



Employers' Edge

Employer news from the
Alaska Division of
Retirement and Benefits

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Defined Contribution Retirement Plan is a Defined Contribution/Defined Benefit Hybrid Plan

Did you know that Tier IV in the PERS and Tier III in the TRS include more than just the elements of a traditional defined contribution plan? The Defined Contribution Retirement (DCR) Plan is actually a hybrid plan that includes substantial defined benefits for health care in addition to the defined contribution retirement income benefit. Members can participate in the State of Alaska's retiree major

medical insurance plan. Additional health benefits include a medical expense reimbursement account, funded entirely by employer contributions.

The AlaskaCare Retiree Health Plan is available to members who have worked for a participating employer for at least 12 months prior to retirement AND who meet the necessary age and/or service requirements. The age and service requirements are: 1) age-eligible for Medicare with 10 years of service; or 2) any age with 30 years of service, except peace officers and fire fighters require 25 years of service.

The medical plan includes coverage for hospitalization, medical, surgical, and other health-related services, including mental health. The major difference in the insurance coverage for retirees under the DCR plan is cost sharing. For those who have reached the age of eligibility for Medicare, the plan will pay a percentage of the premium based on years of service--a minimum of 70% for 10 years to a maximum of 90% for 30 or more years of service. Members who retire "early" (pre-Medicare eligible age) may elect to participate in the retiree major medical insurance plan but must pay the full premium. However, participation in the plan is optional. An eligible member can choose not to participate at retirement but then still has until age 70-1/2 to make an irrevocable decision whether to participate in the major medical plan.

Once a member is eligible for and chooses to participate in the retiree major medical insurance plan, coverage is available for the member, the member's spouse and the member's dependent children. A surviving spouse is eligible to elect coverage if the member was eligible for medical benefits, which will cover the surviving spouse and dependent children of the member if the children are dependent on the surviving spouse.

In addition to major medical, there is a prescription drug benefit under the plan. Dental, vision, audio, and long-term care benefits are also available but are optional and must be self-paid by the retiree.

Another feature of the medical benefits available under the DCR Plan is a medical expense



reimbursement account called a Health Reimbursement Arrangement (HRA). The HRA will be a feature article in next month's edition of the Employer's Edge.

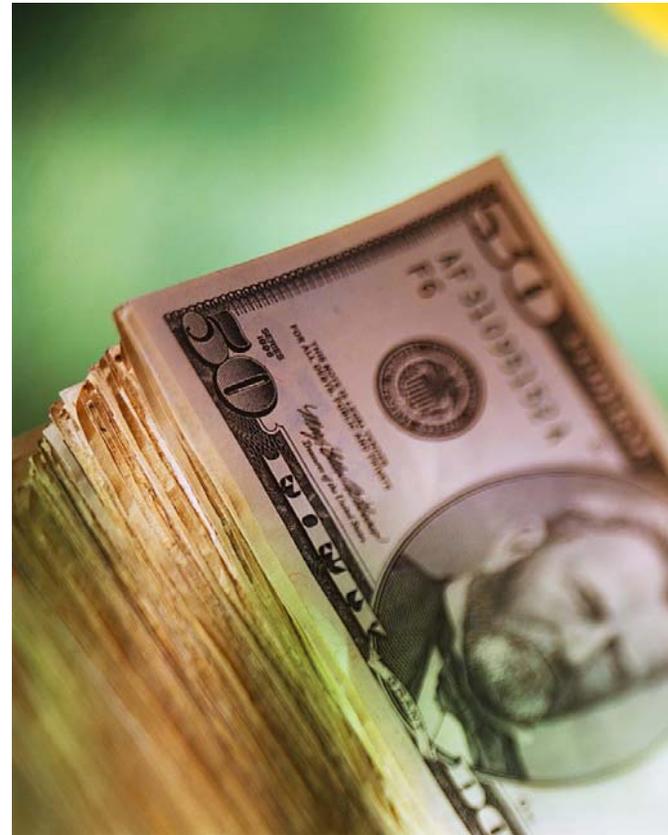
Employer Relief for Fiscal Year 2009

Two bills passed during this year's legislative session will help to bring relief to employer contribution rates.

House Bill 310 (HB310) (Operating Budget - Section 13, passed during the 2008 legislative session), provides funding relief for PERS and TRS employer contributions for Fiscal Year 2009 (FY09). HB310, Section 13 (a) and (b) read as follows:

- (a) The sum of \$206,300,000 is appropriated from the general fund to the Department of Administration for deposit in the defined benefit plan account in the teachers' retirement system as an additional state contribution for the fiscal year ending June 30, 2009, under AS 14.25.085.
- (b) The sum of \$241,600,000 is appropriated from the general fund to the Department of Administration for deposit in the defined benefit plan account in the public employees' retirement system as an additional state contribution for the fiscal year ending June 30, 2009, under AS 39.35.280.

HB310 can be found at <http://www.legis.state.ak.us/PDF/25/Bills/HB0310Z.PDF> (Section 13 - page 73).



These two bills establish the FY09 PERS employer contribution rate at 22 percent for all PERS DB and DCR contributions. The FY09 ARM Board adopted rate is 35.22 percent (the actuarially required contribution), with HB310 providing a relief rate of 13.22 percent for each FY09 employer payroll.

The FY09 TRS employer contribution rate is 12.56 percent for all TRS DB and DCR contributions. The FY09 ARM Board adopted rate is 44.17 percent (the

- Additionally, [Senate Bill 125](#) (SB125), the PERS “cost-share” bill, converts the PERS to a cost-sharing plan, like TRS, and provides for one integrated system of accounting for all employers. The bill establishes **one uniform rate of 22 percent** for PERS employers, rather than separate contribution rates for each employer. (For more detailed information, please see the [June 2008](#) issue of the Employers’ Edge.)

These two bills establish the FY09 PERS employer contribution rate at 22 percent for all PERS DB and DCR contributions. The FY09 ARM Board adopted rate is 35.22 percent (the actuarially required contribution), with HB310 providing a relief rate of 13.22 percent for each FY09 employer payroll.

Reminder: Fiscal Year 2008 Contribution True-up to Begin in August

The **Fiscal Year 2008 contribution true-up** is expected to begin in August, once the Division has received and posted the majority of the end of the fiscal year payrolls. Last year, the true-up was done only for Health Reimbursement Arrangement (HRA) contributions. For FY08, the true-up will

actuarially required contribution), with HB310 providing a relief rate of 31.61 percent for each FY09 employer payroll.

Relief funding is applied with the processing of each employer payroll with payroll end dates between July 1, 2008 through June 30, 2009, and ends July 15, 2009 or when legislative funds are exhausted. PERS *Employer Relief* funding statements will be sent to payroll and finance contacts on a quarterly basis. For questions or statement copies, please contact Kathleen Huse at (907) 465-2279 or via email at Kathleen.Huse@alaska.gov.

Further school district information will be provided by the Department of Education and Early Development; please contact Elizabeth Sweeney at (907) 465-8685 or via email at Elizabeth.Sweeney@alaska.gov.

Reminder: New Hire Information

Please remember that you are required to provide all new PERS/TRS DCR Plan employees the *Advised Assets Group/Great-West* letter that informs new employees about their automatic enrollment in the **Reality Investing Managed Account Service**, in addition to any other new hire information you give to new employees.

The *Advised Assests Group/Great-West letter*, along with other information for new hires, can

be expanded to include the following Defined Benefit (DB) and Defined Contribution Retirement (DCR) Plan contribution types:

- DB and DCR Employer match (ER)
- DB Employee mandatory contributions (EE)
- DB TRS Supplemental contributions (Sup)
- DCR Occupational Death & Disability (ODD)
- DCR Retiree Medical Plan (RMP)
- DCR Health Reimbursement Arrangement (HRA)
- Defined Benefits Unfunded Liability (DBUL)

Once this process is complete, the Division will provide employers with true-up information for any account with an overage or shortage in any of the contribution types via a new report in **eReporting**. The Division will contact employers directly with more detailed information on how to make the proper adjustments for this annual contribution true-up process.

Note: If you have not completed your FY07 HRA true-up, now is the time. Please contact your [R&B Payroll technician](#) for details. If any changes or corrections have been made to a DCR Plan employee's FY07 service, please ensure his/her FY07 HRA is current.

Updated Forms and Brochures

The following forms and brochures have been updated since the last newsletter. Please be sure to throw

be found at the [HR New Hire Info link](#) under [Employer Services](#) on the Division's website.

Dedicated Fax Number for Payroll Information

The Division of Retirement and Benefits now has a dedicated fax number for employer payroll data. Payroll data includes the *Employer Summary of Contributions Final Submittal Report* as well as any ACH payment instructions. The number is **(907) 465-3364**. This number is located on the top right of the *Employer Summary of Contributions* report.

away any old forms or brochures and use only these updated ones. Printing from the Division [website](#) will assure you always have the most current version.

Form No.	Description
NA	No forms or brochures have been updated since the July 2008 newsletter.

Dear Employers:

We hope you find this employer newsletter helpful. If you have any questions or suggestions please feel free to contact us. Any feedback from you will be greatly appreciated. For a printer friendly copy of this issue, please click [here](#); for all past issues, click [here](#). Email your comments to the editor, [Barbara Kelly](#).

Accounting Section (907) 465-1444	Pension Adjustments Unit (907) 465-1400
Audit Section (907) 465-5707	Pre-Retirement Services Unit (907) 465-5700
Deferred Compensation Plan (907) 465-5700	Retiree Payroll Section (907) 465-1447
Dependent Care Assistance Plan (907) 465-4464	Retirement Processing Unit (907) 465-1477
Disability/Appeals Unit (907) 465-1153	Supplemental Annuity Plan (907) 465-1600
Divorce/Dissolution Unit (907) 465-3233	Survivor Benefits Unit (907) 465-3574 or (907) 465-5695
Insurance Benefits Section (907) 465-8600	

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