of each service rendered is considered a covered service and a benefit paid. The reasonable cash value of any services that any service organization provides is considered an expense incurred by you or your covered dependent, and the liability under this plan is reduced accordingly.

Please note, you may be required to pay for services that are excluded for coverage under the AlaskaCare plan, Medicare, or any other insurance plan in which you are enrolled.

# HRA ACCOUNTS

A HEALTH Reimbursement Arrangement (HRA) is a separate account that your employer contributes to while you are employed to reimburse all or a portion of your out-of-pocket qualified medical expenses for you when you are eligible for benefits. Reimbursement includes health care insurance premiums not paid by your plan. Employers will contribute 3% of the annual average employee compensation of all PERS and TRS participants to the account. No contributions are made by the participant.

## Eligibility

- A terminated participant who is eligible for Medicare and has 10 years of service.
  **NOTE:** A participant who quits covered employment before Medicare eligibility and who has less than ten years of service loses any right to the HRA except:
  - ~ A former participant who reemploys in covered employment will have the HRA account restored to the amount at termination plus a cost-of-living adjustment based on the Anchorage area consumer price index from the date of termination to the date of reemployment. The participant must return to covered employment by December 31st of the year the participant turns 65; or
  - ~ A former participant who reemploys in covered employment will have his/her prior years of service restored toward medical eligibility.
- A participant who has at least 25 years of membership service as a peace officer or firefighter or at least 30 years of membership service for all other employees.
- A participant does not have to retire directly from the plan to be eligible for the HRA.
- An eligible participant can use the HRA even if not participating in the Retiree Health plan.

## Benefits

Plan participants may request reimbursement for eligible medical expenses (as defined in 26 USC §213(d)) from the account, however, the account balance cannot be cashed out as a lump sum payment. The account:

- can be used to reimburse participants for prescription medication, but not over-the-counter drugs.
- can be used to reimburse participants for insurance premium payments.

Participant is responsible for substantiating expenses with receipts and filing for reimbursement with the Claims Administrator.

Rights to benefits under the HRA are not subject to attachment or garnishment but may be assigned by a qualified domestic relations order in the event of a divorce or dissolution.

# OPTIONAL RETIREE BENEFITS

YOU may also purchase additional, optional coverage for services not included in the medical plan.

## Dental-Vision-Audio Plan

The Dental-Vision-Audio (DVA) plan is a voluntary plan for benefit recipients and their eligible dependents. These benefits and applicable premiums may change from time to time.

| Dental Highlights | |
|---|---|
| **Deductible** | |
| Annual individual | Class II/III expenses $50 |
| **Normal plan benefits** | |
| Class I (preventive) services | 100% |
| Class II (restorative) services | 80% |
| Class III (prosthetic) services | 50% |
| **Benefit maximum** | |
| Annual individual maximum | $2,000 |
| **Vision Highlights** | |
| **All services** | 80% |
| **Individual benefit maximum** | |
| Examinations | 1 each year |
| Lenses | 2 each year |
| Frames | 1 set every 2 years |
| **Audio Highlights** | |
| **All services** | 80% |
| **Individual benefit maximum** | |
| Rolling 36-month period | $2,000 |

# OPTIONAL RETIREE BENEFITS

## Long-Term Care Coverage

The PERS/TRS DCR plan offers voluntary Long-Term Care (LTC) coverage for retired plan participants and their spouses. The LTC plan provides a range of health and social services for people who, because of chronic condition(s), need help with the basic activities of daily living. Retired participants may choose between three levels of coverage, a plan with no cost of living indexing, with a 5% per year simple index or one with a 5% compounded per year index. **You have a one-time opportunity with your application for retirement to enroll in a long-term care plan.**

The plan is intended to be a qualified long-term care plan under section 7702(B) of the Internal Revenue Code of 1986 as amended. Terms and conditions of the plan may change when necessary to maintain plan qualification. Written notices of any changes will be provided to participants as soon as possible.

## Group Life Insurance Plan

If you are employed with the State of Alaska or with one of the employers participating in the State's Optional Life Insurance plan and have enrolled in the plan as an active employee, you may elect to continue your life insurance into retirement. Please contact your human resources department if you are unsure if you are participating in this plan. When you quit or retire, you will need to determine what to do with your retirement account.

# LEAVING THE PLAN

WHILE it is tempting to take your contributions in a lump sum to spend, particularly smaller balances if you are young, doing so means you are cashing out your future. If you are to have the money you need for retirement, a future that will come sooner than you think, you will need to preserve your retirement account and capitalize on the compounded interest over time after you quit working.

You may:

- Leave your retirement account in the plan. This option allows you to continue to manage your account at a lower cost than you might experience transferring to a private company. You can still participate in the financial tools, such as managed accounts, advice or guidance, of the plan;
- Direct your retirement account to another qualified tax-free retirement account such as an Individual Retirement Arrangement (IRA) with a plan-to-plan rollover; or
- Direct your retirement account to another qualified plan with your new employer with a plan-to-plan rollover providing your new employer's plan accepts transfers.

Leaving your account in the plan allows you to take advantage of low group fees and inexpensive but high-quality investment advice.

## Account Withdrawals

No withdrawals from your account are allowed until 60 days after you quit working—at which time you will have different options to choose how to receive your account balance. (Note: you may withdraw sooner than 60 days after you quit working if you have a demonstrated hardship) Because your contributions and net earnings (losses) were not previously taxed they will be taxed at withdrawal at current state and federal tax rates. If you withdraw your retirement account before you are age 59-1/2, you may be subject to additional tax penalties.

## Payment Choices

1. **Lump sum payment**
   A single payment of the entire balance in the account.
2. **Periodic lump sum payment**
   A payment of a portion of the balance in the account, not more than twice each year.
3. **Period certain annuity payment**
   An annuity payable in a fixed number of monthly installments for a duration of either 60, 120, or 180 months. Should the participant die before the selected period is over, remaining payments for the period would be made to the designated beneficiary.
4. **Life annuity with period certain payment**
   An annuity payable for the participant's lifetime, with guaranteed payment period of 120 or 180 months. Should the participant die before the guaranteed payment period is over, remaining period payments would be made to the designated beneficiary. However, if the participant dies after the guaranteed payment period, there would be no payment to the beneficiary.

5. **Single life annuity payment**
   An annuity payable monthly until the first of the month of an annuitant's death. Caution, this option makes payment for the participant's life only. No continued payments are available to beneficiaries or survivors after the member's death.

6. **Joint and survivor annuity payment**
   An annuity payable monthly to the participant until the first of the month of the participant's death. After the participant's death, a survivor annuity equal to 50% or 100% of the participant's benefit, whichever the participant had elected, will be paid monthly to the joint annuitant for the remainder of the survivor's lifetime.

## Electing Another Distribution

Once payments begin, you may not change your election of the form of payment. You may, however, change your form of payment or start date for your annuity up to eight days before the day your benefits begin.

## Failure to Elect a Form of Payment

You are required by the IRS to accept distribution of your account once you reach age 70-1/2 (minimum distribution date).

If an unmarried participant or other participant fails to elect a form of payment before age 70-1/2, the account will be paid to the participant or a beneficiary in the form of a lump sum (single payment), according to Internal Revenue Code requirements for distribution.

If a married participant fails to elect a form of payment before age 70-1/2, the account will be paid in the form of a 50% joint and survivor annuity, with the participant's spouse as the joint annuitant.

# SERVICES FOR PARTICIPANTS

## Retirement and Benefits Online

To provide easy access to information about your investment account, we have established a website at akdrb.gwrs.com.

Participants can communicate with plan staff, download necessary forms, change their investment options and communicate with Advised Assets Group, LLC, an investment advisory services firm. Division and section email addresses are also available.

## Member Services Online

Information about your other benefits is also available online through the Division of Retirement and Benefits website at ***Alaska.gov/drb***.

## Roles of Division Counselors and Plan Financial Advisors

Retirement and benefit counselors provide basic information regarding the investment options in the plan and the other plan provisions, such as death, disability and medical benefits in retirement. Division retirement counselors are not financial experts or tax advisors and cannot offer financial, investment, or tax advice.

The plan provides financial counseling and advice under contract to Advised Assets Group, LLC with their licensed financial advisors. The financial advice is offered in three services, fully managed accounts, investment guidance and financial information investment advice. Participants may enroll or change the service they are in at any time.

The plan will provide financial education and timely financial information at no cost as well as tools and seminars to help participants have an opportunity to maximize their retirement account balance.

## Confidentiality

Information regarding participants of the plan is confidential. The plan is prohibited by law from releasing any confidential information unless the participant consents in writing or the plan is otherwise permitted or required to release the information, such as through a court order.

Written information may be released directly to you or to another person designated by you. When authorizing release of information, please include this information:

- Your name;
- Your current address;
- The last four digits of your Social Security number;
- The information to be released;
- The name and address of the individual who is to receive the information;
- The date and duration of the release; and
- Your signature.

The law allows organizations representing retired participants of the plan to obtain membership lists containing names and addresses.

## Communicating with the Plan

Most of your communication with the plan will be regarding your investment account.

Empower Retirement Services account representatives provide:

- Investment transaction change processing
- Investment transaction processing
- Account balance information
- Financial education

Advised Assets Group, LLC financial advisors provide[2]:

- Investment management
- Investment advice
- Investment guidance

Division of Retirement and Benefits staff provide:

- Defined contribution retirement plan application for payment processing
- Disability benefit counseling and application processing
- Death benefit counseling and application processing
- Responses to information requests

Contact the Member Services Contact Center at (800) 821-2251 or (907) 465-4460 in Juneau during the hours of 8:30 a.m. to 4:00 p.m. Monday-Thursday and 8:30 a.m. to 3:00 p.m. Friday, or by email at doa.drb.mscc@alaska.gov.

## Internet Access

You may receive information about your retirement account and make investment option-related actions online. On your first visit to the site, you must sign up to obtain a personal identification number (PIN) to access the information.

1. Go to the Division of Retirement and Benefits website, ***Alaska.gov/drb***.
2. Click on the Empower button of the left side of the page.

[2] Representatives of GWFS Equities, Inc. are not registered investment advisers, and cannot offer financial, legal or tax advice. Please consult with your financial planner, attorney and/or tax adviser as needed.

# SERVICES FOR PARTICIPANTS

## Empower Retirement Services Contacts

If you are calling from a touch-tone phone, you have round-the-clock automated access to information and transactions with your PIN (or a Client Service Representative between 5 a.m. and 5:30 p.m. Alaska Time, Monday through Friday) by using the KeyTalk® number: (800) 232-0859.

## Advised Asset Group, LLC Contacts

Call KeyTalk® at (800) 232-0859 and enter your Social Security number and PIN when prompted. Then, select option 6 from the menu to speak to an Advised Asset Group, LLC representative.

## Moving

If you move, it is important that you report your change of address to the plan.

### *Active Employees*

*(currently working)*

Contact your Human Resources Office, Personnel Office, or Payroll Office to have your address changed. Active participant addresses are reported to the plan electronically by your employer.

### *Deferred Participants*

*(if you left your money in the system after you quit)*

Address changes require the participant's signature and are submitted either on a Benefit Recipient Address Change Card (02-824A) or in a letter requesting the change. Letters should include the participant's name, new address, Social Security number or retirement identification number (RIN), and the participant's signature.

### *Receiving Annuity Benefits*

If you are receiving annuity benefits from the plan, you will change your address directly with the annuity carrier.

# APPENDIX

## A

Akutan, City of
Alaska, State of
Alaska Gateway School District
Alaska Geophysical Institute
Alaska Housing Finance Corporation
Alaska, University of
Aleutian Housing Authority
Aleutian Region School District
Aleutians East Borough
Aleutians East Borough School District
Aleutians West Coastal Resource Service Area
Allakaket, City of
Anchorage, Municipality of
Anchorage Parking Authority
Anchorage School District
Anderson, City of
Annette Island School District
Atka, City of

## B

Baranof Island Housing Authority
Barrow, City of
Bartlett Regional Hospital
Bering Straits Coastal Resource Service Area
Bering Straits Regional Housing Authority
Bering Strait School District
Bethel, City of
Bristol Bay Borough
Bristol Bay Borough School District
Bristol Bay Housing Authority

## C

Chatham School District
Chugach School District
Cook Inlet Housing Authority
Copper River Basin Regional Housing Authority
Copper River School District
Cordova, City of
Cordova Community Medical Center
Cordova City School District
Craig, City of
Craig City School District

## D

Delta-Greely School District
Delta Junction, City of
Denali Borough
Denali Borough School District
Dillingham, City of
Dillingham City School District

## E

Eek, City of
Egegik, City of
Elim, City of

## F

Fairbanks, City of
Fairbanks North Star Borough
Fairbanks North Star Borough School District
Fort Yukon, City of

## G

Galena, City of
Galena City School District

# APPENDIX

## H

Haines Borough
Haines Borough School District
Homer, City of
Hoonah, City of
Hoonah City School District
Hooper Bay, City of
Huslia, City of
Hydaburg City School District

## I

Iditarod Area School District
Ilisagvik College
Interior Regional Housing Authority
Inter-Island Ferry Authority

## J

Juneau School District, City and Borough
Juneau, City and Borough of

## K

Kachemak, City of
Kake City School District
Kaltag, City of
Kashunamiut School District
Kenai, City of
Kenai Peninsula Borough
Kenai Peninsula Borough School District
Ketchikan, City of
Ketchikan Gateway Borough
Ketchikan Gateway Borough School District
King Cove, City of
Kivalina, City of
Klawock, City of
Klawock City School District
Kodiak, City of
Kodiak Island Borough
Kodiak Island Borough School District
Kotzebue, City of
Koyuk, City of
Kuspuk School District

## L

Lake and Peninsula Borough
Lake and Peninsula Borough School District
Lower Kuskokwim School District
Lower Yukon School District

## M

Matanuska-Susitna Borough
Matanuska-Susitna Borough School District
Mekoryuk, City of
Mountain Village, City of

## N

Nenana, City of
Nenana City School District
Nome, City of
Nome City School District
Nome Joint Utility System
Noorvik, City of
North Pacific Fishery Management Council
North Pacific Rim Housing Authority
North Pole, City of
North Slope Borough
North Slope Borough School District
Northwest Arctic Borough
Northwest Arctic Borough School District
Northwest Inupiat Housing Authority

## P

Palmer, City of
Pelican, City of
Pelican City School District
Petersburg, City of
Petersburg General Hospital
Petersburg City School District
Pribilof School District

## Q

Quinhagak, City of

## S

Saint George, City of
Saint Mary's School District
Saint Paul, City of
Sand Point, City of
Saxman, City of
Saxman Seaport
Selawik, City of
Seldovia, City of
Seward, City of
Shaktoolik, City of
Sitka, City and Borough of
Sitka Community Hospital
Sitka Borough School District
Skagway, City of
Skagway City School District
Soldotna, City of
Southeast Island School District
Southeast Regional Resource Center
Southwest Region School District
Special Education Service Agency

## T

Tagiugmiullu Nunamiullu Housing Authority
Tanana, City of
Tanana School District
Thorne Bay, City of
Tlingit-Haida Regional Housing Authority
Toksook Bay, City of

## U

Unalakleet, City of
Unalaska, City of
Unalaska City School District
Upper Kalskag, City of

## V

Valdez, City of
Valdez City School District

## W

Wasilla, City of
Whittier, City of
Wrangell, City of
Wrangell Public School District

## Y

Yakutat, City and Borough of
Yakutat School District
Yukon Flats School District
Yukon-Koyukuk School District
Yupiit School District

# GLOSSARY

## Access
When referring to "access" to medical insurance plans, this term means that an eligible person may not be denied insurance coverage, except for failure to pay the required premium.

## Alternate Payee
The person for whom an amount has been separated into an account under a qualified domestic relations order after a divorce or dissolution.

## Allocation
An amount placed into a particular account; a contribution.

## Annuity
A benefit paid under a contract that generally provides for the accumulation of contributions and a guaranteed income paid at regular intervals, usually monthly, for a specified period of time (5, 10, or 15 years or life). The receiver of this benefit is called an "annuitant."

## Annuitant
A participant, beneficiary, or alternate payee who is receiving a benefit under this plan.

## Coinsurance
A fixed percentage that you pay for medical expenses after the deductible amount, if any, was paid. If your insurance pays 80% of your medical bill, the "coinsurance" is the remaining 20%. Coinsurance does not include the deductible, expenses over the usual or customary rate or expenses not included in your plan's retiree medical coverage.

## Compensation (Salary)
a. The total remuneration earned by an employee for personal services rendered, including cost-of-living differentials, as reported on the employee's Federal Income Tax Withholding Statement (Form W-2) from the employer for the calendar year.

b. Does not include retirement benefits, severance pay or other separation bonuses, welfare benefits, per diem, expense allowances, workers' compensation payments, payments for leave not used whether those leave payments are scheduled payments, lump-sum payments, donations, or cash-ins, any remuneration contributed by the employer for or on account of the employee under this plan or under any other qualified or nonqualified employee benefit plan, any remuneration not specifically included above which would have been excluded under 26 U.S.C. §3121(a) (Internal Revenue Code) if the employer had remained in the Federal Social Security System, or any remuneration paid by the employer in excess of the Social Security Taxable Wage Base for the calendar year.

c. Includes any amount that is contributed by the employer under a salary reduction agreement and that is not includible in the gross income of the employee under 26 U.S.C. §125, 132(f)(4), 402(e)(3), 402(h)(1)(B) or 403(b) (Internal Revenue Code); the annual compensation limitation for the participant, which is so taken into account for those purposes, may not exceed $200,000, as adjusted for the cost of living in accordance with 26 U.S.C. §401(a)(17)(B) (Internal Revenue Code), with the limitation for a fiscal year being the limitation in effect for the calendar year within which the fiscal year begins.

## Copay

A fixed dollar amount that you pay for medical expenses after the deductible amount, if any, was paid. If your prescription bill is $20 and your co-pay is $8.00, you pay the $8.00 and your plans' retiree medical coverage pays the remainder.

## Covered Medical Services

Expenses that are allowed under your medical plan. "Covered" does not necessarily mean "paid for." It means medical expenses that your plan agrees are legitimate medical expenses.

## Credited Service

Time accrued with a participating employer for services rendered.

## DCR Plan

Defined Contribution Retirement plan.

## Deductible

A fixed dollar amount during the benefit period (usually a year) that an insured person pays before the insurer starts to make payments for covered medical services. For example, if the plan has a $250 deductible, the plan participant is responsible for the first $250 of covered medical services.

## Demonstrated Hardship

An immediate and heavy financial need related to the member, the member's spouse, or the member's dependent for (1) medical care under 26 U.S.C. §213(d), (2) purchase of a principal residency for the member, (3) postsecondary education tuition and related fees for the next 12-month period, (4) prevention of eviction from or foreclosure on the mortgage of the member's principal residence, or (5) any need prescribed by the Internal Revenue Service that satisfies the safe harbor definition of hardship under regulations adopted under 26 U.S.C. §401(k).

## Dependent Child

An unmarried child of a participant, including one adopted, who is dependent upon the participant for support and who is either a) under 19 years old or b) under 23 years old and registered at and attending on a full-time basis an accredited educational or technical institution. Age restrictions do not apply to a dependent child who is totally and permanently disabled if the disability occurred before age 19.

# GLOSSARY

## Distribution
Money taken from an account no earlier than 60 days after the time a participant leaves employment. Distribution may occur before 60 days for a demonstrated hardship.

## Fund
The assets of the defined contribution plan administered by the board: all managed assets of the plan.

## Investment Earnings
Income from your investments after deduction of fees and losses.

## Investment Funds
Separate funds provided within the trust fund for the purpose of directing investment through the control of a participant, beneficiary, or alternate payee under the terms of the plan.

## Irrevocable Election
A one-time selection with no option to ever change.

## Joint and Survivor Annuity Payment
A monthly payment to the participant until the first of the month of that participant's death. After the participant's death, a monthly payment equal to 50% or 100% of the participant's benefit (whichever percentage was previously selected) is paid to the survivor until the death of the survivor.

*Note: This payment is not an option in your plan if a participant dies before the prearranged date of payment distribution; all other forms of payments are available to the survivor.*

## Limitation Year
The year for which contributions are made to a participant's individual account as reported to the Internal Revenue Service and as meets the limits described in 26 U.S.C. §415(c) (currently the plan's limitation year is the calendar year).

## Mandatory Contribution
Deposits to the retirement trust account that you and your employer are required to make through payroll deductions as participants of the defined contribution plan.

## Medicare
The federal government's medical benefit to senior citizens (currently age 65 or older but could change in the future) and the disabled of all ages. The retiree health plan is secondary to benefits paid under both Medicare Part A and Medicare Part B and will calculate medical reimbursements accordingly. Participants are not required to enroll in Medicare, however, the plan will not reimburse expenses above what would be reimbursed if the participant was enrolled in Medicare. If a participant is not provided Medicare Part A free of charge, the plan will waive this requirement upon receipt of evidence from Medicare that you are not eligible. Everyone is eligible for Medicare Part B and must pay the required premiums.

## Medicare Age
The age of Medicare eligibility currently is 65. Medicare age can be changed by the federal government at any time.

## Normal Retirement Age
The age set for Medicare eligibility as set by the federal government at the time a member stops working.

## Office of Administrative Hearings (OAH)
Administrative law judges established by law (AS44.64) to hear challenges to executive branch decisions of several state agencies, including many boards and commissions. Its main function is to provide fair, efficient, cost-effective hearings, resulting in timely, consistent decisions. An aggrieved party in the defined contribution plan may appeal a final decision of the OAH to the Alaska Superior court.

## Portfolio
A group of investments held by an investor, in this case the participant.

## Prescription Medication
A drug which can be dispensed only by prescription and which has been approved by the Food and Drug Administration.

## Qualified Domestic Relations Order (QDRO)
A qualifying court order issued by a court that creates or recognizes the existence of an alternate payee's right to receive a portion of an employee's retirement account or the benefits payable with respect to an employee.

## "Recognized Competence"
A minimum of 10 years of professional experience working or teaching in the field of investment management, finance, banking, economics, accounting, pension administration, or actuarial analysis. Among other requirements, Alaska Retirement Management Board members must have recognized competence.

## Surviving Spouse
The wife or husband of an employee who has been married to the employee for at least one year at the time of the employee's death.

## Survivor Benefits
Those benefits payable to your spouse or eligible dependent children when you die.

## Trust
Assets administered by the board, or "trustees," of the defined contribution plan. Generally a trust is one party holding money or investment assets for the benefit of another.

State of Alaska

*Division of Retirement and Benefits*
*Defined Contribution Retirement Plan*

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