Defined Contribution Retirement Plan

For Employers

State of Alaska
DEFINED CONTRIBUTION PLANS

EMPOWER
RETIREMENT™

Agenda

- Your State of Alaska Retirement Plans
  - PERS/TRS DCR
- Investments
- Financial Readiness
- Accessing Your Account

Your State Retirement Plans

PERS /TRS DCR

- Mandatory
- PERS Tier IV and TRS Tier III are hybrid defined contribution retirement plans. These plans offer:
- 2 Parts:
- Defined Benefit:
  - Occupational death and disability benefits
  - Medical coverage
  - Health Reimbursement Arrangement (HRA) Account
- Defined Contribution:
  - Investment Account

PERS TRS DCR

Who is a participant?

- Individuals who first enter PERS or TRS on or after July 1, 2006
- Non-vested members who elected to convert to the DCRP
- Defined Benefit members working for a DCRP only employer

PERS /TRS DCR

The amount in each individual's account is driven by three sources:

- Employee contributions
  - 8% pre-tax contribution
- Employer contributions
  - [5% for PERS members]
  - [7% for TRS members]
- Investment gains/losses
  - Hired prior to July 1, 2009 – defaulted into Managed Accounts Services
  - Hired after July 1, 2009 – defaulted into Target Date

PERS /TRS DCR

Vesting

- Participant's contributions are immediately 100 percent vested
- Employer contributions are 100 percent vested after five years of service:

Vesting Schedule	
After 1 year	0% vested
After 2 years	25% vested
After 3 years	50% vested
After 4 years	75% vested
After 5 years	100% vested

Plan Administrative Costs

State of Alaska Plan Type	Annual Administrative Fee
PERS/TRS Defined Contribution Retirement Plan (DCR)	0.11% + $35 annual fee ($25 for non-contributing participants)

Social Security

- If you work in a position that does not pay into Social Security and you have less than 30 years of qualifying Social Security earnings, you may be subject to the Windfall Elimination Provision, which could reduce your Social Security benefit.

- Benefit estimates received from Social Security do not take into account the Windfall Elimination Provision — it must be specifically requested. Contact SSA for more information.
  - (800) 772-1213
  - www.ssa.gov

Rollovers Accepted

	PERS/TRS
401(a)	Y
401(k)	N
403(b)	Y
457(b)	Y
IRA	Y
Simple IRA	Y
SARSEP IRA	Y
401(k) Roth	N
403(b) Roth	N
457(b) Roth	N
After-Tax	N

Distribution Options

	PERS/TRS
WAITING PERIOD is from last day worked	60 days
SPOUSAL CONSENT unless vested balance is less than 5k then no consent required	Yes
WITHDRAWAL LIMIT	2 per year
FULL OR PARTIAL LUMP SUM	X *2 WD limit
PERIODIC PAYMENT (2 TYPES): Period Certain for a specific length of time up to 20 years or Amount Certain for a specified dollar amount	semi or annually only
Annuity	Convert all or a portion of your account to guaranteed income for life or a set amount of time

Why Stay In the Plan

- You don't have to move your money out of the plan
- You can keep your savings in the plan and continue to take advantage of all plan benefits
  - Potentially lower fees
  - Dedicated plan representatives
  - Fiduciary responsibility
  - Easy account management
  - Advisory services
  - Flexible payout options when the time comes
- You are encouraged to discuss keeping your money in the plan with your financial advisor/planner and to consider any potential fees and/or limitations of available investment options.

Investment Options

What Type of Investor Are You?

1. Do you have the time to manage your account?

   Yes No

2. Do you read any financial news publications?

   Yes No

3. Do you understand how changing market conditions might affect the value of your account?

   Yes No

4. Do you know how much money you will need to retire?

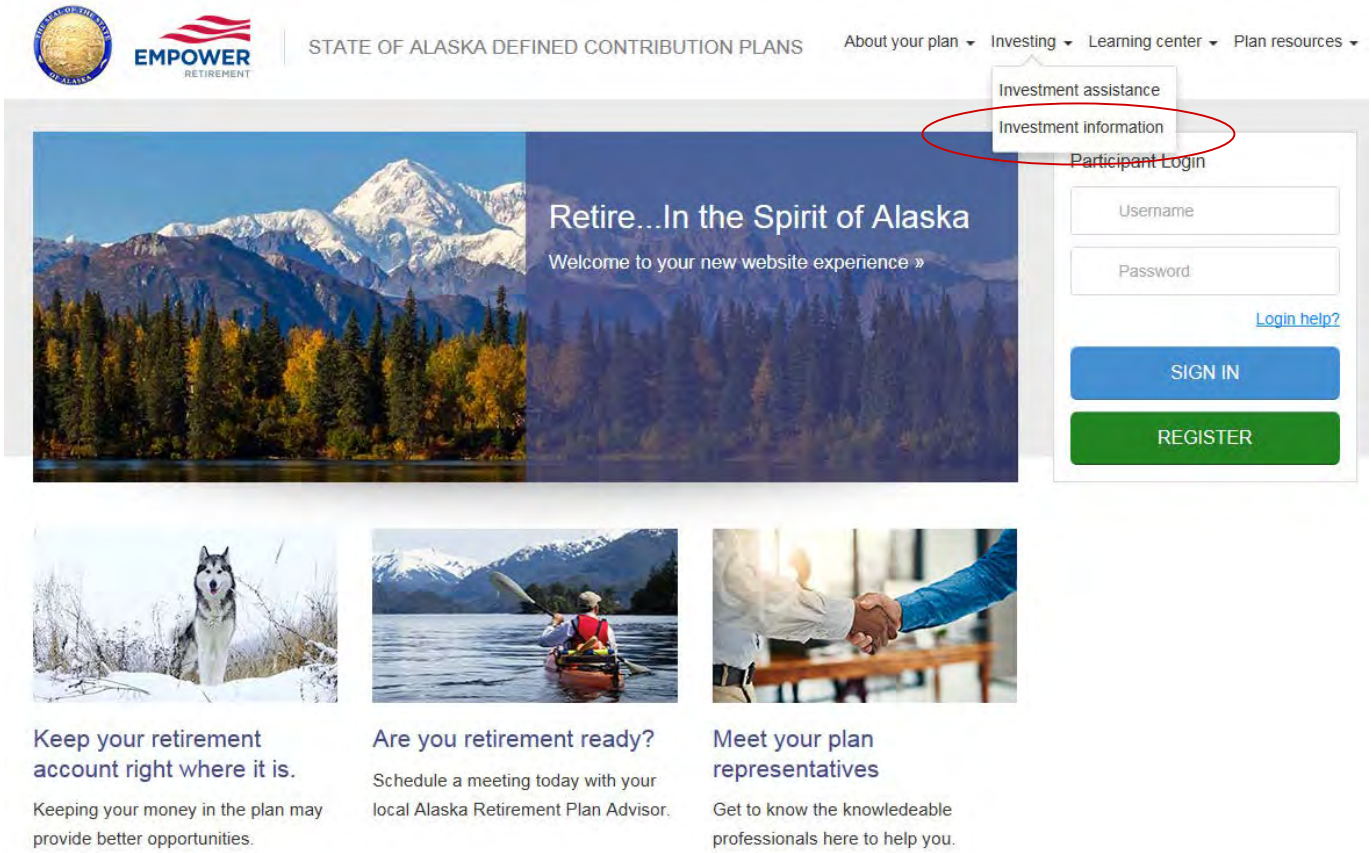
   Yes No

5. Do you have a plan to invest your money to achieve your goals?

   Yes No

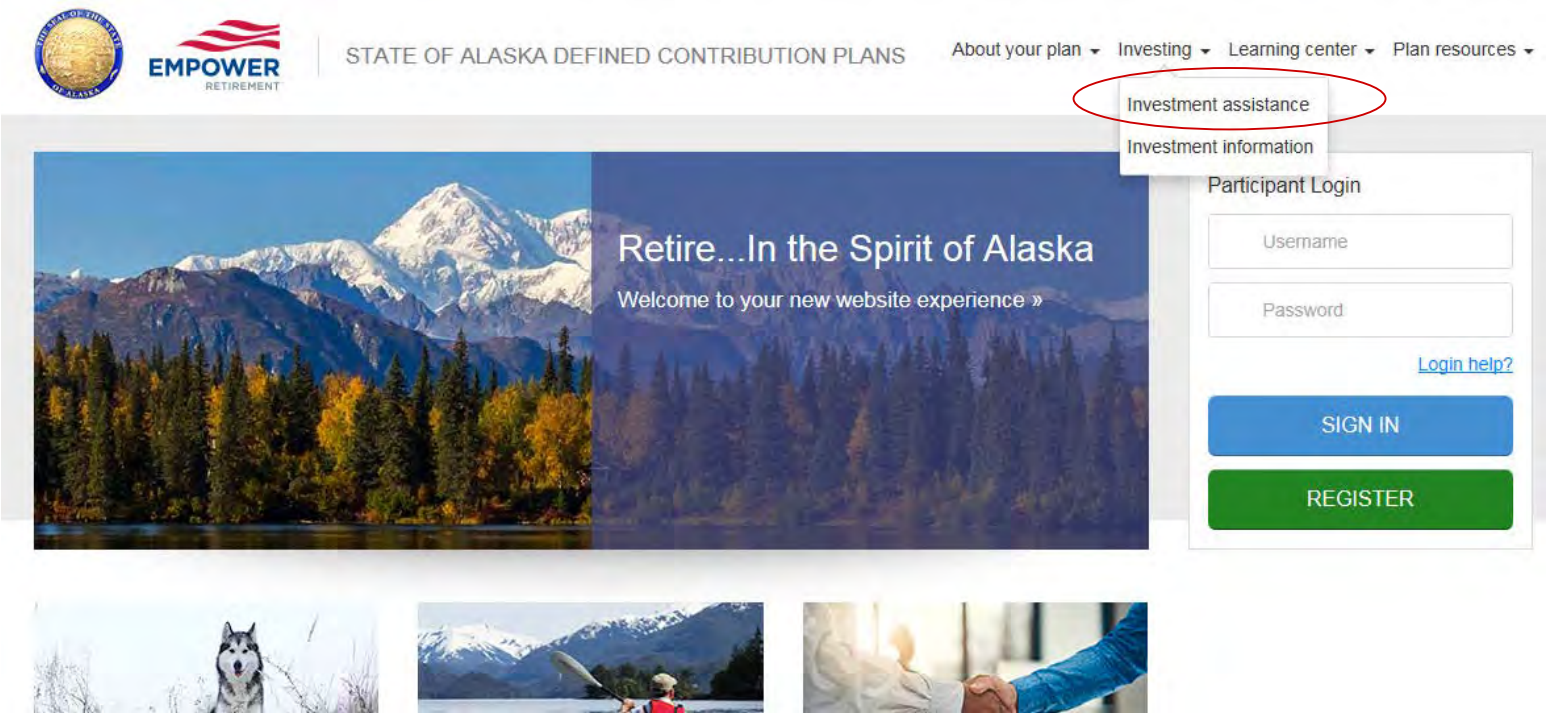
Do-It-Myself℠ investor

- Investment information resources (www.akdrb.com)
  - Investment option detail sheets
  - Investment option performance reports



Do-It-Myself℠ investor

- Online Investment Guidance
  - Personalized asset allocation[1]
  - Savings rate and retirement age information
  - You implement changes
  - Available at no additional cost to you



1 Asset allocation does not ensure a profit and does not protect against loss in declining markets.

Help-Me-Do-It[SM] investor

- Online Investment Advice
  - Recommends investment options within the State of Alaska Defined Contribution Plans
  - You implement changes
  - Savings rate and retirement age recommendation
  - $25 annual fee, charged quarterly at $6.25
- There is no guarantee provided by any party that participation in any of the Advisory Services will result in a profit or that the related account will outperform a self-managed portfolio invested without assistance.

1 Asset allocation does not ensure a profit and does not protect against loss in declining markets.

Do-It-For-Me[SM] investor

- Managed Account service
  - Offered by Advised Assets Group, LLC (AAG), a registered investment adviser
  - AAG selects a diversified allocation of investment options[1]
  - Fits your unique situation and retirement goals
  - Your account is reviewed periodically, typically quarterly, to make sure it stays aligned with your goals
  - Any necessary adjustments are made for you by AAG
  - Access to investment adviser representatives by phone
  - You provide updates when your life changes
    - Marriage, divorce, other savings accounts
  - There is no guarantee provided by any party that participation in any of the Advisory Services will result in a profit or that the related account will outperform a self-managed portfolio invested without assistance.

1 Diversification and asset allocation do not ensure a profit and do not protect against loss in declining markets.

Managed Account service

- Managed Account Welcome Letter
  - Confirmation of Managed Account service enrollment
  - How the Managed Account service works
  - Contact information
- Annual Report Card
  - Check in on your status
  - Make any updates necessary

Managed Account service

Costs

Your Account Balance	Annual Fee *(Deducted quarterly)*
Up to $100,000	0.45%
Next $150,000	0.35%
Next $150,000	0.25%
Greater than $400,000	0.15%

Example:

$10,000 x 0.0045 = $45 annually

$45/4 = $11.25 quarterly

Are You Financially Ready?

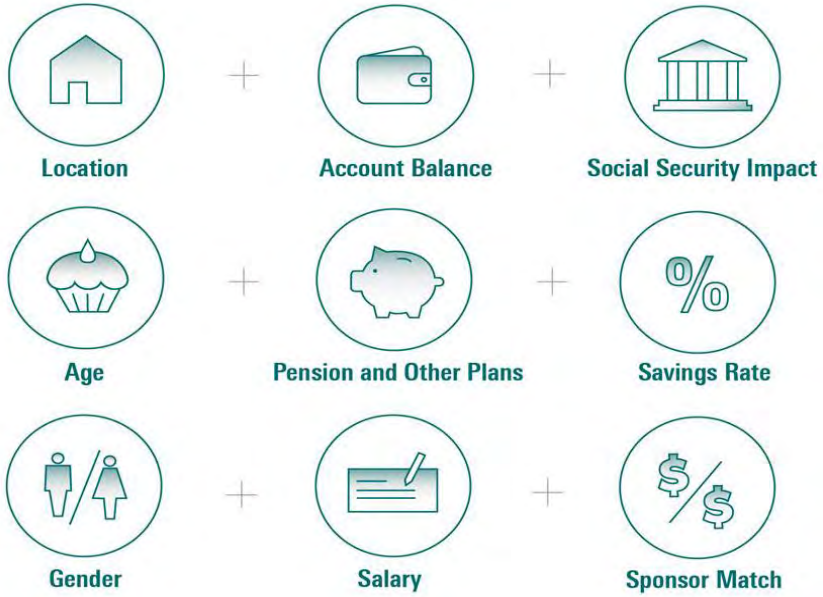
What is Financial Readiness?

Financial Readiness: Your ability to retire with an adequate amount of sustainable income for life according to your personal financial situation and your retirement goals.

- Asset Allocation
- Savings Rate
- Retirement Age
- Income Replacement %

Financial Readiness Reviews (FRRs)

- FRRs are diagnostic
  - We are assessing where you stand today and the current path you are on for Financial Readiness.
  - We analyze your investments, savings rate, and retirement income.
- FRRs are prescriptive
  - We then identify areas of improvement in your retirement strategy in order to help you reach the goals that you have established for yourself.
  - We make specific recommendations to help improve your savings rate and your investment allocation strategies.



Where to Start… See your Retirement Plan Advisor

- When should I get a Financial Readiness Review?
  - If you have never had one, it is a good idea to get one
- Meeting with your State of Alaska Retirement Plan Advisor can help answer many of your questions including:
  - How your assets are allocated.
  - Your savings rate.
  - Your planned retirement age.
  - The amount or percentage of your pre-retirement income you will need to replace.
  - Your Financial Readiness.

Resources for Your Account

Helping Put You on the Path to Financial Readiness

The State Division of Retirement and Benefits (DRB) and Empower work together to help you make the most out of your Plan

- Empower's Retirement Plan Advisors want to help you reach financial readiness and are available to answer questions about your Alaska Plan, such as:
  - Am I on track to retire when I want?
  - Are my assets allocated to match my goals?
  - Are my beneficiaries in place and up to date?
  - What are my distribution options from the plans?

- The State's DRB Retirement Counselors are also focused on getting you financially ready for your future, and can assist with questions about your other employee benefits, such as:
  - What are my benefits?
  - When am I fully vested in the plan?
  - What are my health care options in retirement?
  - What other optional benefits are available to improve my financial wellness?

Timeline for Success

Start Employment

- Attend presentation
- Meet with Empower Advisors and State Counselors (telephonic/in-person)

1-2 years after the start of employment

- Get educated on your retirement benefits by attending a seminar or meeting with an Empower representative

5-10 years prior to retirement

- Meet with an Empower representative for a financial readiness review

3 years prior to retirement

- Validate eligibility for 457 Plan catch-up

6 months prior to retirement

- Meet with Empower Advisors and State Counselors (telephonic/in-person)

Life Event Changes

- Re-evaluate savings rate and investments
- Update your profile

EMPOWER RETIREMENT™

State of Alaska
DEFINED CONTRIBUTION PLANS

Take Advantage of the Services Available to You

What are you looking to do?	Participant Call Center: (800) 232-0859	Participant Website: www.akdrb.com	Anchorage Office: (907) 276-1500	Division of Retirement and Benefits: (800) 821-2251 www.doa.alaska.gov/drb
Account balances, investment options, transaction history	X	X		
Website support	X			
Investment transactions	X	X		
Contribution changes	X	X		
Rollovers into the plans	X	X		
457 enrollment	X	X		
Beneficiary information and options	X	X		
Distribution request/status check	X	X		
Calculators and tools		X		
Investment Option Information	X	X		
Unforeseeable emergencies (457 only)	X			

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Financial Readiness Reviews			X	
On-site visit requests			X	X
Leave cash in				X
Three-year catch-up			X **Email:** anchorage_empower_office @empower-retirement.com	
PERS Tier I, II, III & TRS I, I benefit calculations				X
Vesting inquiries				X
QDRO	X			
Death claims				X
Health care and optional benefits				X

Questions?

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