

Alaska Public Employees'  
*and*  
Teachers' Retirement Systems  
Facts and Figures



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# **Section One**

## **Defined Benefit Plan Facts**

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## Administrative and Monetary Differences Within PERS and TRS Tiers

PERS Tiers	Tier I 1/1/61 - 6/30/86	Tier II Entered after 6/30/86	Tier III Entered after 6/30/96	Tier IV Entered after 6/30/2006
<b>Employee Contribution Rates</b>  (% of pay)	Pre-tax employee contribution: 6.75% begin 1/1/87—all others 7.5% begin 1/1/87—police and fire 9.6% begin 7/1/99—school district	Pre-tax employee contribution: 6.75% begin 1/1/87—all others 7.5% begin 1/1/87—police and fire 9.6% begin 7/1/99—school district	Pre-tax employee contribution: 6.75% begin 1/1/87—all others 7.5% begin 1/1/87—police and fire 9.6% begin 7/1/99—school district	Pre-tax employee contribution: 8% for all employees
<b>Employer Contribution</b>  (% of payroll)	22% Cost Share PERS on-behalf payment paid by the State of Alaska is 10.51% State of Alaska FY 2010 Contribution is \$241,600,000	22% Cost Share PERS on-behalf payment paid by the State of Alaska is 10.51% State of Alaska FY 2010 Contribution is \$241,600,000	22% Cost Share PERS on-behalf payment paid by the State of Alaska is 10.51% State of Alaska FY 2010 Contribution is \$241,600,000	5% - Retirement  1.75% - Health Plan – adjusted by annual actuarial valuation annually. <b>plus</b> Health Reimbursement Arrangement (HRA)- Flat dollar amount per employee based on 3% of the employer's average annual employee compensation.  .4% Disability – Police /Fire .3% Disability – All others
<b>Vesting</b>	Employees vest with 5 years of service.	Employees vest with 5 years of service.	Employees vest with 5 years of service in the pension plan and with 10 years of service for the medical plan.	100% vested in employee contributions immediately.  % vested in employer contributions: 25% after 2 years of service, 50% after 3 years, 75% after 4 years 100% after 5 years.

## Administrative and Monetary Differences Within PERS and TRS Tiers

PERS Tiers	Tier I 1/1/61 - 6/30/86	Tier II Entered after 6/30/86	Tier III Entered after 6/30/96	Tier IV Entered after 6/30/2006
<b>Qualifications for Retirement</b>	<p>Normal retirement age is 55, with early retirement at age 50;</p> <ul style="list-style-type: none"> <li>▪ police/fire members can retire at any age after 20 years of police/fire service;</li> <li>▪ all other members can retire at any age after 30 years of membership service.</li> </ul> <p>Early retirement reduction will be 1/2% per month or 6% per year for every year less than the required normal retirement age.</p>	<p>Normal retirement age is 60, with early retirement at age 55;</p> <ul style="list-style-type: none"> <li>▪ police/fire members can retire at any age after 20 years of police/fire service;</li> <li>▪ all other members can retire at any age after 30 years of membership service.</li> </ul> <p>Early retirement reduction will be 1/2% per month or 6% per year for every year less than the required normal retirement age.</p>	<p>Normal retirement age is 60, with early retirement at age 55;</p> <ul style="list-style-type: none"> <li>▪ police/fire members can retire at any age after 20 years of police/fire service;</li> <li>▪ all other members can retire at any age after 30 years of membership service.</li> </ul> <p>Early retirement reduction will be 1/2% per month or 6% per year for every year less than the required normal retirement age.</p>	<p>None for investment account.</p> <p>Taxes and penalties may apply if withdrawn before age 59-1/2.</p> <p>See requirements for Retirement Medical Coverage.</p>
<b>Benefit Calculation Formula</b>	<p>Benefit formula:</p> <ul style="list-style-type: none"> <li>▪ 2% for first 10 years and all years of service prior to July 1, 1986,</li> <li>▪ 2.25% for the next 10 years, and</li> <li>▪ 2.5% per year thereafter.</li> </ul> <p>Benefit calculation is determined on the average of the <b>high three</b> consecutive years' salary.</p> <p>Police/Fire - 2% X 10, 2.5% over 10.</p>	<p>Benefit formula:</p> <ul style="list-style-type: none"> <li>▪ 2% for first 10 years,</li> <li>▪ 2.25% for the next 10 years, and</li> <li>▪ 2.5% per year thereafter.</li> </ul> <p>Benefit calculation is determined on the average of the <b>high three</b> consecutive years' salary.</p> <p>Police/Fire - 2% X 10, 2.5% over 10.</p>	<p>Benefit formulas did not change.</p> <p>However, the benefit calculation is determined on the average of the <b>high five</b> consecutive years' salary.</p> <p>The benefit calculation for police and fire members is the average of the <b>high three</b> consecutive years regardless of tier (effective 2002).</p>	<p>DC account balance plus investment earnings.</p> <p>May be received in several different payment options. Payout options include lump-sum payments, rollovers to another qualified plan, or annuities.</p> <p>Annuities may be taken as a lifetime annuity, joint and survivor annuity, or for a period certain.</p>
<b>Alaska Cost-of-living Increases (COLA)</b>	<p>An Alaska Cost-of-Living Allowance is payable to benefit recipients who remain domiciled in Alaska after retirement.</p> <p>The allowance is \$50 or 10% of the base benefit, whichever is greater.</p>	<p>An Alaska Cost-of-Living Allowance is payable to benefit recipients 65 or older or disability benefit recipients regardless of age who remain domiciled in Alaska after retirement.</p> <p>The allowance is \$50 or 10% of the base benefit, whichever is greater.</p>	<p>An Alaska Cost-of-Living Allowance is payable to benefit recipients 65 or older or disability benefit recipients regardless of age who remain domiciled in Alaska after retirement.</p> <p>The allowance is \$50 or 10% of the base benefit, whichever is greater.</p>	<p>None provided.</p>

## Administrative and Monetary Differences Within PERS and TRS Tiers

PERS Tiers	Tier I 1/1/61 - 6/30/86	Tier II Entered after 6/30/86	Tier III Entered after 6/30/96	Tier IV Entered after 6/30/2006
<b>Post Retirement Pension Adjustments (PRPA) (Inflation Protection)</b>	PRPA increases granted on an ad hoc basis. If an ad hoc is not granted, Tier I employees must be age 60 or over or receiving benefits for 5 years to qualify for the automatic PRPA. The automatic PRPA passed in 1986 applied to all members regardless of hire date.	Automatic PRPA adjustments to disabled members, retirees 60 and over, and those who have received benefits for 5 years.	Automatic PRPA adjustments to disabled members, retirees 60 and over, and those who have received benefits for 5 years.	None provided.
<b>Retirement Medical Coverage</b>	<p>Medical coverage is provided to all benefit recipients and their eligible dependents for life. The retiree medical plan premium is paid by the retirement system.</p> <p>5 year vesting.</p>	<p>Medical coverage is provided to disabilitants, regardless of age and benefit recipients over age 60 or,</p> <ul style="list-style-type: none"> <li>▪ Peace officer/fire members with 25 years of police/fire service,</li> <li>▪ all other members with 30 years of membership service</li> </ul> <p>and their eligible dependents for life. The retirement system pays the retiree medical plan premium.</p> <p>Retirees and survivors under age 60 must pay the full premium cost if they want coverage.</p> <p>5 year vesting.</p>	<p>Same as Tier II. However, employees must accrue a minimum of 10 years of <b>credited service</b>* to have system-paid coverage at age 60.</p> <p>Employees with less than 10 years must pay the full premiums as long as they wish to continue medical coverage.</p> <p>100% vested with 10 years of credited service.</p>	<p>Access to medical coverage at Medicare eligible age with 10 years of service or at any age with 25 years of service for peace officers and firefighters or with 30 years of service for all others. Must retire directly from the system. If not eligible for Medicare, must pay full premium. May use health reimbursement arrangement (HRA) account to pay premiums. Once the HRA is exhausted, member self-pays premiums. When eligible for Medicare, the percentage of premium paid by the retiree or surviving spouse is:</p> <ul style="list-style-type: none"> <li>▪ 10-14 years of service - 30%</li> <li>▪ 15-19 years - 25%</li> <li>▪ 20-24 years - 20%</li> <li>▪ 25-29 years - 15%</li> <li>▪ 30 years or more - 10%</li> </ul>

## Administrative and Monetary Differences Within PERS and TRS Tiers

PERS Tiers	Tier I 1/1/61 - 6/30/86	Tier II Entered after 6/30/86	Tier III Entered after 6/30/96	Tier IV Entered after 6/30/2006
<b>Disability Benefits</b>	<p>Nonoccupational disability benefits are calculated as a normal retirement.</p> <p>Occupational disability provides 40% of the gross monthly compensation.</p> <p>Different occupational disability formula available before 7/1/76.</p>	<p>Nonoccupational disability benefits are calculated as a normal retirement.</p> <p>Occupational disability provides 40% of the gross monthly compensation.</p>	<p>Nonoccupational disability benefits are calculated as a normal retirement.</p> <p>Occupational disability provides 40% of the gross monthly compensation.</p>	<p>Must be a total and presumably permanent disability whose cause is directly related to performance of duties of the job or an on the job injury. Benefit is 40% of salary, earns service while on occupational disability.</p> <p>Employer continues to make all required contributions as if the member were working, plus the member's required contributions to the DCR account, without deduction from the member's disability payment.</p> <p>Disability benefits cease when the member becomes eligible for normal retirement at Medicare eligible age and 10 years of service or at any age with 25 years of service for peace officers and firefighters or with 30 years of service for all others.</p> <p>Medical insurance is available to members receiving disability when member is eligible for a normal retirement.</p>

## Administrative and Monetary Differences Within PERS and TRS Tiers

TRS Tier	Tier I 7/1/1955 – 6/30/90	Tier II Entered after 6/30/90	Tier III Entered after 6/30/06
<b>Employee Contribution</b>	Pre-tax employee contribution: 8.65% beginning 1/1/91	Pre-tax employee contribution: 8.65% beginning 1/1/91	Pre-tax employee contribution: 8%
<b>Employer Contribution</b>	12.56% Cost Share TRS on-behalf 42.26% State of Alaska FY 2010 Contribution is \$206,300,000	12.56% Cost Share TRS on-behalf 42.26% State of Alaska FY 2010 Contribution is \$206,300,000	7% - DCR account  1.75% Health Plan - determined by annual actuarial valuation after FY07. <b>plus</b> Health Reimbursement Arrangement (HRA) - Flat dollar amount per employee based on 3% of the employer's average annual employee compensation.
<b>Vesting</b>	Members vest with 8 years of service.	Members vest with 8 years of service.	100% vested in employee contributions from inception. Vested in employer contributions based on the following schedule: 25% after 2 years of service 50% after 3 years 75% after 4 years and 100% after five years.
<b>Qualifications for Retirement</b>	Normal retirement age is 55, with early retirement at age 50; teachers can retire at any age after 20 years of membership service.	Normal retirement age is 60, with early retirement at age 55; teachers can retire at any age after 20 years of membership service.	None for investment account. Taxes and penalties may apply if withdrawn before age 59 1/2. See requirements for Retirement Medical Coverage.
<b>Benefit Calculation Formula</b>	Benefit formula is 2% for the first 20 years and all years of service prior to July 1, 1990, 2.5% thereafter. Benefit calculation is determined on the average of the high three contract salaries.	Benefit formula is 2% for the first 20 years, 2.5% thereafter. Benefit calculation is determined on the average of the high three contract salaries.	DC account balance plus investment earnings. May be received in several different payment options. Payout options include lump sum payments, rollovers to another qualified plan, or annuities. Annuities may be taken as a lifetime annuity, joint and survivor annuity, or for a period certain.
<b>Alaska Cost-of-living Increases (COLA)</b>	An Alaska Cost-of-Living Allowance is payable to benefit recipients who remain domiciled in Alaska after retirement. The allowance is 10% of the base benefit.	An Alaska Cost-of-Living Allowance is payable to benefit recipients 65 or older or disability benefit recipients regardless of age who remain domiciled in Alaska after retirement. The allowance is 10% of the base benefit.	None provided.

## Administrative and Monetary Differences Within PERS and TRS Tiers

TRS Tier	Tier I 7/1/5555 – 6/30/90	Tier II Entered after 6/30/90	Tier III Entered after 6/30/06
<b>Post Retirement Pension Adjustments (PRPA)</b> <i>Inflation protection</i>	PRPA increases granted on an ad hoc basis. If an ad hoc is not granted, Tier I employees must be age 60 or over or receiving benefits for 8 years to qualify for the automatic PRPA. The automatic PRPA passed in 1990 applied to all members regardless of hire date.	Automatic PRPA adjustments to disabled members, retirees 60 and over, and those who have received benefits for 8 years.	None provided.
<b>Retirement Medical Coverage</b>	<p>Medical coverage is provided to all benefit recipients and their eligible dependents.</p> <p>The retiree medical plan premium is paid by the retirement system.</p>	<p>The retirement system pays the retiree medical plan premium for all disabilities regardless of age, for retirees and survivors over age 60 and for retirees with at least 25 years of membership service.</p> <p>This coverage includes eligible dependents. Retirees and survivors under age 60, with less than 25 years of membership service must pay the full premium cost if they want coverage.</p>	<p>Access to medical coverage at Medicare eligible age with 10 years of service or at any age with 30 years of service. Must retire directly from the system. If not eligible for Medicare, must pay full premium. May use health reimbursement arrangement (HRA) account to pay premiums. Once the HRA is exhausted, member self- pays premiums.</p> <p>When eligible for Medicare, the percentage of premium paid by the retiree or surviving spouse is:</p> <ul style="list-style-type: none"> <li>10-14 years of service - 30%</li> <li>15-19 years - 25%</li> <li>20-24 years - 20%</li> <li>25-29 years - 15%</li> <li>30 years or more - 10%</li> </ul>
<b>Disability Benefits</b>	Disability benefits are 50% of base salary, plus 10% for each eligible dependent child up to a maximum of 4 children.	Disability benefits are 50% of base salary, plus 10% for each eligible dependent child up to a maximum of 4 children.	Must be a total and presumably permanent disability whose cause is directly related to performance of duties of the job or an on the job injury. Benefit is 40% of salary, earns service while on occupational disability. Employer continues to make all required contributions as if the member were working, plus the member's required contributions to the DC account, without deduction from the member's disability payment. Disability benefits cease when the member becomes eligible for normal retirement at Medicare eligible age and 10 years of service or at any age with 30 years of service. No medical insurance until eligible for normal retirement.

## QUICK FACTS

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### PERS Defined Benefit Retirement Plan Participant Statistics *Source: 2008 Valuations*

	<u>Total</u>	<u>P/F</u>	<u>Others</u>
<b>Active Members</b>	<b>28,850</b>	<b>2,549</b>	<b>26,301</b>
Average Age	47.01	42.04	47.49
Average Credited Service	10.48	10.80	10.45
Average Annual Earnings	\$54,691	\$74,825	\$52,740
Number Vested	20,058	1,928	18,130
Percent Vested	69.5%	75.6%	68.9%
<b>Retirees</b>	<b>20,492</b>	<b>2,107</b>	<b>18,385</b>
Average Age at Commencement	N/A	51.61	56.65
Average Current Age	N/A	62.03	66.61
Average Monthly Benefit	N/A	\$2,816	\$1,503
<b>Vested Terminations</b>	<b>6,627</b>	<b>N/A</b>	<b>N/A</b>
Average Age	49.41	N/A	N/A
Average Future Monthly Benefit	\$816	N/A	N/A
<b>Non-Vested Terminations</b>	<b>14,930</b>	<b>N/A</b>	<b>N/A</b>
Average Account Balance	\$4,354	N/A	N/A
<b>Survivors</b>	<b>2,111</b>	<b>271</b>	<b>1,840</b>
Average Age at Commencement	N/A	52.03	58.56
Average Current Age	N/A	60.32	67.97
Average Monthly Benefit	N/A	\$1,443	\$909
<b>Disabilities</b>	<b>394</b>	<b>61</b>	<b>333</b>
Average Age at Commencement	N/A	45.11	45.09
Average Current Age	N/A	50.91	52.01
Average Monthly Benefit	N/A	\$2,036	\$1,465

N/A = Not available in the valuation

## QUICK FACTS

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### TRS Defined Benefit Retirement Plan Participant Statistics *Source: 2008 Valuations*

	<b><u>Total</u></b>
<b>Active Members</b>	<b>8,531</b>
Average Age	46.64
Average Credited Service	12.44
Average Annual Earnings	\$64,371
Number Vested	5,612
Percent Vested	65.8%
<b>Retirees</b>	<b>9,250</b>
Average Current Age	65.66
Average Monthly Benefit	\$2,745
<b>Vested Terminations</b>	<b>873</b>
Average Age	49.14
Average Future Monthly Benefit	\$1,099
<b>Non-Vested Terminations</b>	<b>2,971</b>
Average Account Balance	\$13,692
<b>Survivors</b>	<b>726</b>
Average Age at Commencement	59.06
Average Current Age	68.77
Average Monthly Benefit	\$1,390
<b>Disabilities</b>	<b>47</b>
Average Age at Commencement	46.02
Average Current Age	51.79
Average Monthly Benefit	\$2,977

## Schedule of Monthly Pension Benefits by Amount

### PERS Pension Benefit Recipients Peace Officer/Firefighter

<u>Amount of Monthly Pension Benefit</u>	<u>Number of Pension Recipients</u>
\$ 1 – \$ 300	46
301 – 600	134
601 – 900	127
901 – 1,200	151
1,201 – 1,500	144
1,501 – 1,800	132
1,801 – 2,100	174
2,101 – 2,400	203
2,401 – 2,700	203
2,701 – 3,000	244
3,001 – 3,300	184
3,301 – 3,600	180
3,601 – 3,900	159
3,901 – 4,200	137
Over \$4,200	318

### PERS Pension Benefit Recipients All Others

<u>Amount of Monthly Pension Benefit</u>	<u>Number of Pension Recipients</u>
\$ 1 – \$ 300	1,811
301 – 600	4,023
601 – 900	3,183
901 – 1,200	2,631
1,201 – 1,500	2,077
1,501 – 1,800	1,605
1,801 – 2,100	1,370
2,101 – 2,400	995
2,401 – 2,700	808
2,701 – 3,000	650
3,001 – 3,300	582
3,301 – 3,600	392
3,601 – 3,900	345
3,901 – 4,200	268
Over \$4,200	806

### TRS Pension Benefit Recipients

<u>Amount of Monthly Pension Benefit</u>	<u>Number of Pension Recipients</u>
\$ 1 – \$ 300	165
301 – 600	328
601 – 900	571
901 – 1,200	608
1,201 – 1,500	590
1,501 – 1,800	598
1,801 – 2,100	654
2,101 – 2,400	863
2,401 – 2,700	966
2,701 – 3,000	920
3,001 – 3,300	826
3,301 – 3,600	740
3,601 – 3,900	593
3,901 – 4,200	434
Over \$4,200	1,170

**Note:** Figures shown reflect base defined benefit retirement benefit without cost of living adjustments. Lower benefits reflect lower length of service and/or lower salaries earned.

Figures shown do not reflect any additional sources of retirement income available to the participant, such as Social Security or retirement benefits received by other non-PERS employers.

## **Section Two**

# **Hybrid Defined Contribution Retirement Plan Facts**

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## An Overview of the Hybrid PERS/TRS Defined Contribution Retirement Plan

All new employees who were hired on or after July 1, 2006, will be enrolled in either the Public Employees' Retirement System (PERS) Tier IV or Teachers' Retirement System (TRS) Tier III, Hybrid Defined Contribution Retirement (DCR) Plan.

	<b>Employee</b>	<b>Employer</b>
Contributions	8% employee contributions for both PERS and TRS.	5% contribution to PERS 7% contribution to TRS Employer contributes toward retiree medical benefits, occupational death/disability and the Health Reimbursement Arrangement.
Vesting	Immediately in Employee Contributions	25% with 2 years service; 50% with 3 years service; 75% with 4 years service; 100% with 5 years service.
Investment	Employee directed. Financial advice services provided.	
Distribution	Must be terminated 60 days, may elect from 10 distribution options including rollover to eligible plan.	
Retiree Medical Insurance Premiums	When Medicare eligible, employee pays: 30% w/10-14 years of service 25% w/15-19 years of service 20% w/20-24 years of service 15% w/25-29 years of service 10% w/30 or more years of service.	

### **BENEFICIARIES**

A member may designate account beneficiaries. A spouse is automatically the 50 percent beneficiary unless the spouse waives his or her right as the beneficiary.

Failure to designate a beneficiary results in a default payment schedule; first to surviving spouse and, if none, then to surviving children in equal parts and, if none, then to surviving parents equally and, if none, then to the estate.

### **MEDICAL INSURANCE**

The PERS/TRS DCR Plan includes medical coverage for eligible retirees. Once a member has 10 years of membership service, retires directly from the plan and is eligible for Medicare, the plan will pay a portion of the AlaskaCare medical premium (see chart above) If not eligible for Medicare, a member still has access to the retiree major medical plan but must pay the premium.

## **PERS & TRS OCCUPATIONAL DISABILITY & DEATH BENEFITS**

The PERS/TRS DCR Plan includes benefits for a member or surviving spouse or eligible dependents if the member becomes permanently disabled or dies from an occupational accident, injury or illness.

## **HEALTH REIMBURSEMENT ARRANGEMENT (HRA)**

Employers contribute a flat dollar amount to an HRA for each member based on 3% of the average annual employee group compensation of the PERS and the TRS. When a member retires, the employer reimburses the member for health expenses not covered by the retiree health insurance plan, like deductibles or co-insurance amounts. Members do not contribute any earnings to receive this benefit; they simply use the HRA until it is fully depleted. A member can use the HRA even if not participating in the state's medical insurance plan.

For example, a 34 year-old who was employed with a PERS employer on June 30, 2008 would accumulate an estimated \$151,227 in the HRA between employer contributions of \$64,168 and interest earned at 6% annually per year.

# HRA Model Valuation

## ASSUMPTIONS

- Participant is age 34.
- Participant hire date is 1/1/2008.
- Current Salary is \$27,000.
- Participant is an average user of health care.
- Participant will have 31 years of service at retirement.
- Participant will retire at age 65.
- Medical plan has no deductible, with member coinsurance of 20% in network, 40% out of network.
- Out of pocket maximum is \$2,500 in 2008 and is indexed every five years using a 2.6% annual increase.
- Employer contributes 3% of the average PERS and TRS salary to participant HRA accounts yearly.
- Participant accounts earn 6% annually.
- Assumed discount rate of 8.25% per year and all demographic assumptions are the same as those used in the annual valuations.
- Medical trend rate is the same as is used in the valuation. This is a product of the Society of Actuaries Long Term Trend Model.
- Illustration applies to a single retiree. A rough estimate for retiree and spouse, assuming no spouse coverage elsewhere, is to halve the HRA duration shown.
- Participant must retire with a minimum of ten years of service to be eligible for this plan.

## CONCLUSION

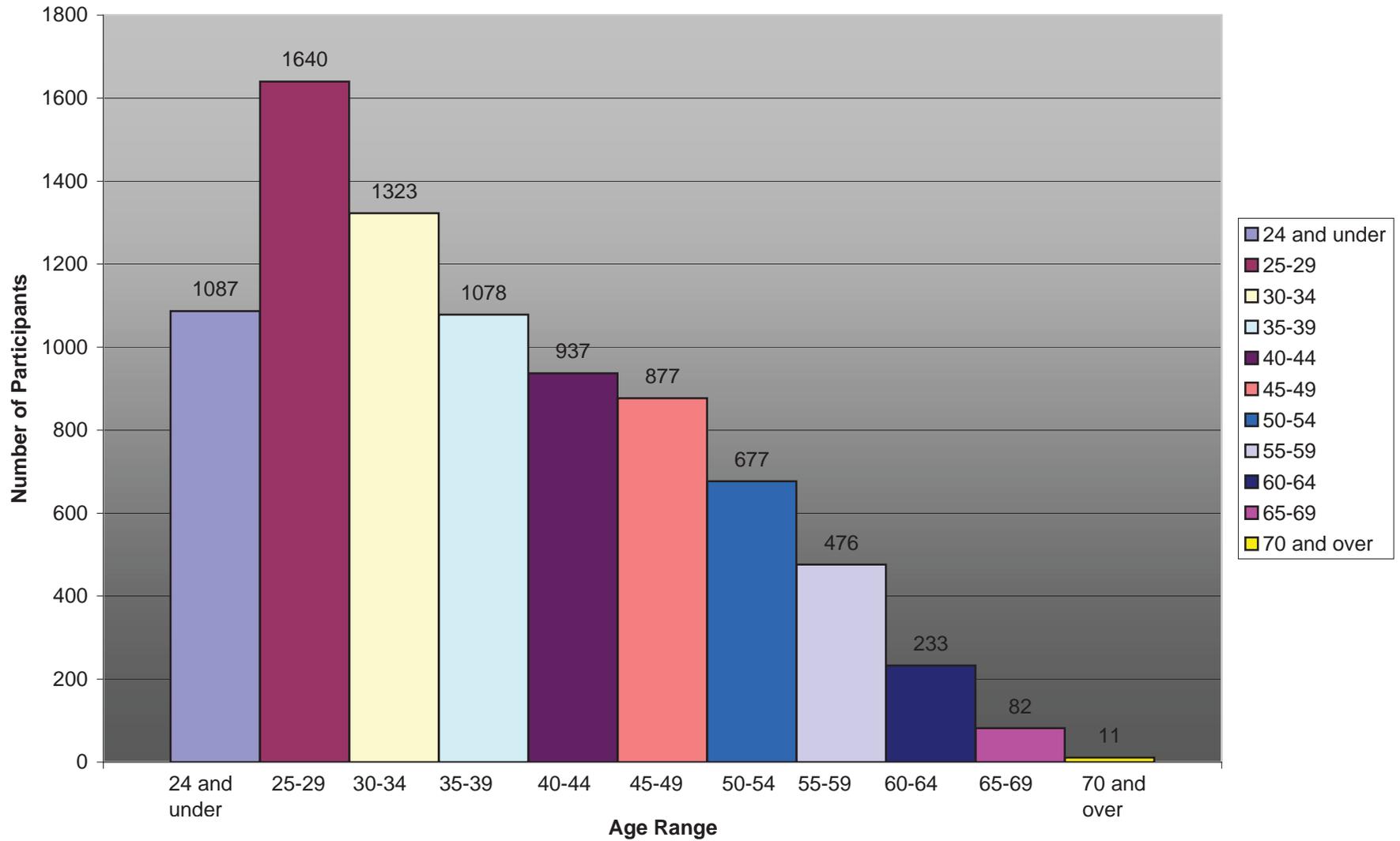
- HRA balance at retirement will be approximately \$151,227.
- Total contributions from the employer will be \$64,168.
- HRA balance will last approximately 29 years after retirement when participant is age 94.

HRA pays for reimbursement of premiums, deductibles, co-insurance, and co-pays that would normally be out-of-pocket expenses to the participant.

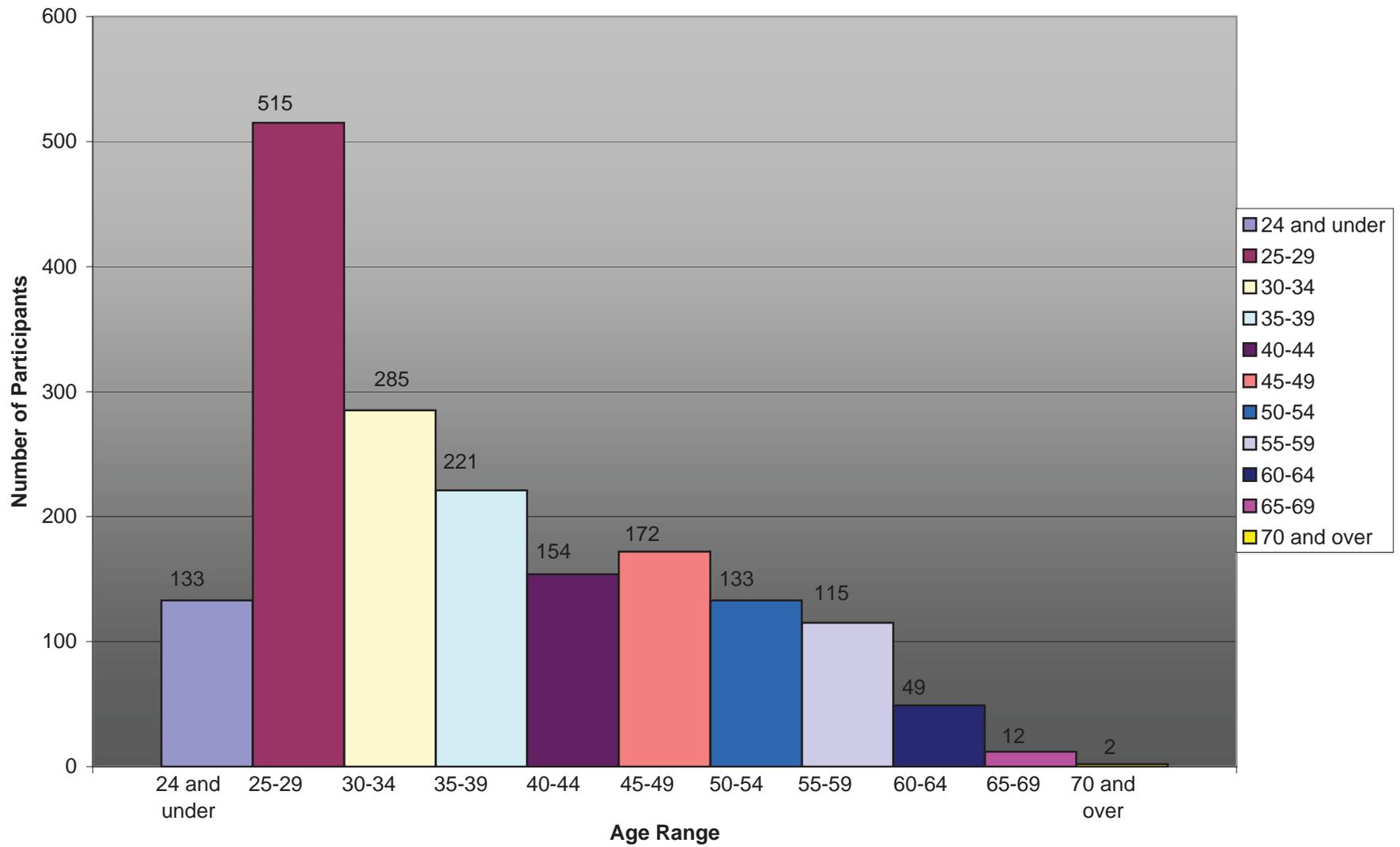
## Comparison of PERS/TRS DCR Plan to 401(k) Plan

	<b>401(k) Plan</b>	<b>PERS/TRS DCR Plan</b>
Contributions	Tax Deferred Employee-% varies May have employer contribution match	Tax Deferred Employee contributes 8% Employer contributes 5% to PERS, 8% to TRS Employer also contributes to retiree medical benefits, occupational death/disability and the Health Reimbursement Account
Vesting	100% vested in employee contributions immediately Employer Plan determines vesting schedule for employer contributions	100% vested in employee contributions immediately Employer Contributions: 25% with 2 years service; 50% with 3 years service; 75% with 4 years service; 100% with 5 years service
Retiree Medical Coverage	None	When Medicare eligible, employee pays: 30% w/ 10-14 years of service; 25% w/15-19 years of service; 20% w/20-24 years of service; 15% w/25-29 years of service; 10% w/30 or more years of service.
Health Reimbursement Account	None	Employer contributes a flat dollar amount to an HRA for each member based on 3% of the average annual employee group compensation of the PERS and TRS.
Disability Benefits	None	Defined Benefit occupational disability benefits. Monthly benefit is 40% of salary paid to disabilitant. Employer pays both employee and employer contributions based on the employees final salary to a trust on behalf of the disabilitants until the disabilitants reaches normal retirement. At normal retirement the disabilitant accesses the balance of their account and the continuing contributions, plus interest, that have been paid to the trust on their behalf.
Survivor Benefits	Account balance	Defined benefit occupational death benefits. Monthly benefit is 40% of salary (50% for peace officer/firefighters) paid to survivor. Employer pays both employee and employer contributions based on the employee's final salary to a trust on behalf of the survivor until the deceased member would have reached normal retirement. At normal retirement the survivor accesses the balance of the deceased member's account and the continuing contributions, plus interest, that have been paid to the trust.

## PERS DCR Participants in Each Age Range



## TRS DCR Participants in Each Age Range



## QUICK FACTS

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### Retention Comparison Between Defined Contribution and Defined Benefit Plans

Compares activity for a two-year period for the defined benefit plans prior to inception of the new plans with two years of experience with the defined contribution hybrid plans since their inception on July 1, 2006.

#### PERS/TRS Defined Contribution Retirement Plan Participants

##### I. Number of DCR Plan participants as of May 21, 2010

PERS	14,428 Total	9,492 Currently Active	66% Active
TRS	3,537 Total	2,689 Currently Active	76% Active

##### II. Number of DCR Plan Participants who have terminated and refunded as of May 21, 2010

PERS	Terminated: 4,936	Refunded: 1,678	Percent Refunded: 32%
TRS	Terminated: 848	Refunded: 274	Percent Refunded: 32%

#### PERS/TRS Defined Benefit Retirement Plan Participants

##### I. Number of DB Plan participants hired July 1, 2004-June 30, 2006 Plan as of May 21, 2010

PERS Tier III	8,403 Hired	4,004 Currently Active	48% Active
TRS Tier II	1,779 Hired	998 Currently Active	56% Active

##### II. Number of DB Plan Participants hired July 1, 2004-June 30, 2006 who terminated employment and refunded as of May 21, 2010

PERS	Terminated: 4,399	Refunded: 1,633	Percent Refunded: 37%
TRS	Terminated: 781	Refunded: 349	Percent Refunded: 45%

## QUICK FACTS

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### Retention Comparison Between Defined Contribution and Defined Benefit Plans for the State of Alaska as an Employer

Compares activity for a two-year period for the defined benefit plans prior to inception of the new plans with two years of experience with the defined contribution hybrid plans since their inception on July 1, 2006.

#### PERS/TRS Defined Contribution Retirement Plan Participants

##### I. Number of State of Alaska DCR Plan participants as of May 21, 2010

PERS	6,166 Total	4,298 Currently Active	70% Active
TRS	10 Total	7 Currently Active	70% Active

##### II. Number of State of Alaska DCR Plan Participants who have terminated and refunded as of May 21, 2010

PERS	Terminated: 1,868	Refunded: 682	Percent Refunded: 37%
TRS	Terminated: 3	Refunded: 2	Percent Refunded: 41%

#### PERS/TRS Defined Benefit Retirement Plan Participants

##### I. Number of State of Alaska DB Plan participants hired July 1, 2004-June 30, 2006 Plan as of May 21, 2010

PERS Tier III	3,517 Hired	1,865 Currently Active	53% Active
TRS Tier II	9 Hired	5 Currently Active	55% Active

##### II. Number of State of Alaska DB Plan Participants hired July 1, 2004-June 30, 2006 who terminated employment and refunded as of May 21, 2010

PERS	Terminated: 1,652	Refunded: 684	Percent Refunded: 41%
TRS	Terminated: 4	Refunded: 3	Percent Refunded: 75%

## **Section Three**

# **Retiree Medical Plan Research**

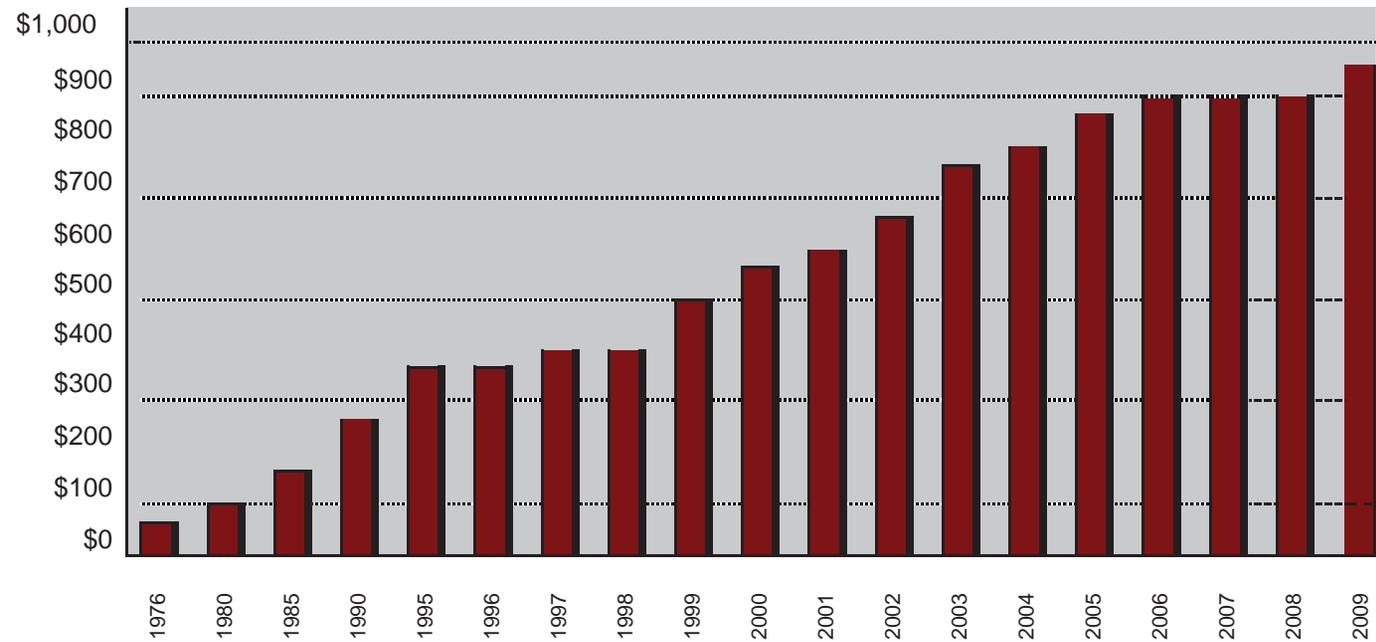
PERS/TRS Retiree Health Monthly Premium History ..... 24



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## PUBLIC EMPLOYEES' AND TEACHERS' RETIREMENT SYSTEM COMPARISON OF RETIREE MONTHLY HEALTH INSURANCE PREMIUMS



## **Section Four**

### **Resource Documents**

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## Alaska Employer Sponsored Tax Deferred Plans in Addition to PERS

Employers participating in the Public Employees' Retirement System (PERS) were surveyed to determine whether supplemental tax-deferred plans were offered to employees to enhance retirement savings capability.

Total PERS Employers	160
Total PERS Employers Responding:	63
Percent Response:	39%

Plan Type	# Employers Offering	Voluntary	Mandatory	Participate Voluntary/Mandatory
457	51	51	0	25%
401(a)	13	11	2	0%
401(k)	2	1		35%/100%
403(b)	32	30	2	17.2%/100%
Disability	7	12	5	10.1%/100%

- All 63 responding employers offer at least one supplemental tax-deferred plan.
- The State of Alaska and 15 political subdivisions participate in the Alaska Supplemental Benefits-Annuity Plan; a 401(a) defined contribution plan, as the replacement for Social Security.

### Plan Definitions:

**457 Plan:** A tax-exempt deferred compensation program made available to employees of state and federal governments and agencies. **Employee contributions only.**

**401(a) Plan:** A tax-exempt defined benefit or defined contribution retirement plan set up by an employer that meets the qualification requirements of IRC Section 401(a). **Employee or employer contributions or both.**

**401(k) Plan:** A tax-exempt defined contribution plan offered by an employer to its employees which allows employees to set aside tax-deferred income for retirement purposes. **Employee or employer contributions or both.**

**403(b) Plan:** A tax-exempt retirement plan similar to a 401(k) plan, but one which is offered by non-profit organizations, such as schools, universities and some charitable organizations. **Employee or employer contributions or both.**

## Alaska Employer Sponsored Tax Deferred Plans in Addition to TRS

Employers participating in the Teachers' Retirement System (TRS) were surveyed to determine whether supplemental tax-deferred plans were offered to employees to enhance retirement savings capability.

Total TRS Employers:	58
Total TRS Employers Responding:	25
Percent Response:	43%

Plan Type	# Employers Offering	Voluntary	Mandatory	Participate Voluntary/Mandatory
457	15	15	0	25%
403(b)	25	21	0	29%
Disability	4	3	0	10%

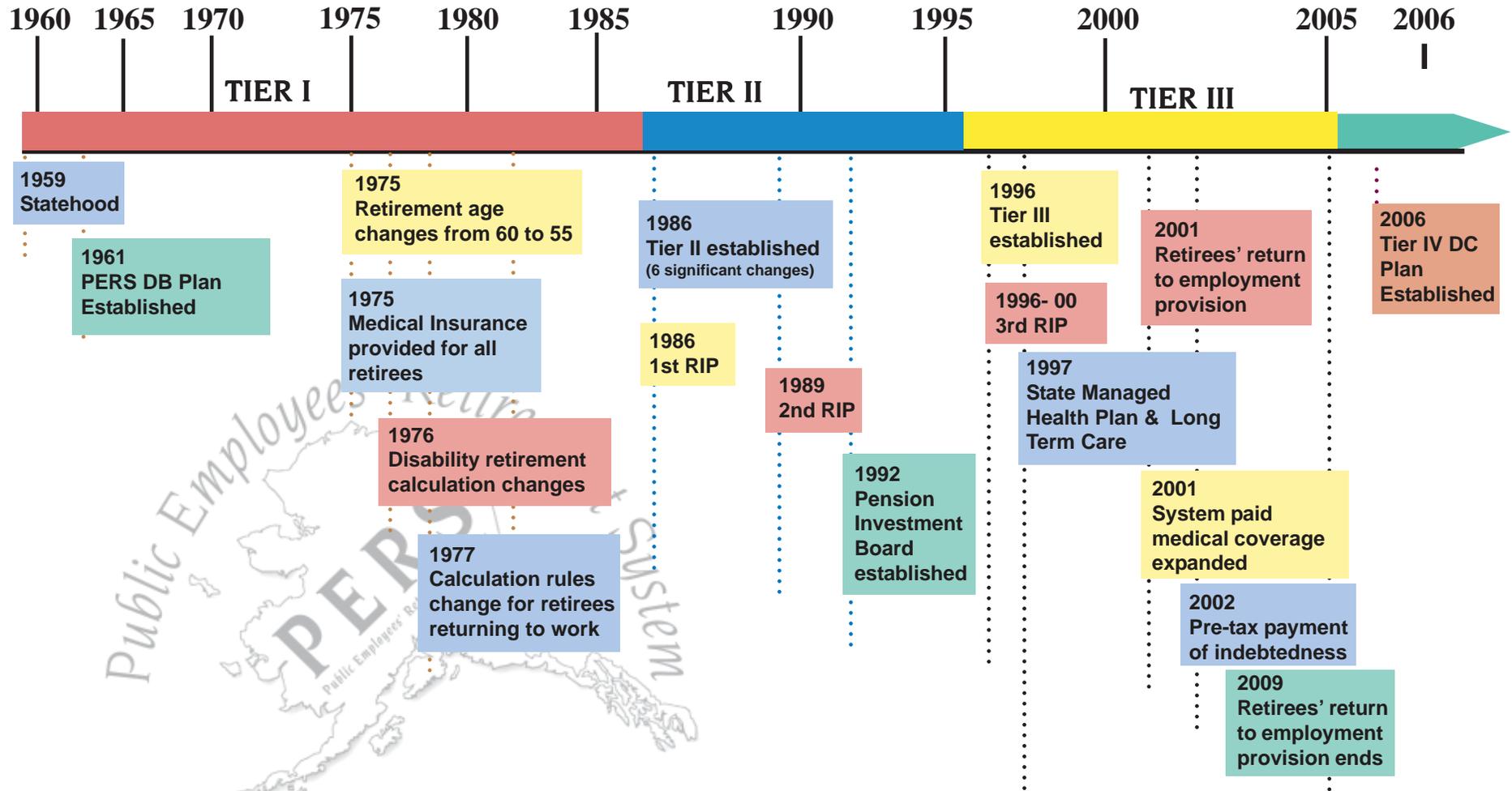
- All 25 responding employers offer at least one supplemental tax-deferred plan.
- Teachers in Alaska do not participate in Social Security due to an agreement with the Social Security Administration in 1955. The Alaska Supplemental Benefits-Annuity Plan administered by the State of Alaska is a Social Security replacement plan. Because teachers are not eligible for Social Security, they cannot participate in the Alaska Supplemental Benefits-Annuity Plan.

### Plan Definitions:

**457 Plan:** A tax-exempt deferred compensation program made available to employees of state and federal governments and agencies. **Employee contributions only.**

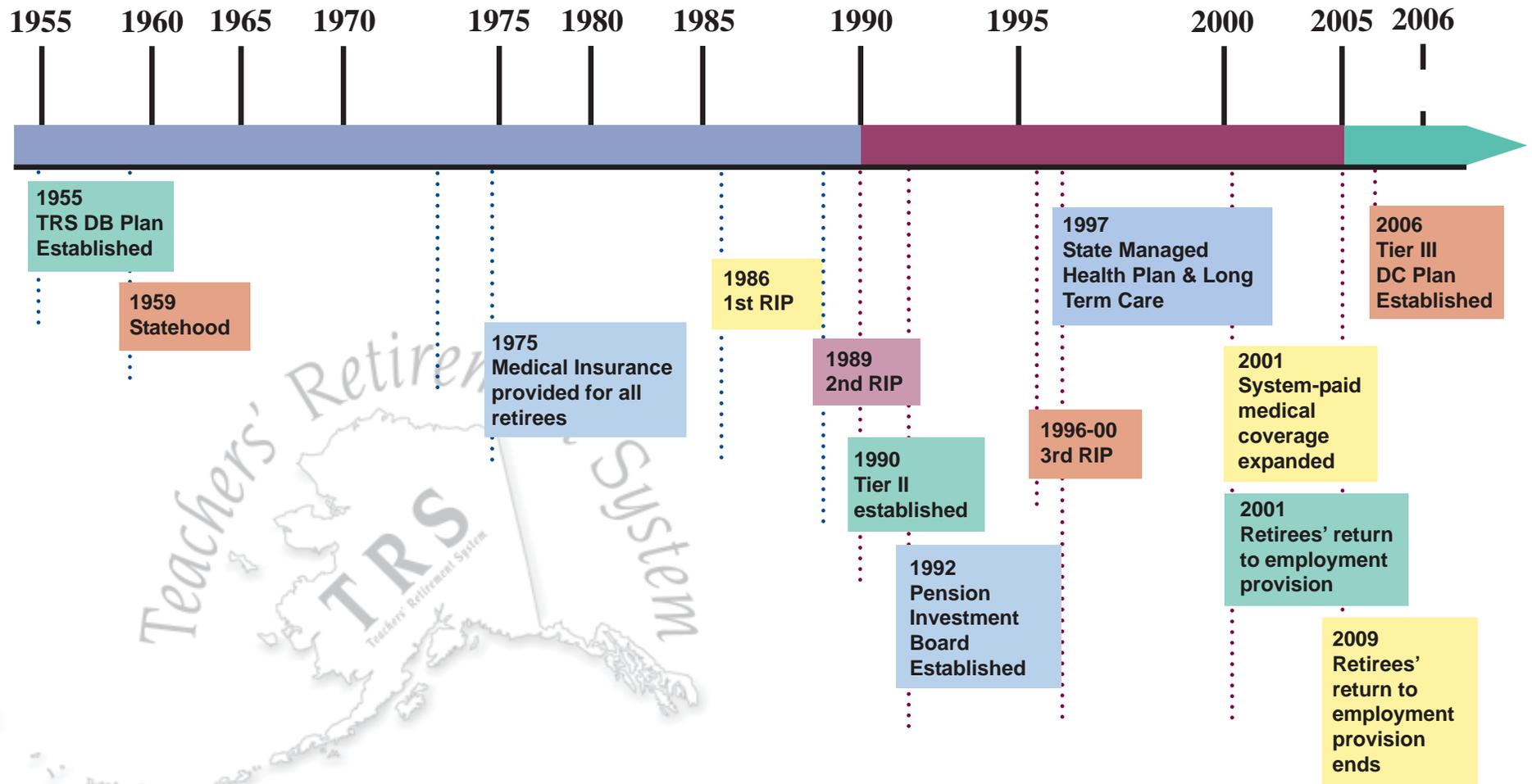
**403(b) Plan:** A tax-exempt retirement plan similar to a 401(k) plan, but one which is offered by non-profit organizations, such as schools, universities and some charitable organizations. **Employee or employer contributions or both.**

# ALASKA PERS TIMELINE



The information on this timeline is not intended to replace the Alaska Statutes, the Alaska Administrative Code or Federal law. Language contained in the Alaska Statutes and the Alaska Administrative Code govern the plans. G:/publications/timelines/perstimeline.pmd (Rev. 12/08)

# ALASKA TRS TIMELINE



The information on this timeline is not intended to replace the Alaska Statutes, the Alaska Administrative Code or Federal law. Language contained in the Alaska Statutes and the Alaska Administrative Code govern the plans.  
 G:/publications/timelines/trstimeline.pmd (Rev. 12/07)