State of Alaska  
Division of Retirement & Benefits  

**Defined Contribution Retirement Plan**  
Public Employees' Retirement System (PERS)  
Teachers' Retirement System (TRS)  

Presented by Division of Retirement & Benefits  

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**Seminar Agenda**  

- Hybrid Benefit Plan  
- Investment Options - Defined Contribution Retirement Account  
- Additional Considerations  
- Retirement Education & Resources  
- Contacts  

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**PERS / TRS Defined Contribution Retirement Plan**  

Hybrid Plans Offering:  
- Defined Contribution Investment Account  
- Medical  
- Health Reimbursement Arrangement (HRA)Account  
- Dental / Vision / Audio (DVA)  
- Long Term Care (LTC)  
- Occupational Disability/Death Benefits
Defined Contribution Retirement Plan (DCRP)

Eligibility:

• Public Employees’ Retirement System (PERS) Tier IV & Teachers’ Retirement System (TRS) Tier III – members who entered service after July 1, 2006
• Non-vested members who elected to convert to the DCRP
• Defined Benefit members working for a DCRP only employer

DCRP

The amount in each account is funded by three sources:

• Employee contributions
• Employer contributions
• Investment gains or losses

The participant is in the drivers seat regarding investments:

• Default into target fund or choose from twenty-seven investment choices

DCRP Account Investments

Recognizing that not all participants are investment experts, the State of Alaska has contracted with Empower Retirement as well as their wholly owned subsidiary, Advised Assets Group, LLC, to provide a suite of investment services to participants entitled Reality Investing Advisory Services.

Note:

• Participants first hired before July 1, 2009 were automatically enrolled into managed accounts
• Participants hired on or after July 1, 2009 were automatically enrolled in a Target Fund
Reality Investing Advisory Services

- Managed Account Do-It-For-Me™ Investor
- Online Investment Advice Help-Me-Do-It™ Investor
- Online Investment Guidance Do-It-Myself™ Investor

Reality Investing Options

**Guidance** – Free

For the Do-It-Myself Investor. This service provides a personalized asset allocation and investment rate recommendation that reflects 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.

**Advice** – $25 annually, billed $6.25 per quarter

For the Help-Me-Do-It investor. If you like to chart your own investment course, but want to draw on expert advice, AAG will provide advice services at your request.

Participants may opt in or out of any of these features each quarter.

Reality Investing Options

**Managed Accounts** – Annual fees based on balance of account

For the Do-It-For-Me Investor. AAG coordinates with an independent financial advisor to choose an investment strategy from the options offered by the plan based on your finances, goals and life circumstances. AAG monitors your account and adjusts investments as needed to reach your goals.

Participants may opt in or out of any of these features each quarter.
Reality Investing Options

Managed Accounts – Fee Schedule

<table>
<thead>
<tr>
<th>Account Balance</th>
<th>Annual Fee</th>
<th>Example using $425,000 account balance:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $100,000</td>
<td>.45%</td>
<td>Less than $100,000</td>
</tr>
<tr>
<td>Next $150,000</td>
<td>.35%</td>
<td>Next $150,000</td>
</tr>
<tr>
<td>Next $150,000</td>
<td>.25%</td>
<td>Next $150,000</td>
</tr>
<tr>
<td>Greater than $400,000</td>
<td>.15%</td>
<td>Amount over $400,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Annual Cost</td>
</tr>
</tbody>
</table>

Participants may opt in or out of any of these features each quarter.

DCRP

Employee Contributions:

- Participants contribute 8% of compensation into individual account
- Funds from other qualified plans can be rolled into the account

DCRP

Employer Contributions:

- PERS employers contribute 5% of compensation into each participant’s account
- TRS employers contribute 7% of compensation into each participant’s account
- Fund the Health Reimbursement Arrangement account
- Fund the retiree medical and occupational disability benefits
Importance of Saving

Common rules of thumb:

- Minimum savings for retirement should be the percentage that represents one half your age:
  - At age 36, saving at least 18%
  - At age 52, saving at least 26%
- Some experts say you will need 85-100% (or more) of your present income to live comfortably in retirement

Vesting

Employee Contributions:
- Participant contributions are immediately 100% vested

Employer Contributions:
- Participants vest in the employer contributions:
  - 25% vested with two years of service
  - 50% vested with three years of service
  - 75% vested with four years of service
  - 100% vested with five years of service

Eligibility & Distribution

Defined Contribution Account
- Participants may access their account sixty days post termination of employment
- Participants may elect from the following options:
  - Leave the balance in the PERS/TRS DCR Plan
  - Rollover the account into another employer sponsored retirement fund or individual retirement account
  - Annuity options
  - Two partial distributions per year
  - Cash-in the account balance
- Must commence minimum distribution by age 70-1/2
DCRP Administrative Fees

**Annual Fee**
- $35.00 for actively contributing participants
- $25.00 for noncontributing participants

**Monthly Fee**
- Calculation for this fee is 0.11% annually of the invested balance
- Calculated each calendar month on prior month’s ending balance at .009%

**Funds Investment Management Fee**
- Some investment funds may charge investment management fees
- Deducted before investment returns are credited to account
- Range from .01% to .70%

Retiree Medical Plan

- Medical benefits are available to participants and eligible dependents
  - Optional plan – member’s choice to participate
  - Primary plan for members who are paying the full premium (25 or 30 years of service)
  - Secondary plan for members who are Medicare age eligible

Retiree Medical Plan Eligibility

**Access to Medical coverage:**
- Must be an active member for at least 12 months prior to application for retirement, and:
  - 10 years of service and Medicare age eligible, or;
  - Any age with 25 years of service for peace officers/firefighters or;
  - 30 years of service for all others
- Member not required to enroll in medical plan, but must make an election to participate or not participate by age 70 1/2 years during an annual open enrollment period
Retiree Medical Plan Premiums

Participants who are eligible for Medicare may pay a percentage of the monthly premium based on years of service as follows:

- **10%** with 30 or more years of service
- **15%** with 25 to 29 years of service
- **20%** with 20 to 24 years of service
- **25%** with 15 to 19 years of service
- **30%** with 10 to 14 years of service

Premiums: www.alaskacare.gov

Retiree Medical Plan Summary

- **Annual deductible** - $300 per person / $600 deductible per family
  - **Annual out-of-pocket limit** –
    - $1,500 in covered claims for each person,
    - $3,000 in covered claims per family
  - Pays 80% of medical expenses up to the annual out-of-pocket limit, then 100% of all covered claims for rest of benefit year
  - **Prescription Drug Coverage** –
    - Pays % of cost with a minimum payment for:
      - Generic
      - Preferred brand-name
      - Non-preferred brand-name

Health Reimbursement Arrangement (HRA)

PERS/TRS employers make all contributions to the HRA

- Flat dollar amount based 3% of the annual average salary across all PERS and TRS employers
- Can be used to pay for medical expenses for member and eligible dependents
- Can be reinstated if participant leaves employment before reaching eligibility and become re-employed
HRA Eligibility

Access to Health Reimbursement Arrangement:

- 10 years of service and Medicare age eligible, or
- Any age with 25 years of service for peace officers/firefighters or;
- 30 years of service for all others
- No requirement to retire directly from the plan

Dental/Vision/Audio (DVA)

- Dental/Vision/Audio benefits are available to participants and eligible dependents
- Optional plan – member’s choice to participate

DVA Plan Eligibility

Access to DVA coverage:

- Must be an active member for at least 12 months prior to application for retirement, and:
- 10 years of service and Medicare age eligible, or;
- Any age with 25 years of service for peace officers/firefighters or;
- 30 years of service for all others
- Member not required to enroll in DVA, but must make an election to participate or not participate by age 70 ½ years during an annual open enrollment period
**DVA Plan Summary**

**Dental**
- 100% - preventative services
- 80% - restorative services
- 50% prosthetic services
- $50 annual deductible for restorative and prosthetic services
- Maximum $2,000 benefit per year

**Vision**
- No deductible
- 80% of covered services

**Audio**
- No deductible
- 80% of covered services
- Maximum benefit $2,000 in 3-year period

Premiums: [www.alaskacare.gov](http://www.alaskacare.gov)

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**Long Term Care (LTC)**
- Long Term Care benefits are available to participants and spouses
- Optional plan – member’s choice to participate
LTC Plan Eligibility

Access to LTC coverage:

- Must be an active member for at least 12 months prior to application for retirement, and:
  - 10 years of service and Medicare age eligible, or
  - Any age with 25 years of service for peace officers/firefighters or;
  - 30 years of service for all others
- One time opportunity to elect at termination

LTC Plan Summary

- Three plans to choose from: Silver, Gold, Platinum
- Premium based on plan and age at retirement; separate premium for each person covered
- Covers assisted living, home health care, nursing care, hospice and respite care

Premiums: www.alaskacare.gov

Occupational Disability

If a totally, and presumably permanent disability from an accident, injury or illness caused by the job occurs, the participant will:

- receive 40% of salary at the time of termination due to the disability
- convert to a normal retirement at eligibility for normal retirement

Tax free benefit
Occupational Disability

In the event of an approved occupational disability, the employer pays:

- Employer AND Employee contributions to DCRP account
- HRA contributions
- Retiree medical account contributions

Death Benefits

Death Benefits

Occupational Death

If a participant dies from occupational causes before retirement, their spouse or eligible dependents may be entitled to survivor benefits paid monthly until the participant would have reached normal retirement eligibility:

- 50% of gross monthly compensation for peace officers or fire fighters; or
- 40% of gross monthly compensation for all others
- Converts to a normal retirement when participant would have reached normal retirement eligibility

Death Benefits

In the event of an occupational death, the employer continues to pay the participant and employer contributions into a separate account for the survivor, the HRA account, and the retiree medical account until the participant would have reached normal retirement eligibility.
Death Benefits

Non-occupational Death

Balance of the participant’s account, including all employee and vested employer contributions, as well as any net gains or losses

DCRP Benefit Recap

Defined Contribution Investment Account

Medical

Health Reimbursement Arrangement (HRA) Account

Dental / Vision / Audio (DVA)

Long Term Care (LTC)

Occupational Disability/Death Benefits
A defined contribution plan is an excellent retirement vehicle.

It is important to take an active role in the management of the account, to ensure funds are invested appropriately based on personal goals and financial situation.

The Reality Investing options are available and use an innovative approach to assist participants in reaching retirement goals.
**Additional Considerations**

*Social Security – Windfall Elimination Provision*
Contact Social Security for individualized information
1-800-772-1213 / www.ssa.gov

*Divorce/Dissolution – DCR Account is a marital asset*

*Beneficiary Designation – Keep it updated*

*Address – Keep it updated*

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**Retirement Education**

Retirement & Benefits online at: doa.alaska.gov/drb
- Extensive retirement information
- Calculators

Retirement and Benefits Seminars: doa.alaska.gov/drb
- Covering all of the retirement benefit plans
- Register for scheduled in-person sessions
- Virtual sessions available for groups upon request

Empower Retirement online at:.akdrb.gwrs.com
- E-Learning Seminars
- Virtual Classroom

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**Resources**

- Division of Retirement and Benefits Counselors & Staff
- Welcome Packets
- Statutes & Handbooks
- Anchorage Empower Retirement Office
- Advised Assets Group, LLC – Reality Investing
Counselors

Anchorage Office
– Debbie Bialka-Benedict
– Becky Sheridan
Benefit Attachments
– Tony Brakes
Juneau Office
– Mike Doss
– Michelle Holland-Zenger

Regional Counselors

Anchorage Office
– Mark Rosier – Mat-Su
Juneau Office
– Lisa Templeton - Aleutians, Western Alaska, Kenai Peninsula
– Natasha Golovatsiuk & Brandon Roomsburg - Fairbanks and Railbelt, Tok, Glennallen, Valdez
– Dawn Bonnett – Southeast and AMH System

Contacts

DRB Customer Service Center
(800) 821-2251 or (907) 465-4460 –
Monday - Thursday, 8:30am to 4pm
Friday, 8:30 am to 3 pm

Empower Retirement Customer Service
(800) 232-0859 - 5:00am to 5:30pm
Voice Response System (24 hours)

Advised Asset Group – Investment Advice
(800-888-4952) extension 41066 - 6:00am to 3:00pm