

# PERS NewsBreak

Alaska Public Employees' Retirement System

## This Year, Make a Resolution that Pays

**R**esolve to do some preretirement planning and make this year pay off, literally. Here are ideas you can use now to plan for a financially healthy retirement.

### 1. Know your retirement needs.

*Understand your financial future.* Experts estimate that most people will need about 80% to 90% of their preretirement income to maintain their current standard of living when they stop working. Being in a defined benefit plan does not guarantee you will have enough income to meet your needs when you retire. Evaluate your needs to find out where you stand.

### 2. Start now, set goals, and stick to them.

*You are not too young and it is never too late.* The sooner you start saving, the more time your money has to grow. Put time on your side. Make retirement saving a high priority. Devise a plan, stick to it, and set goals.

### 3. Learn about your pension plan.

*Financial security and knowledge go hand in hand.* Check to see what your benefit is worth. Review your personalized Annual Benefit Statement you receive from the Division of Retirement and Benefits. If near retirement, do a projection using our online calculator accessed through "My Account Information" on our website. Or, request a projection from the Division. (A projection normally takes six to eight weeks to process.) Find out what will happen to your pension if you change jobs.

### 4. Make it easy to save for the future.

*Automatic payroll deduction makes saving for retirement easier.* Sign up and contribute all you can to either the state's 457(b) Deferred Compensation Plan, the PERS Voluntary Savings Plan or an employer-sponsored defined contribution plan, such as a 401(k). Consider putting your cost-of-living increases into your investments. They will multiply and support your retirement needs.

### 5. Contribute to a tax-sheltered savings plan.

*Your taxes will be lower.* Over time, deferral of taxes and compounding of interest make a big difference in the amount of money you will accumulate. Taxes become due when you withdraw the money – at a time when many people are in a lower tax bracket.

### 7. Don't withdraw money until you retire.

*Don't dip into your retirement savings.* You will lose principal and interest, and you may lose tax benefits. If you refund your contributions, you forfeit all your retirement benefits, including future pension and medical coverage. You will not be eligible for PERS benefits unless you return to PERS employment and reinstate the refunded service or accumulate enough paid-up service to be vested again. Depending on when you reemploy with a PERS employer, you may also forfeit your right to remain in the Defined Benefit plan, and at the same tier level.

### 8. Find out how your pension may affect your Social Security benefit.

*Plan for your retirement income without relying on Social Security.* Your Social Security benefit may be reduced due to the Government Pension Offset or the Windfall Elimination Provision. See the January 2006 PERS Newsbreak article on how your benefits may affect your Social Security.

### 9. Ask questions.

*Get practical advice and act now.* These tips should point you in the right direction, but gather as much information as you can. Talk to your employer, your bank, your union, or a financial advisor. Ask questions and make sure the answers make sense to you. Attend one of the Great-West or Division retirement seminars to learn more.

Adapted from a publication of the Federal Citizen Information Center, Pueblo, Colorado.

# Do YOU Qualify for the Saver's Tax Credit?



If you think you can't afford to put money into a retirement plan, you might want to think again. If you make contributions to an IRA or employer-sponsored retirement plan, you may be eligible for a tax credit, called the "saver's credit." The credit directly reduces the amount of federal income tax you owe and was created to help make saving for retirement more affordable. The credit supplements whatever other tax benefits may result from contributions to your retirement plan. The credit began in 2002 and was made a permanent part of the tax code in legislation enacted last year.

## How Much is the Saver's Tax Credit?

Your tax credit rate could be 10, 20, or as high as 50 percent, of the first \$2,000 in retirement contributions you make each year. The amount of the credit depends upon how much you contribute to your plan, your adjusted gross income (AGI)—the lower your income, the higher the credit rate—and your filing status.

For an individual, the total possible tax savings is \$1,000 (50 percent of \$2,000). If you are married filing jointly, the credit is based on a maximum contribution of \$2,000 each for you and your spouse, with a total possible tax savings of up to \$2,000 (50 percent of \$4,000).

While the credit can be used to reduce your tax amount to zero, it is nonrefundable; meaning you can't take advantage of any excess credit to get a refund. The credit does not apply if you don't make enough to pay any taxes.

## Who is Eligible?

The credit is available to you if you:

- ◆ are 18 years of age or older,
- ◆ are not a full-time student,
- ◆ are not claimed as a dependent on someone else's return, and
- ◆ have adjusted gross income that does not exceed:
  - \$52,000 if you are married filing jointly (\$53,000 in 2008),
  - \$39,000 if you are a Head of Household (\$39,750 in 2008), or \$26,000 if you are single, or married filing separately (\$26,500 in 2008).

## What is Adjusted Gross Income (AGI)?

Your AGI is your annual income minus your pretax retirement contributions and certain other items. It is calculated before standard or itemized deductions and personal exemptions.

## Credit Rates\*

A glance at the following table will help you assess your eligibility for the tax credit:

Married Filing Jointly	Head Of Household	Single	Credit Rate
\$0 - \$31,000	\$0 - 23,250	\$0 - 15,500	50%
\$31,001 - 34,000	\$23,251 - 25,500	\$15,501 - 17,000	20%
\$34,001 - 52,000	\$25,501 - 39,000	\$17,001 - 26,000	10%
Over \$52,000	Over \$39,000	Over \$26,000	0%

\* To help preserve the value of the credit, income limits are now adjusted annually to keep pace with inflation.

## How to figure your tax credit

For the following example, refer to the table above. If a TRS member filing as head of household with an AGI of \$23,000 contributes \$1,200 to an eligible retirement plan during the tax year, the member will receive a tax credit of \$600 (50 percent of \$1,200).

## What Types of Retirement Plans are Eligible?

The credit can apply to contributions made to the following types of retirement plans:

- ◆ Traditional IRA
- ◆ Roth IRA
- ◆ 401(k)
- ◆ Savings Incentive Match Plans for Employees (SIMPLE)
- ◆ 403(b) annuity
- ◆ Governmental 457 plan (deferred compensation plan of a state or local government)
- ◆ SIMPLE IRA
- ◆ Salary reduction Simplified Employee Pension (SEP)

Continued on page 7

# Tax Breaks Aid Parents, Students with College Tuition

**S**aving receipts and keeping good records can help you take advantage of various education-related deductions and credits on your 2007 federal income tax return.

“Good recordkeeping makes sense because it can help avoid missing a deduction or credit at tax time,” said IRS Acting Commissioner Linda Stiff.

Deductions reduce the income on which tax is figured. Credits reduce the overall tax. Though both can lower your year-end tax bill or increase your refund, credits normally result in greater tax savings.

Three key tax breaks—the tuition and fees

deduction, the Hope credit and the lifetime learning credit—help parents and students pay for the cost of post-secondary education. All three are available, regardless of whether an eligible taxpayer itemizes his/her deductions. Under current law, the tuition and fees deduction is scheduled to expire at the end of 2007, but the two credits remain in effect.

Normally, you can claim tuition and required enrollment fees paid for your own and your dependent’s college education. You cannot take both an education credit and the tuition and fees deduction for the same student in the same year. Income limits and other special rules apply

to each of these provisions. Education credits are claimed on Form 8863, and the tuition and fees deduction for 2007 will be claimed on new Form 8917.

IRS Publication 970, Tax Benefits for Education, can help eligible parents and students understand the special rules that apply and decide which tax break to claim. The publication also describes other education-related tax benefits, including qualified tuition programs (also known as 529 plans), the student loan interest deduction, Coverdell education savings accounts and the education savings bond program.

Adapted from an article published in the IRS Newswire. See IRS Publication 970 on [IRS.gov](http://IRS.gov) for more information or call the IRS toll-free at 1-800-TAX-FORM (829-3676) to obtain this free publication.

## Have You Attended National Guard Boot Camp?

**T**he Division is looking for members of the PERS who have had a period of active military training to attend boot camp in the National Guard.

The Division has identified inconsistent crediting of such service, most noticeably for periods claimed in the 1960s and 1970s.

You *may* be eligible to claim this period of active military duty for credit in the PERS if:

1. You enlisted in the National Guard after starting PERS covered employment; **and**

2. You took leave from or terminated PERS covered employment to complete the basic training (boot camp), and then resumed employment with the same employer within the applicable deadlines; **and**
3. PERS service credit for the basic training period has not already been credited to your account.

If you believe that you meet these criteria, please contact us for more information:

Pre-Retirement Services  
Toll-free 800-821-2251  
In Juneau (907) 465-5700  
fax (907) 465-3086  
email [doa.drb.preretirementservices@alaska.gov](mailto:doa.drb.preretirementservices@alaska.gov)

## A Tale of Retirement— Artist Robert Grogan Paints *en Plein Air*

by Deb Gelet



Robert Grogan began painting full time in 1994 after a career in environmental policy in Alaska. Largely self-taught, he has studied with some of America's most highly acclaimed landscape artists.

Author, Deb Gelet, is an artist, writer, and editor and has written about the the Sun Valley area's inspiring residents for 25 years.

This article is an excerpted version of the original article published in the Sun Valley Magazine Art Annual 2006, and was excerpted by permission of the author and Sun Valley Magazine.

**In the next issue:**

Sandy Underwood bought an RV and toured the country for five years after she retired in 1999.

Robert Grogan looks like the guy next door, a cross between your favorite schoolteacher and a scientist. A quiet, unassuming man, of 62, he's not someone you might expect to have wrangled environmental policies for most of his professional life. Nor might you expect him to be an artist—he's just not eccentric enough. But plein air painter Bob Grogan is all of this, a delightful mix of generous creativity, keen intellect, and an insatiable passion for life.

Accompanied by Lee Grogan, his college sweetheart turned wife of 38 years, Bob has hiked, backpacked, photographed, and painted in Alaska, Hawaii, Africa, Mexico, the U.S.

Southwest, and the Rockies. His love of the outdoors and his deep appreciation for nature leads him to spend hours with pochade box, brushes, and panels, battling bugs, inclement weather, and constantly shifting light in pursuit of the grace and beauty of a particular moment. This is Bob's favorite way to paint—on location outdoors—*en plein air*.



"I was on someone's payroll continuously from 1957 to 1992. Since I rarely take a day off from my painting, I think of myself as being in my second career now. I don't have a problem with the concept of retirement—it just doesn't work for me," he chuckles softly. Lee adds, "Bob sets a beautiful example that it's never too late. Painting is a total departure from his past."

But his first career definitely overlaps his second in its clear devotion to nature. From his studio in Sun Valley, Idaho, he offers details of his life—25 years in Alaska as the director of the Alaska Coastal Management Program and a

budget analyst for the Alaska legislature, obtaining a pilot's license, a guide license, and operating a fly-fishing business. It was all a way to be outdoors and to contribute to the protection of nature—a way to blend passion with profession.

Once released from years of holding a "real job," Bob jumped headlong into training himself to become a plein air painter. Not a boastful man, he must be

prodded to share his list of artistic accomplishments. He has an impressive list of galleries exhibiting his work from Seward, Alaska, to Sundance and Tucson. His work has appeared in *Southwest Art*, *American Art Review*, *Rendezvous*, and *Boise Journal*.

"These are all very nice, of course, but what I really love is to paint and to teach other people to paint," Bob explains. He has been drawing since he was a child. "There are dozens of comic instances when I was sketching instead of paying attention in school. I wasn't exactly a loner as a child, but because of large class sizes, I could be in the background drawing constantly and doing the minimum amount of schoolwork to get by."

However, it would be grossly inaccurate to assume Bob is more creative than intellectual. Ask him *anything* about the

wildlife and geology he paints. Ask him about environmental policies and legislative procedures. But if you ask him, you'd better be prepared to sit for a long while and challenge *all* of your own thinking about these things.

Sensitivity to the creative process is what draws eager students to Bob's workshops. Beginners and accomplished painters come from all over, or convince him to come to their locales. Bob is a gentle man, well aware of the propensity for artists (and art students) to be completely paralyzed by insecurities and creative fears. He nurtures his students and believes fervently in their individual processes.

"I believe that life is largely about learning. Great artists especially seem to have the ability to be perpetual students. The instant you think you know something, you run the risk of ceasing to learn. I usually start my workshop by saying, 'We are all here to learn. The reason I am teaching the class is because I have been painting longer.' I like to bring a lot of energy to my workshops; therefore, I teach only a few every year. I learn as much as anyone else in my classes."

Bob has taught through the Sun Valley Center for the Arts and at the Sundance Art Center in Utah. He has also taught at the National Wildlife Museum of Art in Jackson, Wyoming, the Fredericksburg Artists' School in Texas, the Loveland Academy of Fine Arts in Colorado, and the Desert Artists' Guilds in Arizona. Kathryn McNeal, Program Coordinator for the Sun Valley Center for the Arts, affirms what his followers already know: "Bob recognizes and encourages potential in all his students, experienced and beginners alike. His passion for plein air painting is contagious and his students leave the class inspired and anxious for another opportunity to study with him."

Bob approaches painting with a daily disciplined devotion that is at once zealous and matter-of-fact. "I think our

culture tends to tell us that unless we can be the absolute best at something, we shouldn't 'waste' our time doing it. But painting is not a footrace. There isn't even a finish line. It is about the journey.

"I occasionally paint with a friend who is in his 80s and has only recently taken up painting. He used to watch



*me* paint until I got a brush in his hand. One day, he called to say 'this painting thing' was changing his life. He was falling behind in his chores, but could not wait to get up every day and start painting. If you are in your mid-80s and can't wait to get up each day and begin work—whatever that work may be—I would say you are successful."

On the day of our last visit before Bob and Lee travel to South Africa for a season of painting and teaching, we sit in Bob's meticulous studio where he paints from photographs he shot when the weather was warmer. Grinning, Bob says, "Of course, I'd rather be outside painting. After living through those long Alaskan winters, we tend now to travel during wintertime to warmer places where I can go out to paint."

As the snow begins to accumulate outside the studio window, Lee serves an unbelievably light, frothed concoction of hot cocoa and coconut. Decades of long Alaskan winters inspired Lee to develop her own version of fine art—a full repertoire of cocoa, which she serves in the studio



every day at 4 p.m. "Lee is a wonderful cook, and I take a lot of teasing about 'painting for food,'" Bob smiles. "In my case, painting for food is a very good thing."

# PERS Performance in Fiscal Year 2007

During fiscal year 2007, the fund additions were \$2,206,458,000 for the Defined Benefit (DB) plan and \$9,133,000 for the Defined Contribution Retirement (DCR) plan due to contributions received and net investment income. The PERS fund paid out, in benefits, refunds, and administrative expenses, \$655,965,000 for DB and \$363,000 for DCR.

## Highlights in fiscal year (FY) 2007

- There were 32,009 PERS DB employees and 2,844 PERS DCR employees working for 160 PERS employers.
- \$67,995,903.87 in interest was credited to PERS Defined Benefit employees' accounts.
- On the average, PERS employers paid 21.77% of each employee's gross salary in addition to the contributions paid by the employee. The PERS DCR employers paid, of each employee's gross salary, employer contributions of 5.00%, Retiree Medical of 1.75%, Occupational Death and Disability of 0.30%, and Health Reimbursement Arrangement (per AS 39.30.370) of 3.00% of the employer's average annual employee compensation.
- 22,992 retirees and beneficiaries received monthly PERS benefits in FY 2007, an increase of 5.2% over FY 2006. PERS benefit recipients received an average of \$18,607 annually in FY 2007.



## Changes in PERS Assets During Fiscal Year 2007

	Defined Benefit	Defined Contribution
<b>Additions and Deductions</b>		
Net Assets on June 30, 2006 .....	\$9,379,471,000	\$ -
<b>Additions</b>		
Employer Contributions .....	335,296,000	... 3,594,000
Plan Member Contributions .....	121,103,000	... 5,175,000
State of Alaska Contributions .....	18,582,000	..... -
Net investment income (loss) .....	1,731,393,000	..... 364,000
Other .....	84,000	..... -
<b>Total Additions .....</b>	<b>2,206,458,000</b>	<b>.. 9,133,000</b>
<b>Deductions</b>		
Pension Benefits Paid .....	410,545,000	..... -
Healthcare Benefits Paid .....	224,553,000	..... -
Refunds to Members .....	14,621,000	..... 332,000
Administrative Expenses .....	6,246,000	..... 31,000
<b>Total Deductions .....</b>	<b>655,965,000</b>	<b>.... 363,000</b>
<b>Net Assets on June 30, 2007 .....</b>	<b>\$10,929,964,000</b>	<b>\$8,770,000</b>

## Statement of PERS Assets as of June 30, 2007

<b>Assets</b>		
Short-Term Investments .....	\$ 20,752,000	.... \$617,000
Securities Lending Collateral .....	1,191,168,000	..... -
Great West Account .....	-	..... 29,000
Contributions and Other Receivables .....	25,527,000	..... 812,000
Participant Directed .....	-	... 7,348,000
Domestic Equity Pool .....	3,951,138,000	..... 66,000
Domestic Fixed Income Pool .....	1,944,874,000	..... 21,000
International Equity Pool .....	1,848,794,000	..... 29,000
Real Estate Pool .....	1,186,582,000	..... 14,000
International Fixed Income Pool .....	201,682,000	..... 3,000
Private Equity Pool .....	729,613,000	..... -
Emerging Markets Equity Pool .....	283,924,000	..... 6,000
Treasury Inflation Protection Pool .....	-	..... 16,000
Absolute Return Pool .....	423,103,000	..... -
High Yield Pool .....	193,357,000	..... -
Other Investment Pool .....	127,794,000	..... -
Loans and Mortgages .....	4,000	..... -
<b>Total Assets .....</b>	<b>12,128,312,000</b>	<b>.. 8,961,000</b>
<b>Liabilities</b>		
Total Accrued Expenses and Other Liabilities .....	7,180,000	..... 191,000
Securities Lending Collateral Payable .....	1,191,168,000	..... -
<b>Total Liabilities .....</b>	<b>1,198,348,000</b>	<b>.... 191,000</b>
<b>Net Assets on June 30, 2007 .....</b>	<b>\$10,929,964,000</b>	<b>\$8,770,000</b>

## PERS Retirement Seminars\*

Register Online at [www.state.ak.us/drb](http://www.state.ak.us/drb) or call 1-800-821-2251  
(in Juneau 465-4460)

### Anchorage *The Retirement Process*

#### Robert B. Atwood Building, Room 240

1:00 – 3:30 p.m. February 28, 2008  
March 27, 2008  
April 24, 2008  
May 22, 2008

### Fairbanks *The Retirement Process*

#### Noel Wien Library

6:00 – 8:00 p.m. March 5, 2008  
April 9, 2008

### Juneau *The Retirement Process*

#### State Office Building, 6th floor conference room

1:30 – 3:30 p.m. April 23, 2008  
May 22, 2008

\*Dates, times, and locations of PERS seminars are subject to change or cancellation, depending on participation.

## Alaska Retirement Management Board (ARMB) Meetings

**February 14 & 15, 2008**  
**Centennial Hall, Juneau**

April 10 & 11, 2008,  
Downtown Marriott Hotel, Anchorage

ARMB meetings are open to the public. Minutes of past meetings and meeting agendas can be found on the Dept. of Revenue's website at [www.revenue.state.ak.us/treasury/ARMB/meetings.asp](http://www.revenue.state.ak.us/treasury/ARMB/meetings.asp). If you have questions, call Judy Hall, ARMB liaison, at (907) 465-3749.

## Saver's Tax Credit? (cont'd from page 3)

Check with your employer to find out what retirement plans are available to you and how to enroll. Taking advantage of this tax credit may make it easier to save for tomorrow—and save on taxes today.

### Questions About the Tax Credit?

Consult your financial planner, attorney, and/or tax advisor. You can also call the IRS toll-free for more information at 1-800-829-1040. The information in this article is based on **IRS Publication 590**, available at [www.irs.gov/pub/irs-pdf/p590.pdf](http://www.irs.gov/pub/irs-pdf/p590.pdf) and **IRS article IR-2007-187**, available at [www.irs.gov/newsroom/article\\_0..id=175591.00.html](http://www.irs.gov/newsroom/article_0..id=175591.00.html). **Form 8880**, [www.irs.gov/pub/irs-pdf/f8880.pdf](http://www.irs.gov/pub/irs-pdf/f8880.pdf) is used to claim the saver's credit.

## Great-West Financial Seminars\*

### Anchorage *Investment Fundamentals*

#### Robert B. Atwood Building, Room 240

1:00 – 2:30 p.m. March 18, 2008  
12:00 – 1:30 p.m. April 11, 2008  
9:00 – 10:30 a.m. May 1, 2008

### Anchorage *Financially Fit*

#### Robert B. Atwood Building, Room 240

9:00 – 10:30 a.m. February 19, 2008  
9:00 – 10:30 a.m. March 20, 2008  
9:00 – 10:30 a.m. April 16, 2008  
2:30 – 4:00 p.m. May 1, 2008

### Anchorage *Retirement Planning*

#### Robert B. Atwood Building, Room 240

11:30 – 1:00 p.m. February 19, 2008  
9:00 – 10:30 a.m. April 11, 2008  
2:00 – 3:30 p.m. April 30, 2008

### Anchorage *Reality Investing*

#### Robert B. Atwood Building, Room 240

1:30 – 3:00 p.m. April 16, 2008  
9:00 – 10:30 a.m. April 30, 2008

\*Dates, times, and locations of Great-West seminars are subject to change or cancellation, depending on participation.

## Great-West Counseling

Great-West account executives, Jim Rohlinger and Cheri Turner, will be visiting communities outside of Anchorage in the coming months and will be available to give seminars and one-on-one counseling. Please contact Jim directly if you would like to set up an individual counseling appointment:

Toll Free: 1-800-526-0560

In Anchorage: 276-1500

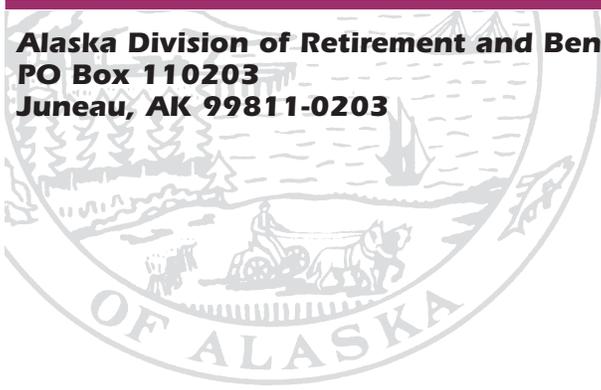
Email: [jim.rohlinger@retirementpartner.com](mailto:jim.rohlinger@retirementpartner.com)

### Great West Travel Schedule, 2008\*

February 11-13	Juneau
February 26-28	Nome
March 4-6	Cordova
March 11-13	Wrangell/Petersburg
March 25-27	Fairbanks
April 1-3	Kenai/Soldotna/Seward
April 8-10	Juneau
April 22-24	Ketchikan

\*This travel schedule is tentative and subject to change.

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### Newsbreak Publication Schedule Changes

Beginning in 2008, the PERS Newsbreak will be published **three** times per year, in January, May, and September.

The **PERS Newsbreak** is published three times per year by the Division of Retirement and Benefits.

Patrick Shier, **Director and Administrator**  
Barbara Kelly, **Editor**

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The Alaska Department of Administration complies with Title II of the 1990 Americans with Disabilities Act (ADA). The PERS Newsbreak is available in alternative communication formats upon request. To make necessary arrangements, contact the ADA Coordinator for the Division of Retirement and Benefits, at 800-821-2251, or in Juneau (907) 465-4460, or contact the TDD for the hearing impaired at (907) 465-2805.

### 2008 Retirement Benefit Check Dates

February 25, 2008	August 25, 2008
March 25, 2008	September 25, 2008
April 25, 2008	October 24, 2008
May 23, 2008	November 25, 2008
June 25, 2008	December 23, 2008
July 25, 2008	

Checks are mailed on above dates or, if you have elected electronic deposit, funds are available from your financial institution. Please allow 15 days from date of mailing before contacting the Division if your check does not arrive when expected.

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